DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

FIRST SESSION—TWENTIETH PARLIAMENT

9-10 GEORGE VI, 1945

VOLUME III, 1945

COMPRISING THE PERIOD FROM THE TWENTY-SIXTH DAY OF NOVEMBER, 1945,
TO THE EIGHTEENTH DAY OF DECEMBER, 1945, INCLUSIVE

BEING

VOLUME CCXLVIII FOR THE PERIOD 1875-1945

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OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1946

CANADA

House of Commons Debates

OFFICIAL REPORT

MONDAY, November 26, 1945.

The house met at three o'clock.

REPORTS OF COMMITTEES

VETERANS AFFAIRS

Fifth report of special committee on veterans affairs.—Mr. Tucker.

MISCELLANEOUS PRIVATE BILLS—CONCURRENCE IN FIRST REPORT

Mr. RALPH MAYBANK (Winnipeg South Centre) presented the first report of the standing committee on miscellaneous private bills, and moved that the report be concurred in.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS

Bill No. 174 (from the senate), to incorporate Canadian Slovak Benefit Society.—Mr. Maybank.

Bill No. 175 (from the Senate), to incorporate Canadian Conference of the Mennonite Brethren Church of North America.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DEFENCE RESEARCH—ATOMIC ENERGY

Mr. BRUCE:

1. Has the government made any plans for research and development to be maintained regarding defence?

2. If so, what are these plans?

3. What is the total amount of money which will be spent, (a) on research and development during the coming year; (b) how much is being allocated to the atomic energy project?

4. Are the facilities at Research Enterprises for carrying on research being continued?

5. If so, to what extent?

Mr. McILRAITH:

1. Yes.

2. Following the deliberations of the war committee of the cabinet a committee on research for defence was formed August 9, 1945 composed of the following:

Chairman, Hon. C. D. Howe, Minister of Reconstruction and Supply; C. A. S. Air Marshal R. Leckie; A. M. R. D. Air Commodore A. L. James; C. N. S. Vice Admiral G. C. Jones; C. G. S. Lieut. Gen. G. Foulkes; M. G. O. Major Gen. J. H. McQueen; R. D. Harkness, Gen. Manager, Northern Electric Company; Dr. C. J. Mackenzie, President, National Research Council; C. A. R. D. E. Dr. D. Rose, Supt. (Can. Army Research Development); Doctor C. H. Best, Banting and Best Institute, University of Toronto; Wing-Commander A. M. Cameron, Secretary, Privy Council, Secretary.

Also, a representative of the Scientific Research Section of the Navy to be appointed.

Also, coordinator of Production, Reconstruction and supply.

The terms of reference of this committee are in part:

To act as the government's principal advisors and referees on broad questions of research policy in collaboration with industry and with the scientific institutes and with bodies representative of other governments.

To review and to suggest measures for the coordination of the activities of the various government agencies engaged in research for the need of optimum use of resources available.

3. Inasmuch as the need for secrecy is obviously apparent, it is considered that it is not in the public interest to reply to this question.

4. Answered by the Minister page 2363 of *Hansard,* November 21, 1945.

5. Answered by No 4.

STEVENSON AIR FIELD, WINNIPEG

Mr. KNOWLES:

1. Have any plans been made for enlarging the airport at Stevenson Field, Winnipeg, by successive stages?

2. If so, what are the various stages contemplated?

3. Has an estimate been prepared as to the cost of the same?

4. When will work commence on the first of these stages?

Mr. McILRAITH:

In so far as the Department of Transport is concerned:

REVISED EDITION

1. Yes, preliminary plans only.

2. Studies have been made and are continuing, but no detailed plans have been prepared yet.

3. Numerous preliminary estimates only.

4. Unable to state at this time.

CHRISTIE STREET HOSPITAL

Mr. BRUCE:

1. What is the total amount of money expended on Christie Street hospital, Toronto, between 1st September, 1939 to 30th September, 1945?

2. What was the accommodation for patients on September 1, 1939, and on September 30, 1945, respectively?

3. Is accommodation provided in the hospital for members of the (a) administrative; (b) medical; (c) nursing staffs.

4. What is the size of each of these staffs respectively?

5. How many patients were there in this hospital on September 30, 1945, classified (a) surgical cases; (b) medical cases; (c) neurological cases?

Mr. TUCKER:

1. $1,004,286.80.

2. September 1, 1939: 499 beds; September 30, 1945: 1,417 beds.

3. Sleeping accommodation: (a) no; (b) yes; (c) yes, at Nurses' residence.

4. Staff, as in question 3, given sleeping accommodation: (a) nil; (b) 4; (c) 56.

5. (a) 850; (b) 319; (c) 93.

SURPLUS WAR ASSETS—MOTOR VEHICLES

Mr. KNIGHT:

1. Were any graders, construction vehicles, tractors, re-fuelling wagons, jeeps and motor vehicles of any other description shipped from Saskatchewan airports and military camps to eastern Canada for disposal? If so, how many?

2. How many were disposed of within the province of Saskatchewan, and how?

3. Were all vehicles advertised for sale in the province of Saskatchewan before being shipped out of the province?

4. If so, what medium of advertising was used, and for how long a period was it used?

Mr. McILRAITH:

1. No such equipment has been shipped by War Assets Corporation from Saskatchewan to eastern Canada.

2. (a) Seven pieces of construction equipment and three hundred and sixty vehicles. (b) They were sold.

3. Answered by No. 1.

4. Answered by No. 1.

[Mr. McIlraith.]

BONUSES OR SUBSIDIES ON FUEL WOOD—YUKON

Mr. BLACK (Yukon):

1. To whom in Yukon were bonuses or subsidies on fuel wood paid?

2. What amount of public money was paid to each recipient?

Mr. MAYHEW:

1 and 2. In accordance with government policy as stated from time to time by the Minister of Finance in the House of Commons, it is not considered to be in the public interest to provide information with respect to subsidies paid by Commodity Prices Stabilization Corporation Limited to individual concerns. (Ref. *House of Commons Debates*, No. 47, dated April 24, 1944, page 2280).

BRITISH WAR GUESTS

Mr. BRUCE:

1. How many British war guests came to Canada during the recent war, under the government's sponsored plan?

2. How many returned to Great Britain?

3. What was the total amount of money given to the government by charitable organizations to be used in assisting with this work?

4. How much remains of this fund?

5. What disposition will be made of it?

Mr. GLEN:

1. 1,532.

2. 1,337.

3. $80,114.92.

4. The total amount has been expended.

5. Answered by No. 4.

OTIS FENSOM COMPANY—BOFOR GUNS

Mr. PEARKES:

1. Has a contract been let to the Otis Fensom Company at Hamilton for the modification of the carriages of Bofor guns?

2. If so, how many such carriages are to be modified, and what is the contract price per gun carriage?

3. Are any similar modifications being made in Vancouver? If so, by whom and at what contract price?

Mr. McILRAITH:

1. Yes. Contract was awarded June 19, 1945 and amended August 4, 1945.

2. 195, at cost plus fee of 3 per cent.

3. No.

AERO TIMBER PROJECT, QUEEN CHARLOTTE ISLANDS

Mr. ARCHIBALD:

1. Has the Aero Timber Project at Justkatla, Queen Charlotte Islands, been sold? If so, to whom and at what price?

2. What was the government's investment in this project?

Mr. McILRAITH:

1. Yes: to Powell River Company Limited for $950,000.

2. As at March 31, 1945 the company had in its charge crown-owned capital assets with a cost valuation of $1,012,406.99.

DOMINION-PROVINCIAL CONFERENCE—DISCUSSION OF AUGUST PROPOSALS

Mr. BRUCE:

1. Has the government sent a representative to the provinces to discuss the proposals which the government of Canada placed before the Dominion-Provincial Conference at its meeting in August last?

2. If so, who was that representative and what position does he occupy in the government service?

3. Did he make a report to the government?

Mr. MACKENZIE KING:

1. No. Mr. D. A. Skelton, secretary of the coordinating committee of the conference visited the provinces to discuss with the provincial authorities the procedure and agenda for the meeting of the coordinating committee on November 26.

2. Answered by No. 1. Mr. D. A. Skelton is research adviser in the Bank of Canada and secretary of the cabinet committee on dominion-provincial relations.

3. No. He made notes to guide him as its secretary in preparations for the meeting of the coordinating committee.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NAVAL SERVICE—FAIRMILES

Mr. CHURCH:

1. How many Fairmile naval ships did Canada own; who built them and at what cost each?

2. Have any been sold? If so, to whom and and at what price?

3. Who authorized their sale and when?

4. Were tenders called for such sales?

Mr. McILRAITH: Return tabled.

APPLICATIONS FOR RADIO LICENCES

Mr. DIEFENBAKER:

1. How many applications have been made since January 1, 1944, to the radio commission for the issue of radio licences in the provinces of Ontario, Quebec and the maritime provinces?

2. Who were the applicants in each case?

3. How many of these applications have been, (a) granted; (b) refused; (c) directed to be held in abeyance?

FLOUR AND WHEAT

Mrs. STRUM:

1. To what countries has Canada exported flour since September 28, 1943?
2. What companies are supplying this flour?
3. What price have millers paid for wheat used to produce export flour since September 28, 1943?
4. What price have millers paid for wheat used for domestic consumption since September 28, 1943?
5. What price has the Canadian wheat board obtained for wheat exported since September 28, 1943?
6. What is the amount of subsidy by which the consumer in Canada has been subsidized through a reduction in the price of flour made possible through supplying Canadian mills with wheat at lower prices since the adoption of price control in 1941?
7. What is the cost of subsidy borne by the Canadian government since the adoption of price control in 1941?

SHEDIAC PUBLIC BUILDINGS

Mr. WHITE (Middlesex East):

1. Did the government build any buildings at Shediac, N.B. since the beginning of the war?
2. If so, what was the purpose for which these buildings were built?
3. What was the cost of each building?
4. Are these buildings still being used?
5. How many people were employed in each of these during the years 1942, 1943, 1944, 1945?
6. Were travelling expenses between Scoudouc and Shediac provided for workers in these buildings? If so, how much per worker?
7. Was this equivalent to a monthly railway ticket? If not, was it more or less? If more, how much more?
8. Did some of the workmen have railway passes?
9. If so, did they also receive travelling allowance?

LEGAL SERVICES—BORDEN, ELLIOT, SANKEY AND KELLEY

Mr. POULIOT:

Since the beginning of the war, how much was paid each year by the dominion government and any dominion board, commission and corporation and any other dominion agency to:

1. The law firm of Borden, Elliot, Sankey and Kelley, barristers and solicitors, of the city of Toronto?

2. The following partners of the above-mentioned firm: (a) H. Borden, K.C.; (b) B. V. Elliot, K.C.; (c) R. H. Sankey, K.C.; (d) W. A. G. Kelley; (e) J. T. Johnson; (f) I. G. Wahn; (g) A. D. McAlpine, and (h) Hon. C. P. McTague, K.C.?

MOTIONS FOR PAPERS

DOMINION STEEL AND COAL CORPORATION—SUBSIDIES OR OTHER ASSISTANCE

Mr. GILLIS:

For a copy of all orders in council, agreements, arrangements, letters and other correspondence between the government or any of its officials and the Dominion Steel and Coal Corporation regarding subsidies or other assistance to the steel industry at their plant, Sydney, Nova Scotia.

Mr. McILRAITH: Mr. Speaker, the motion calls for letters and other correspondence which are very voluminous; and in addition they disclose some matters as to the competitive position in industry. I have spoken to the sponsor of the motion about this, and I understand he is satisfied to have the words "letters and other correspondence" deleted from the motion. Subject to that, there is no objection to the motion passing.

Motion as amended agreed to.

JAPANESE NATIONALS

Mr. STEWART (Winnipeg North) moved:

For a copy of all petitions, letters and other correspondence received by the government during the past year, asking that the applications to go to Japan signed by persons of Japanese origin be reconsidered.

He said: I am informed that this would entail a great deal of work, and I am therefore quite willing to drop the motion in view of the fact that I can examine the originals.

Mr. MACKENZIE KING: I wish to thank my hon. friend for what he has said. A large part of the correspondence asked for is wholly repetitious. The same application has been made in the same words in hundreds of letters. If my hon. friend will go to the Department of External Affairs or the Department of Labour the officials will be pleased to allow him access to the entire files to assist him in obtaining the information he may wish to have.

Motion dropped.

CIVIL SERVICE—RECLASSIFICATION

Mr. BLAIR:

For a statement showing, (a) the names of all civil servants who have been reclassified by the treasury board and/or the civil service commission in each year since December 16, 1940, stating in each case whether temporary or permanent employee; (b) the increase awarded to each, and the date of such awards.

Mr. MARTIN: This motion would entail a great deal of work; it would require the services of twenty stenographers working for five months to compile the facts. It would necessitate the examination of some 48,000 files. In view of these impressive facts perhaps the hon. gentleman would be willing to drop the motion.

Mr. BLAIR: Yes.

Motion dropped.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION

On the orders of the day:

[Mr. Gillis.]

Mr. JOHN BRACKEN (Leader of the Opposition): I do not know, Mr. Speaker, whether this question should be addressed to the Prime Minister or to the Minister of Finance: I think I handed a copy to the office of the Prime Minister. On Monday, November 12, the Minister of Finance gave the house a statement of the further legislation to be presented to parliament at this session. Is it still the intention of the government to proceed with the legislation then indicated? If so, I believe it would greatly facilitate the business of the house if all the remaining legislation could be introduced at an early day. I make the suggestion to the Prime Minister that this be done, in the belief that the house will then be in a better position, not only to consider these measures, but to facilitate their passage and at the same time avoid an unseemly rush of work as the end of the session approaches.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am obliged to my hon. friend for bringing up the question he has. The government is anxious, as I am sure all hon. members are, to get through the business of this session as early as possible before Christmas, and, also, to give adequate time to the discussion of the different measures. To further this end, the government has gone over the list of bills mentioned by the Minister of Finance. Some of these it will be possible to have postponed to another session. I might say that we had hoped to get through the bill respecting citizenship, nationality, naturalization and status of aliens, which is an important measure; but so long as it is understood that it will be one of the first measures to be proceeded with at the next session, I think it may be allowed to stand, if near the end of the session we should be pressed for time. The ratification of the extradition treaty is another matter which might be allowed to stand over until the early part of the next session. Approval of the Bretton Woods agreement will have to be proceeded with; also an amendment to the Export Credit Act, and an amendment to the Dominion-Provincial Taxation Agreement Act. It relates to the province of Alberta and, I understand, is not a contentious measure. The maple sugar industry bill has been introduced in the senate and will come from that house to this.

Mr. BRACKEN: We should be sending one like that to them.

Mr. MACKENZIE KING: It was thought the senate might get through the discussion of it to begin with.

These, in the main, are the bills of which mention has been made already. So far as proceeding with some other bills is concerned, much depends on the bill giving the governor in council powers in respect of the national emergency following the war. If that bill is passed, certain matters could be dealt with under its provisions which otherwise would have to be dealt with in separate bills to be introduced at this session. I might mention, for example, measures which the Minister of Veterans Affairs had it in mind to bring in at this session. The minister has on the order paper a bill to amend the War Service Grants Act, 1944; that bill will have to be proceeded with, but there are, I am informed, five other bills which the minister had thought of introducing. I understand it will be agreeable to those who are most interested if the matters contained in those measures are dealt with, so far as the next few months are concerned, by order in council under the emergency bill, with the understanding, of course, that bills will be brought in early next session to have them thereafter dealt with under statute. There is also a bill which relates to foreign exchange control: that is another measure which might be dealt with under the emergency powers should they be granted, and not gone on with in a separate measure at this session. Hon. members will find notice of practically all the other measures which will have to be taken up on the order paper of to-day.

This morning the coordinating committee of the dominion-provincial conference had a meeting in the course of which there was some consideration of matters which might be dealt with under the national emergency powers legislation. The government has thought it advisable, on account of the further consideration we wish to give to that subject, not to proceed with that measure this afternoon as was announced on Friday night but to allow it to stand as far as to-day's proceedings are concerned.

Mr. BRACKEN: The Prime Minister indicates that the emergency powers bill will not be dealt with this afternoon. Having regard to some question arising in the conference which is now in progress in this city, may I ask whether it is expected that we shall proceed with this bill at an early day, or will it be delayed until the pending conference is over?

Mr. MACKENZIE KING: I cannot inform my hon. friend how long the co-ordinating committee of the dominion-provincial conference will continue its sittings, but I can say that it is the desire of the government to proceed with the emergency powers bill at as early a day as possible. I hope it will not be delayed any great length of time.

LABOUR CONDITIONS

STRIKE OF EMPLOYEES OF WINNIPEG NEWSPAPERS

On the orders of the day:

Mr. A. M. STEWART (Winnipeg North): I should like to ask two questions of the Minister of Labour; I have given him notice. Has the Department of Labour any information about the deadlock in the negotiations between publishers of the daily newspapers in Winnipeg and the union? Have the workers applied for unemployment benefits, and if so, will they be granted?

Hon. HUMPHREY MITCHELL (Minister of Labour): The hon. member gave my office notice of the questions, and I wish to thank him for having done so. The answer to the first question is as follows: The Department of Labour has been informed of developments in the strike of the employees of two Winnipeg newspapers, and Mr. Justice Major of the Manitoba supreme court was appointed industrial disputes inquiry commissioner in order to assist the parties to compose their difference. The commissioner was not able to bring about a settlement of the dispute, which involved negotiations for a new collective agreement covering wages, hours, and working conditions. The last word received from our Winnipeg office on Friday last was that the publishers had applied to the Manitoba wartime labour relations board for permission to prosecute the union for alleged violation of the wartime labour relations regulations P.C. 1003.

The answer to the second question of the hon. member is, that twenty-seven persons have claimed unemployment insurance benefits; none of the claims has been considered as yet. Employees who lose their employment through a labour dispute are not entitled to insurance benefit during the stoppage of work caused by the dispute, unless they can establish that they as individuals are not participating in, financing, or directly interested in the dispute nor do they belong to a grade or class of workers who are participating in, financing, or directly interested in the dispute.

STRIKE AT FORD MOTOR PLANT, WINDSOR

On the orders of the day:

Mr. FRED ROSE (Cartier): I wish to direct a question to the Minister of Finance. Is the money spent by the Ford Motor Company for full-page advertisements throughout the country deductible from income tax?

Hon. J. L. ILSLEY (Minister of Finance): The question should properly be directed to the Minister of National Revenue.

FURNITURE

EXPORTS TO SOUTH AFRICA—CANADIAN REQUIREMENTS

On the orders of the day:

Mr. W. F. KUHL (Jasper-Edson): I wish to direct a question to the Minister of Trade and Commerce. I have been told that a very large proportion of the furniture which is manufactured in Canada is being exported to the Union of South Africa. In view of the tremendous unsatisfied demand for furniture in Canada on the part of war veterans and civilians alike, I should like to know what comments the minister is prepared to make on this situation.

Mr. SPEAKER: Order. The hon. member has not the right according to our rules to make a statement. If he has any question to put to the minister, it should be brief and to the point.

Mr. KUHL: I have just asked the question, Mr. Speaker: what comment the minister has to make.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The hon. member has given me no notice of his question. I shall look at it.

INTERNATIONAL CIVIL AVIATION

APPROVAL OF AGREEMENTS OF DECEMBER 7, 1944 AND FEBRUARY 10, 1945

The house resumed from Tuesday, November 6, consideration of the motion of Mr. Howe:

That it is expedient that the houses of parliament do approve the interim agreement on international civil aviation signed by Canada on December 7, 1944, tabled on September 7, 1945, the convention on international civil aviation signed by Canada on December 7, 1944, tabled on September 7, 1945, and the international air services transit agreement signed by Canada on February 10, 1945, tabled on September 7, 1945; and that this house do approve the same.

Motion agreed to.

AERONAUTICS ACT

COMMERCIAL AIR OPERATIONS, HEARING OF APPLICATIONS, ETC.

Hon. C. D. HOWE (Minister of Reconstruction) moved the second reading of bill No. 19, to amend the Aeronautics Act.

Mr. FLEMING: Will the minister make a statement with reference to the progress made to date by the air transport board, both in regard to organization and in regard to regulations promulgated under the terms of the amendment of a year ago?

Mr. HOWE: I have a statement which I intend to make but I suggest that it might be as well to allow the bill to move into committee and I could make the statement at that stage, when discussion could take place. It cannot take place very well on the second reading. Is that satisfactory?

Mr. FLEMING: It occurred to me that it might be useful to have the statement at this stage, since it might have a bearing on the attitude of the house towards the reading of the bill.

Mr. HOWE: The bill to amend the Aeronautics Act contains provisions chiefly of a formal character. Most of them are already familiar in other legislation on transportation. Hon. members will recall that part II of the Aeronautics Act, which is being amended by this bill, was enacted only last year. It was inevitable that experience would indicate some need for amendment. In a moment or two I intend to refer briefly to these amendments.

I would indicate briefly something of the action taken to carry out the authority granted by parliament in enacting part II of the Aeronautics Act. It will be recalled that amendments made effective on September 11, 1944, provided for the establishment of a board of three members to be known as the air transport board. This new board was set up and charged with the responsibility for licensing and regulating commercial air services and for advising in all matters relating to civil aviation. The organization of the board was not without its difficulties, owing to the conditions which existed during the closing months of the war. However, the board is now fully equipped to examine and determine the numerous specific and broad questions which arise daily in the new and rapidly developing field of air transport.

Experience since the board was appointed has fully confirmed the view of the government in March of last year that it is essential to have in this new field an organization specially assigned to its problems. The board has special divisions on economics, research, aeronautical engineering, licensing, on audits and on traffic tolls and tariffs to assist it in the discharge of its responsibilities.

Regulations and directives have been drafted and issued in consultation with interested departments and carriers. The air transport board has become and will continue to be a focal point for screening and advising on all matters relating to civil aviation. In the introduction of the air transport board into

the field of civil aviation care has been taken to avoid duplication of administrative machinery. The board is a small body staffed only to carry out its regulatory functions and to analyse and advise on civil aviation problems with special responsibilities in respect of the economic aspects of commercial air services. Close cooperation and frequent consultation is necessary between the officers of the board and those of the Department of Transport, air services branch, who are responsible for technical standards, safety regulations and many other matters of a technical nature.

Since the Department of Transport has an extensive regional and field service in connection with its varied responsibilities, the air transport board has not found it necessary to retain its own regional or field offices, but relies for such assistance as it requires on its close cooperation with that department. Similarly many mutual problems have been studied together by the board and the department alone or together with other government departments or agencies. In this way it is assured that the decisions which must be made in respect of air services, airports and related services will be made after full and effective consideration.

The proposed amendments are chiefly of a formal nature and most of them are considered to be necessary in the light of the board's experience during the past year. They require little explanation, but I would like to say that I consider the new definition of "commercial air service" as particularly important because the act in its present form does not cover all forms of commercial air activities. It seems obvious that the board should have power to control all such activities to whatever extent may be necessary in the public interest, and the amendment is designed to provide for this.

Section 4 is intended for the purpose of authorizing the board to relax its regulations or orders in cases, for example, where the operations of the carrier are of a limited extent or subject to unusual conditions.

The only other provision to which I wish to refer is section 6. In this regard I would point out that the subject of free and reduced-rate transportation is now dealt with under the regulations. This subject is of such importance that it is proposed to include it in the act. I would have liked to be able to give a detailed report on the activities of the air transport board during the past year; however, as time is limited I wish to assure hon. members that a tremendous amount of spade work has been done. Whereas our railway transportation system has been built up over a long period of years, it is clear that at least the framework of the air transport system must be provided for in a matter of months. That the foundation of this system be soundly laid is of the utmost importance, and the air transport board has been and is working diligently toward this end. Hon. members will appreciate that the great handicap of stimulating bush flying or flying of a feeder line nature is the difficulty of obtaining suitable equipment. During the war years all the activity of aeroplane builders in Canada and in other countries was directed toward the building of aeroplanes for war. While aeroplanes of a war type are being made available for civilian work, none of them is suitable for commercial purposes. While they will do certain work, they are not of a type that can be considered money makers. Therefore the best the board can do at the moment is to accumulate information which will assist in building these feeder lines. To that end traffic studies have been made and the movement of population studied and tabulated in a form which can be readily available to those interested in undertaking a new operation.

Licences have been granted for a number of charter services. Those are a necessary adjunct to civil aviation at the present time, and charter services are being formed and centred on a number of our larger cities.

Mr. MacNICOL: What section would charter services come under?

Mr. HOWE: I cannot say. I think we shall come to it in the act. I may say there is no amendment relating to charter services, but when we get into committee I shall be glad to refer the hon. member to the chapter.

Hearings are being held in connection with new mail routes. Licences will issue in due course, but here again the board is reluctant, and has been reluctant, to issue licences covering mail routes to applicants who obviously cannot furnish the type of equipment which is likely to make the route profitable.

I shall be glad to answer any other questions that my hon. friend has to ask in committee.

Motion agreed to; bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Commercial air service.

Mr. MacNICOL: I should like to ask the minister a question which is based on the words "commercial air service". I have had quite a number of letters in the last few days from Yellowknife. Doubtless the minister has had similar letters.

Mr. HOWE: Yes.

Mr. MacNICOL: They were from gold mining companies in that country who are greatly worried about their inability to purchase bunker oil, which has placed them in a very dangerous position. Those who cannot obtain tractors to go many miles out to the sparsely wooded areas to get fuel find themselves in a difficult position. The minister knows that a number of tanks have been built at Yellowknife. Two companies that I know very well now have five tanks which are empty. I am wondering if under this bill the minister has sufficient powers—and I should like him to have all the powers required to do this—to arrange for some transport company to transport bunker oil in barrels by transport plane from Norman Wells to Yellowknife. On one occasion I myself flew over that country in a large transport plane which was capable of carrying twenty-eight passengers. Such a plane ought to be able to take care of a hundred barrels of fuel oil. A hundred barrels of fuel oil would contain 3,500 gallons, and would weigh approximately 35,000 pounds. There must be many transport planes available now that the war is over. If it could be arranged to use some of them to transport oil in 100-barrel lots from Norman Wells to those mining areas in Yellowknife, which are now doing the best they can to get into production, it would be good for the country. It would mean much business and employment and would save the companies from the danger of having their equipment frozen up, especially those who cannot get wood. Is it possible to obtain transport planes which could be sent into the country in an emergency to transport oil at the rate of a hundred barrels a flight? It would not take more than a matter of three or four hours to fly from Norman Wells to Yellowknife, so that even in the short days the plane would be able to make safely one trip a day. Could that be taken care of for the sake of opening up that country?

Mr. HOWE: The movement of bunker oil is hardly a matter for aeroplanes, because of the cost. The difficulty last season was that an unexpected demand developed during the latter part of the season. Water transportation was handicapped by low water and lack of craft. The result is that there was not as much bunker oil moved to Yellowknife as there should have been. However, next season the demand will be better understood. We shall be able to start at the beginning of the opening of navigation, and I think there will be no difficulty so far as the obtaining of sufficient oil is concerned.

[Mr. Howe.]

Mr. MacNICOL: It is this winter I am thinking of.

Mr. HOWE: My hon. friend is aware that a land airport has been built as Yellowknife which will be in use this winter. If need for transportation does develop, the nearest source of supply is Edmonton, and it will be possible to fly oil in from there to Yellowknife if it becomes necessary, although the cost of transportation is away out of proportion to the cost of fuel oil. Expensive items can stand air transportation, but fuel oil, being a cheap commodity, can hardly do so.

Mr. MacNICOL: The distance in each case is about the same. The distance from Edmonton to Yellowknife is approximately six hundred miles by air, and it is about the same distance the other way.

Mr. HOWE: About eight hundred the other way.

Mr. MacNICOL: From Edmonton to Yellowknife?

Mr. HOWE: No, from Norman Wells to Yellowknife.

Mr. MacNICOL: I did not think it was quite that far; but in any event the oil will be much cheaper at Norman Wells than at Edmonton. I do not think they would have bunker oil at Edmonton, but they have it at Norman Wells.

Mr. HOWE: That is right.

Mr. MacNICOL: I cannot help but feel that if there was an opportunity to send in bunker oil by plane at a subsidized rate of a hundred barrels per trip it would pretty soon overcome the difficulty. The minister knows that at Yellowknife they are up against a real difficulty. We cannot afford to have anything interfere with the expansion at Yellowknife. It is going to be one of the greatest gold mining areas in the world, if not the greatest.

Mr. HOWE: Every effort will be made by the Department of Transport or the air transport board to see that there is no interruption of operations at Yellowknife owing to lack of fuel oil.

Mr. STIRLING: There are in southern British Columbia at the present time a great many air-minded people who are concerned with the idea of service being given to those communities dotted along a little north of the boundary all the way between Lethbridge and Vancouver. Can the minister give us any information in regard to consideration having been given to assisting such developments? I believe at the present time three or four applications are before the board, and it may

be that they are being considered even now. Could the minister develop that matter a little? The T.C.A. of course jumps from Lethbridge very nearly through to Vancouver, and service cannot be given in that way. It is true that railway service exists, but it is by no means speedy; and for at least a month or two in the middle of winter the highways are scarcely usable. Many people through the Kootenays, in the Okanagan and in these other settlements are looking forward to the day when there may be some air service supplementing T.C.A. Can the minister give the committee any idea of the cost per passenger mile, for instance, in such a pick-up service, whether it be in that mountainous area or in the flatter land of the prairies?

Mr. HOWE: As the hon. member for Yale has indicated, there are three applications before the board for a service between Vancouver and Lethbridge through the Crowsnest pass. The air transport board has set down a hearing in Vancouver for January 15, when the three applications will be considered. In the meantime they are studying the merits of the three routes for which application has been made. The applications are not identical; each specifies different stops, and it will be the purpose of the board to see that, whichever application is granted, the applicant will be required to give an adequate service to the citizens in that area.

This is considered an excellent aeroplane route. The rail transportation, as I think my hon. friend will agree, is not the best, and weather conditions are such that from time to time the highways are blocked. Another fortunate feature is that the area is well supplied with airports, so that a well-equipped and well-financed company should be able to give an excellent service and should find it a profitable operation.

I am sorry I cannot give my hon. friend an indication of the rate. Local services of that type require a higher rate than the Trans-Canada service, on which the rate is about 5½ cents a mile. This rate will be somewhat higher, but I think it will be desirable for those operating the route to set a rate that will attract patronage, and it will be the duty of the air transport board to see that the rate is not excessive. Just what rate will be established is a matter between the operator and the air transport board.

Mr. STIRLING: Would the minister hazard a guess that it might be twice or three times as high?

Mr. HOWE: My guess is that it would not be as much as twice as high.

Mr. COCKERAM: Previously those of us who were interested in aeronautics appeared before the board of transport commissioners, but under the amendment to the Act passed in August, 1944, we set up an air transport board. What was the justification at that time for setting up the board?—Because certainly the board of transport commissioners carried out their duties in an efficient manner. I was surprised when the minister was not able to give us a report for the period during which the air transport board has been in operation. Perhaps the minister can enlarge on that, telling us who are the members of the board and why it is not possible to get a complete report on the activities of the board up to the end of the fiscal year.

Mr. HOWE: There are three members of the board. First is Mr. R. A. C. Henry, formerly deputy minister of transport, formerly head of the bureau of economics of the Canadian National railways, a man with great experience in air transport work. The next member is Mr. J. P. R. Vachon, formerly of Trans-Canada Air Lines and Canadian Pacific Air Lines, an experienced pilot with long years of service in bush flying. The third member is Air Vice-Marshal Alan Ferrier, formerly in charge of air regulation in the Department of Transport, who had distinguished service in the Royal Canadian Air Force during the war, and who is thoroughly qualified to serve on a board of this kind. The reason for separating the work of this board from that of the board of transport commissioners was that it was felt that air transport would require stimulation. The work of the board of transport commissioners is regulatory, and that board is not equipped to deal with the stimulation of transport services. For example, the studies the air transport board has been making would not be in the line of the ordinary work of the board of transport commissioners. Furthermore the board of transport commissioners is bound by the act under which it operates. It is a judicial board, and the act was designed for regulating railways. Regulation of a somewhat different type is required for air service. The board has been in operation only a few months. It has existed only about a year, and that is why the annual report has not been brought down; but the statutory report will be brought down at the end of the fiscal year, as required by the act.

Mr. COCKERAM: Have these two boards the same powers?

Mr. HOWE: No. The powers of the air transport board are related to transportation by air, and are of a different nature from those granted the board of transport commissioners.

Mr. COCKERAM: They can fix rates?

Mr. HOWE: That is true.

Mr. HAZEN: Is there not another difference between the two boards? Does not the air transport board act under the jurisdiction of either the minister or the governor in council; and is not the railway board a semi-judicial board which makes its own decisions?

Mr. HOWE: Yes, that is right.

Mr. HANSELL: In the light of what the minister has said with respect to the report being brought down each year might I ask if the minister contemplates any parliamentary committee being set up, similar to the existing committee on railways and shipping. That is a very important committee which deals with the Canadian National railways, and in its discussions many important matters relating to railways and shipping generally are taken up. I recognize that this committee does not go into the work of the board of transport commissioners, and that this measure has to do with the air transport board. I think it would be an admirable thing if a parliamentary committee similar to the railway committee were set up for the purpose of annually reviewing the operations which might come under a bill such as this. Does the minister contemplate anything of the kind? Often we have bills of this kind passed, government bodies are set up, their reports are made annually and placed upon the table of the house, but we have no opportunity to make a detailed study of or pursue any investigation in respect to such reports. They are just placed on the table for anyone to read, and that is all. I am a great believer in parliamentary committees looking into the operation of government institutions and boards.

Mr. HOWE: The appropriate committee would be the standing committee on railways, canals and telegraph lines; perhaps we could expand that to read, "railways, canals, airways and telegraph lines." The work of the committee on railways and shipping, government-owned, is of a different character. This board deals with publicly and privately owned institutions, but it would come within the field of the other standing committee. I should be glad to cooperate with my hon. friend and see that the report of the air transport board is referred to that committee for study.

Mr. COCKERAM: What remuneration is paid to the members of the board? What is the total number of the staff at this time? What is the total of the salaries and wages paid to the staff?

[Mr. Howe.]

Mr. HOWE: The chairman of the board is paid $12,000 per annum, the same as the chairman of the board of transport commissioners.

Mr. COCKERAM: That is Mr. Henry?

Mr. HOWE: Mr. Henry. Each member is paid $8,000 per annum.

Mr. COCKERAM: Are they full-time jobs?

Mr. HOWE: Yes. I may say that up to the present time Mr. Henry has been able to devote only three days a week to this work, and he draws only half his salary, by arrangement. Until such time as he can sever his connection with his former occupation, which he has not been able to do, he divides his time and receives only half the statutory salary.

Mr. COCKERAM: What is the total number on the staff and the total wages paid?

Mr. HOWE: There are approximately forty-one on the staff, including members of the board. It will take a little time to add up their salaries, but I can give that later.

Section agreed to.

On section 2—Quorum.

Mr. MacNICOL: The minister says that the chairman receives $12,000 a year and the other two members $8,000. How are those salaries arrived at? How do they compare with salaries paid in big business? Big business must buy in the cheapest market and sell in the best market it can get, and the salaries of officials in large corporations rarely reach $12,000 per year, or at least they did not in my time. They may be up to that now; I do not know. It seems to me it is a good salary. I am not complaining, but I should like to know how it is arrived at and how it compares with salaries paid by corporations and other transport companies.

Mr. HOWE: It is the amount that is believed to be necessary to get a man with sufficient experience to make a contribution to the post. It is not much use putting a man with little experience in a position of great responsibility, because his background will not permit him to make a contribution to the post. My hon. friend asked for a comparison of these salaries with those paid in business. I may say the chairman of the board left a position paying a salary of $35,000 a year to accept this one with a salary of $12,000. Twenty years ago he was receiving $10,000 a year as deputy minister of railways and canals, and later on he received a much higher salary as chief of the bureau of economics of Canadian National Railways.

Mr. MacNICOL: That is a government concern; I was thinking of private business.

Mr. HOWE: He left the post of vice-president of Montreal Light, Heat and Power, where he was receiving a salary of $35,000 a year.

Mr. MacNICOL: At the same rate we ought to pay the Minister of Reconstruction a salary of $100,000 a year.

Mr. HOWE: I shall be grateful for that.

Mr. CASE: How many members are there?

Mr. HOWE: Three.

Mr. CASE: They are all paid?

Mr. HOWE: They are all paid.

Mr. CASE: This section provides that two shall form a quorum?

Mr. HOWE. That is right.

Section agreed to.

On section 3—Jurisdiction.

Mr. BLACKMORE: Can the minister give the reasons for permitting the apportionment of such tremendous powers to any one member of this board as are indicated in this section? The new section 7B which is to be added reads:

> The board, or any member of the board, may order that any person resident or present in Canada may be examined upon oath before, or make production of books, papers, documents or articles to the board—

And so on. These are far-reaching and extensive powers, and I should like to know why it is deemed advisable to give such powers to any one member of the board, apparently without his being required to get the consent of the whole board before he takes action.

Mr. HOWE: These are really not extraordinary powers; they are the ordinary powers of a justice of the peace or a member of a court. A subpoena is to be issued by one member of the board rather than the full board as a matter of convenience. This is simply giving the board the ordinary rights of a court to require the attendance of witnesses and the obtaining of information.

Mr. BLACKMORE: Is there anything similar to this in any other act or any other organization under the government?

Mr. HOWE: As a matter of fact it is in the wartime prices and trade board act and the Department of Munitions and Supply Act, with which I happen to be familiar, and in many other acts.

Mr. BLACKMORE: Permitting one member of the board to do that?

Mr. HOWE: I think so, yes.

Mr. FLEMING: The hon. member has directed attention to a section which contains some very arbitrary features. It is significant that the bodies referred to by the minister just now were set up by order in council; they are not bodies created by statute. What we are dealing with here is a body created by a statute of this parliament in 1944, and its powers are being extended by the bill now before us. One could search in vain through the Railway Act to find anything comparable to the powers conferred by this section on any member of the board. If hon. members will read this section they will find that the powers conferred on a member of the board are not confined to the mere issuance of subpoenas. A single member of the board has power not only to issue subpoenas but to examine under oath any person summoned before him. He has also power to direct such a person to submit to examination by an officer of the board. I submit that that is arbitrary. I do not think we ought to have legislation of this kind, conferring such broad powers upon a member of a board created by statute.

We have just approved section 2, which provides that the quorum shall be two members of the board. Why should not any proceedings under 7B (1) with reference to the examination of witnesses be taken on the action of not less than a quorum of the board? Let it not be said that this is only a trifling matter of procedure. It is a great deal more than that. It confers a power capable of arbitrary exercise. Look at the provisions of section 7B (1):

> The board, or any member of the board, may order that any person resident or present in Canada may be examined upon oath before, or make production of books, papers, documents or articles to the board, or any members of the board, or before or to any officer of the board, or before or to any other person named for the purpose by order of the board or such member, and may make such orders as seem proper for securing the attendance of such witness and his examination.

In other words the power is unlimited in any member of the board to direct any person, resident or present in Canada to appear before him, or such person as he may designate, and to produce books, papers, documents and articles on any subject. There is no justification for conferring powers so broad upon a board of this kind. It is not a large board, and there is no hardship in requiring the board to proceed in the normal way through a

quorum. I think that this section ought to come out altogether, certainly those portions of it which confer on a single member of the board the wide powers to which I refer. Here you have a board of three. Suppose one member does not fall in line with the views of the majority; it lies within the power of that one member to issue subpoenas compelling persons to appear before him, or any person he may designate and to produce books, documents and articles on any subject, possibly at great expense. They may be secret documents. I do not think this parliament can entertain the thought of conferring powers so broad on any board created by statute.

Mr. HOWE: May I point out the nature of the inquiries that the board may conduct. These include many matters affecting applications for licences, rates or complaints. They may concern matters arising out of aeroplane crashes. A crash may occur in the Northwest Territories, and an officer is sent there to get the particulars. He must have the right to examine survivors of the accident, to examine the log of the ship, to examine persons in the vicinity who may have been witnesses to the crash, and to examine other circumstances associated with it. Usually a serious loss of life and property is involved in an aeroplane crash. I think my hon. friend would hardly wish to call a full meeting of the board before such an examination could be made. The more promptly it is made, the more likelihood there is of establishing the facts of the disaster. Crashes are not infrequent. I am sorry to say that hardly a month goes by without an aeroplane crash somewhere in the dominion, which must be investigated by putting witnesses under oath. It may be as far away as Greenland or in the Northwest Territories or any other remote part of Canada, and prompt action is the essence in determining the cause of the accident.

Mr. HAZEN: I think this section is highly objectionable and I agree with what the hon. member for Eglinton has said about it The explanatory note on section 3 says:

Similar provisions exist in the Railway Act respecting the board of transport commissioners.

If you turn to the Railway Act, section 62, you will find that the provisions there are not the same at all. This section of the bill is worded quite differently. Section 62 of the Railway Act says:

The board may order that any witness resident or present in Canada—

And so on. The power and the authority rests with the board under section 7A(1) of this bill as it does under the Railway Act, and it should be the board that has this power, not any member of the board. Certainly the explanatory note is misleading when it says that similar provisions exist in the Railway Act, for similar provisions do not exist in the Railway Act. Under the Railway Act the board may "order any witness resident or present in Canada to be examined upon oath before or make production of books," and so forth, to any member of the board. There is nothing objectionable in that. But as I say, section 7B(1) does not follow that provision. The power rests in the board, and the board should have the power in consequence to examine witnesses and order the production of documents. I submit that it is quite objectionable as it is worded. The words "or any member of the board" should be deleted from section 7B(1) and the wording of the Railway Act should be followed.

Mr. HOWE: I have no objection to that. It is a matter of convenience that one member should have the power to issue a subpoena, but it is not a matter of great importance, and I am quite willing to have the words in question deleted.

Mr. BLACKMORE: Would not the difficulty be obviated by saying, any one member of the board acting upon the authority of the board? Then it would be obvious that the board was in concurrence with the action of that member.

Mr. HOWE: The deletion would have exactly that effect.

Mr. HAZEN: If I am in order, Mr. Chairman, I would move that the words "or any member of the board" in line 32 of section 7B(1) be deleted.

Mr. BLACKMORE: How would that make it read, Mr. Chairman?

The CHAIRMAN: As amended it would read:

7B. (1) The board may order that any person resident or present in Canada may be examined upon oath . . .

And so forth.

Mr. HAZEN: The section will be just the same as section 62 of the Railway Act: it will give this board the same powers that the board has under the Railway Act.

Mr. HANSELL: I do not quite agree with that. You will have to alter lines 35 and 36 —"or any member thereof"; and then you have in line 38 "or such member". You will have to take it out of that section wherever it occurs.

Mr. HAZEN: No, you do not.

Mr. CHEVRIER: It is in the Railway Act as it is there.

Mr. HOWE: The board must issue the subpoena, but any member of the board may make the examination.

Mr. MacNICOL: The minutes of the board will read that it has been considered and that on their order such and such has been done.

Mr. HOWE: Yes.

Mr. COCKERAM: The minister stated just now that the primary purpose of this clause was to cover accidents and the like. My opinion is that it should be specifically outlined what kinds of books, documents and evidence are to be covered by this section. I should like the minister, if he would, to enlarge on that.

Mr. HOWE: There is a consequential amendment of line 38. The words "or such member" in that line should be deleted. I will ask my colleague the Minister of Agriculture so to move.

Mr. GARDINER: I so move.

The CHAIRMAN: Mr. Gardiner moves:

That the words "or such member" in section 3, clause 7B (1), line 38, be deleted.

Amendment agreed to.

Mr. HOWE: Answering the question of my hon. friend (Mr. Cockeram): the board should be in a position to demand any paper or any document which is required by its subpoena, just as the board of transport commissioners have that power, and for the same reason.

Mr. COCKERAM: This section, then, covers more than investigations into accidents and such affairs? This covers everything—rates, and what have you?

Mr. HOWE: Yes.

Mr. COCKERAM: The general competition and operation of the aeronautical business?

Mr. HOWE: Yes.

The CHAIRMAN: Shall the clause as amended carry?

Mr. STIRLING: It seems to me that it implies an enormously wide meaning unless this section is related to inquiries into crashes.

Mr. HOWE: They may inquire into other things. They can inquire into rates, or—

Mr. STIRLING: "Other things!" To make an almost ridiculous case of it: a passenger who travels for a certain firm is a casualty. Under this wording, all the books, documents and papers of that firm can be ordered by this board.

Mr. HOWE: My hon. friend would hardly think the board would order that.

Mr. STIRLING: Maybe not, but there is the power.

Mr. HOWE: Pertinent documents to the inquiry or any inquiry of the air transport board should be procurable.

Mr. MacNICOL: They would likely order what was necessary to establish their responsibility and as to what costs, if any, they have to pay to the injured person or company.

Mr. HOWE: Yes.

Mr. MacNICOL: In that case, I assume, they should be able to obtain the documents they require. I should not think they would ask for all the books.

Mr. STIRLING: That is perfectly true, but this says so.

Mr. HAZEN: Does section 7B(1) refer back to section 7A(1), which states:

The board shall have full jurisdiction to inquire into, hear and determine any application by or on behalf of any interested party—

Complaining, or requesting certain things. Then you go on to section 7B(1), which says that the board may order that witnesses be called and examined. Is 7B(1) restricted in its operation to the jurisdiction given the board under 7A(1) to inquire into complaints and requests?

Mr. HOWE: No; section 7B(1) refers to the whole scope of the board's activities.

The CHAIRMAN: Shall the clause as amended carry? Carried. Clause 4, regulations.

Mr. HAZEN: We have been discussing, as I understand it, clause 7B, subclause 1.

The CHAIRMAN: I understood we were discussing the whole of clause 3, and 7B(1) is part of clause 3. Now 7B(1) was amended and carried, and then I asked if section 3 as amended was carried, and I understood that the committee carried the whole clause.

Mr. HAZEN: We seem to have got on to 7B(1) and discussed it before we gave any consideration to 7A(1) of section 3. In connection with 7A there is one matter I should like to bring to the attention of the

committee, and that is subsection 2, which is on page 2 of the bill. The marginal note says "mandatory orders", and the section reads:

> The board may order and require any air carrier to do, forthwith . . . any act, matter or thing which such air carrier is or may be required to do under this part or any regulation, order or direction made thereunder by the board—

And so on. It seems to me, though I may be wrong about this, that before the board orders an air carrier to do or to refrain from doing a certain thing the air carrier should receive some notice from the board of its intention and have an opportunity to be heard by the board if it so desires. Just to hand out an order by the board to an air carrier that "you have to do this and you have to do that" without giving them the opportunity to be heard is not fair to the air carriers. They should, it seems to me, be given notice of the board's intention and have an opportunity to be heard before the order is put into effect.

Mr. HOWE: This clause is precisely the same as a similar section in the Railway Act. Obviously the procedure would be that the board might order a certain action taken and the air carrier would have the right to enter an appeal after the event but they could hardly delay the action pending the filing of the appeal and the hearing of the appeal. It is to get immediate action in case such action is taken.

Mr. HAZEN: Is there provision for an appeal, and if so in what section?

Mr. HOWE: Section 18 of the Aeronautics Act provides for an appeal:

> (1) An appeal shall lie from the board to the Supreme Court of Canada upon a question of jurisdiction or a question of law, or both, upon leave therefor being obtained from a judge of the said court upon application made within one month after the making of the order, decision, rule or regulation sought to be appealed from or within such further time as the judge under special circumstances shall allow, and upon notice to the parties and the board, and the cost of such application shall be in the discretion of the judge.

Mr. HAZEN: I should like to ask the minister's assistant if under that section an appeal can be taken on a question of fact.

Mr. HOWE: Yes, it says so.

Mr. FLEMING: A question of fact cannot now be appealed from the board of transport commissioners.

Mr. HOWE: No, but it can from the air transport board.

Mr. FLEMING: You can get a mixed question of law and fact before the court on appeal but not a question of fact.

Mr. HOWE: It is provided that appeals shall lie from the board to the Supreme Court of Canada upon a question of jurisdiction, or upon a question of law, or both.

Mr. FLEMING: But not a question of fact.

Mr. HOWE: No, not a question of fact, but a question of law.

Mr. HAZEN: I do not think you could appeal on a question of fact. If you cannot appeal upon a question of fact and the board makes an order on a question of fact, the air carrier has no redress. He receives no notice of what your order is going to be; he has no opportunity of being heard by the board before the order is made, and first thing he knows he gets an order. He should have an opportunity to be heard before the order is made against him.

Mr. FLEMING: I thought the minister would make a statement on the point raised by my hon. friend, which is one of great importance. The board of transport commissioners is a highly respected body. It has been fair in all its dealing, and even those who at the outset may have had some misgivings about being brought under regulation by that board would not to-day have it otherwise. One of the reasons why that board has been so highly respected is that it has not at any time proceeded in an arbitrary manner, but with due notice to persons involved, and it has always been generous in its hearings. As a matter of fact there is provision for rehearings on application of parties to the board, and the board frequently directs rehearings where some party has complained about not having had ample notice.

When you come to the air transport board you are faced with a problem. I do not raise this point out of any selfish regard for the legal profession. The board of transport commissioners has always had not fewer than three members—I believe that is the rule—who have been members of the legal profession, so that it has always had among its personnel persons well acquainted with legal processes and who have been always anxious to see that those appearing before the board are given all the protection which the courts ordinarily afford to litigants. I do not reflect on the personnel of the present air transport board. They may be eminent men in their respective fields, but there is no one on the board at the present time who has had legal experience, or who has been accustomed to

thinking in terms of the rights of parties or of giving due protection to them. That does give some point to the question raised by my hon. friend, who feels that there is no provision here guaranteeing to every person affected an opportunity to be heard. I was hopeful that we might have a full statement from the minister in regard to the way in which the board should proceed and the method by which it proposes to conduct its hearings.

Reference was made earlier by the minister to the fact that the board is something more than a judicial body. The board of transport commissioners is administrative as well as judicial, but in its hearings it has never lost sight of the rights of all parties in matters of procedure or otherwise. It is vitally important that the air transport board should regard itself not merely as an administrative board responsible to the minister—there is too much of that in the act now—but as a quasi-judicial body with definite legal functions, and under obligation to proceed, so far as possible, as the courts do in giving due consideration and protection to parties who may be affected by their order.

Mr. HAZEN: The board, it is provided, may order and require any air carrier to do certain things, or it may forbid the carrier to do certain things. Read subsection 2 further and examine the last two lines: "and shall, for the purposes of this section, have full jurisdiction to hear and determine all matters, whether of law or fact." The words are "hear and determine." It seems to me there is an implication there that the board should hear these matters before it makes its order. The board is given authority to hear, and I suggest that it must be the intention that the board is to hear the matter, hear the air carriers, before it makes its order. If I am right in that, would there be any objection to providing in the section that, before making any such order, the board must give the air carrier notice of its intention and afford it an opportunity to be heard, or words to that effect?

Mr. HOWE: I can hardly accept my hon. friend's suggestion. Orders are frequently required in emergent situations. For instance, a report is received that a certain plane is operating unlawfully and an order is given immediately to stop it. I think that the board can be counted on to use the power with discretion. Certainly the intention is to hold a hearing before the order, but in the air you are dealing with a new medium and emergency orders are required, without notice, on the understanding that a hearing will be afforded when opportunity offers.

Section as amended agreed to.

On section 4—Regulations.

Mr. MacNICOL: Paragraph (cc) provides for "establishing classifications or groups of air carriers." We are entering into a new field of transportation. We are probably on the threshold of great expansion and a great increase in the size of planes, and I have been wondering what will be the effect of this paragraph and of paragraph (dd) on various airfields. Some airfields will not be equipped to receive 100-ton planes or, later on, 500-ton planes, with the result that a particular city or airfield will be discriminated against if an order is issued to prevent planes from landing there. The board seems to me to have power to discriminate against an airfield.

Mr. HOWE: I do not think the purpose of these two sections is as suggested by my hon. friend. It is to make provision for a class not formerly provided for, the charter services. I have consulted authority and I find that for once I am right. That is the purpose of the act. Previously charter services were not distinguished from regular air line services, and the purpose of this is to allow the board to make the distinction between those two types of services.

Mr. COCKERAM: Will the minister explain what is meant by: "establishing classifications or groups of air carriers"? How does he propose to go about that in the bush operations?

Mr. HOWE: We propose to issue two classes of licences, one for the air line services and the other for charter services. A charter service is a service by a plane based on a particular airport to carry to another point within reasonable range of its base. The air lines service travels a scheduled route, and has to perform certain functions on the route. It is to make a separation between those two types of transportation.

Mr. COCKERAM: I want to carry that a little further, if I may. The minister is probably aware that at the present time a great many mining companies are thinking of purchasing and operating their own planes. What will be the effect of this paragraph on companies operating their own planes in connection with their own mines?

Mr. HOWE: The air transport board would not be required to license a plane owned by a mining company and operating solely in its own service. The board deals only with planes which are licensed to operate for hire and reward.

Mr. COCKERAM: They could carry anything they like?

Mr. HOWE: Carry anything they like.

Mr. MacNICOL: Take a company in the northwest that did have its own plane; if that company picks up an engineer at Edmonton and flies him to Yellowknife, what protection will the engineer have if the plane does not have a licence from the air transport board? What protection will the engineer or any other passenger have who could be picked up at Edmonton and taken by plane to Yellowknife or anywhere else?

Mr. HOWE: If the plane is owned by the company, and the engineer whom they pick up is an employee of the company, it would be up to the company to protect him. If they wish to pick up the engineer and charge him a fare for riding on the plane, then they must be licensed.

Mr. CASE: Has this bill any general application to private flying? Has the department yet given consideration to the method to be employed in licensing private individuals who wish to fly?

Mr. HOWE: Under part I of the Aeronautics Act the Department of Transport licenses planes as airworthy, and licenses pilots; but a private flyer does not require an air transport board licence and is not covered by part II of this act.

Mr. COCKERAM: What about flying clubs?

Mr. HOWE: If they operate as a club, a non-profit operation, no licence is required. If it is owned by individuals who are expecting to make a profit from the operation, the planes must be licensed.

Section agreed to.

Section 5 agreed to.

On section 6—Free and reduced rate transportation.

Mr. MacNICOL: This section has to do with rates. What authority will establish and regulate the rates, both freight and passenger, for air transportation?

Mr. HOWE: This particular paragraph has not to do with rates; it has to do with no rates. It is to prevent the issue of free transportation or transportation at reduced rates. The rates require the approval of the air transport board. The procedure is the same as with the board of transport commissioners. The carrier files the rates, and those rates are approved, disapproved or amended by the air transport board.

[Mr. Howe.]

Mr. MacNICOL: Can people, companies or organizations, appear before that board to question the rates?

Mr. HOWE: Yes; the rate can be appealed either by the carrier or by the public.

Mr. WRIGHT: With regard to the question of transportation, members of parliament from western Canada and from the maritimes find themselves in a very different position from that of members of parliament from Ontario and Quebec with respect to attending to business of their own. Under the charters of the two railways we have free transportation on the railways. It seems to me that there should be some provision made whereby members of parliament who are five hundred miles or more distant from Ottawa—

An hon. MEMBER: Why five hundred?

Mr. WRIGHT: We have to draw the limit somewhere—should receive one or two trips by air during each session to enable them to return to their constituencies. This is a matter which should be given consideration. Certainly the members from western Canada and from the maritimes are working under a great handicap with respect to attending to their own business.

Mr. HOWE: The difficulty, of course, is that the number of persons who travel by air as compared with the number who travel by rail is very small. I might remind my hon. friend that there are 245 members of this House of Commons, which is roughly twenty-four plane loads of passengers.

Mr. CASSELMAN: All willing to go.

Mr. HOWE: All willing and anxious to go. We own only twenty-two planes; therefore we could not carry all the members of parliament if they all wished to travel the same day. If we had any proportion of free transportation by air I am afraid the public would have something to say about it. As a matter of fact even the employees of the lines are not allowed to travel on the planes if a paying passenger requires a seat. The president of the air lines was here the other day. He was very anxious to get to Winnipeg in a hurry. He could not get a seat without displacing a passenger; therefore he got on the train and went to Winnipeg.

Mr. WRIGHT: I am not suggesting that it be opened wide; I am suggesting that members living over five hundred miles away

from Ottawa should have a limited number of trips each session, say, one or two. I think they should be granted some consideration in this matter.

Mr. CASE: Like the hon. member who has just spoken, I have thought for some time that some provision should be made for members outside the provinces of Ontario and Quebec. I do not think we should be selfish about this thing. They have a greater problem than we. I know it is good for me to get back to my constituency, and I know how much they must appreciate it. Is there anything in section 11(a) which could be construed as eliminating competition?

Mr. HOWE: No.

Mr. CASE: The minister says "no," but the bill reads as though it would be entirely in the hands of this board to determine what rates should be fixed.

Mr. HOWE: That is true, yes. The board can determine rates, but the rates it determines will apply to all.

Section agreed to.

On section 7—Exception.

Mr. HAZEN: Would the minister explain why this section has been inserted in the bill? Section 12 (3) of the original act provides:

> The board shall not issue any such licence unless it is satisfied that the proposed commercial air service is and will be required by the present and future public convenience and necessity.

So that the public convenience and necessity are the governing factors. This section gives the board power to issue licences when public convenience and necessity are not the governing factors. Why is this section put in; or, to put it the other way around, why is the section I have just quoted from the original act left in? Why not just give the board power to issue licences as and when it sees fit?

Mr. HOWE: In the case of charter services, for instance, it is difficult to prove convenience and necessity. Another reason is that a service based on a certain city may get pleasure riders, people who like to go riding in aeroplanes just for the sake of the ride, and in such cases it is difficult to prove convenience and necessity. The purpose of this section is to give the board some leeway in the event that convenience and necessity cannot be proved for a service which prima facie should be able to exist and make a living for the operator.

Mr. COCKERAM: Can the minister tell us something of how they propose to establish rates for these operations? Are these commissioners qualified to do that? How will they go about establishing equitable rates?

Mr. HOWE: The rates are established largely by experience. The board has its department of economics which studies the cost of operating the service; and it will be the duty of the board to see that the prospective profits are not abnormally large, while on the other hand it will not be the purpose of the board to drive down the rate so that the line cannot pay its operating expenses.

Section agreed to.

On section 8—Operating certificate necessary.

Mr. FLEMING: I do not want at this point to reopen the whole question which was debated last year when the amending act was under consideration in the house. At that time, as the committee will recall, strong exception was taken to the limiting powers which were left with the minister. In view of the fact that the amendments now proposed do not contemplate any relaxation of the minister's ultimate control over the field of commercial aeronautics, I should like to ask what use has been made up to the present of the right of appeal to the minister and, in the second place, of the minister's right to pass judgment on decisions of the air transport board.

Mr. HOWE: There has been no appeal to the minister since the act came into force.

Mr. FLEMING: The other question was, has the minister in any way varied or revoked any order or decision of the air transport board; or is it just a case of its not having had to do anything yet?

Mr. HOWE: No.

Mr. FLEMING: There have been no such occasions?

Mr. HOWE: No.

Mr. FLEMING: What is to be the minister's policy with reference to the exercise of the powers conferred upon him under the 1944 act? In the first place it will be recalled that the powers reserved to the minister under that legislation are not specifically conferred upon the Minister of Munitions and Supply or the Minister of Reconstruction, but are conferred on the Minister of Transport; but the power is reserved to the governor in coun-

cil to appoint some other minister in lieu of the Minister of Transport, and I take it that the governor in council has exercised that power to appoint the present Minister of Reconstruction as the minister under the 1944 amendment. There is a further qualification, that in matters relating to national defence the minister for that purpose is the Minister of National Defence for Air. Would the minister make a statement to the committee in reference to the policy he proposes to follow in connection with the exercise of the powers conferred upon the minister by the 1944 act, either to vary, revoke or otherwise amend orders made by the air transport board, or on appeal from their orders?

Mr. HOWE: It is difficult to announce in advance of an appeal just what will be the decision of the minister. If the minister is asked to review the facts he will do so and make his finding. The appeal to the minister is provided because it is the duty of the minister to see that the board conducts its affairs in accordance with announced government policy. Several announcements of government policy in relation to the air have been made in this House of Commons, and it will be the duty of the minister to review the operations of the board to see whether that policy is being carried out.

Mr. FLEMING: I take it, then, that in the exercise of the powers conferred upon the minister by the 1944 amendment he proposes to see to it that the decisions ultimately made under part II of this act will be in line with government policy; and it is government policy, then, that will ultimately prevail under part II. Is that right?

Mr. HOWE: Government policy as announced in the house will guide the deliberations of the board, and it is the duty of the minister to see that this is so. Naturally parliament is supreme in fixing the policy to be pursued in the development of the air. As far as the judicial functions of the board are concerned, that is a matter for the board.

Section agreed to.

On section 9—Suspension, cancellation or amendment.

Mr. MacNICOL: Under this section I have just been wondering what will be the effect on the C.P.R. service from Edmonton to Fort McMurray and from Edmonton to Aklavik. Being a surface transport company, they will not now be allowed to conduct that air service; so what will happen to it?

[Mr. Fleming.]

Mr. HOWE: This provision is to allow an application to be varied. If, for example, the original application specified that the plane moving from Montreal to Toronto might stop at Kingston, this would give the board power to vary the application and say that it should stop at Kingston and Oshawa. It is just to vary the application in minor points.

Mr. MacNICOL: My question had to do with the far north. Under the act, as I understand it, all surface transport companies are now wiped out as far as the conduct of air services is concerned, and I have just been wondering what is to be the effect on the C.P.R. services from Edmonton to Yellowknife and from Edmonton all the way down to Aklavik.

Mr. HOWE: Those licences are not wiped out; they are still valid, and they will be reviewed, as provided in section 14 of the act, one year after the act comes into effect. As far as I know it is not the intention to wipe out any licences.

Mr. MacNICOL: If the C.P.R. cannot operate, the licences will be wiped out, or they will have to be sold to someone else.

Mr. HOWE: Yes, someone else will operate them.

Mr. HAZEN: This section gives the board power, among other things, to suspend or cancel a licence. It seems to me it would be only fair and just, before any such action was taken, that the air carrier should be given notice of the intention of the board and should have an opportunity to be heard. There is nothing in the section that provides for that action to be taken. My suggestion is that the section might be amended to provide that before a licence is cancelled, the air carrier shall be notified and have an opportunity to be heard by the board. Is there any objection to that amendment being made?

Mr. HOWE: The insurance on an aircraft operated by a carrier may have expired, or the board might suddenly get word that the operating certificate of a carrier was cancelled because his aircraft was not in airworthy condition. It might be necessary to suspend a licence without notice, but obviously the board would not do anything that would prejudice the position of the carrier, unless for good reason.

Mr. HAZEN: Has that not been given? There should be a section in the bill to provide for the cancelling of operating certi-

ficates. The bill provides for the cancellation of licences but there is no provision for the cancelling of certificates.

Mr. LESAGE : I do not think any power to cancel a certificate has to be mentioned because the right to cancel a certificate is correlative in law to the right to grant it. There is nothing being added to this section; this amendment merely clarifies it. The right to issue a licence includes the right to cancel, suspend or amend it.

Mr. STIRLING: Is there any reason why the words "or any part thereof" could not be included in subsection 8?

Mr. HOWE: My legal adviser does not think they are necessary, but there would be no objection to having them in.

Mr. STIRLING: I think it would be a good thing to have them in.

Mr. HOWE: I will ask the Minister of Veterans Affairs to move that section 9 be amended by adding in line 29 thereof after the word "licence" the words "or any part thereof".

Mr. MACKENZIE: I move accordingly.

Mr. LESAGE: Those words are useless; it is putting in a lot of words for nothing.

Mr. MACKENZIE: It is being diplomatic, though.

Amendment agreed to.

Mr. COCKERAM: Why should the appeal be to the minister? If I were the minister I think I would always support my subordinates, and I believe that is what the minister would do in this case. I am wondering if the appeal should not be to some judicial body?

Mr. HOWE: There is an appeal to the supreme court on questions of law.

Section as amended agreed to.

On section 10—Operating without a licence.

Mr. CASE: This section provides that every person who operates a commercial air service without a valid licence shall be liable upon summary conviction to a fine of five thousand dollars or imprisonment for a term of six months or to both such fine and such imprisonment. The fine seems to be arbitrary.

Mr. HOWE: My hon. friend will appreciate that the five thousand dollars is a maximum fine. We may be dealing with some rather substantial corporations, and questions may arise where a fine of one thousand dollars would be a minor penalty for a serious infraction.

Mr. HAZEN: If this is the maximum fine, why should the wording not follow that of section 5? Before the words "five thousand dollars" we should have the words "not exceeding". If five thousand dollars is to be the maximum fine, as the minister has said, then I would suggest that the words "not exceeding" be put in before the word "five", to follow section 5.

Mr. HOWE: He may receive a fine or imprisonment or both.

Mr. LESAGE: The college of physicians act in the province of Quebec provides for a fine of $200 or sixty days in gaol for a third offence, but that has been interpreted by our courts as not being a maximum but a fixed payment because it does not say "not exceeding". I think the words "not exceeding" should be in this section.

Mr. HOWE: I will ask my colleague to move that section 10 be amended by adding in line 38 thereof the words "not exceeding" before the words "five thousand".

Mr. MACKENZIE: I move accordingly.

Amendment agreed to.

Mr. LESAGE: Is the same principle not involved in connection with the term of imprisonment?

Mr. HAZEN: I suggest that we follow the wording of section 5.

Mr. HOWE: I agree. I will ask my colleague to move that the section be amended by adding the words "not exceeding" before the words "six months" in line 39.

Mr. MACKENZIE: I move accordingly.

Mr. MacNICOL: Then you will have to go back to section 5 and do the same thing.

Mr. STIRLING: We should follow the wording of section 5 which is, "not to exceed a fine of five thousand dollars or imprisonment for six months."

Mr. LESAGE: The words "not to exceed" cover the fine and imprisonment.

The CHAIRMAN: It is moved that section 10 be amended by striking out the word "for" in line 39 and inserting the words "not to exceed" in lieu thereof.

Amendment agreed to.

Mr. HAZEN: How will the section as amended read, Mr. Chairman?

The CHAIRMAN: It will read, starting at line 38:

Upon summary conviction to a fine not to exceed five thousand dollars or imprisonment for a term not to exceed six months or to both such fine and such imprisonment.

Amendment agreed to.

Section as amended agreed to.

On section 11—Powers subject to international agreement.

Mr. MacNICOL: What is the significance of this statement "international agreement or convention relating to civil aviation to which Canada is a party"?

Mr. HOWE: It means that the board must be bound by any international agreement entered into by the government.

Section agreed to.

Mr. MacNICOL: Mr. Chairman, are we not going to insert the words "not to exceed" in section 5 dealing with penalties so as to make it conform with the amended section 10?

Mr. HOWE: We have amended both sections to read "not to exceed $5,000 and not to exceed six months imprisonment."

Bill reported.

FISH INSPECTION ACT

DEFINITION OF FISH TO INCLUDE SHELLFISH—PROCESSING AND MARKING—POWER OF SEIZURE AND CONFISCATION

The house in committee on bill No. 91, to amend the Fish Inspection Act—Mr. Bridges—Mr. Macdonald (Brantford City) in the chair.

On section 1—"Fish".

Mr. STIRLING: There has been an amendment to this section in committee, Mr. Chairman.

The CHAIRMAN: Yes. The clause was amended in the committee by adding after "fish" the words "and crustaceans".

Section as amended agreed to.

On section 2—Regulations.

Mr. STIRLING: Has this section been amended in committee, Mr. Chairman?

The CHAIRMAN: No; it is reported unamended.

[The Chairman.]

Section agreed to.

On section 3—Seizure of fish and containers.

The CHAIRMAN: This section has been amended by the committee as follows: In lines 17 and 18 the words "reasonably suspects" have been struck out and the following words substituted "suspects on reasonable grounds"; and in subsection 2 the word "three" at the end of line 24 has been struck out and the word "two" inserted in its place.

Mr. STIRLING: The committee made no change in subsection 3, Mr. Chairman.

The CHAIRMAN: No.

Section as amended agreed to.

Bill reported.

The SPEAKER: When shall the bill be read a third time?

Mr. BRACKEN: Next sitting. There have been amendments, and I understand that that is the general practice.

Mr. MACKENZIE: Yes, Mr. Speaker, amendments were made to the bill in committee which were not in possession of the members of this house, and therefore my hon. friend the leader of the opposition (Mr. Bracken) is quite right. The third reading should be at the next sitting of the house.

WAR SERVICE GRANTS

INCORPORATION OF ORDERS IN COUNCIL—RECOMMENDATIONS OF VETERANS AFFAIRS COMMITTEE

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved the second reading of bill No. 176, to amend the War Service Grants Act, 1944.

He said: Mr. Speaker, on the resolution stage preceding this bill I said that I would make a few remarks on the second reading. I shall be very brief. This is a bill to amend the War Service Grants Act passed in 1944.

The bill has been recommended by the special select committee on veterans affairs, and a copy of it has been printed in No. 16 of the minutes of the committee for Friday, November 9. This is one of a series of bills dealing with the reestablishment of former members of the forces, all of which are being dealt with by the same procedure.

The others will be presented to the house as soon as they have been completely reviewed by the committee, and recommended by council.

It will be remembered that on October 4, this house in appointing the select committee authorized them to consider all legislation passed since the commencement of the war relating to pensions, treatment and reestablishment of former members of His Majesty's forces and of other persons who have otherwise engaged in pursuits closely related to war.

The committee was also instructed to prepare and bring in one or more bills to clarify, amend or supplement the above legislation.

The War Service Grants Act is the first of these acts reviewed by the committee, and the amending bill is the first of the committee's recommendations to the house. The recommendations of the committee have been accepted by the government and the bill is now in the form of a government measure.

The act was passed in 1944, and we have had a year's experience in administering it.

As is very often the case with new legislation affecting the rights and privileges of individuals, we have found by experience that the original measure was capable of improvement.

The act authorized the governor in council to make regulations, and two major orders in council were passed embodying regulations under the two parts of the act, one dealing with war service gratuity, the other dealing with reestablishment credit.

Under the emergency powers conferred upon the government by the War Measures Act several orders in council were passed which had the effect of amending the original act.

As soon as the select committee was set up, the act, the various amending orders in council, and the regulations, were placed before the committee for review, together with a draft bill prepared by the department's legal advisers. This draft bill embodied the various changes which had been made since the act was passed by parliament, but did not introduce any new principles other than those which were already in effect by order in council.

Departmental officers, representatives of veterans' organizations, and others were examined as witnesses.

The committee then gave a most searching and critical analysis to every clause and every sentence of the draft bill.

The amending bill which I am now bringing before the house, upon recommendation of the committee and with the approval of council, constitutes substantially a measure to incorporate in the act the various changes effected by orders in council as the result of administrative experience.

I should be doing very much less than justice to hon. members of the select committee if, however, I were not to inform the house that many important improvements have been effected as a result of the committee's deliberations.

The constant objective of the committee, fully concurred in by the government, was to tighten up the wording of the various sections so as to protect in every possible way the interests of the veterans. This will appear conspicuously in the amendments to the interpretation clause, clarifying and broadening definitions.

The most important new principle introduced since the act was dealt with on the floor of the house in 1944 is the establishment of a board of review to deal with cases where a gratuity is withheld on account of disciplinary action taken against a member of the forces during the time of his service.

The board is given the right to authorize payment of gratuity where its refusal would constitute an unjustified extension of the punishment already inflicted by the service.

While such a board of review had been set up by the Department of National Defence, the provisions in the bill are much broader and more specific than those adopted by regulation.

The proposals now placed before the house are, in fact, the recommendation of the select committee which has been accepted by the government and in which I am sure the house will heartily concur.

The other features of the bill, while important, are matters of detail which can better be discussed when the bill reaches the committee stage in the house.

I am going to ask my parliamentary assistant, the hon. member for Rosthern (Mr. Tucker), who has been the able chairman of the able parliamentary committee on veterans affairs, to take active charge of the detailed clauses of the measure now before the house.

Mr. A. J. BROOKS (Royal): I should like to say a few words with reference to the bill which is now coming before the house. Since the session opened we have listened to a good many remarks as to what we owe to the men who fought for us overseas, and I am sure we all feel very grateful indeed that the war is now over and that we are returning to the ways of peace.

Our first problem as a nation is, I am sure, to see that those who have made it possible for us to enjoy victory and to retain our much-loved and desired way of living are properly reinstated in the life of this country and that they take their proper places in every phase of our national activities. This should not be so difficult a matter for us in Canada as it is with most of the other nations. Some few nations, perhaps, like the United States, Australia and New Zealand, are in much the same position as Canada, but for the nations of Europe rehabilitation will be a much more difficult problem than it is for us in Canada. For our more favoured position our people should be grateful.

The minister has made his remarks this afternoon very brief. That is rather an exception in the case of the Minister of Veterans Affairs, but it is an exception we all appreciate. He spoke of the veterans affairs committee and his satisfaction at the work which has been done by the members. I might say, as a member of that committee, that we have been sitting for the past five or six weeks, meeting on an average about four days a week, from half-past ten in the morning until one o'clock in the afternoon. The veterans affairs committee, as the minister said the other evening, compares favourably with any other veterans' committees we have had in the past. I have had the honour and the pleasure of sitting on some of those committees, and I know that one idea actuated all their work, namely, to see to it that the very best legislation could be obtained for the veteran. I should say in this connection that the veterans have had the benefit of the work of the returned men's associations, and for the past twenty or twenty-five years we could not and would not have had in this country the good legislation which sometimes we think we have if it had not been for the efforts of the various soldier organizations. This country and the returned men of Canada owe a great debt to the Canadian Legion and other such organizations of returned men.

Gratuities are not something entirely new. I remember that when the minister spoke before the committee some time ago he gave great credit for the work which was done in this regard from 1916 until the present time, and I think he then mentioned that the gratuities after the war of 1914-18 were considered generous for that day. I might recall what was paid following the last war; for three years or more of service overseas, six months pay and allowance of rank; for two years or more overseas, five months pay and allowance of rank; for one year overseas, four months pay and allowance; for less than one year overseas, three months pay and allowance.

We have had the benefit of the experience and the legislation of the past, and I would point out, when we hear criticism, as we often do, of what was done after the war of 1914-18, that the men who legislated at that time had not the experience of former wars. It was practically a new field. I agree with the minister's statement on a former occasion, that the men at that time did a good job. As far as these war service grants are concerned, every section of the bill has been carefully considered by the committee; and I think it is one of the least contentious measures, if not the least contentious, that will come before the veterans affairs committee. I base that opinion on the fact that the legion and other war veterans' organizations which appeared before us had less criticism and offered less advice on this measure than on any of the others.

The minister has mentioned a section which was particularly difficult for the members of the committee, and that is the section dealing with gratuities and benefits to men of the services discharged for misconduct. Many of our sittings were taken up in discussing this difficult problem. The members of the committee were most anxious that no injustice should be done to members returning from overseas. We all had in mind that very often a good soldier, with two or three years' active service, because he has been overwrought or for some other reason has committed an offence which is regarded as a serious military infraction and is given a term of imprisonment or some other detention for misconduct. This was reacting against the soldier in the old act and it was felt that in the new one something should be done for such men.

There was quite a feeling in the committee that this section should be eliminated altogether and that all men who had served overseas, irrespective of whether there was a charge of misconduct against them or not, should be given the gratuity. However, the matter having been thoroughly discussed and considered from every point of view, it was felt that this could not be done. But the next best thing was done—I will not say the next best thing but probably the best thing—and that was the decision that a board of review should be set up to consider every case of misconduct. The members of the board of review sat with the committee in all their sittings and heard opinions of members, heard opinions of men in the armed services, army, navy and air force; and I am satisfied that this board of review, when it sets about its work, will see that no injustice is done to any deserving man who has been

discharged from the service. I am satisfied that all deserving men will receive the gratuity which the country intended they should receive.

There is, however, one principle that does not seem to me to be altogether right. There are men to-day serving terms in the penitentiary. Some of these men were given a year or two or three years in the penitentiary for offences. When a man is punished by a court we can usually consider that the punishment he receives is the punishment to which he is entitled. Under our gratuity act a man can still, if the board of review so decides, have his gratuity taken away from him. The matter was brought up in the committee. It seems as though we were giving double punishment for one offence, which we might not regard as British justice. However, this point, like the others, was thoroughly discussed, and all members of the committee felt that no great injustice would be done with a board of review going over these cases individually and deciding each case on its merits.

Most of us who know the personnel of the board of review are satisfied that the type of men on the board is such that they will do justice to the returned men. It would not be fair or right for me to take up the time of the house in going into the bill section by section. That will be done by the committee. But looking back to 1944, when the purpose of the measure was set out, I find it was then stated that the purpose of the bill was to recognize the services of the members of His Majesty's forces who have been on active service and to assist them in their reestablishment. That is the purpose, to recognize the services of our forces and to assist them in their reestablishment.

I should like to point out ways in which I feel that this purpose of assisting the men in their reestablishment is being defeated. I have only to mention that in our opinion the two main things in reestablishment of returning men are, first, to provide the man with suitable and decent living quarters in this country and, second, to provide him with a job. This is not what we find in Canada to-day. Very much to our regret, many thousands of our men are returning to find that there are no homes to which they can take their families, and they are spending very much of their gratuity money in going from place to place looking for a proper home, for proper quarters for themselves and families.

Again, in the matter of looking for jobs it is common knowledge—our daily papers confirm it—that there are fewer jobs than there are men for them. Only this morning a report stated that there were 40,000 more men looking for jobs to-day than there were jobs for them. This means that a great many returned men have to use the gratuity which was supposed to be for their reestablishment to keep themselves while they are looking for jobs.

There is another matter which I think might be mentioned as defeating the purpose of reestablishing our returned men, or, at least, a number of them. I mean the cases of the men whose wives are still in England. I have received a great many letters, as I am sure many members have, from men returning whose wives are still in England and who find it impossible to be reestablished here until those wives with their families are brought back from the old country.

It has been the contention of the Minister of National Defence that our soldiers should be brought back first. In general, we can, perhaps, agree with that point of view. Still, if we had properly organized the return of our men to this country I think we could have brought back thousands of these wives at the same time. I had a letter from a man who said that he had been in the air force for four years. He had been married for four years and had seen his wife for only eleven days in that time. He was back in Canada now; it looked as though it would be months before his wife and child could be brought out to this country, and it was impossible for him to be re-established until they came. A ship might have been set aside to assist in bringing out the wives of these men.

I believe also there are thousands of men who have been returning to Canada who spent only a short time overseas. We talk about first in, first out, but we all know that is a principle which has not been followed. Many thousands of men have been returned here who had only a short service overseas. I believe the wives of men who had served for four or five years on the other side should have been given preference over those men who had such little service. I might go farther. I believe, knowing the chivalry of the soldiers of this country, had it been requested of them, there would have been no difficulty at all in obtaining some of the space they have taken for bringing these stranded wives to Canada.

We are satisfied that this bill is the expression of the opinion of the returned men of this house. It also expresses the opinion of the veterans who gave us advice. Over the last twenty-five years we have had what we have considered to be very fine veterans' acts. There is no question about that. On paper they look good; but we have also found that in the administration of those acts there

were many shortcomings. If I can gather from what I have heard expressed in this committee, it is the intention that in the future there will be no more penny-pinching in the administration of veterans affairs. It is our idea that the returned man should always have the benefit of the doubt.

Mr. MacNICOL: He never gets it.

Mr. BROOKS: We should see that no injustices are perpetrated in the name of these rigid and hide-bound regulations which in the past have so often defeated the real spirit of veterans' legislation.

As I said, we shall discuss this bill section by section. Along with the minister I feel that there will be very little with which hon. members will find fault. If it is administered as it should be; if every effort is made to see that our men obtain housing in this country; if every effort is made to see that they receive proper employment, and if some of the other abuses which are perhaps outside the minister's department are attended to, then I am satisfied that this measure will be a very great help to our returned men.

Mr. CLARENCE GILLIS (Cape Breton South): I have no intention of making a speech at this time; I merely wish to say that as a member of the committee I agree with most of what the last speaker had to say. The committee worked in harmony. The decision that brought about this bill was unanimous. Nevertheless I wish to place this group on record by saying that while we approve the grants as set out in this bill, we desire to emphasize that it will not in any way replace useful employment, which is still our major responsibility. It is still our major responsibility to returning personnel to see that we do not get into the frame of mind of thinking that when we relieve their immediate circumstances on their coming out of the service by grants of this kind, the job is complete.

I should also like to say a word with respect to the discharged service personnel who are coming out with a misconduct discharge. The test of this particular bill will be its application. We approve the board of review set up to examine all discharges for misconduct and the board of review which is dealing directly with gratuity applications as to whether they will be granted or otherwise. Up to the present time the personnel of the boards are in every way, so far as we can determine, suitable and sympathetic; but we must bear in mind that the personnel of these boards are open to change from time to time. The present wording of the act puts wide administrative powers in the hands of these boards. I say that because I think the veterans affairs committee under the present minister, and a capable chairman, has an obligation. We shall be here for the next four or five years. We wish closely to follow the administration of this particular section of the bill to see that every last service man or woman affected by a misconduct discharge gets a proper examination and that the board makes what in our judgment is a decision in accordance with the interpretation or opinion of the members when this particular bill was drafted.

When the hon. member for Royal (Mr. Brooks) spoke about penny-pinching I took my mind back to the time when a gun was placed at the head of pensioners and civil servants in this country forcing them to give up either their job or their pension. I hope we never get back to that kind of administration. The members of this group are supporting the bill. We think the committee did a fair job in the time at its disposal. The subject-matter covered by this bill is a controversial one, and we could have been many months at it. In the time at its disposal the committee did a first-class job, and we shall watch the administration of the measure very carefully.

I just wish to leave one thought with the minister with reference to service personnel discharged with a misconduct discharge. I know this does not come within the purview of the department. The dependents of those particular people have had no pay and allowances for months and months. I discussed this matter with the Minister of National Defence (Mr. Abbott). I hope I am going to get an answer some time. Christmas is coming on. The husband is incarcerated and there has been no allowance for months. Therefore it will not be a very bright Christmas for such people. I suggest that the minister might use his persuasive powers with National Defence to see if they cannot loosen up and do something.

Mr. Speaker, I just wish to place the members of this group on record as being cognizant of the implications of the bill and to say that we shall watch its administration very closely.

Mr. J. A. MARSHALL (Camrose): Representing as I do the Social Credit group, I wish to say on their behalf that we are thoroughly in accord with this bill What I might say at this time would be repetitious, because I heartilly agree with the sentiments expressed by the two previous speakers. In committee we raised objections to certain sections of the act, sections 4, 11 and 12. We shall be content to allow the bill to go

through second reading in the hope that perhaps we may offer some constructive suggestions when the bill comes into committee. That is about all that I have to say at this time, Mr. Speaker

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Golding in the chair.

Sections 1 and 2 agreed to.

On section 3—Payment of gratuity in case of death of member of the forces.

Mr. CRUICKSHANK: Might I ask under which section "misconduct" will come?

Mr. TUCKER: Sections 10, 11 and 12 deal with "misconduct". We have not reached them yet.

Mr. WRIGHT: Section 2 (1) gives the definition of "misconduct".

Mr. MARSHALL: I should like to say a word on this section. It says, and I quote:

(1) If a member of the forces dies on service or after discharge but before he has been paid gratuity in full, payment of the gratuity or the unpaid balance thereof shall be made:

(a) to a person who was in receipt of or who, in the opinion of the dependents' allowance board, was eligible for dependents' allowance on behalf of the deceased member immediately prior to the member's death or discharge.

We dealt with this section in committee. At page 255 of the proceedings of that committee the hon. member for Acadia had this to say, and I should like to put it on *Hansard* because it sums up the whole matter from our point of view:

A man's life is the main thing. If a man goes through the war he gets a gratuity, and if a man is wounded he gets a gratuity up to the time of his discharge. I understand now that the department are considering giving a gratuity while undergoing hospitalization. If a man is killed overseas the gratuity should be paid up until the end of the war.

That is the point around which the discussion centred and we are still of that opinion. This gratuity should not be cut off as of the date of death but should be extended to the end of the war.

Mr. CRUICKSHANK: I do not want to start an argument at five minutes to six o'clock, but I should like to ask another question for the sake of clarification. A recommendation was brought in by a special subcommittee as to the meaning of "misconduct", and I wish to know when this recommendation will be brought before the house. As a member of that committee I am prepared to accept the various clauses, but I understand that the matter dealt with by the subcommittee is to be put in a separate recommendation to the house, concerning a different department of the government. However, I think we might have that recommendation explained.

Mr. TUCKER: The subcommittee to which the hon. member refers dealt with the difficulty a man might experience in finding employment after his discharge if it was stated on his discharge certificate that he had been discharged for misconduct. It was considered that this would be a great handicap. The subcommittee which studied the matter made a recommendation, but it is not a matter for our department since, of course, discharges come under the Department of National Defence. However, at the next meeting of our committee we plan to study the recommendation of the subcommittee and to hear representations in the matter from the Department of National Defence, in the hope of making some tangible and helpful recommendation to parliament with regard to this matter.

Mr. CRUICKSHANK: As one member of that committee I cannot quite see eye-to-eye with the chairman of the committee. I do not see how one can recommend the adoption of a bill which, as I understand it, defines what "misconduct" means, without bringing before parliament the interpretation of "misconduct" as far as the act is concerned. I brought up this matter in the committee, and I intend to stay with it, but I wish to know what the recommendation of the committee was. Whatever it was, I am quite prepared to abide by the majority, but I want to know what the recommendation of the committee was with regard to the recommendation brought in by the subcommittee in reference to misconduct.

Mr. TUCKER: In the first place I think the hon. member is under a misapprehension as to the purpose of the subcommittee. The committee accepted the definition of "misconduct"—

Mr. CRUICKSHANK: Oh, no.

Mr. TUCKER: That is correct; the committee accepted the definition of "misconduct". The purpose of the sub-committee was to see if something could not be done, when the appeal board ruled that a service man should get his gratuity and reestablishment credit, to have a new discharge certificate issued or something of that sort, so that when he went to hunt for employment he would not have to show a certificate which indicated that he was discharged for misconduct. But "misconduct" as defined in the act was actually accepted by the committee on the understanding that this sub-committee would study this other related question. It did so and

brought in a report; and, as I say, it is hoped to study that report at the next meeting of the committee.

Mr. CRUICKSHANK: I want to take exception to that.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. QUELCH: Soldiers who are brought back wounded and who enter hospital come under the Department of Veterans Affairs, and I wish to know whether such men will be awarded gratuity up to March 31, 1946. I should like to quote from page 199 of the minutes of proceedings of the special committee, as follows:

> Mr. Woods: Mr. Chairman, I have under consideration at the present time an amendment to our recent regulations that would enable us to carry that man on in hospital up to the deadline of March 31, 1946, for gratuity. We have under consideration an amendment.

I understand that certain difficulties have arisen and I was wondering what the final decision might be.

Mr. TUCKER: The matter is under consideration and may actually have been passed. At any rate it is close to being dealt with.

Section agreed to.

Section 5 agreed to.

On section 6—Manner of payment of gratuity.

Mr. WRIGHT: It was agreed in the committee that the payment of gratuities and reestablishments grants should be based on the number of months served in the forces. There had to be twelve months service in Canada to become eligible under the Veterans Land Act for settlement on the land. We agreed to that in committee, but I have since been informed that there are certain men who were in the forces and who were sent by the authorities to serve in other establishments. For instance, there were men who were sent to serve in civilian air training schools. They might serve there for eight or nine months or a year and then be recalled into the air service. The time spent in the air training school does not count in the computation of points for discharge. These men find they have a small number of points for discharge and are being held in the air force, while other men, who continued in the force, are getting their discharges. It seems to me that these men have a reasonable kick in not being allowed points for discharge for their service in the air school, especially when they were sent there by the authorities. I wanted to bring this matter to the minister's attention so that it might receive consideration, because there are a number of men in this category.

Section agreed to.

On section 7—Reestablishment credit.

Mr. QUELCH: As the committee knows, if a veteran elects to take the benefits under the Veterans Land Act he is debarred from receiving a reestablishment credit, but under this section provision is made for the veteran still getting a reestablishment credit, provided that he only comes under section 13 of the act. Where a veteran has come under section 13 of the Veterans Land Act and is under the impression that he would not be able to obtain a reestablishment credit, will he be notified by the Department of Veterans Affairs that he is eligible.

Mr. TUCKER: Yes, I think I can assure my hon. friend that that will be done.

Section agreed to.

On section 8—Conditions of availability of reestablishment credit.

Section agreed to.

Sections 9 and 10 agreed to.

On section 11—Exceptions to entitlement.

Mr. BLACKMORE: I think the question ought to be asked once more, whether or not the war gratuity was conceived of and introduced as a reward for services. Would the minister care to tell us whether that was the object?

Mr. MACKENZIE: With the consent of my hon. friend I would quote from memory what the Prime Minister said last year in this house when he referred to the war service grants as being an expression of the nation's gratitude for services rendered. In my mind there is a difference between a war service grant and a reestablishment credit. The latter is for a period of ten years and is bound up with the reestablishment of the ex-service men and the building up of the national economy, the two things really being

synonymous. The first, the grant, is definitely an expression of gratitude for the services rendered.

Mr. BLACKMORE: That is as I would interpret it, using just the ordinary common sense of a layman. Therefore I am quite astounded to find that any idea has been entertained by this house of denying to a soldier a gratuity for the days and weeks and months during which he served his country; simply because, perhaps after years of faithful service, he has erred and has been punished by court martial or otherwise. When the original act was passed and sections 11 and 12 were included, this house did violence to its own intelligence. Surely, if the gratuity is a reward for service, then every day and week and month a soldier serves he should receive his gratuity for that day and week and month. But as matters are now, it appears to me that the gratuity has been used as an additional means of punishing the soldier.

Some hon. MEMBERS: Oh, no.

Mr. BLACKMORE: Of course it is. How else can one possibly interpret it? If a soldier after a long period of service commits an offence and is punished, and then is given not only the military punishment for his misdeed but the additional punishment of being deprived of the gratuity which he had earned through his many trying days and experiences, surely that is a miscarriage of justice of the most flagrant kind. I protest against the inclusion of these two clauses in the act, Mr. Chairman, and I believe that the committee should delete them and grant the gratuity as an expression of the nation's gratitude, as the minister has so well said, thus giving the soldier a reward for the service which he has rendered. But as this act stands to-day a man might have won the V.C.; he might have saved a thousand lives; he might have won the most important positions in the enemy's lines; yet because of some inadvertence he might lose all his past gratuity.

I am told that an understanding has been arrived at by the committee this year, in virtue of which a board or group of men have been set up with instructions to be very considerate and sympathetic toward the soldier when considering the possibility of depriving him of his gratuity. That is a step in the right direction. My contention is that the other course was a step in the wrong direction and never should have been taken. I am astounded that any member of the house ever entertained that idea with any degree of tolerance whatsoever.

Mr. SKEY: I should like to point out one thing in connection with what the hon. member for Lethbridge has said. It is the ordinary practice under military law that when a soldier commits a crime and receives detention for it, he loses that much time in his service record but he does not lose seniority beyond that. In peace time we recognize the principle which the hon. member has advocated, that he should not lose beyond the time during which his services are not available to the nation.

Section agreed to.

On section 12—Reappointment or reenlistment—deferment of gratuity or credit.

Mr. TUCKER: When the committee was considering this section it was thought that there might be cases where the soldier reenlisted and where his gratuity or credit would be suspended until he came out of the forces and that in the meantime he might have undertaken obligations, relying upon his gratuity to fulfil them. It was therefore felt by the committee that the minister should have the right, on the soldier making application and making out a case, to grant him his entire gratuity and reestablishment credit even if he reenlisted. It was thought that subsection 4 of section 16 as enacted by this section 12 covered that, and I assured the committee that it did, but on thinking about it since I am not sure that it does, and to make amply sure that it does I would ask that the words "unless the minister otherwise directs" be inserted after the word "granted" in line 29 of page 11 of the bill, so that it will read "shall not be paid or granted unless the minister otherwise directs." That makes it very clear that if the man reenlists he can, if he makes out a case, have the minister order that he get his entire gratuity or reestablishment credit.

Mr. BERTRAND (Laurier): I so move.

Amendment agreed to.

Section as amended agreed to.

On section 13—Persons of Canadian domicile who served in other commonwealth forces.

Mr. SKEY: A graduate of the Royal Military College who happened to be in England in September, 1939, served with the British forces for four years and then came back to Canada and served with the Canadian forces for one year, and he has not received one cent of gratuity to this day. He has now been out of the forces for a year. Would the minister explain how the department deals with such a case?

Mr. TUCKER: There is no reason in the world why he should not get his gratuity under this section as amended. Formerly there were cases where discharges took place and the soldier did not sign the application for gratuity. It is signed now as a matter of form along with the other papers, but formerly in some cases the application for gratuity was not signed and the soldier wondered why he did not get his gratuity. It was because he had never applied for it. But now upon discharge that is one of the forms he signs as a matter of routine.

Mr. GILLIS: What machinery is there set up in Ottawa to look after the gratuity of Canadian nationals who served in the British forces? Only a few days ago I was in touch with the estates branch of the R.C.A.F. in Ottawa trying to get some information as to how a dependent mother of a flying officer killed with the R.A.F. might go about settling his estate. The R.C.A.F. advised me that they had nothing to do with the matter and suggested that I get in touch with the R.A.F. If we have accepted responsibility, as we have under this act, it seems to me that some administrative machinery should be set up in Ottawa which would handle such cases, because it is pretty difficult for an old lady in Vancouver or far away on the east coast to carry on the necessary legal untangling required to settle her son's estate with the British authorities overseas. Is there any such machinery in Ottawa, and, if not, is it intended to set up such machinery?

Mr. TUCKER: I think the suggestion of the hon. member is a very good one, because these people are used to dealing with the estates of Canadian servicemen and they might very well extend their activities to assist dependents of those Canadians who went into the R.A.F. It is a very good suggestion and I will bring it to the attention of the Department of National Defence under whose administration the handling of estates of deceased servicemen comes.

Mr. LENNARD: I know of a chap who is a member of the R.C.A.F. and went overseas, took special duties and was required to join the R.A.F., and who was killed while engaged on those special duties.

Mr. MACKENZIE: What year?

Mr. LENNARD: I could not say exactly; it was several years ago. He was killed while operating as a member of the R.A.F. His case, I presume, would also come under the suggestion just made.

[Mr. Skey.]

Mr. TUCKER: It will be a matter of bringing it to the attention of the Department of National Defence.

Mr. SKEY: Is there any coverage in the act for Canadian nationals who joined other allied forces; for instance, United States, Polish, French or Dutch forces? Are they eligible for gratuity?

Mr. TUCKER: That is now being actively considered, and it is hoped that something will be done about it shortly.

Section agreed to.

Sections 14 and 15 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway company to issue securities not exceeding $8,800,000 in principal amount to provide the moneys necessary to meet capital expenditures made or capital indebtedness incurred during the calendar year 1945; to authorize the governor in council to guarantee the principal, interest and sinking funds of securities issued by the company for the purpose aforesaid; to authorize the making of temporary loans to the said company secured by such securities and not exceeding $8,800,000 in principal amount to enable the said company to meet such expenditures and indebtedness; with authority to give financial aid and assistance to other companies of the said national system.

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

Mr. MacNICOL: I think the acting minister had better give us some explanation of this measure.

Mr. MAYHEW: The bill which will be founded on this resolution is similar to those which have been passed on previous occasions. The general explanation of it is this. It is for the purpose of providing authority for the financing of the capital expenditures of the railway system and the retirement of miscellaneous maturing obligations, either by way of loan by the dominion or by the issue of securities of the company to the public on the guarantee of the dominion. The total

amount to be provided for this purpose is limited to $8,800,000 divided as follows:

Additions and betterments, less retirements	$15,008,000
Acquisition of securities	1,015,000
Retirement of maturing obligations, including sinking fund, and equipment: principal payments	10,777,000
	$26,800,000
Less available from reserve for depreciation and debt discount amortization	18,000,000
	$ 8,800,000

The capital budget as set out above was approved by the standing committee on railways.

I think, Mr. Chairman, that is all the explanation which is probably necessary at this time.

Mr. FRASER: Why cannot this money be taken out of the earnings of this year?

Mr. MAYHEW: It is all taken out of earnings but $8,800,000.

Mr. FRASER: Well, why could not that be taken out of earnings? This is the best year the railway has ever had.

Mr. HAZEN: I was a member of the committee to which the annual report of the Canadian National railways was referred. I had the opportunity of hearing the evidence which was given by Mr. R. C. Vaughan, president of the company, and other officials of the railway. There are one or two matters arising out of their evidence which I should like to bring to the attention of the committee, but since I did not know that this matter was coming on until some time this afternoon, I trust the committee will bear with me if I follow very closely the notes I have with me.

Mr. MAYHEW: The bill cannot be distributed until after it has been introduced; therefore hon. members have not the bill in front of them. So may I suggest that the hon. member should allow the second reading of this resolution to pass and make his statement in committee on the bill itself.

The ACTING CHAIRMAN: (Mr. Golding): What is before the committee now is the resolution. If this is passed, the bill will follow.

Mr. HAZEN: I am speaking to the resolution, Mr. Chairman, if I am in order. The report of the directors of the Canadian National Railways to the Minister of Transport, which was dated March 15, 1945, and which was submitted to the committee for examination stated on page 7 that the cash surplus for the year's operations was $23,062,924.35 as compared with $35,639,412.23 for the previous year; that is, there was a decrease of $12,612,000. This is a very large decrease. When it is considered that the operating revenues were over half a million dollars more than in the previous year it is an alarming decrease. The decrease was the result of the operating expenses of the railway being $38,072,000 more than in the previous year.

The report states:

> This increase in operating expenses was occasioned by higher wage rates in 1944 as compared with 1943, amounting to $23,348,000; higher prices of materials $7,102,000; and additional maintenance of track and equipment $5,893,000. The amounts referred to for wages and materials do not represent additional man-hours or additional quantities of material but result from higher unit prices paid by the railway for labour as the result of retroactive wage awards by regulatory authorities and the increased prices paid for fuel, ties, rail and other materials used in maintenance and operation.

The report goes on to say that the average price of fuel increased from $5.37 to $6.10 per ton, involving an added expenditure of $4,906,000. New rails averaged $57.33 per ton as compared with $55.26 per ton in the previous year. Treated ties averaged $1.65 compared with $1.42, and untreated ties, $1.04 compared with 88 cents. There was an increase of 2·5 per cent in the price of other railway materials. These figures show clearly that the "historical decision", as the Minister of Finance called it in his budget speech, at page 1035 of Hansard, made by the government in October, 1941, to consolidate wage controls, institute salary controls and impose comprehensive price ceilings, has not been lived up to so far as our railways are concerned.

In connection with this matter I wish to call the attention of the committee to the replies to one or two questions that were asked Mr. Vaughan, president of the Canadian National Railways, when he was before the railway committee, as reported on page 23 of the proceedings:

> Mr Reid: What about the cost of materials? I notice that fuel oil has gone up by at least 14 per cent, coal has gone up, new rails have advanced and the price of steel. Some of these articles were under the price ceilings. Evidently something has escaped the price ceiling.
>
> Mr. Vaughan: That is true. When some of the steel mills wanted an increase in the price of their products it was felt that the ordinary consumer of steel could not pay. Apparently in Ottawa they thought the railways were doing pretty well and they could afford to pay, so they selected some of the commodities the railways use and advanced the prices.
>
> Mr. Reid: And they went over the ceiling. Those steel prices were not under the ceiling, so they made the railways the goat.
>
> Mr. Vaughan: Those prices were ceiling prices. That ceiling price was raised by the wartime price control on some of these commodities that the railways use. That was true

of other commodities such as ties and lumber. All those prices were increased very substantially.

Mr. Reid: Do you think the raise was allowed so the steel companies could get a little more from the railway companies on their steel?

Mr. Vaughan: Well, it was felt that the railways use certain steel commodities that no one else uses, such as track fastenings, steel rails and things of that kind, and apparently at that time, if the steel mills received an advance on the products that the railways used that would satisfy them for the time being.

The report of Mr. Vaughan to the minister contains the following words on which I should like to lay some emphasis:

The directors feel that more than passing attention should be directed to the higher cost of operation due to these increased unit prices for labour and material over which the management has no control.

Mr. Vaughan was asked, when he was before the committee, as reported at page 23, whether he thought the committee should direct their attention to this statement in the report and whether he had any suggestions to make as to how they could approach it. In his reply he said he did not think the committee could do much about it.

The report of the auditors of the railway, which was read to the committee, also refers to this matter, as will be found on page 2:

Looking forward to the post-war period, the impact of the accumulated war-time increases in wage rates and material prices on the operating results from prospective revenues of that time is a matter to which we commend the consideration of parliament.

The future operation of this company is a matter which, it seems to me, should be seriously studied by the Minister of Transport and the government. Now that the war is over, the revenue of the railway will be greatly reduced. There can be no question about that. Mr. Vaughan, in his statement to the committee on October 23, page 4, said:

I feel it is necessary, however, to sound a note of caution. It is probable that when the war emergency is over traffic will recede from war-time levels. To what extent it will recede we shall have to wait to find out.

We may have to wait to find out the exact amount, but I do not think the government should adopt a policy of wait and see. I am calling the matter to the attention of the committee and of the Minister of Transport and the government because I think the government should take steps now that the situation has been brought before them, to inquire into ways and means of preventing the road from becoming again a great drain on the taxpayers of Canada.

To use Mr. Vaughan's words, more than passing attention should be directed to this matter and it should have the careful consideration of the government now.

This brings me to another matter: I believe there should be closer cooperation between the C.N.R. and the C.P.R. From questions that were asked Mr. Vaughan I got the impression that there has not been as close cooperation as there might have been.

Part II of the Canadian National and Canadian Pacific Act, which was passed in 1933 and assented to on May 23 of that year, states that the two railways:

. . . are, for the purposes of effecting economies and providing for more remunerative operation, directed to attempt forthwith to agree and continuously to endeavour to agree, and they are authorized to agree, upon such cooperative measures, plans and arrangements as are fair and reasonable and best adapted (with due regard to equitable distribution of burden and advantages as between them) to effect such purposes.

They are further directed:

That whenever they shall so agree, they shall endeavour to provide, through negotiations with representatives of the employees affected . . . for a fair and reasonable apportionment as between the employees of National Railways and the Pacific Railways respectively of such employment as may be incident to the operation of such measure, plan or arrangement.

The act goes on to state that:

It shall be the duty of the companies, and they are hereby required, to meet by their proper officers forthwith and from time to time as they may agree, to discuss and to effect by agreement, if possible, the purposes set forth in this part of the act.

I think the Minister of Transport or the government should make some inquiries into what cooperation there has been between the two railways with a view to seeing that the intentions of this act are lived up to.

I said a moment ago that I got the impression that there was not as close cooperation between the railways as was intended when the act was passed. I got that impression despite the fact that in the course of his evidence Mr. Vaughan said:

The Canadian Pacific Railway officials and our officials are in touch with each other almost every day on some matters. We cooperate with them closely.

Mr. Vaughan went on to say:

After all, we are keen competitors. I do not suppose there is any place in the world where there is keener competition than between the Canadian National Railways and the Canadian Pacific Railway. I do not think that can be avoided as long as the two railways are operating as they are.

Now, competition makes for efficiency, but it should be subject to proper controls; controls that provide on the one hand for proper hours of work and living standards and wages

for employees, and on the other hand provide protection to the taxpayer from unnecessary expenditures and cutthroat competition which may result in large deficits.

Not only must competition be subject to controls, but competition must be fair. It seems to me there can be no fair competition between two companies if one of them is permitted to go ahead, or it if it should go ahead, with the idea or on the presumption that the government, that is the taxpayer, will pay any deficit it incurs, while the other is obliged to meet its obligations out of earnings, and in addition, pay large taxes.

Cooperation is as essential as competition in the interests of the taxpayers of this country.

There are two other factors that enter into the picture. One is the fact that Trans-Canada Air Lines, which the government has established as a great monopoly to control trans-Canada airways will have an adverse effect on Canadian National Railways earnings. Mr. Symington, president of Trans-Canada Air Lines, was asked what effect the air lines which it was proposed to establish to the British West Indies and South America would have on the earnings of Canadian National Steamships. He replied that he did not know if the matter had been considered. In reply to another question he said:

> There was no use blinding our eyes to the fact that they (that is the T.C.A. and other air routes) are going to interfere with the Canadian National Railways and the Canadian National Steamships.

It is going to cut into the earnings of those two companies. The question of government-owned transportation systems cutting into each other's business should be studied by the government, for it is not in the interests of the taxpayers to have one government-owned transportation company cutting the throat of another government-owned transportation company. That should be avoided. As I have said, the Minister of Transport and the government should direct their attention to this question.

I would suggest that the government might give some consideration to amending part II of the Canadian National and Canadian Pacific Act, which provides for cooperation, so that it might include government and other air lines operating in or from Canada.

The other factor which should be given some consideration is competition between railways and auto trucks. I hold in my hand a report of a statement which was made by Mr. Hector L. Lapointe, Canadian National Railways economist, in an address which he made this month. This is what he says:

> Competition between railways and trucks has never been, and is not now, fair or equal, and annual losses in revenue to the railways have assumed alarming proportions.

This is a statement of a C.N.R. economist, a qualified official. He goes on to say:

> As a result, in the pre-war years, the situation was so grave that the financial stability of the railways was badly shaken. In fact, it was only through the very heavy war-time traffic that the railways were able to replenish their treasuries. To-day their position is sound, but will only remain so as measures are taken to place all forms of land transport on an equal basis and also to correct the business ways of the trucker which, under existing conditions, promote cutthroat tactics, wasteful competition and discrimination.

Mr. Lapointe went on to say that the first and most important steps toward a solution was a proper coordination of all methods of land transport. I would direct this statement of an official of the national railways to the attention of the Minister of Transport and to the government.

These, Mr. Chairman, are the only suggestions I wish to make at this time.

Mr. BLACK (Cumberland): Before the resolution carries, I would first commend the hon. member for St. John-Albert for his thoughtful remarks with respect to this resolution. I should like to direct some special questions to the parliamentary assistant to the minister who has the responsibility for this resolution or to the Minister of Transport. This resolution provides for the capital expenditures required by the Canadian National Railways for the current year and, I presume, for the ensuing year. I should like to ask the hon. member who has the resolution in charge and the Minister of Transport what provision has been made for the construction of the Canso causeway or bridge and also for the realignment and improvement of the grades on the railways serving the eastern part of Nova Scotia. That subject has been discussed in the house on different occasions and has been supported by members from Nova Scotia, including the hon. member for Cape Breton South. It was before the re-establishment and reconstruction committee, who approved it. It was approved by the government of Nova Scotia, whose premier at the time, Hon. A. S. MacMillan, gave evidence before the committee I just mentioned. As I remember his evidence, he staked his reputation that the causeway, including the diversion of the railway, could be built for $4,500,000, though personally I believe those figures would have to be confirmed by accu-

rate engineering surveys. I also understand that, following another visit to Ottawa, Mr. MacMillan quoted the Minister of Munitions and Supply, perhaps in his capacity as Minister of Reconstruction, to the effect that this causeway would be built. In any event such an announcement was made to the people of Nova Scotia, and it has been confirmed by Hon. A. L. Macdonald, the present premier and his candidates.

I believe this is a proper occasion to ask for a statement from the hon. member who has this resolution in charge, or from the Minister of Transport or the Minister of Reconstruction. This is an important matter to Nova Scotia, especially eastern Nova Scotia, and at this time, when we are dealing with what I presume is the only resolution to provide funds for capital expenditures of the Canadian National Railways, I believe there should be a declaration of policy.

Mr. GILLIS: I should like to join in the remarks just made by the hon. member for Cumberland. I did not intend to say anything on this matter until the bill was in committee, but since the hon. member has raised it now I wish to make a few observations. My only objection to the resolution is that the government are not asking for enough money, if they require $8,800,000 for their ordinary requirements. As I recall the details of the matter raised by the hon. member for Cumberland, the estimate of the Canadian National Railways in connection with their end of the work, double-tracking the main line from Sydney to Moncton and making a number of necessary changes, was for something around $6,500,000, according to a statement made by Mr. Fairweather when he appeared before the reconstruction committee. So that I should like to see the government increase the amount asked for in this resolution.

The reason I believe some statement should come from the Minister of Finance and the Minister of Reconstruction in this connection is that the matter of building the causeway across the strait of Canso, double-tracking the main line, improving the yards and so forth, has been given a great deal of consideration by members of this house. I remember attending meetings of the reconstruction committee for weeks, probing the possibilities of jobs in the post-war period. In connection with this particular project we heard the chief engineer of the Department of Public Works, and we heard from Mr. Fairweather, chief economic adviser of the Canadian National Railways. After a great deal of consideration, that committee prepared a report which was tabled in the house and accepted. On two occasions the Minister of Munitions and Supply stated in this house that this was to be one of Nova Scotia's main post-war projects.

Mr. MacNICOL: And so it should be.

Mr. GILLIS: To appreciate how far-sighted that committee was in its estimate of the employment situation in that part of the country one need only look at the employment figures in Nova Scotia to-day. Then he will see that unless this project is gone ahead with there is practically nothing else to provide employment in that province. Every war industry that functioned there has been closed out. No new industries have been created, and from one end to the other that province is a straight unemployment camp. The sad thing about a matter of this kind is the loss of prestige on the part of public men generally. This government was definitely committed to that undertaking as a major post-war project; the Minister of Munitions and Supply stated they were definitely going ahead with it. The then premier of Nova Scotia also definitely went on record that this was one of the main considerations in the post-war period. The present premier of Nova Scotia, who was then minister for naval services, also was definitely committed to it. It is rather sad now to read the editorial comments in the newspapers in connection with matters of this kind. In the Ottawa *Citizen* of November 24 I found an editorial clipped from the Sydney *Post-Record*, which stated that Hon. Angus L. Macdonald was committed to this project: the present premier of Nova Scotia was committed to it; I was committed to it; the Minister of Reconstruction was committed to it, and then they wound up by saying that it looked as though it was only a balloon which was flown for political purposes. I hope that is not the case; but to-day, after the election is over, the Minister of Munitions and Supply begins to talk about the difficulties of getting these things done.

The resolution now before the house definitely links the Canadian National with this project because, according to their own estimate, if it is proceeded with they will spend $6,500,000 to carry out their part of the programme which was recommended in the report of the reconstruction and reestablishment committee, which report was tabled in this house without opposition. This leads me to believe that hon. members were unanimously in favour of it. Therefore I believe that the Minister of Finance should be prepared to come here and make a statement one way or the other, and say whether the Canadian

National are going ahead with it, because this resolution definitely provides for next year's capital expenditures.

Mr. CHEVRIER: No, it does not.

Mr. GILLIS: Then I have not read the resolution correctly.

Mr. MAYHEW: This only provides money for the current calendar year.

Mr. GILLIS: That is for 1945?

Mr. MAYHEW: Yes. In other words we have about a month to go.

Mr. GILLIS: And it is to guarantee principal and sinking funds, and so forth. Nevertheless the project I am talking about was recommended in 1943. Now 1944 has gone by, and this is 1945; we are providing for their 1945 capital expenditures, and still there is no mention of this undertaking. As far as I am concerned I want something definite on it. If they are going to build it, that is fine. If they are not going to build it, I want to know, and so do the people of Nova Scotia. The thing I want to find out is, can I believe the Minister of Munitions and Supply when he makes a statement in this house? Unless you are prepared to live up to the promises made both inside and outside this house—

Some hon. MEMBERS: Order.

Mr. GILLIS: I am listening.

The CHAIRMAN: Order. I do not think the hon. member for Cape Breton South should question whether he can believe a member of the government, and I do not think he intended to do that.

Mr. GILLIS: No, I did not mean it in that way. What I did mean is that editorials in the daily newspapers across Canada are questioning the veracity of every member of this house in connection with this particular project. As the hon. member for Vancouver East says, I do not know whether I can believe myself. Before this bill carries, I should like a definite statement from the minister on behalf of the Canadian National Railways that they are going ahead with this project. We are depending on it to create employment in the province. If we are not going to get any employment from that direction we shall have to start thinking about something else. This project was played up all over the province as being one that would employ 7,000 men for three years. That would relieve the unemployment problem in Nova Scotia to a considerable extent, but if this project is not going to be carried out we shall have to replace it with something else. If the parliamentary assistant is not in a position to give an answer at this time, I suggest that before the bill carries some decision should be made.

Mr. DECHENE: In view of the fact that other hon. members have discussed the matter of new construction to be undertaken by the National Railways, may I ask if it is in order to discuss branch lines and new constructions under the resolution now before the house? If so, I also have something to say.

The CHAIRMAN: The resolution refers to expenditures for the calendar year, expiring on December 31, 1945. I do not think there could be much further work started this year, and therefore I would not think a general discussion on the building of branch lines would be in order.

Mr. MacNICOL: Is there any item in the estimates covered by this amount for plans and specifications for the Canso viaduct and the building of a railroad to Truro?

Mr. MAYHEW: Nothing I could find. I should like to have this moved from the resolution stage so that we may introduce the bill. The suggestions that have been made by hon. members will be noted.

Mr. BLACK (Cumberland): I think we should have a statement from the Minister of Transport with regard to this matter which has been brought up before by the hon. member for Cape Breton South and myself.

Mr. CHEVRIER: I submit with deference that this resolution has nothing to do with the causeway of Canso, either directly or indirectly. I am not in position, nor do I intend to make a statement on government policy with respect to that important project. As hon. members will see, the resolution is to bring in a measure to authorize the Canadian National to issue securities not exceeding $8,800,000. The budget of the Canadian National Railways for the year 1945 was submitted to the railways and shipping committee and approved by the committee. In that committee there was set out in detail what the $8,800,000 was for. It included additions and betterments to the railways amounting to $15,000,000 and some odd; acquisition of securities, a little over $1,000,000; retirement of maturing capital obligations, including sinking fund and equipment principal payments. $10,777,000; less depreciation from reserves and discount amortization, $18,000,000, leaving $8,800,000 required for capital expenditure. The details of the additions and betterments were given to the committee. This is for expenditures already made or indebtedness incurred, and it could in no way be linked with the project at Canso. When the time comes, whether it be on my estimates or on the estimates of the Minister of Recon-

struction, which I understand are not yet complete, a statement on that project will be made.

Mr. FRASER: Why is this not taken out of the present revenue for this year?

Mr. MAYHEW: They have already taken $26,800,000 out of revenue.

Resolution reported, read the second time and concurred in. Mr. Mayhew thereupon moved for leave to introduce bill No. 178, to authorize the provision of moneys to meet certain expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1945, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to, and bill read the first time.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF FINANCE

51. Departmental administration, $639,578.

Item stands.

DEPARTMENT OF MUNITIONS AND SUPPLY

179. Dominion fuel board, administration and investigations, $32,120.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

183. Battlefields memorials, $49,625.

Item stands.

DEPARTMENT OF NATIONAL WAR SERVICES

229. Canadian travel bureau service, $77,950.

Item stands.

Mr. BRACKEN: That brings four more departments into supply. May I ask the minister how many departments still remain to be brought in?

Mr. MACKENZIE: I think there are three, and I wish to assure the house that the rights of all hon. members are protected if there are any matters they wish to bring up for the redress of grievances.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $136,035.

Mr. ROSS (Souris): I have a question to ask the minister about future production and marketing, and perhaps it would shorten the proceedings if I put my question before the minister makes his statement.

[Mr. Cherrier.]

I wish to touch on the production programme in this country as it pertains to marketing. It will be realized that, despite the great carryover of wheat that we had a few years ago, that problem no longer exists with us to-day. According to the chairman of the wheat board we shall very shortly have disposed of one billion bushels of wheat in the three years since 1943. While it is not safe to have a carryover of less than 60 million bushels of wheat, we shall be down to that figure before we start to harvest the 1946 crop. While that will be our position, our neighbours to the south, the United States, may be able to export some 300 million bushels this year. So that the entire picture of wheat carryover for exporting countries is vastly different from what it was a few years ago. While there is a great demand for wheat at this time, our governments, by legislative action, have kept down the price of wheat. The only grain product we have selling on the open market is rye. Some days ago rye sold for $2 a bushel on the open market in Winnipeg. In normal times rye sold for from ten to twenty per cent less per bushel than wheat, so that it will be realized what the price of wheat would be to-day if an open market existed for wheat. I am not saying that it should, because we must maintain the situation as it should be for the consumers of this country. But I cite the price of rye to show what the price of wheat would be if there were an open market for it to-day.

While there is a demand for our wheat at the present time, there is no guarantee at all as to the future requirements of our wheat. Even the officials of the Canadian wheat board who are making a constant study of this matter, claim that the future for our wheat is most uncertain as to both markets and price. We all realize that the same may be said of oats and barley, in which our carryover is considerably less than it was a few years ago, and that affects our production of live stock and meat in this country.

I have here a chart—and I should like to compliment the authors of it—of our weekly live stock and meat statistics. It appears in the *Live Stock Market Review* of November 15, 1945, and reviews the situation comprehensively. It shows that the slaughterings of hogs from January 1, 1945, to date have decreased in western Canada by 40·5 per cent, while in eastern Canada there has been a decrease of 24·7 per cent, or an average decrease for the whole country of 34·9 per cent as compared with the same period in 1944.

Cattle have shown a great increase in slaughterings, an increase for the same period for Western Canada of 41·1 per cent, and an increase for eastern Canada of 24·8 per cent, or an average increase for the whole country of 34·1 per cent. There has been a consistent increase in the numbers of our beef cattle in Canada year by year since 1939. In 1939 we had 4,693,500 head of beef cattle in Canada; in 1945, as of September 28, we had 6,760,400, or an approximate increase of forty-two per cent in beef cattle during the war period.

The number of hogs in Canada in 1939 was 4,363,800; in 1945, 6,025,600. We reached the peak in 1943, with 8,148,500 hogs, and that dropped this year, as I have said, to 6,025,600, which is quite a big decrease. The great decrease has taken place in western Canada, where the decrease has been far greater than in eastern Canada, but there has been a great decrease throughout the entire dominion. I am sure that the entire hog situation will have quite an effect on world marketings. I think the Department of Agriculture here have proof already of the manner in which our Danish friends are regaining the old country market for bacon.

I noticed that at a dairy convention held in the city of Winnipeg a few days ago the officials stated that whereas feed grains had increased by forty per cent in cost to the dairy producer, mik had increased in price by only 11·15 per cent, and farm wages had approximately doubled. The consequence was that a good many producers were going out of dairy production entirely. It has been pointed out in this house that the McDougall memorandum to the league of nations in 1940 showed that to equalize standards of living throughout the world, that is in order to ensure that mankind receive a greater amount of food and a higher standard of nutrition, an increase in production was required as follows; of cereals, an increase of 50 per cent; meat 90 per cent; milk and other dairy products, 125 per cent; vegetable oils, 125 per cent; fruit and vegetables, 300 per cent. It is evident that to attain national equality in nutrition and a sufficiency of food a great expansion and distribution programme must be initiated upon national and international lines.

Just yesterday the Ottawa *Citizen* carried an editorial on "Food-Planning for Plenty". It stated that the officials of the food and agriculture organization had been saying that the gamble must be taken out of the marketing of food and that the grain producers of Canada were greatly concerned over price fluctuations. The editorial had interesting facts for the Department of Agriculture here and for other agencies that are concerned with food production in other countries at this time.

Many of us are inclined to forget or perhaps do not appreciate how much scientific research has done for agriculture in this country. I was reading an article only the other day which covered agricultural developments in the past 130 years in this country. It pointed out the crude manner in which we started with our cereals in this country, and what, every three, four or five years, scientists had brought forth for us. I am sure we should appreciate what they have done. In recent years, especially, they have developed rust-resistant wheat; and it would be difficult to estimate, even in millions of dollars, what this has meant to the grain producers of this country. In certain years during the past we would not have produced, because of rust, any wheat of our old types. Along other lines scientists have rendered a great service to us. They have inspired the confidence of farmers by the development of better varieties of grain, forage crops, fruits and vegetables, better strains of live stock, valuable farm practice methods, and workable disease and pest controls. We should not soon forget the work those scientists have done for us. Many of our producers throughout the country fail to realize this. It is certainly my belief that the officials of our treasury board do not adequately realize what these men are doing for us, by expressing that appreciation adequately in a practical form. I have been able to obtain some figures as to what our scientists in the Department of Agriculture receive, in contrast with what is paid to men similarly employed in the United States and in Great Britain, and I should like to put on record two of these comparisons which to me are enlightening. In Canada, grade 4 scientists in agriculture receive from $3,300 to $3,600; in the United States, $4,730 to $5,698; in Great Britain, from $5,280 to $6,160. A grade 6 scientist receives in Canada $3,900 to $4,500; in the United States, $6,853 to $7,777; in Great Britain, $8,800 and up. That is quite a contrast. The figures are based on our currency, allowing $1.10 for the United States dollar and $4.40 for Great Britain's pound.

I know we are all concerned about the expenditure of public money, but I ask the committee to consider the significance of these contrasts. I have used this argument in the past, though without having the exact figures, because I believed that something should be done to keep our best types of scientists in the country and not have them going across the line in the numbers that they have gone during past years. It is something to which we must give due consideration, because these

men are most important in assisting our producers to improve their standards of production, and they should be properly remunerated for so doing.

It is quite evident that with proper national planning and international arrangements the nation may have an economy of abundance with fair remuneration to all. I should like to have that point emphasized now, because many of our producers who have done such a magnificent job during the war years are to-day in great fear and doubt. They do not want to be caught by depression and lower prices as they were in the past, and many of them talk about quitting now, while prices are fair and they can probably get out with reasonable prices for their equipment and what stock they have. It is surprising how many people, especially in western Canada, are possessed with that viewpoint to-day. Therefore I think that if the minister would say now what the government's plans are and what has been done to assure the agricultural producers of Canada future markets and fair and reasonable price returns it would be of great assistance to those producers. Before we return to another session, the most efficient of these people will be laying plans for next year's production. I trust that whatever proposals are decided on will be upon some basis of parity, not forgetting that our producers of timber and our manufacturers of textiles and other articles are not to-day being held down in the matter of price as are the agricultural producers. Figures have been given on several occasions about the great percentage of our timber production which is going to the southern market, and at a much handsomer price than is paid in Canada. That in turn has increased our building costs as much, in many cases, as fifty per cent. Those are the figures of experts in our government departments. I trust that, whatever is done for agriculture, these facts will be kept in mind, and that farmers will be given a reasonable break to assure them remuneration which is fair in relation to that received in other vocations in this country to-day.

I repeat that it is most important that our producers, especially of grain and live stock, should be given some lead at this time as to what they may expect, at least for next year's production, and it will be beneficial if they could be given some idea as to what they may expect in this matter in the next few years.

If the minister can do that now, it will save a number of questions on several other items as we come to them, besides being beneficial to the producers of this country.

[Mr. J. A. Ross.]

Mr. WRIGHT: I am going to offer no excuse for taking up some of the time of the committee to discuss agriculture. Over two months and a half of this session have passed, and this is the first opportunity which the government has given to the house to discuss this matter. Agriculture is such an important phase of Canadian economic life that we might well have had an opportunity at an earlier stage to discuss some of its problems.

There are people who say that agriculture has not many problems to face at this time, that agriculturists are receiving reasonable prices for their products and that they are satisfied. However, I think we can easily prove that there is a great deal of misgiving among farmers with respect to the future. We need more agricultural production in Canada and throughout the world than at any time during the war. In Canada, Great Britain and the United States governments endeavoured during the war years to get an increase in agricultural production, and they used various means, including subsidies and advertising urging farmers to produce, to accomplish this purpose. Agricultural production is now needed to a greater extent than ever, if we are to believe the reports which are coming out of Europe, and the statements made by the Prime Minister the other day upon his return from Great Britain, when he told us that during this winter probably twenty million Europeans will be on starvation rations and hundreds of thousands will die of starvation during the next six months. So that production is essential at this time.

The agricultural industry of Canada did a very good job during the war. The increase was due, I believe, largely to three reasons: First, the desire of the farmers to do their share in the war, to see that production was sufficient to meet the needs during the war period. They did a good job, despite the fact that they were short of help and equipment. In respect of several agricultural products they doubled their production. This achievement was due largely to the individual farmer, to the man and woman on the farm who went out and milked a few extra cows, who kept a few extra hens, who took on these extra jobs feeling that that was their duty and their share in the war effort. The second reason for increased production of agricultural products was that nature was very good to us during the war years. In 1942 we had probably the largest agricultural production ever known in the dominion, thanks to a bountiful nature. We had plenty of rainfall. The third reason, in my opinion, was the stabilized prices which agriculture has received for its products during

the war. In 1941, when agricultural prices were frozen, during the basic period from October 20 to November 15 of that year, agricultural prices were low. But as a result of representations made to this house by organized agriculture and owing to various other influences which were brought to bear on the government, agricultural prices were gradually brought to a level where they at least represented the approximate cost of production for agricultural commodities.

These very three reasons which contributed to the increased agricultural production are working in reverse to-day. There has been a let-down. The people engaged in agriculture feel that they do not need to do the extra work they did during the war. Many of the older people who were engaged in extra work at that time feel now, since the war is over, that they can take it easy, and so far the younger people who were engaged in the war have not returned to agriculture to take up the reins and increase production.

At this critical period the government should give some lead to agriculture in the matter of keeping up its production, but I fear they have failed to do so. At least they have not given an assurance of what the future of agriculture will be. Let us take the grain growers of Canada to-day, and of western Canada especially. We have been asked to accept a ceiling price of $1.55 a bushel for wheat and we have accepted it. But I wonder if the committee realizes what the acceptance of that price means to the grain growers of Canada. Let me point out what it means in dollars and cents this year. I will show the significance of that $1.55 a bushel on export wheat and the $1.25 on wheat that is being sold to the millers for flour used in Canada and wheat being sold to the feed industry in Canada for feed wheat consumed in this country.

We are exporting this year approximately 325 million bushels at $1.55 a bushel. Suppose we were to receive the export price on wheat which the importing countries are paying to the United States and which, when we figure it in Canadian exchange, comes to approximately $2.03 a bushel. In other words, we are accepting 48 cents a bushel less than the world market for 325 million bushels of wheat, or a total of $156 million less than the world market price.

Take wheat that is milled in Canada. We consume approximately 60 million bushels of wheat. The wheat board is selling this wheat to the millers at $1.25 a bushel. That is the return which the Canadian farmer receives for this wheat. If he were to receive the export price of $2.03, that is 78 cents a bushel more on 60 million bushels, he would receive $46,800,000 more on this year's crop. If we figure that there are 20 million bushels of wheat which will be consumed for feed purposes in this country, it means $15,600,000 more than he would receive for that wheat had he received the world price.

Then take barley. To-day it is selilng in the United States, or it was on November 20, the last figure I have, at $1.22 a bushel. In Canada the ceiling price is 64¾ cents plus 20 cent equalization payment, or 84¾ cents a bushel. On barley there is an approximate loss to the grain grower of about $28 million. On oats, which are selling in the United States, basis New York, c.i.f. No. 2, at 93 cents a bushel, there is a loss of $10 million to the grain grower here. In all, in western Canada to-day we are accepting this year $253 million less than the world price for our crop.

What are we getting in return for this? The government passed order in council 6112 which placed a floor price under wheat, or rather gave a guarantee. I will not use the words "floor price"; the minister objects to that term. The government guaranteed that wheat would not go below $1 a bushel before 1950. The minister states that to-day the floor price under wheat is $1.25 a bushel and he is perfectly right, but that floor price is only a floor price for this year and we have had nothing from either the Minister of Agriculture or the Minister of Trade and Commerce guaranteeing that $1.25 will be the floor under wheat for any further period.

I have here a report of a speech which the Minister of Agriculture delivered to the Cooperative Wheat Producers in western Canada and the statement is confusing. Probably he was misreported. I am afraid that some of our western papers have become so accustomed to misreporting what people in political life have to say that they even misreport some of their own followers. I quote:

> There is nothing to indicate at present that the price of wheat will drop below the present floor price of $1.25 during the next five years. Hon. J. G. Gardiner, federal Minister of Agriculture, said in an address delivered in Regina on Friday . . . On the other hand he pointed out that if within the five-year period it became necessary to reduce the price it could drop below the dollar floor price which the government has established for the five-year period ending in 1950.

Mr. GARDINER: They stated the next day that they had left a "not" out before "drop".

Mr. WRIGHT: I rather expected that was what had happened; nevertheless it did leave much confusion in the minds of many people when that statement came out. The minister should give the committee some assurance as to what floor prices under agricultural prod-

ucts will be. I agree with the hon. member for Souris that there are misgivings in the minds of many people engaged in agriculture as to what we did last year when we introduced an act to establish floor prices under agricultural products in the transitional period from war to peace. We provided $200 million in that act to be used as a stabilization fund. We appointed a board with the Hon. Mr. Taggart as chairman. He is also chairman of the meat board of Canada. I believe there were also two government officials. That board has been in existence for a year. Surely by now they must have something definite with respect to whether floor prices are to be established under agricultural products and at what levels.

I should like the minister to state whether present floor prices under oats and barley will be the floor prices which are to be established by this board. At the present time the floor price under oats is 45¾ cents and the ceiling 51½ cents, plus 10 cents equalization payment, which brings the price of oats to 61½ cents a bushel. If the present floor price is to remain it means that oats, for instance, can drop 25 per cent when in surplus production. In the case of barley, the present floor price is 60 cents and the ceiling 64¾, plus 20 cents equalization payment, making 84¾ cents. The difference between 84¾ and 60 cents of a floor is twenty-eight per cent of a drop which might take place in barley under the present system.

Take wheat. The same thing applies. Our present price for wheat is $1.55 on the export market and $1.25 for what is sold in Canada, with a floor—I am going to use the word 'floor" because that is what it amounts to—of $1 a bushel under wheat until 1950. This again represents a twenty-five per cent reduction from present wheat prices.

If we take butter the same thing applies. The present floor price under butter is from thirty to thirty-five cents a pound, depending on the season of the year and the region in which the price applies. There is also a subsidy of from ten to twelve cents, which means that the present price being received by the producer is from forty to forty-five cents, again depending on the region or the season. If the present floor price of thirty to thirty-five cents is to remain that again means a drop of approximately twenty-five per cent in the income which agriculture will receive.

It is time that the minister made some definite statement with regard to agriculture as to just where it is the intention of the government to fix these floor prices. Until that is done there will be a tremendous amount of speculation and a tremendous amount of dissatisfaction, and we are not going to keep up our agricultural production in these circumstances. Production in agricultural products is kept up when the farmer knows what he will receive for his products over a period of years. Every good farmer knows that you cannot plan just for one year or two years. You have to rotate your crops; you have to plan whether you intend to build up a dairy herd or a beef herd, whether you are going into pigs or poultry over a period of years, not for one year or from one year to another.

I said that I do not believe there is a better time than now for the government to lay down some long-term programme for agriculture in this country. Our chief market for agricultural products has always been Great Britain. In Great Britain the government have stated that it is their intention to take the purchase of food for Great Britain out of the speculative market. They have stated that it is their intention to enter into contracts with exporting nations for their food requirements. I am sure that they would be prepared to enter into longer term contracts for their food requirements than just from one year to another, provided that we are prepared to meet them in that respect. I believe that the government should take definite steps at this time to obtain some long-term contracts for our agricultural products.

Another matter which I think the government should take into consideration with respect to the export of our agricultural products is the making of them available in Great Britain under conditions which are at least similar to those under which other countries make their agricultural products available there. I have particular reference to cheese. It is my understanding that in Great Britain, New Zealand, which is our chief competitor in the cheese-market there, has cold storage establishments for cheese which makes New Zealand cheese available to the British market at all times, while we in Canada allow British buyers to come to this country and buy our cheese here. I believe that the government would be well advised to establish cold storage facilities in Great Britain for Canadian dairy products and see that they are available to the British buying public at all times, and that a suitable product is available there in good condition.

So far as food products are concerned, one of the chief requirements of the British people is continuity of supply. They will deal only with countries when they are assured of that continuity, and we in Canada should try in every way to meet their requirements in that respect.

I really think that at this time the minister should give us some indication as to where the government intends to establish floor prices under agricultural products. It is now a year since we passed the act. The board has been functioning for that year, obtaining information, and at this time they should surely be able to give us some indication. Here is what is happening. Just recently we were discussing the Veterans Land Act in a committee of this house. We found that, according to real estate agents who were before that committee, in Canada the price of agricultural land has increased approximately twenty-five per cent. That twenty-five per cent increase is due to the increase in the price of agricultural products. If we allow agricultural products to drop twenty-five per cent, it simply means that the equity which our returned men have in any land which they may purchase under the Veterans Land Act, which is being passed by this house, will be wiped out, and therefore I think the government should give some indication at this time of where they intend to set floor prices. Personally I think the present ceiling price on agricultural products should be the floor price. The figures which I gave showed the tremendous sacrifice which agriculture is making, not only toward maintaining price ceilings in Canada, but toward the making available of supplies to European countries at a reasonable price. Therefore, when we are asking the government to set the floor price at the present ceiling price, it is not out of the way at all.

Mr. FAIR: Mr. Chairman—

The CHAIRMAN: The hon. member for Fort William has the floor.

Mr. McIVOR: It is too bad for one Irishman to get ahead of another, but I know he will forgive me at this time. I have two reasons for speaking to-night. The first is that I was brought up on a farm. I was taught the rotation of crops and to farm in the way which pays. You might call it the horse-and-buggy days, but it pays for the farm and it pays for the farmer.

Mr. CASE: Does it pay for the horse and buggy?

Mr. McIVOR: The other reason is that in the district of Thunder Bay, which takes in Port Arthur and Fort William, there have sprung up in our district in the last ten years some of the best farms in Ontario. The district farmer, Mr. Norman Harrison, will bear me out in this. They are farmers who farm the farm instead of farming the community. They have been taught that it pays to farm their farm, stay on their job and attend to their affairs.

Mr. CARDIFF: How many hours a day?

Mr. McIVOR: The reason for that is that the district farmer and the experimental substation which the present Minister of Agriculture saw fit to plant in that district—and it was needed years before—advise the people all over the country. The advice of the expert who runs that farm and of the district farmer is sought all over the country, and in the fall of the year they give splendid leadership at the agricultural fairs which are held in the different districts.

One thing stands out in this district, namely, the increase in the production of potatoes. They have a 500 bushel to the acre club. One man will take it one year in one district and another man will take it another year. This year one man took it in a district fifteen miles from Fort William. His prize-winning potatoes were the Irish cobblers. Another high-liner was a man with a non-Anglo-Saxon name. He grew the Chippawa. The next man took a prize with Green Mountains. It is not an unusual thing to see a beautiful farm of potatoes. It was a joy to any real Irishman who loves a potato crop to see those potatoes turned out in the fall. The best potatoes I have seen since I left the old sod were grown not with the help of barnyard manure or artificial fertilizer, but with the help of fish. These fish were known by a special name and even the Indians did not want to eat them, so that they were made into fertilizer for the potatoes, and I have never seen a finer crop. There was not a smell of fish on the potatoes; when you fried them you got—

An hon. MEMBER: Fish and chips.

Mr. McIVOR: —the very finest results, and they were the best potatoes I have seen in this country. Then we have something else that interests us and interests the farmers. We have a fall seed fair; and if you could go into the city hall in Fort William and see the samples of seed there you would say, long live the farmers of this district and the experts who lead them. The inspection of hogs, too, has prompted the farmers to take up this branch of farming. One man who has been in the business for only about six years now has over five hundred hogs. So that we just go back a bit and thank the minister for putting an experimental farm station in that district. If any hon. members have a good big district far away from a centre, go after the Minister of Agriculture. You will find him ready to

step on it, and you will get something that will make your heart glad.

Mr FAIR: I am thankful the Irish are such a peaceful race; otherwise the hon. member for Fort William and I would probably be in a battle in the middle of the floor right now. I do not know what kind of country he comes from, but it seems that every once in a while the hon. member has to rise in his place and keep the name of Fort William before us; otherwise it would be entirely forgotten; and as somebody says, where is Fort William?

I did not take time to kiss the blarney stone before leaving old Ireland, and apparently the hon. member for Fort William did; consequently my remarks this evening will be very brief, because I believe as we go along and take up the various items we can discuss anything we wish to mention. However, there is one matter I should like to bring to the attention of the minister and the government once more; that is, that the farmers of Canada should receive something closer to their proper share of the national income than has been the case in the past. I make this statement because I think we all realize that approximately one-third of the people of Canada live on farms, and that during the years from 1926 to 1940 one-third of the people received only 11·3 per cent of the national income, or approximately one-third of that to which they were entitled. Again, on many occasions I have pointed out that the farmers work many more hours than any other occupational group in this country, and take chances on climatic conditions. At the present time many of us have our crops under fifteen inches of snow and will not have an opportunity to reap them until spring. In addition to all this, we are up against the manipulation of markets and many other things. To-day we find that at least a large proportion of labour in Canada is on strike for better agreements, union security and increased wages, and we are also told in the columns of the press that labour is now aiming for a forty hour instead of a forty-eight hour week, with no decrease in pay. I believe some of our farm leaders in Canada are slipping, because a number of them are satisfied with the prices we are receiving. In my opinion those farm leaders should set their sights a little higher than is the case at the moment. I make that statement, because practically every other occupational group is taking steps to secure its fortunes in the future; and if we are to succeed on equal terms with the rest of the people of Canada it is up to us to do something for ourselves.

[Mr. McIvor.]

Many reasons might be given for the troubles that have been experienced by agriculture. It is often said that God must love the common people because he made so many of us, and I believe a very large percentage of those common people have been placed on the farms. One of our troubles is that in the past we have failed to organize. I well remember back in 1923 when we organized the wheat pool and had quite a hard time to get even fifty-one per cent of the farmers in our province organized. Then, in a very short time, as soon as the line companies offered a better trade for grain, even though they stole up to five bushels a load the farmers bootlegged their wheat from the pool to the line elevator companies. While that condition exists, it is not very easy for us to get along. So that unless we have something like equality of treatment for the farmers of Canada we cannot have a prosperous country. If one section of our people are slaves while the rest are masters, that is not a healthy condition.

One thing I should like, as I have pointed out previously, is to see the Prairie Farm Assistance Act amended to provide a general crop insurance scheme, even if there should be some extra cost to the farmers. That can be done, and I believe it should be done in order that the interests of the farmers may be protected. I also believe the income tax problem of the farmers should receive very favourable consideration. The Minister of Finance has stated that the question of farmers' income tax is being reviewed. When that review is completed I hope something worth while will be done in the interests of the farmers, because I believe we all remember that while the farmer was taking his losses during the depression years, there was no attempt by the Minister of Finance or the government of that day, nor has there been any attempt since, to see that the farmer was given any relief by way of reduction in interest charges or reasonable prices for the things he sold and the things he had to buy. During the war the farmers sacrificed millions of dollars in the prices they received for the products they sold, so that we think we should now be given a square deal.

I believe we shall be able to discuss the matter of hog and cattle prices later on, but in passing I suggest that an increase in prices of cattle and hogs would help make more food available for Europe, and also would do away with the bureaucratic rationing we have at the present time. As far as I am aware, the farmers are not complaining about rationing, but we feel that a proper policy for agricul-

ture would do a great deal to relieve the necessity for the rationing which is imposed upon us at the present time.

I do not think I need say more just now. On behalf of the members of this group I have made my remarks brief, but we intend to discuss the various items as we go along.

Mr. HERRIDGE: I do not think I can be accused of unnecessarily detaining the house in previous debates, but I wish to bring a few items to the attention of the minister and hon. members under the heading of agriculture. The farmers of my constituency are particularly interested in three aspects of our agricultural policy: first, marketing arrangements, to assure stable and satisfactory marketing and farm income; second, disease control, to ensure satisfactory crops; and, third, intensive research in the field of marketing problems and disease control. At some future date I intend to deal at greater length with the question of marketing, but because of the urgest necessity of getting on with the business of the house I am going to be quite brief in dealing with that question to-night.

The farmers I have the honour to represent realize that at this time there are three aspects to the marketing question: the international, the national and the provincial.

As far as the international marketing situation is concerned, the newly born united nations food and agriculture organization, which by the way is the first of the allied organizations to be set up under the world peace programme, is a first and great step toward the solution of the marketing of agricultural surpluses. As at present constituted, it is a research fact-finding and policy-forming organization. Under its present constitution it has no authority to deal in commodities. No doubt at this stage, in order to get general agreement and support, this limitation was necessary, but I am certain that ultimately the food and agriculture organization must have some authority guaranteed to it by the participating governments if its real objectives are to be attained. I am confident of this development when the proposed world farmer federation is a reality and the tillers of the soil bring to bear their effective influence in support of the ideals and objectives of the food and agriculture organization. We can rejoice that the first steps have been taken in this direction.

I should like to deal briefly with the question of provincial marketing. In British Columbia we have had for some time a natural products marketing act that has been of great value to the fruit and vegetable producers of the province. This act was placed on the statute books of British Columbia at the request of the fruit growers of the Okanagan and Kootenay districts, and upon it has been based the orderly marketing of tree fruits and vegetables that prevails at the present time in the province. Occasionally one hears this type of legislation condemned on the score that it is coercive and not in keeping with British justice; that is, it savours of regimentation and robs the individual of his rights. If majority rule is coercive, then this legislation can be so classed, but any act which requires the agreement of seventy-five per cent of the producers, in my opinion, is democratic to the last degree. As a result of experience, the great majority of tree fruit and vegetable producers of British Columbia are behind this legislation. If agriculture is ever going to come into its own we must have unification of action by producers, first within the provinces and then throughout the dominion.

I have dealt with the embryo scheme for international marketing and the scheme we have in British Columbia which has made some progressive moves with regard to provincial marketing. I should like to say a few words now about the national marketing picture. The ill effects of the lack of national marketing legislation have been largely overcome during the period of the war by the War Measures Act. But when this act, or the one that replaces it, ceases to operate, we shall be faced with our pre-war difficulties unless we have national marketing legislation as the essential link between international and provincial arrangements.

Realizing this serious possibility of the future, the tree fruit growers of British Columbia were the first to give consideration to this question, and a draft copy of a proposed national products marketing act was passed by the Canadian federation of agriculture and, I understand, submitted to the dominion-provincial conference this year. This act was drawn up by representatives of British Columbia producers, men of experience in this direction, in an effort to present an act which would not be ultra vires and which would be complementary to various provincial acts in effect. I am not going to deal further with this matter at this time, but I urge hon. members to secure a copy of this proposed act and study it before the next session of parliament. This is an act which the Canadian federation of agriculture believes is a necessary link between provincial and international marketing arrangements.

I should like to make a few brief remarks with regard to disease control. The farmers of my constituency are known for being an exceptionally progressive group. They have

always been particularly interested in the control of disease of farm crops and farm stock. At the present time the fruit growers are seriously concerned over the spread of what is generally known as little cherry disease. I think hon. members who represent ridings in which fruit growing is of considerable interest would be wise to listen to this. I am going to deal with it for a few minutes for the information of hon. members. Not only is it, on present indications, a threat to the orchardists of West Kootenay and British Columbia, it is a threat to all the fruit growing sections on the North American continent.

It was around 1936 or 1937 that we began to notice small cherries at a certain point in West Kootenay but we did not think of them as being diseased at the time. I might say that this small cherry is a cherry which ripens with the usual colour; it is much smaller in size than the normal cherry, but it lacks sugar content. The theory generally accepted was that the heavy freeze which we had in that district in 1935 had affected the trees but that there would be a recovery. When there was no sign of recovery in the following years the growers began to look for other causes and suspected a nutritional deficiency, but this theory was soon discounted after investigation by various representatives of the science service.

Further investigation revealed the fact that this disease had been present as far back as 1932, but apparently it was confined to one orchard. The disease appeared to remain static until about 1938 or 1939 and then an unfavourable market reaction, so far as the sale of cherries was concerned, caused further investigation. It was found that nearly all the orchards of the west arm of Kootenay lake were affected. Since that time we can say that the spread of the disease has been fairly rapid to other sections of the Kootenay district.

I am not sure of the year, but I think it was in 1940 that further investigations were carried on. The first hint of the virus nature of the disease was obtained in 1941 when Doctor Foster got what appeared to be a genuine transfer of little cherry by placing buds from affected trees in the Kootenay district on three healthy trees on Vancouver island. Unfortunately, since the disease had not been found on Vancouver island, the science service officials could not assume the responsibility of introducing it there. Therefore the material had to be destroyed before a full evaluation of its significance could be obtained.

However, following this lead, a conference of provincial and science service officials was held and a programme of further research outlined. Science department officials realize that this is a great threat to the fruit industry and say that it will require a team of entomologists and pathologists working together, which will mean a lot of slow, painstaking and costly work. I am informed that the problem in general is not one of appropriations, but of man-power; that the problem can be solved only by adequately trained investigators. I am informed also that there is a great shortage of trained personnel, which is one of the obstacles facing the government in developing a full-scale attack on this and similar disease problems.

Before concluding, I should like to deal briefly with the question of trained personnel. Why are we at this time short of trained personnel in Canada? Everyone recognizes the fact that we are short of trained personnel in the agriculture industry in Canada. I say it is because the dominion and provincial governments of this country have a scale of salaries too low to retain the services of many of our best men in this field. I wish to pay a tribute to the many men who do stay in the service of the dominion and provincial governments, at a financial loss to themselves, because of their devotion to this country.

In my opinion, considering comparative academic qualifications and the cost of obtaining them, agriculture graduates in most positions in the public service should be just as well paid as engineers and foresters, and, I should say, considerably higher than lawyers. Most agricultural positions in research now require at least a master's degree, with preference for a doctorate. As an illustration I should like to give the range of salaries paid to agriculture science workers in Canada and the United States. Assistant professors in the United States average $2,900 to $3,800, whereas the average Canadian salary is $2,500 to $3,200. Instructors in the United States average $2,000 to $3,800, and in Canada the average is $1,500 to $2,100.

The salary advantage in the United States universities is larger for the lower paid teach-

ing positions, and this no doubt accounts for the large number of younger men being attracted to the United States from Canadian universities.

I wish to quote a few figures comparing salaries paid to agricultural graduates in provincial and dominion government employ with salaries paid by commercial firms. In a recent survey of agricultural graduates employed in industry, more than half the number of graduates replying to a questionnaire stated that they had been attracted from universities or government employment by greater advantages.

I will quote a few salaries paid by one commercial concern to college graduates without post-graduate degrees:

Feed department manager	$5,400-$6,000
Assistant manager	3,600- 4,000
Salesman	4,200- 4,800
Assistant salesman	3,300- 3,600

If hon. members will compare these salaries with the salaries paid by provincial and federal governments in this country to men with similar qualifications and experience, they will find there clear evidence to anyone who looks beneath the surface that the present situation and trends, unless speedily corrected, will eventually result in the loss of many of our best agricultural research workers to commercial work.

It is significant to note that right within the federal government services, higher salaries are obtainable in other departments than in the Department of Agriculture. A marked instance was an advertisement by the civil service commission early last spring. One for the Department of Trade and Commerce called for an economist, with university graduation only, with a salary range of $5,000 to $5,600; the other called for an economist, with graduate and post-graduate training, plus definite experience, for the Department of Agriculture, at a salary range of $2,880 to $3,120.

I wish to bring to the attention of the members of this committee one particular case, that of Mr. Platt who is employed at the Swift Current dominion experimental station, has, I am told, a wife and four children and is a graduate agriculturist. I am informed that Mr. Platt is the man behind the discovery of saw-fly resistant wheat, and for this great service that he is rendering to Canada he receives the princely total of $1,800 a year. I am also informed that he has been offered $5,000 a year by Kansas state university, but prefers to remain in Canada. I am further informed that if the work which this young man is taking part in with others is successful it will mean at least an additional $25,000,000 in the pockets of the western wheat producers annually.

I want to quote from a table I have here which further illustrates my point. I shall quote only a few figures and then ask the permission of the committee to place it on *Hansard*. This table has been gathered at considerable expense.

The CHAIRMAN: Do I understand that the hon. member has unanimous consent to place the table on *Hansard*?

Some hon. MEMBERS: Agreed.

Mr. HERRIDGE: I thank hon. members for that privilege. First, however, I would quote a few figures from the table which gives the starting salaries for technical personnel in the following professions in Canada: mechanical engineering; electrical engineering; mining engineering; civil engineering; metallurgical engineering; chemistry, geology, mathematics and physics.

Mr. BRACKEN: Would the hon. member quote his authority?

Mr. HERRIDGE: This table was gathered from many sources and was compiled from information that I have received from graduate agriculturists in this country. I may say that I have been a member of what was the former Canadian Society of Technical Agriculturists since its formation, now known as the Agricultural Institute of Canada, and I know a large number of the members in Canada.

Mr. BRACKEN: Are these figures which the hon. member has assembled himself from other people.

Mr. HERRIDGE: With the assistance of other people.

The table shows the average salary received per month by the graduate in these various professions, with no experience, as compared with the average salary received by the trained agriculturist graduate. The trained agriculturist receives $137 a month on starting, whereas the average for the ten other groups is $160 a month on starting. After twenty

years' experience the average salary of the trained agriculturist is $210 a month, as compared with the average salary in the other professions of $316 a month. I will now with the permission of the committee put the table on *Hansard*. The table is as follows:

TABLES OF STARTING SALARIES FOR TECHNICAL PERSONNEL

No. of years out of college	Mech. Eng.	Elec. Eng.	Min. Eng.	Chem. Eng.	Civil Eng.	Metall. Eng.	Chem.	Geol.	Maths. & Ph.	Agric.	Total 10 groups
0	180	155	166	161	176	159	155	166	156	137	160
1	206	176	192	184	192	186	163	179	172	147	177
2	223	200	207	195	209	205	179	192	184	157	191
3	236	215	218	205	219	218	192	205	194	166	203
4	249	228	227	215	229	230	204	217	203	175	213
5	260	237	236	225	237	239	215	230	210	181	223
6	269	243	244	236	245	247	224	242	217	187	233
7	278	249	252	247	251	253	233	252	223	192	242
8	286	255	259	257	257	259	241	263	227	196	250
9	293	261	267	268	261	264	249	273	232	198	257
10	298	267	274	278	265	270	256	281	237	200	265
12	308	278	288	293	273	280	268	295	246	204	278
14	316	289	303	305	280	290	280	309	253	207	285
16	323	299	318	313	287	299	290	321	258	208	300
18	329	308	330	319	293	307	298	332	263	209	309
20	334	315	338	323	297	315	305	340	265	210	316

I am sure that hon. members who realize the importance of the agricultural industry to this country and that we must retain the trained agriculturists we are training in Canada instead of losing them to the United States and other countries, will support me in my plea that something must be done to raise the salaries of our scientific workers. The farmers in my constituency, as I am sure, the farmers in Canada as a whole, realize that to retain the services of our trained agriculturists we must establish salary standards equal to those of the other professions. We shall not be able to do the research work required in the immediate future or carry out an effective disease control programme unless we recognize the value of the trained agriculturist by rewarding him accordingly.

This year the Canadian Society of Technical Agriculturists, now the Agricultural Institute of Canada, celebrated its silver anniversary. I think it would be most fitting if this government recognized the work done by that organization and the trained agriculturists of this country by an upward revision of salaries.

When one considers that even in the one problem of the little cherry disease the fruit producers of Canada are threatened with a loss of millions of dollars, a cheese-paring approach to the question of salaries for the trained agriculturists is unthinkable, and I urge the minister to remedy this long-standing injustice now, and by so doing, make certain that disease control programmes in this country will not be limited because of a lack of trained personnel.

[Mr. Herridge.]

Mr. SMITH (Calgary West): Mr. Chairman, may I have a word on this? I will undertake not to burden *Hansard* with more than a paragraph or so. I live in the western section of the country myself, and I am getting perturbed lest people who live east of that very fruitful potato area of my friend the hon. member for Fort William, where potatoes that anyone can eat grow on fish—all you need to do, as I understand it, is to fry his potatoes and you have fish and chips in the same pan—should think all the farmers in western Canada are broke, because they are not, although one might think so from listening to the cries—and they are just cries—from certain areas. There is a place called the Palliser Triangle out there, a very fancy name for it—we used to know it as the great Canadian desert—an area which perhaps should never have been settled by agriculturists at all. There they have a good deal of difficulty, but that after all is not the great part of our country. One would think in listening to some who cry for our farmers that all the children's pants were made of flour sacks and that they lived on jack rabbits and gophers.

That is a lot of nonsense. There have been bad times in that section of Canada; there have been bad times in any country. My native province of Saskatchewan has been hit harder, I agree, than any of the other areas. But take the province from which I come; take that railroad from Edmonton to Claresholm, a distance of close to three hundred miles; and in an area of twenty miles on

either side of it if any hon. member can find twenty farmers who are broke I will buy him the best hat in Ottawa; I admit he should not pay more than $2.50 for it because there are no good hats in Ottawa; their stores are all very much the same.

Our people have had their difficulties, and many difficulties, but we are not all broke and crying to eastern Canada to help us. People down here speak of Ontario as "the old milch cow", and say that we have been living on the old milch cow. We have been doing no such thing. We have kept up our end; we have bought the things they made; we have bought them by exchanging them for what we could raise. The best cow I ever knew only had four teats, and you chaps down here take care of those four pretty well; there is no doubt about that. But we have been carrying our end in our economy, and we will continue to do so.

I agree that a stabilized policy is what we need. The day has gone when someone could take a piece of land and become a farmer. As farming is now it is a specialized job: the specialists have succeeded and the others have gone. The same thing happens in any other industry one may care to mention.

Mr. CHEVRIER: Including law.

Mr. SMITH (Calgary West): While we do seek equality—I think that is all that most of us out there want, and of course we want it—we do not come begging. We have taken care of our end in the development of this Canada, and all we ask from you is a chance, not a cinch.

Mr. ARGUE: The matter I wish to deal with to-night is not under the civil estimates and that is why I am bringing it up. It has to do with special products.

Some time during July last the special products board of the Department of Agriculture agreed to purchase some 40,000 horses in Canada on behalf of the governments of Holland and France. The specifications were for mares and geldings ranging from 1,300 pounds up, in good health and sound, age from three to nine years, prices to range from $80 to $160. It is estimated that at the present time there are between 200,000 and 250,000 head of surplus horses in Saskatchewan and an equal number in Alberta. The farmers, because they have more horses than they can use on their farms, and because in large areas of Saskatchewan and Alberta there is this year a very poor crop, are looking forward to disposing of thousands of their horses.

Then into this buyers' market came the special products board, proposing to buy 40,000 head of horses. The farmers felt that they would have a chance of receiving something like $4 million in total of sorely needed money. Needless to say, the price which was offered by the special products board looked lucrative to the farmers. The farmers came to believe through press reports that the purchases would be made by the special products board direct from farm owners, and that there would be no place for speculators to buy from the farmers at fire-sale prices and to sell to the special products board, making a lot of money in that way.

According to sessional paper No. 214, tabled November 16, the special products board up to October 25 had purchased only 2,936 head of horses. Of this number 786 head were purchased at Montreal. I believe, if the facts of the purchase at Montreal were known, the horses bought there were not in the main owned by farmers but were bought from buyers who had previously purchased the horses in western Canada and who no doubt made a handsome profit by acting as middlemen.

Whether or not the government policy has met with satisfaction at all points, I do not know, but from detailed information I have, I wish to point out what occurred at the Lafleche sale on September 5, 1945. Certainly in this case the action of the buyers of the special products board was anything but satisfactory to farmer owners in that vicinity.

I have three specific complaints to make and have complete information to support them.

The first complaint is that the buyers of the special products board did not buy horses in conformity with the policy set out in the bills and the radio announcements advertising the sale. A news account in the Lafleche *Press* following the sale states:

> The much publicized trip of government horse buyers to LaFleche Friday, September 5, was made but not to the very great satisfaction of all concerned. The poster issued under the authority of the government regarding weights of horses which would be desirable was not adhered to in any way. According to reports, and even after publicity was given to the fact that horses under 1,450 pounds would not be acceptable the minimum weight on the date set proved to be 1,550 pounds.

In correspondence I received from M. C. Howe, Lafleche, he states:

> On the 4th day of September, a sale of horses was held at LaFleche at which certain government representatives were purchasing horses on behalf of the government for shipment to the Netherlands. Prior to the sale, the same was advertised by radio, newspapers, and public notices which stated that horses would be purchased with weights ranging from 1,375 pounds and upward. But, at the sale the buyers refused to purchase horses weighing less than 1,550 pounds.

The horse sale turned out to be a regular farce and was a great inconvenience and expense to the farmers in this locality. Some of these horses were broken and brought as far as thirty miles to this sale. In rough numbers there were approximately 300 horses brought to this sale and of this 300 only fifteen horses, as far as we know, were bought directly from the farmers by the government.

The news item in the Lafleche paper says on that point:

Out of some 300 horses brought to LaFleche only seventeen were purchased direct from the farmer.

We have here, in the first instance, the government buyers not adhering to the specifications that were advertised prior to the sale. I wish to say this, that if the specifications were changed immediately before the sale, then proper advertising should have been done to make the changed specifications known by the farmers. More than that, if time did not allow any changes in specifications to be advertised, then special products board buyers should have adhered to the specifications advertised prior to the sale and should have bought direct from the farmers all horses that conformed to these specifications.

Such was not the case. Here we have a spectacle of farmers spending their time and money to bring 300 head of horses to the Lafleche sale and, according to all reports, and in them I include the statement from the Minister of Agriculture, at most not more than 18 of the 300 horses were purchased from farmers. It can be said and no doubt will be said that almost none of the 300 horses brought to the sale conformed to specification, but I have more faith and confidence in the judgment of farmers than to believe that eighteen out of 300, or six per cent, were all that conformed to specification. All the horses brought to the sale that complied with specifications as advertised should have been bought from the farmers and, if these specifications had to be changed at the last minute, then the farmers who in good faith brought horses to the sale should have been properly reimbursed.

The second charge I wish to make is that at least half of the total number of thirty-six horses bought at Lafleche were purchased not from farmer owners but from Mr. Walter Stern, who, from information I have, is a Montreal resident. According to a return tabled in the House of Commons under my name, at the Lafleche sale eighteen horses were bought in various numbers from thirteen individuals who, as far as I know, are probably all residents of the Lafleche district and eighteen horses were bought from Mr. Walter Stern. The Lafleche article states that only seventeen head were purchased direct from farmers and the remainder of two carloads was purchased from a private buyer.

I have received a letter from a Lafleche resident to the effect that private buyers were at Lafleche ; that the two government men and private buyers had twenty-one head of their own horses in one of the pens of the stockyards; that they took two of these horses out of these pens on the day of the sale and placed them in the government pens with the government brand put on them with white paint, and that in the evening after the sale was over, after supper, some private buyers and government officers went to the stockyards and placed the government brand on the eighteen head which the private buyers still had in their yards.

Surely the practice of government buyers in buying at least eighteen or perhaps more of the thirty-six head of horses from a private buyer was against government policy. Certainly it was against government policy as it was known to the farmers. That practice was detrimental to the farmers to the extent that over 270 of 300 head of horses brought to the sale by farmers had to be taken home. The eighteen head that were purchased from a private buyer had no doubt previously been purchased from farmers in the Lafleche area, and the private buyer by selling them to the government buyers was able to make a lot of money in that deal.

On the third irregularity which was brought to my attention, the information I have states that a farmer from Melaval, which is a town a few miles from Lafleche, presented to the government buyers a dapple grey gelding, eight years old, weight 1,710 pounds, and the government buyers refused to purchase this gelding. The farmer then sold the horse to one of the private buyers for $60; on September 6, the day following the sale, the same horse was seen in the corral among the horses purchased by government buyers, and this animal had the government N-brand marked on it. This horse was included among the thirty-six animals, all of which had the government N-brand on them.

This evidence, to say the least, reflects badly on the practices of the buyers and the special products board at Lafleche, and, in turn, on the government. This horse had been turned down by the government buyers on the ground that it did not conform to the government specifications. The farmer then sold the horse to a private buyer for $60. I am sure, from the schedule of rates I have been given, that this horse was worth between $135 and $150. Somebody made a good deal of profit on the sale of that horse to the special

products board, and it was not the farmer. On the evidence presented one cannot help deducing that there was an agreement between a private buyer and the government buyers for carrying on this racket, which resulted in the farmer receiving less than half of what this horse was worth.

One or all of the buyers I have mentioned made some easy money on this shady transaction. Surely the government buyers were instructed to buy horses only from farmer owners. If so, why did they not conform to their instructions? If they were not instructed to buy only from farmer owners, then the special products board was at fault and, in turn, the Department of Agriculture. Even if that policy was not followed; if the horse during the sale, when presented by the farmer, was not up to specification, then I am sure that when that horse in turn was bought from the private buyer it still could not have been up to specification. The feeling left among the farmers in the Lafleche area, in the words of one of its residents, was: "The sale was a farce as far as we farmers were concerned, and all our government men were doing all day was shooing us home with our horses, so that they were able to finish up their own particular racket."

I would ask the minister to have a full investigation of the whole of the dealings of the special products board; in particular, to have all the evidence surrounding the Lafleche sale gone over carefully, and that there be a complete statement, first, as to why the specifications as advertised prior to the sale were not adhered to, and secondly, as to why at least eighteen of the thirty-six horses purchased at the Lafleche sale were purchased from Mr. Walter Stern, a Montreal buyer, while at the same time farmers were turned home with over 270 head; why Mr. Fred J. Hickerty of Melaval had his horse turned down by government buyers and why that animal was subsequently purchased by government buyers from Mr. Walter Stern. To say the least, the sale at Lafleche caused a real stink among the farmers there, and not until they are given an adequate explanation will that stink be cleared away.

Mr. GARDINER: I did not expect to find it necessary to deal with this particular matter at this time, but I have no hesitation in doing so. The story with regard to the purchase of horses for the Netherlands and French governments is one which has been under consideration since early last winter. The French government approached the government of Canada in the early part of last winter and asked us to assist them in securing horses in Canada. When the officials of the department approached me with regard to the matter I suggested that we place the officials of the Department of Agriculture at the disposal of the French government and that they should place their own buyers in Canada to purchase these horses. The French government did not desire to have them purchased in that way; they said they preferred that we should purchase the horses. At that time I indicated to them that in all probability a difficulty would arise through the fact that they would probably want to inspect the horses at Montreal or somewhere else, and we made the condition that the horses were to be inspected by our inspectors after they were purchased by government buyers. We undertook, of course, to see that the horses delivered at Montreal were horses that met the specifications which were set down by the governments of the Netherlands and France.

In order to shorten up the story, I should like to say that in spite of the fact the negotiations started last winter, and because of changes in government, I presume, and the difficulties connected with setting up government in a country which has been overrun by armies, the French have not found it possible, even down to the present time, to sign the contract. We have not yet the contracts signed with France for the purchase of 35,000 horses which they desire to have from Canada eventually. However, the government of the Netherlands did sign their contracts for 5,000 horses some time ago. The total number of these horses was not to be delivered this year; they are to be delivered by October 1, 1946, not October 1945. When completed, the contracts call for delivery of these horses by October 1, 1946, so that a very short time has expired even in so far as the contract which has been signed is concerned. There have been purchased for the Netherlands about 1,800 of the 5,000 horses. There have been purchased for the French government somewhere between 600 and 700 horses, or at least that number has been shipped. Eighteen hundred horses have been shipped to the Netherlands and 600 and some odd to France. The reason for the small number in the French contract up to the moment is that the contract has not been signed, and the further fact that the Netherlands and French governments undertook to find the ships. All the ships which have been found up to date have been loaded. The 1,800 horses were loaded for the Netherlands and the 600 and some odd for the French government. The position at present is that we are negotiating with some others

to try to obtain more ships in order to make it possible to ship more of these horses before spring or during next summer than we otherwise shall be able to ship.

The facts are that the horses required by the Netherlands—I am speaking now from memory and I may be a few pounds out, but I think I am correct—must weigh at least 1,450 pounds, not at Laflèche but at Montreal. Anyone who has ever shipped a horse from Laflèche to Montreal knows that any shipper must take a margin of at least seventy-five pounds, and probably he would be much safer to take a hundred pounds. Therefore, if the buyers were buying horses at 1,550 pounds in Laflèche, when they reach Montreal those horses would be in accordance with the specifications as set down. France was prepared to accept a limited number of horses at 1,350 pounds, a lighter weight, at Montreal. There was no specification made either by the French government or by the Canadian government that these horses were to be bought in any particular way or by any particular person. There is nothing anywhere in the arrangement which prevents the government from buying horses from any private dealer or from the farmer direct or in any other place they desire to buy them. The only specification is that we shall deliver the horses up to standard at the boat, and, as surmised, the different governments have hired inspectors and placed them at the boat to see that the horses are up to standard. Some of the horses which have been brought down from western Canada have been turned down. We have not objected to their being turned down in spite of the original understanding which we had with the governments, because we would have turned them down even if they had not done so. As a matter of fact, most of them were turned down by Mr. McCallam of our own department rather than by any other inspector, because they did not reach specifications.

Mr. WRIGHT: Has the minister the numbers turned down?

Mr. GARDINER: I can get them; I have not them before me at the moment.

Mr. SENN: Did they have to be sound in wind and limb?

Mr. GARDINER: Yes, and all the usual things that you get in buying a horse from a farmer—every horse dealer and every farmer knows pretty well what these things mean. They had to have more than that; they had to be of a certain type. They did not want the kind of horse which I like, which is the Clyde with long hair. They wanted the clean-legged horse. They preferred those to anything else. That was the situation. I am not going to accuse anyone of having any designs upon us, but I must say I was a little concerned about some things which did happen in western Canada.

I was in the west during the summer trying to get a little vacation, while at the same time looking after my own farm, when I picked up a Regina paper and saw in big headlines on the front page that the Saskatchewan government was proceeding to organize the province of Saskatchewan to purchase horses. You had to read the article very carefully to find that the dominion government had anything whatsoever to do with it. I went into Regina myself and interviewed some of the members of the government and the men who were representing my own department who were there discussing the matter. What was reported to me was that the special products board had sent a man from Ottawa to report to the three governments of western Canada, Manitoba, Saskatchewan and Alberta, confidentially the fact that there were negotiations under way between the two goverments of which I have spoken and this government to purchase some 35,000 or 40,000 horses, and that in view of the fact that there was a drought district in western Canada extending through the southern part of Saskatchewan and the eastern part of Alberta, it would be the desire of the government to purchase as many of those horses this fall from that section of the country as possible in order to make it unnecessary for farmers to carry them through the winter on the limited feed which was there. Well, the government of Manitoba did not say anything about it. They treated the information as it was intended to be treated. The government of Alberta did likewise; but the government of Saskatchewan put it on the front page of the paper within ten hours after the information was given to them.

An hon. MEMBER: What was secret about it?

Mr. GARDINER: An hon. member over there asks, what was secret about it? I have always found it good practice in government, as in business, when you are given advance information and asked to cooperate in doing any particular job, during the period the contracts have not been completed, to act in accordance with the suggestions which are made.

I wish to say that I do not lay any blame upon the ministers of the government of Saskatchewan; because I had occasion to check the matter still further. I was in the district my hon. friend is speaking of on the day of the Assiniboia fair, in his own town. It was the day after I had checked in Regina and

asked the officials to do nothing more about the organization of the shipment of horses until they were given further instructions. I was sitting in a booth in the little restaurant just across from the railway station in Assiniboia. One of the officials of the government was sitting in the next booth, and I heard him outline to a group of men the whole plan which no one, with the exception of a very few people, was supposed to know anything about. This was on Thursday. I took the trouble to step into the booth and tell him as well as the other men that the plan had been discontinued, and that further information in regard to the matter would be provided in due course. In spite of that, when I reached Regina on Saturday, after making a trip through the entire drought area, I found another article on the front page of the newspaper setting out the points at which the horses were to be assembled, and finally it was indicated that the federal government would send men there for the purpose, I think the word was, of checking the horses.

That item, however, was put out by the provincial government and it was then I checked the matter over with the minister, his deputy and some others. I was told that this preliminary work had been done not by us but by the government at Regina, in asking these men to assemble their horses at certain places; and I may say that suggestion was put forward in the discussions which took place between our men and the government officials. Those discussions had gone forward to the point where I suggested that probably we would have to go through with it on that basis in a certain part of the area, but that in my opinion this was not a suitable plan under which to buy horses. I added that immediately I returned to Ottawa I would discuss the matter fully with our own men. I discussed it with some of them and indicated that we would only carry out the plan in the limited area in connection with which it had been discussed, and that then we would set up some other plan unless this first suggestion was found to work better than I thought would be the case.

Well, Mr. Chairman, I must say it did work a little better than I thought it would. We had purchases made at the long list of points set out in the return brought down a few days ago in reply to questions asked by the hon. member for Wood Mountain. After going over that statement, I think he will agree that there was only one point at which purchases were made from a private dealer; in that case I believe eighteen horses were purchased at Lafleche from Mr. Walter Stern. I do not know whether or not Mr. Stern is a Montreal man; as a matter of fact I had never heard of him until I heard of this horse deal, but my information was that he was a Moose Jaw man who bought horses for dealers in Montreal. I may be wrong in that; it is only information which was given me, but I do not think it makes much difference in any event. After all, men are free to do business anywhere in Canada, whether they live in Montreal, Toronto or anywhere else.

The real fact of the matter is that the Saskatchewan government printed the first statements that were to be put out. In checking those statements after the first printing, I corrected them in some slight particulars, and then the statements were printed in greater numbers by ourselves and distributed in the areas which already had been more or less canvassed. I submit to this committee, that the farmers must be presumed to have read the particulars, because otherwise they would not have done what my hon. friend says they did. They read the posters and, in accordance with the instructions, brought in horses of certain types and weights.

Mr. HARRIS (Danforth): If the minister would permit a question, I presume that also included horses under 1,300 pounds which were to be slaughtered for purposes of food, for shipment to Belgium?

Mr. GARDINER: No, not the horses we were purchasing; we were not purchasing any for slaughter. Those horses are purchased for slaughter at Swift Current, but we are not purchasing any of those; we are simply purchasing the horses which are sent overseas for work purposes. The suggestion is that some farmers, after having obtained all that information, sold for $60 horses which, according to the information, they might have sold for $80 or $90. Well, I suggest that if, after having read those posters, a man sold a horse to anybody for $60—

An hon. MEMBER: The government buyer turned them down.

Mr. GARDINER: Then that would indicate that the horse was worth only $60. If a farmer brought in a horse which he was prepared to sell to anybody for $60 I can only assume that the horse was not up to the standards we set, and for which we definitely stated the farmer would get $80 or $90 and up to $150.

The position is that some eighteen horses were bought from Mr. Stern, and from what has just been said I assume that another eighteen were bought from farmers in the surrounding district, making up two carloads out of something over three hundred head.

A statement was made by the hon. member which I am not sure is correct, but I have heard similar rumours previously; that is, that the men took the trouble to break these horses and bring them in. I submit it never was intended that any newly broken horse should be sold under that contract, no matter what its weight. These horses are being sent to the Netherlands to be used in the harness they have left in that country.

Mr. TOWNLEY-SMITH: That horse would not shrink 100 pounds.

Mr. GARDINER: That is the hon. member's opinion, and I may differ. It would depend upon the horse.

Mr. CARDIFF: Would the minister say that the horses sent to the Netherlands were broken horses?

Mr. GARDINER: They were. They have been inspected over on the other side, and the Netherlands government has reported to me that they have given every satisfaction. That is so because they are carefully selected, quiet, broken horses that already have done work on farms. They want that kind of horse because of the conditions existing in that country. Men have written to me saying that the German armies took away their harness and general equipment, and to-day many of these horses are working in harness made up of wire, rope and anything they can get. A horse that age, just taken off the range and broken the day before he was brought in to be sold to the dealer, would not be suitable even if he were the best horse that ever walked so far as conformation and everything else were concerned.

As a matter of fact, at the present time we are trying to persuade the governments of the Netherlands and France to accept horses from nine years up to twelve years of age. They wanted them from nine years down to four years of age. We felt that the older horses would suit their needs even better than horses from four up to seven years of age if they wanted to put them to work immediately they arrived over there and after they had been properly handled and kept here.

Mr. BURTON: That still does not explain the dapple gray.

Progress reported.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

[Mr. Gardiner.]

Tuesday, November 27, 1945.

The house met at three o'clock.

GOVERNOR GENERAL'S SPEECH

ACKNOWLEDGMENT OF ADDRESS IN REPLY

Mr. SPEAKER: I have the honour to inform the house that I have received a message from His Excellency the Governor General, signed by his own hand, reading as follows:

I have received with great pleasure the address you have voted in reply to my speech at the opening of parliament, and thank you for it sincerely.

Athlone.

Government House
Ottawa.

REPORTS OF COMMITTEES

MISCELLANEOUS PRIVATE BILLS

Second report of the standing committee on miscellaneous private bills—Mr. Harris (Grey-Bruce).

CANADIAN FLAG—CONCURRENCE IN FIRST REPORT

Mr. W. E. HARRIS (Grey-Bruce) presented the first report of the special committee on a distinctive national flag, and moved that the report be concurred in.

Motion agreed to.

LABOUR CONDITIONS

STRIKE AT FORD MOTOR PLANT, WINDSOR

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I am glad to report that after conferences I have had with the representatives of the Ford Motor Company of Canada and the men's organization, along with Hon. Charles Daley, Minister of Labour for Ontario, a formula has been developed which we feel will be acceptable to both sides.

I think it is inadvisable for me to give any details until the parties have had an opportunity to discuss the matter with those concerned.

BUSINESS OF THE HOUSE

MORNING SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on and after Wednesday, November 28, 1945, until the end of the session, the house shall meet at eleven o'clock in the morning of each sitting day and that in addition to the usual intermission at six o'clock p.m. there shall also be an intermission every day from one to three o'clock.

He said: Mr. Speaker, as hon. members are aware, the government has been making an effort so to arrange the business of the house as to ensure our being able to prorogue at least a week before Christmas, and the thought of beginning morning sittings of the house is to ensure that end, and an even earlier prorogation if at all possible. I had this motion placed on the order paper on Monday so that hon. members might have time to see its implications. If hon. members are prepared to accept the motion, the government will be quite ready to go ahead on that basis. I should like it understood, however, that the government itself is not pressing the motion to begin morning sessions to-morrow, unless it is going to meet with the general approval of the house. Our intention would be, if we began morning sittings, to devote the mornings to supply so as not further to delay discussion on supply. Also I should make this clear. At present we are holding, as hon. members know, a meeting of the coordinating committee of the dominion-provincial conference, at which some members of the government—three or four—are expected to be present. As meetings of the coordinating committee take place at ten o'clock in the morning, some of the members of the government will not be in the house on the orders of the day, until after the committee has concluded its discussions, if we begin morning sittings. I mention these matters now that hon. members may express their views. I should be very happy to have the motion adopted as it is, or, if it is the desire of the house to delay a little longer, before beginning morning sittings, to alter the date in accordance with what may be suggested by hon. gentlemen opposite.

Mr. JOHN BRACKEN (Leader of the Opposition): Speaking for the party I have the honour to lead, I am glad to say that we are in perfect agreement with the motion moved by the Prime Minister.

Mr. M. J. COLDWELL (Rosetown-Biggar): This is in line with the general discussion which took place the other day. I think it is essential that the estimates be given full consideration, and I believe this is the method of achieving that end. We therefore support the motion.

Mr. J. S. BLACKMORE (Lethbridge): The Social Credit group will be perfectly prepared to cooperate with the government in this matter.

Motion agreed to.

SATURDAY SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on Saturday, December 1, 1945, and every Saturday thereafter until the end of the present session, the house shall meet at eleven o'clock a.m. and the order of business and procedure shall be the same as on Friday.

Motion agreed to.

FURNITURE

EXPORTS TO SOUTH AFRICA—CANADIAN REQUIREMENTS

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, before the orders of the day were called yesterday the hon. member for Jasper-Edson (Mr. Kuhl), asked a question concerning the exportation of furniture. His question was:

I have been told that a very large proportion of the furniture which is manufactured in Canada is being exported to the Union of South Africa. In view of the tremendous unsatisfied demand for furniture in Canada on the part of war veterans and civilians alike, I should like to know what comments the minister is prepared to make on this situation.

I wish to advise the hon. member that up to the end of October there had been no exportation of furniture, either metal or wood, to the Union of South Africa since 1942.

AERONAUTICS ACT

COMMERCIAL AIR OPERATIONS, HEARING OF APPLICATIONS, ETC.

Hon. C. D. HOWE (Minister of Reconstruction) moved the third reading of bill No. 19, to amend the Aeronautics Act.

Motion agreed to and bill read the third time and passed.

FISH INSPECTION ACT

DEFINITION OF FISH TO INCLUDE SHELL FISH—PROCESSING AND MARKETING—POWER OF SEIZURE AND CONFISCATION

Hon. H. F. G. BRIDGES (Minister of Fisheries) moved the third reading of bill No. 91, to amend the Fish Inspection Act.

Motion agreed to and bill read the third time and passed.

ALBERTA NATURAL RESOURCES

CONFIRMATION OF AGREEMENTS BETWEEN GOVERNMENT OF CANADA AND GOVERNMENT OF ALBERTA

Hon. J. A. GLEN (Minister of Mines and Resources) moved the second reading of bill No. 16, to amend the Alberta Natural Resources Act.

He said: The purpose of this bill is to settle differences which have arisen between the dominion and the province of Alberta

on the ownership and control of three developed power sites on the Bow river lying within or adjacent to Stony Indian reserve. All three sites were developed and are now operating under authorizations issued by the dominion government. They were under exclusive dominion jurisdiction prior to the transfer of natural resources in 1930 to the province of Alberta. After the transfer had taken place, the dominion, relying on a series of opinions furnished by the Department of Justice, claimed that the major interest and the duty of administration remained with Canada as trustee for the Indians, and only those parts of the developments lying outside the Indian reserve had passed to provincial control.

The province claimed that while the Indians were entitled to receive their appropriate share of revenues arising from the developments of the power sites, the power sites themselves had passed to the province as part of the interest of the crown in the waters and water powers within the province under the North-West Irrigation Act of 1898 and the Dominion Water Power Act.

The agreement is a compromise of the claims of the dominion and of the province, having in view the rights of the Calgary Power Company who are licensees under the agreement. There are three sites affected by the agreement. One is called Horseshoe Falls, which lies wholly within the Stony Indian reserve, as well as the land flooded by the construction of the dam. Development began by the Calgary Power and Transmission Company in 1909. It was assigned to the Calgary Power Company Limited in 1910 and completed in 1913. The present installation is 19,500 horse-power.

The second site is called Kananaskis Falls, near the western boundary of the reserve below the junction of the Bow and Kananaskis rivers. The dam and other works lie almost wholly within the reserve, but the greater part of the flooded lands lies outside the reserve along the banks of the two rivers.

Developed by Calgary Power Company Limited in 1913. The developed head is 72 feet, of which 45 feet is inside the reserve and 27 feet outside. The present installation is 11,600 horse-power.

The other site affected is called the Ghost site, near the eastern boundary of the reserve below the junction of the Bow and Ghost rivers. The greater part of the dam and powerhouse lies outside the reserve. Rather more than half of the flooded land above the dam is in the reserve. The rest is land under provincial control except for one parcel of public land, lot 8 of the Morleyville settlement referred to below. The site was developed by the Calgary Power Company Limited in 1929, and the present installation is 37,400 horsepower.

Under the terms of the agreement, which have been agreed to by the province and the dominion, it is provided that the land and water-power at the two sites in which the Indian interest predominates, namely, the Horseshoe and the Kananaskis, are to remain in the dominion, while the Ghost site, where the provincial interest is substantial, shall be deemed to have passed to the province at the time of the transfer of the natural resources.

The Minister of Mines and Resources, called in the agreement the dominion minister, will issue all three licences which are to replace the existing authorizations, as those were originally intended to cover only the construction period, and the dominion will continue to administer the Horseshoe and Kananaskis developments, while the province will be responsible for the administration of the Ghost development as soon as the final licence is issued.

In all three the rental payable by the power company will be substantially increased.

As to the Horseshoe site, the interest of the crown in the waters and water-power of this site is to continue to be vested in the crown in the right of Canada. The dominion minister is to issue the licence provided for in the present water-power agreement, and in any renewals of the licence, but there is to be no change in the rental or other conditions of the renewed licence except by agreement between the dominion and the provincial ministers.

There is provision for fixation by arbitration in case these ministers fail to agree on a readjusted rental for a renewal period. There is also provision for a voluntary transfer of the licence to the province or an authority of the province. All payments now being made by the power company and all payments under the new licence are to be payable to Canada for the benefit of the Indians of Stony Band.

As to the Kananaskis site, the interest of the crown in all waters and water powers at this site, including those appurtenant to the present development which are outside the reserve, shall continue, as and from October 1, 1930, to be vested in the crown in the right of Canada. The dominion minister is to issue the licence provided for in the existing water-power agreement, except with respect to land outside the reserve. Provision for renewals is exactly the same as in the case of Horseshoe, and there is the same provision for a voluntary transfer of the licence to the crown or to a provincial authority.

The province will issue a lease to the power company for the flooded lands outside the reserve, and in the event of Canada taking over the power development when the licence expires or is terminated, the province will renew the lease to Canada or its nominee on terms to be mutually agreed upon or settled by a judge of the supreme court of Alberta. The rentals payable by the present licensee, the Calgary Power Company, are to be apportioned as follows: (a) All sums payable for the Indian interest in land and water power at this site under the existing arrangement with the Indians of $1,500 per annum will continue to be payable to Canada for the benefit of the Indians. (b) From the date of the transfer of the natural resources, which was on October 1, 1930, all sums payable under the existing water power agreement, which was a sum of $100 per annum, are to be divided between Canada and the province in proportion to the developed head within and without the reserve, namely 45/72 to Canada and 27/72 to the province. (c) The rental under the new water power licence will be divided in the same proportions, provided that Canada's share shall never be less than $1,500 per annum, the amount now paid to the Indians. If Canada takes over the development under the terms of the licence, the province is to continue to receive a rental equal to the amount payable to the province in the year preceding the taking over by Canada. (d) Rental under the provincial lease for land outside the reserve will be payable to the province. For the Ghost site the terms are as follows: the dominion minister is to issue the final licence provided for in the existing interim licence. The undertaking as described in the licence is to include besides the Ghost power development all the company's interconnected transmission and distribution systems in the province, and in proceedings for the regulation of rates and services, such undertaking is also to include the Horseshoe and the Kananaskis developments and all other power and storage developments in the province constituting at the time one interconnected power system of the licensee. For purposes of the regulations the dominion minister is to fix the actual cost of the Horseshoe, Kananaskis and Ghost power developments.

The licence is to have the same effect as if issued prior to October 1, 1930, and the land and water power rights covered by the licence shall be deemed to have passed to the province on that date. Consequently, as soon as the licence is issued, the province takes possession of the power site—I am speaking now of the Ghost site—and shall be responsible for its administration, in accordance with the terms of the licence.

The financial arrangements are as follows: (a) The water power rental payable under the interim and final licences from October 1, 1930 onwards is to be paid in equal shares to Canada and the province. (b) The land rental under the interim and final licences since October 1, 1930, is to be paid to the province. (c) When the licence expires or is terminated, the province will pay to Canada a rental equal to the average annual rental payable to Canada in the previous five years so long as the generating plant continues in operation. If the plant is closed down, the province will pay to Canada, so long as the dam contributes to storage or river control, the sum of $3,500, which is the amount now being paid by the Calgary Power company; and all payments to Canada are for the benefit of the Indians.

The three licences referred to in the agreement do not form a part of it but are to be prepared in advance and are to be in the form and terms of drafts initialled for identification by the dominion and provincial ministers. The draft licences have been prepared and have been approved by the province. The agreement will make the licences valid and effective according to their terms, but is not to be deemed to be a waiver of any other rights, interests or obligations of Canada or of the province.

The benefits to the Indians under this agreement are as follows: The issue of the water power licences is long overdue. As a matter of fact these matters have been under consideration for the past eight years. The department was prevented from taking effective action by the opposition of the province, and also by the reluctance of the Calgary Power Company to accept the proposals that were put forward from time to time. The company has been paying the stipulated rental for Horseshoe and Kananaskis, but has paid only the minimum rental due to the Indians for the Ghost development. The present draft licences, now accepted by the dominion, by the province and also by the Calgary Power Company, remedy this condition and provide a greatly increased revenue for the Indians, as shown in the following statement of the annual payments:

The Horseshoe development; present rental, the share of Canada for the Indians is $1,501; the provincial share is nil.

Mr. MacNICOL: Per annum?

Mr. GLEN: Yes. The new rental is $6,375, Canada's share for the Indians, retroactive to October 14, 1935. The provincial share of the rentals is nil.

The Kananaskis rentals, present rental, Canada's share is $1,562; the provincial share is $38. But the new rental provides for $2,750, Canada's share for the Indians, retroactive to October 14, 1936, and the provincial share will be $1,650, also retroactive to that date.

The Ghost rental: The present rental is $3,500, Canada's share for the Indians, and the provincial share is $4,000. The rental under the final licence will be approximately $8,000, Canada's share for the Indians, and $8,500 for the provincial share.

Owing to the retroactive nature of the arrangements large sums will be payable for the benefit of the Indians as soon as the licences become effective. The amounts up to January 1, 1945 are approximately as follows: For the Horseshoe, $49,768; Kananaskis, $16,119 ; the Ghost, $41,099, a total of $106,986, which will be paid to Canada for the Indians. And thereafter for a considerable number of years there will be an annual revenue for the Indians of approximately $17,125 in place of the present income of $6,600. This is part I of the bill.

There is also schedule II dealing with certain sites that were set aside for migratory wild fowl. For many years the policy of the dominion government has been directed toward the protection of migratory wild fowl as a valuable natural resource. This policy has been furthered by the setting aside of suitable areas as bird sanctuaries and breeding grounds and the establishment of public shooting grounds where the general public may have access to a reasonable and fair share of game birds. The practice of setting aside certain areas for bird sanctuaries in accordance with the Migratory Birds Convention Act was adopted in Alberta after careful investigation. In consultation and cooperation with the chief game officer of the province, seven separate areas suitable for bird sanctuary purposes were set aside on crown lands and water areas in the province of Alberta under the provisions of order in council P.C. 1334, dated June 15, 1920, and order in council P.C. 346, dated March 9, 1925. Of these the Buffalo lake bird sanctuary was cancelled by order in council P.C. 2039, dated December 7, 1926, this action being necessary owing to changed local conditions. The six remaining sanctuaries comprised an area of 208·73 square miles.

In 1925 it was recognized that areas offering shooting facilities to the general public were limited, and in the interests of sportsmanship and recreation it was decided that the time was opportune for taking steps to reserve suitable areas which would be freely available to the public. Officers of the crown made careful selections from available dominion lands, at the request and with the cooperation of the provincial authorities concerned. As a result, thirty-two separate areas, totalling in all an area of 363·4 square miles, were, under the provisions of section 76(e) of the Dominion Lands Act, 1908, reserved permanently as public shooting grounds in the province of Alberta by order in council P.C. 356 dated the 9th day of March, 1925.

Under the Alberta Natural Resources Transfer Act, 1930, these bird sanctuaries and public shooting grounds were transferred to the province along with other natural resources. Section 19 of the Alberta Natural Resources Agreement provided that the province would further continue and preserve as such the bird sanctuaries and public shooting grounds which had already been established and would set aside such additional bird sanctuaries and public shooting grounds as might thereafter be established by agreement between the dominion and Alberta governments.

Under the terms of the agreement, no provision was made whereby any bird sanctuaries or public shooting grounds established in Alberta could be subsequently cancelled. In the course of time it was observed that changes in precipitation and other natural conditions as well as changes in the population of surrounding areas in Alberta had reduced or nullified the value of some bird sanctuaries and public shooting grounds for the purposes for which they had been established. After inspections conducted jointly by our chief federal migratory bird officer for the prairie provinces and a representative of the Alberta provincial game department, it was revealed that in Alberta three of the bird sanctuaries and fourteen of the public shooting grounds had become unsuitable as such owing to the unavoidable changing of conditions. The proposed agreement provides that those reservations no longer suitable for the purpose for which they were established may be cancelled by agreement between the two responsible ministers concerned, with the approval of the governor in council and the lieutenant governor in council. It is also mutually agreed between provincial and federal authorities that in case of cancellation of any bird sanctuary, an area of value for the conservation of bird life will be set aside to replace it.

I have a schedule showing the bird sanctuaries and public shooting grounds which were transferred to the province of Alberta, including a list of those sanctuaries and shooting grounds which have become unsuitable as such. With the consent of the house I might put this list on *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. GLEN: The list is as follows:

Bird Sanctuaries and Public Shooting Grounds Transferred to the Province of Alberta

Bird Sanctuaries

	Sq. Miles
Many Islands Lake	21·05
Birch Lake	14·97
Pakowki Lake	44·50
Miquelon Lake	11·04
Ministik Lake	24·90
Lac La Biche	92·27

Public Shooting Grounds

	Sq. Miles
Grassy Island Lake	7·0
Sounding Lake	12·4
Gooseberry Lake	2·2
Houcher Lake	1·1
Baxter Lake	4·1
Kirkpatrick Lake	8·2
Dowling Lake	12·2
Wavy Lake	6·0
Whitford Lake	7·5
Little Fish Lake	5·4
Farrell Lake	4·8
Shooting Lake	3·5
Beaverhills Lake	76·6
Wanisan Lake	·7
Joseph and Oliver lakes	8·3
Red Deer Lake	11·9
Bittern Lake	17·5
Hastings Lake	3·9
Cooking Lake	18·8
Samson Lake	3·3
Big Hay Lake	3·9
Goosequill Lake	1·6
Manawan Lake	4·9
Wizard Lake	1·7
Gull Lake	39·5
Sylvan Lake	17·1
Lloyd Lake	·8
Lac La Nonne	4·5
Lake St. Ann	22·7
Majeau Lake	8·7
Wabamun Lake	33·2
Isle Lake	9·4

Bird Sanctuaries and Public Shooting Grounds Unsuitable as such

Bird Sanctuaries

Birch Lake
Miquelon Lake
Pakowki Lake

Public Shooting Grounds

Bittern Lake	Dowling Lake
Lloyd Lake	Sounding Lake
Grassy Island Lake	Big Hay Lake
Kirkpatrick Lake	Gull Lake
Wavy Lake	Wizard Lake
Whitford Lake	Beaver Hills Lake
Farrell Lake	Sylvan Lake

These, I think, are the particulars concerning this agreement which, as I have said, has been the subject of discussion for years with the province and with the Calgary Power Company in an endeavour to settle the dispute between them. After these negotiations they arrived at conclusions which are embodied in the agreement. The province of Alberta is satisfied with the terms of the agreement. If the bill passes this house a similar bill, with the agreement attached, will be introduced at the next session of the provincial legislature in order that the agreement may be confirmed. As I have said, this is the end of a long course of negotiation between the dominion and the province. I believe the terms are very favourable, and the Calgary Power Company is also satisfied.

Mr. MacNICOL: Before the minister sits down will he tell us what horse-power it is possible to obtain from each of the three power plants?

Mr. GLEN: At the present time?

Mr. MacNICOL: Yes.

Mr. GLEN: At the Horseshoe falls, 19,500 horse-power; at the Kananaskis, 11,600 horse-power, and at the Ghost site, 37,400 horse-power.

Mr. FRASER: The minister said the government was satisfied and the province of Alberta was satisfied with the agreement. Could he tell us if the Indians are satisfied with it? I ask that question because, while they seem to receive quite a lot of money, it is perhaps not more than they deserve. I do not believe the minister told us how many square miles are being taken away from the Indians.

Mr. GLEN: Of course we are on second reading just now. Perhaps in committee we might discuss the matter further.

Mr. FRASER: That is satisfactory.

Mr. CASTLEDEN: Can the minister tell us whether or not the Indians were consulted, and how many Indians there are on this Stony reserve who will be affected by the agreement? We should like to know also what the engineers have stated as the possible development of these falls. We are interested in finding out whether or not the rights of the Indians have been encroached upon, and whether the deals which have been made in their behalf have been equitable.

Mr. GLEN: May I suggest that the bill be given second reading, and when we are in committee these questions may be asked and answered? We are on second reading just now.

Mr. CASTLEDEN: I quite agree; but we are discussing the principle, and in agreements of this kind the house should be given some assurance that the rights and privileges of the Indians have been protected. However, I am quite willing to wait until we go into committee to have these questions answered.

Mr. T. L. CHURCH (Broadview): I should like to direct the attention of the minister to two or three features in connection with

this bill, which is to validate an agreement between the government of Canada and the government of Alberta in regard to these natural resources. When the resources of Alberta were returned to that province in 1930 we hoped that since Alberta was so rich in coal and falling water through power and hydro-electric energy, the government would lay down some national policy for this country in regard to water power. As you know, we in central Canada are largely dependent upon American coal; yet during all the years between the two wars nothing was done to relieve that condition, although in 1923 I had a motion that was discussed for two days for a national fuel policy so that all coal should be developed under our flag.

In this case the Calgary Power Company developed the resources on the banks and bed of the Bow river. Back in 1930 we hoped that some definite national hydro policy would be laid down concerning water power, not only in connection with this particular province but for the whole country. As you know, Mr. Speaker, the water power available in Canada totals some 46,000,000 horse-power, of which only about 7,000,000 or 8,000,000 horse-power have been developed, and part of that development is only seasonal, during certain months of the year. In view of the difficulty we have had getting the splendid Alberta coal in central Canada I had hoped that in the long period since 1930, when the Alberta Natural Resources Act was passed, the government might have laid down a long range national hydro-electric policy in connection with the water powers of Canada.

As far as this particular agreement is concerned, the three sites named in section 1 were developed by the Calgary Power Company. Now under these agreements in the future two of them are to be developed and operated by the dominion, and the other at Ghost site is to be operated by the province. Has Alberta no provincial policy of its own, regarding the water power of that province? Is there any provincial control in these schedules over rates? Two sites are to be operated by the federal power and the other site by provincial power. Is there any federal control over those two sites, and over the company, in connection with the rates they may be allowed to charge? Then, in the second schedule is there any control by the province in respect of the rates, or has this province laid down a hydro-electric provincial law in that respect?

British Columbia was the last to enter this hydro-electric power-at-cost project, and now there is a power-at-cost policy of hydro-electric sites for the province of Alberta. We were in hopes that the government would lay down a national hydro policy in 1930, when the natural resources of Alberta were considered. I had hoped that in the fifteen years since that time the government of Canada would have written into these agreements some control over rates and some policy as to national hydro. I find, however, that there is no such provision.

The minister now in charge of the department is a most capable one, and I do urge that he consider a national power policy for the country so that we may preserve water-power facilities for the common good, and so that we may protect ourselves from the cold winters we have had in the last few years.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I shall detain the house only long enough to find out if my understanding of what is taking place is the correct one. I have read the bill and the agreements, and I understand they merely put in statutory form the arrangement arrived at between the two governments and the Calgary Power Company. Is that correct?

Mr. GLEN: Correct.

Mr. SMITH (Calgary West): I take it that all the moneys which come to the dominion are for the Stony Indians on the reserve. Is that correct? May I express the hope, since this matter is in the minister's department, that these moneys or such other moneys as the dominion government may have will at long last do justice to that band of Indians, who have worked very hard to get along on nothing more than a stone-heap. That is where they live to-day. I hope the government will consider the purchase of some arable land at the east end of that reserve for the benefit of these splendid men and women. When I describe them in that way I am not speaking too strongly. The house should know that not a Stony Indian has been convicted of any breach of criminal law in more than fifteen years. I wonder what other part of the country can make that claim.

It is my sincere hope that we shall look at this thing broadly. They are raising all the cattle there they can possibly raise; they could not feed another animal, because there is only one high meadow of about 400 acres. Half the band is now off the reserve simply because they cannot make a living on it.

This is not a matter of politics, because all hon. members have been interested in it. But we have been permitting a terrible injustice so far as that band of splendid people is concerned; and I feel sure that the minister will see that justice is done for the benefit of these worthy citizens.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Short title.

Mr. FRASER: How many square miles does this take away or flood out from the Indians? Are the Indians satisfied with the agreement?

Mr. GLEN: The hon. member has asked how many acres were taken from the Indians or were flooded out. The Horseshoe site is one of 1,000 acres, for which $10,000 was paid.

Mr. FRASER: Was that paid to the Indians?

Mr. GLEN: Many years ago. Then the Kananaskis is of course 95 acres, for which $10,000 was paid, and the Ghost is 1,232 acres, for which $20,337 was paid. These lands were surrendered years ago, and that money was paid to them.

Mr. FRASER: Are the Indians satisfied under the new agreement, and were they consulted?

Mr. GLEN: The Indians were satisfied. They surrendered the lands, and received a rental of $1,500 at that time. That was the agreement. As will be seen, we are at this time increasing the rentals to a point considerably over what was formerly received.

Mr. FRASER: Have they been consulted?

Mr. GLEN: I do know that they were consulted then, because they had surrendered the lands and had received payment. There would be no need for further consultation with them.

Mr. CASTLEDEN: This afternoon the minister outlined the development of water-power on the Indian reserve. Has he any engineers' figures to show the extent to which the power development can be increased?

Mr. GLEN: These sites are practically fully developed now.

Mr. CASTLEDEN: I understand that this Indian reserve has very little arable land and is not possible of economic development. The moneys paid would have been paid in trust to the Indian Affairs branch?

Mr. GLEN: Yes.

Mr. CASTLEDEN: And administered by the Indian Affairs branch, and the agency?

Mr. GLEN: Yes.

Mr. CASTLEDEN: How many Indians are affected? How will the money the Indians are to get be used? Will it be held in trust, or is it the intention to carry on some development to improve the economic condition of the Indians at that point?

Mr. GLEN: There are about 700 Indians.

Mr. MacNICOL: Does that include the families?

Mr. GLEN: That is the total population. The hon. member for Calgary West was referring to the Stony Indians. At this very moment an officer is out there looking into this whole matter affecting those Indians. He will endeavour to carry out the wishes the hon. member has expressed, with a view to purchasing some other lands so that these families may have proper attention and proper care from the Indian branch. This has been very much in their minds. We are hoping we shall obtain land which will be sufficient for the maintenance of these families.

In answer to the hon. member for Yorkton, I may say that the money now being received by the dominion government will be used for the benefit of the Stony Indians. That is part of the agreement. All that will be done with the money will be done for their entire benefit, maintenance and care.

Mr. MacNICOL: It is a pleasure for me to speak briefly on this matter, Mr. Chairman. I supported a bill when it was before this house in a previous parliament to turn over to the Calgary Power Company the waters of the upper portion of the Ghost river, which were diverted and turned into lake Minnewanka in Banff park to produce more power for making munitions; and I am going to support this one.

The Calgary Power Company deserve a lot of credit for their oversight in making use of the maximum amount of water from the resources of the Bow river to provide power for Alberta. What is needed more than anything else in some parts of Alberta, and particularly, in Saskatchewan, is cheap water power. I do not know just what the Calgary Power Company are charging for their horsepower, but I have no doubt that their rates have been checked and are reasonable. The fact that they are able to produce this much power at a reasonable rate will be a great inducement to industry to settle in that part of Alberta where industry is so sorely needed.

I believe that there is one other source of water power that the Calgary Power Company can acquire, and perhaps will acquire later on to increase its power at these various sites. It is in the valley west of Banff; I have forgotten the name at the moment; I did not know this bill was coming up to-day or I would have had these names on the tip of my

tongue. But when the company does make application for that power I am going to support the application, because I believe it would induce more business to settle in southern Alberta, and the more business you have there, the more employment is created. One thing that the western provinces need more than anything else is cheap power, so that industries will be established there to supply work for a multitude of artisans in various trades.

The particular power in question is most fortunate in that there are three dams one after the other, using the same water, and that makes for the production of cheap power. I made a thorough survey of each one of these dams and the whole area round about, because I have always had a warm feeling for the Stony Indian tribe. This was the tribe, as the minister may know—perhaps he does not know but I do—among which the late and famous Reverend George McDougall, laboured as a minister. The stone marking his grave is not far from one of these dams in the neighbourhood of Morleyville. The reservoir is located quite close to Morleyville. It is an historic site.

Mr. SMITH (Calgary West): The Ghost site.

Mr. MacNICOL: It is near that site that the church is located that was built by the Reverend Mr. McDougall in 1860 or a little later. He died not far away from the site of the Ghost reservoir. Just near there is the ancient crossroads of the Indians travelling from north to south and east to west. The old and historic church at Morleyville is nearby and that site was chosen so that the Indians could have a mission there. Later on I wish to associate myself with a programme to commemorate that historic site.

I have been wondering whether the $17,500 which the minister said was about the amount which the Indians will receive from these power sites is an adequate return. If it is, I am satisfied. There will be about 37,500 horsepower, the minister said, generated at these three power sites. The Calgary Power Company is up against considerable expense keeping these dams in order. One of them has quite a long bank which has been built to contain the waters, and it may be expensive to maintain. I should like to know whether the department is thoroughly satisfied with this annual fee of $17,500, because if the power company have to pay more they will have to add to the selling price of their power, and I am convinced that the power should be sold at the cheapest possible rate to encourage more and more industry to establish there, thus creating more and more employment. But if the department is satisfied, I have nothing more to say on that.

I want to add a word to what the hon. member for Calgary West has said about the Stony Indian reserve. I went over it carefully. It is a pitiful place on which to settle Indians. If this increased revenue for the Indians—the $17,500 is an annual return, is it not?—

Mr. GLEN: Yes.

Mr. MacNICOL: If it will enable something to be done for this long-suffering tribe of Indians and give them an opportunity to thrive, that will be all to the good. Someone has said that the tribe has been reduced in numbers. The day I was there, half the tribe were away working in southern Alberta for the farmers, picking beets, I suppose, or tending cattle. These Indians deserve a great deal. They have a good school, the principal of which is the Reverend Mr. Staley, one of the finest men it has been my pleasure to meet. His heart and soul are in his work for the Indians. He told me that his Indian pupils were as well educated, up to the age to which Indian children are educated, as the children of any other school. But where do they go from here, he asked? That is the great point. As the hon. member for Calgary West has said, perhaps more land could be bought. I hope that this $17,500 will be used to assist the Stony Indians and that a great deal more departmental money will be used to give these Indians a chance that they never yet have had. An industrial school might be located there to train the Indians for the jobs that will be available when this cheaper power is developed in southern Alberta. My own experience in employing Indians is that you can get good results from them in certain lines of industrial activity. I have had them working in plants, and they are thrifty and industrious. I hope that this increased return will work to the benefit of the Indians on the land—and that must be done. I may say to the minister. If the minister has not been on the reservation, I suggest that he should visit it at the first opportunity. He will ask himself why any previous government placed any band of Indians on that reservation. It is almost impossible for them to keep body and soul together. In addition, to this, I hope more will be given them. Give them a chance to live.

When the minister goes there and has a chat with that wonderful man, Reverend Mr. Staley, I am sure he will agree that the Indian children should have some place to go after they are through with school. To-

day there is no place for them to go. Perhaps, as I said a moment ago, with an increase in money a small industrial school may be developed there, and the Indians given a chance to work in the plants which I, for one, hope will be established in and around Calgary to take advantage of this power supply. I have a keen recollection that we voted previously to allow the power company to divert water from the upper Ghost river and pass it through Minnewanka lake. Owing to the much higher head that the water had to fall there, they were able to develop a great deal more power. I trust that as a result of this bill the Indians themselves will benefit. The benefits to the white people are less important, but we too will reap advantages from more industries and cheaper power. I am more concerned in seeing to it that the Indians shall benefit to a much greater extent from this power than they have ever done before. We all know how the Indians of Oklahoma have been enriched; although a former United States government put them on what was a poor reservation, Almighty God placed oil underneath it, the oil was found, and to-day they are rolling in wealth. Let us hope that our Indians too will have a much better chance than they ever had before.

Mr. GLEN: I am sure I shall have an opportunity of visiting that area, because it is one of the many visits which the hon. member has promised that we will take together to see these lands. As far as the rentals were concerned, they were the subject of very keen scrutiny on the part of departmental officials. The Indians themselves already accepted $1,500 as a rental for each of these sites, and the amount has been increased very substantially since that time. I can assure the hon. member that all the money put in the hands of the government on behalf of the Indians, and especially the money which is for the Stony Indians, will be applied for their benefit. This has been in the minds of the officers of the department, and of the hon. member for Calgary West, who has interested himself in the Stony Indians. As I have already said, one of the departmental officers is there at this moment for the purpose of which the hon. member is speaking, namely that land be obtained for these Indians upon which they will have a reasonable hope of maintaining themselves in a proper manner. The moneys which we now receive from these rentals will be applied for the benefit of these Stony Indians. May I also point out that when the licence expires the rentals will be subject to revision.

Mr. MacNICOL: All of these?

Mr. GLEN: Yes. They will be subject to revision, and in the light of the circumstances which then exist I am quite sure that those in the department who are trustees for the Indians will see that whatever is due to them will be obtained for them.

Mr. CHURCH: There is one question I want to ask the minister before sections 2 and 3 of the agreement are confirmed and validated by this parliament. There will be tremendous developments in this great province, which is so rich in water power; and while I appreciate what the Calgary Power Company have done during the time that splendid company has been in existence, I would like to know if there is to be any control over power rates for commercial and domestic lighting before these agreements are validated and final licences granted. That should be declared before the final certificate of ratification of the two agreements and licence are granted. Surely the department must have some national hydro policy regarding the vast unexplored parts of this great province. Is there no agreement in these licences, either the interim one or the final one, or under the agreement set out in schedules I and II, for the control of rates by some public body, federal or provincial? I think that matter should be looked into.

While I appreciate what private companies have done for commercial and domestic electric lighting, and realize that in many cases their charges have not been out of the way, in some cases they have been, and we have seen the results in other provinces. British Columbia has recently come into the power-at-cost hydro picture. In Ontario such hydro-electric companies pay taxes on lands and buildings and personal property and are treated in the same way as privately-owned light companies. I think there should be in the agreement some protection for the consumer, because after all is said and done the consumer is paying the taxes for commercial and domestic lighting. As far as I can see, the two sections of the agreement which cover the subject fail to mention control of rates and there has been no declaration of a national hydro policy. I repeat, this being the final licence, what is the policy of the government on national power schemes for this great province?

Mr. GLEN: Presumably the hon. gentleman is speaking with regard to the revision of rates. That matter is provided for under the water power regulations for public utilities, and will be subject to the jurisdiction of the provincial board.

Mr. HARKNESS: I am extremely pleased to learn from the minister's statement that the income of the Indians from these water power developments will be so largely increased. I should like to join with the hon. member for Calgary West in urging that the money so received be used immediately to purchase the agricultural land so urgently needed by the Stony Indian band. I would point out that they have no land upon which they can grow a vegetable crop which they can be sure of harvesting. As a matter of fact they have harvested, I understand, only two crops of potatoes in the last twenty years, which gives some idea of their very serious plight as far as agricultural land is concerned. Do the moneys of which the minister speaks include payments to the Indians for the power line which runs across the reserve, and which, I understand, they were, at one time at least, to get a separate settlement for?

Mr. GLEN: I am informed that that was covered by the cash payments which were made to the Indians many years ago.

Mr. CASTLEDEN: How long has that power site development been going on there?

Mr. GLEN: The beginning was in 1909. There were others in 1914 and 1929.

Mr. CASTLEDEN: I see that some development has been going on there since. Why are the payments made retroactive to 1935 rather than, say, 1930?

Mr. GLEN: The matter was the subject of a good deal of contention with the power company at that time, and when the proposals were made for the licences to be issued and the new agreement to be completed it was felt that they had been pretty hard in fixing the amounts which should be paid, and the departmental officials were satisfied that they had made a good bargain as far as the Indians were concerned.

Mr. SMITH (Calgary West): I am not much of a judge of power rates. We do not worry about our rates in Alberta. The city of Calgary has a power plant of its own, operated with coal; it is not a stand-by plant. If you live where we do, and have coal all around you and underneath you, it will pretty well take care of the rates being charged by a power company. What I was anxious to say to the minister or to the staff who made this financial arrangement is that I think they are very greatly to be complimented upon having settled this matter in the very satisfactory way they have for the benefit of this Indian tribe.

Section agreed to.

[Mr. Glen.]

Section 2 agreed to.

On section 3—final licences.

Mr. HARKNESS: Paragraph (e) on page 7 of the bill states that as and from October 1, 1930 all sums payable for the use or occupation of land under the terms of the interim licence of January 17, 1929, shall belong to and be payable to the province. Did the Stony Indians get any benefit from that part of their lands covered by the water of the Ghost dam, apart from payments they have already received, or will this particular clause cut them out of payments in the future?

Mr. GLEN: This is an amount of $500 per annum that goes to the province for the use of the water bed in respect of the Ghost site only.

Section agreed to.

On schedule I.

Mr. CASTLEDEN: Was there any consultation between the department and the Indian tribe on the reserve at the time the agreement was arrived at?

Mr. GLEN: Is the hon. member referring to this particular agreement?

Mr. CASTLEDEN: Yes.

Mr. GLEN: At the time they surrendered the land there was consultation with them. This land was in the dominion for the benefit of the Indians, but no consultation was had with them with respect to this particular agreement.

Schedule agreed to.

Schedule II agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF RECONSTRUCTION

308. Departmental administration, including expenses incidental to organization, $1,500,000.

Item stands.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $136,035.

Mr. FAIR: I wish to thank the Minister of Agriculture for getting a bit closer to us in the chamber. We farmers hope that he will get a little closer—and I mean closer—in sympathy before these estimates are disposed of.

Hon. J. G. GARDINER (Minister of Agriculture): Before proceeding to a general discussion of the estimates, I desire to call the attention of the committee to the item with which we were dealing at adjournment last night, and I do so in order to complete the record on this subject. The question under discussion at that time was the purchasing of horses, and had I been listening more carefully at the beginning I would have directed the attention of the hon. member who was discussing the matter to what he himself suggested, namely, that it should properly have been taken up under the special items towards the end of my estimates rather than as a matter of general discussion. Had that course been followed I should have had the facts with me last night and I could have given a more intelligent answer to what was said. I did, however, give a general outline of the plans which have been made with regard to the purchase of horses, and the results of those plans, and some of the facts in connection with what has been done to date were brought out in the return which was put on the record the other day at the request of the member for Wood Mountain.

I desire to summarize the results of that return. It shows that from August 16 to August 25 we purchased horses at about a dozen points along the eastern side of Saskatchewan in order that we might gain some experience in the methods to be followed before embarking upon the purchase of horses in the drought area, which after all was the area we desired to get into and in which to make considerable purchases if possible before winter. On August 25 we began to purchase horses in the south at Weyburn. We followed through at twenty-odd different points from August 25 until September 8, purchasing at different points throughout the southern part of Saskatchewan and at two points in Alberta, namely Monitor and Consort. In other words, by September 8 we had just entered upon the purchase of horses in the drought area of Alberta and had covered a very considerable part of Saskatchewan.

So far as my own records show, we had only two complaints in writing regarding the activities of the purchasers. One of them came from LaFleche, and the other from Coronach, which is down in the same part of the province. The complaint with regard to LaFleche did not come direct from LaFleche to me but from the Minister of Agriculture in Saskatchewan, Mr. McIntosh. I have his letter before me and mine in reply. The letter which Mr. McIntosh wrote me contained most of the complaints which were given by the hon. member for Wood Mountain last night. I think they were largely taken from a newspaper which is published in LaFleche.

In view of some of the things which were said last night I think probably it would be advisable for me to place on record the letter which I wrote to Mr. McIntosh dealing with that particular matter, because it covers the points which were raised in a manner which will not only be an explanation but will probably give some information. Mr. McIntosh wired me on September 24 setting forth that there had been complaints in from LaFleche. I wired him stating that we had no complaints here and asked him for information. He then wrote me under date of October 24 giving me approximately the information contained in what was placed on *Hansard* by the hon. member for Wood Mountain last night; and on October 27 I wrote him as follows:

Hon. L. F. McIntosh,
Minister of Agriculture,
Regina, Sask.

Dear Mr. McIntosh:

I have yours of October 24. Your letter is the first intimation I have had as to what the alleged difficulties were at LaFleche. I shall, of course, have the matter looked into and receive a report from those who were conducting this purchase.

If the story as told by your correspondent is correct, it bears out the fears which I expressed to you and Mr. Auld during our interview at the beginning of the plan. You will recall that after your man had made some arrangements for the bringing together of horses in this manner as a result of consultation with some of our representatives, I expressed the view that the plan would not work to the satisfaction of anyone. Although we called off the first arrangement, there was some disagreement with me on this, with the result that we tried it out in a few places. I do not think that there was entire satisfaction anywhere.

Some of the difficulty was caused by the fact that we were not able to get a final signing of the French contract, and have not been able to get it signed even up to date. It was the French who desired to have the lighter horses—the Netherlands wanted heavier horses. Because this contract was not signed it was impossible for the lighter horses to be purchased.

I quite agree with those who complain that if it were at all possible to do so farmers should have been informed in advance of the change, but you will realize that to do this would have been most difficult. As a matter of fact, it is just a further indication that the plan which was evolved will not work satisfactorily.

About the same time that this sale was held information was received that boats could not be secured to ship more horses at present. For this reason the whole plan has been called off until next spring. I can assure you that whether all claims made with regard to the LaFleche experience are correct or not, we have had sufficient experience with the plan itself to know that it will not operate satisfac-

torily. We are, therefore, developing new plans with regard to any future activities in that direction.

About August 24 a press statement of the policy that we were following was put out, and I think I should read that to the committee in order that it may be on the record as well. It was as follows:

The Minister of Agriculture has completed arrangements with the governments of the Netherlands and France under which the Department of Agriculture agrees to purchase about 40,000 horses between now and October, 1946, to be shipped to those countries for use on farms and elsewhere.

The horses purchased must be clean-legged and well-broken and sound of limb and wind. They must weigh not less than 1,375 pounds for France and 1,450 pounds for the Netherlands. Those purchased immediately will be for the Netherlands.

The minister has announced that the area which is short of feed in Saskatchewan and Alberta will be combed carefully for every available suitable horse. To make this possible, a committee composed of George Spence, director of P.F.R.A., and Mr. O. Freer, who is in charge of community pastures, and Mr. J. J. Bowlen, a rancher of Calgary, Alberta, has been set up to organize these districts. They have called in the secretary-treasurers of the association of rural municipalities in Saskatchewan, and will call in the secretary-treasurers of the same organization in Alberta to assist in making a survey of the numbers of suitable horses available in each rural municipality. It is planned to ask each secretary-treasurer in the poor crop areas to assemble information as to the number and owners of suitable horses for sale in each poor crop municipality. The Prairie Farm Assistance inspectors when they visit these municipalities will assist in organizing the assembling of these horses in numbers, preferably at farms where they can be properly cared for and fed, to be examined by a purchasing party. The purchasing parties will be under the direction of Mr. Jack Byers of the agricultural department.

Farmers who have suitable horses to sell in the area west of the Soo line and south of the Saskatchewan river in Saskatchewan and throughout the poor crop areas on the east side of Alberta, should apply to the secretaries of their rural municipalities for circulars indicating the type of horse and the possible prices. Other poor crop areas will be covered as soon as possible. They should then notify the secretary as to the number of such horses he could supply at some convenient asesmbling place to be reviewed by a purchasing party. Each purchasing party will have on it a qualified veterinarian to examine the horses, and notice will be given to all those desiring to sell horses as to the time and place at which horses are to be assembled.

A survey has been made of certain areas east of Regina in Manitoba and Saskatchewan, which shows that there are sections where quite a number of suitable horses can be secured.

These areas will be utilized to provide horses required on short notice to fill boatloads in the early stages of the plan and when the poor crop areas have been fully combed will, in common with other parts of Canada, be covered to obtain horses to fill the contracts. An effort is being made to get available horses out of the areas where feed is short before winter.

It is suggested that farmers who intend to bring horses to the assembling place should whenever possible visit one of the previous sales to acquaint themselves with the types required and thereby save themselves the experience of taking horses in which would not be acceptable.

Mr. BURTON: Was that statement issued to the press?

Mr. GARDINER: Yes, it was issued to the press and published I think in the Regina *Leader-Post,* and I do not know what other papers. It was given to the press and published generally.

Mr. BURTON: Was the Department of Agriculture at Regina acquainted with the matter?

Mr. GARDINER: Yes; as a matter of fact I held a meeting with the secretary of the rural municipalities, Mr. Bryden, and with the representatives of the treasury in Regina, and the departmental officials. I have here a letter which was sent out by the department at Regina, indicating what the plan was. They took the trouble to send out a letter to all their own employees in different parts of the province, telling them what the plan was, stating that it would be announced from Ottawa, that the old plan which had been talked about earlier, and which I referred to last night, had been dropped, and that the new one would be announced; and it was announced as I have indicated here. They asked their own people to make a check on these notices that were put up with regard to purchases, and to assist in every possible way, and I wish to thank them for their efforts in that regard.

Mr. BURTON: But how does what the minister mentioned last evening, in regard to the plan having been prematurely advertised in the Regina newspaper, work in with the statement he has just made?

Mr. GARDINER: If my hon. friend wants that, I will give him the whole thing; I have it all here. The first article put out was on July 20, and read:

Province to Sell Horses in Europe

Agricultural representatives of the provincial agriculture department next week will begin a survey of an available supply of work horses which may be suitable for sale to the Netherlands government.

The Saskatchewan department is working in cooperation with the federal government in the sale of these horses.

The sale will be confined at this time to the "short crop" areas of Saskatchewan, agriculture minister L. F. McIntosh said Friday.

The Netherlands government, Mr. McIntosh said, wants a supply of the work horses this fall, and possibly a further supply next spring.

Further down it says:

Already an agent of the federal agriculture department has been through the west contacting provincial agriculture departments with regard to the horse purchases.

Mr. McIntosh emphasized that the purchases will be made from farm owners.

The method of purchasing will be conducted in the following manner, according to Mr. McIntosh:

Agricultural representatives will first make a survey of the "short crop" areas to find out the available supply of the animals required. It was expected that these "short crop" areas will be able to furnish sufficient horses for the number required this fall.

Once this has been done, farmers with animals for sale will be asked to bring them into designated urban centres where a dominion government buyer and a veterinarian will arrange purchasing. The animals will then be shipped east to seaboard to await shipment to the Netherlands, their sea voyage dependent upon the availabality of shipping.

Then it goes on to indicate the kind of animals required. That was the first announcement that went out, on July 20.

Mr. BURTON: Did the issuance of that statement interfere with the arrangements the minister's department was trying to make with the Netherlands government?

Mr. GARDINER: As a matter of fact I said last night that our department had not completed any arrangements at that time. As is suggested in this item, we have sent a man to inform the three provincial governments in the west as to a possible plan, and have that matter discussed with them. As I said last night, he discussed it with all three governments and the only one that put anything in the press about it was the government of Saskatchewan.

Mr. BURTON: But the publication of this statement did not interfere with the arrangements the minister was trying to make with the Netherlands

Mr. GARDINER: It was put out before we had any plan finally evolved at all. It was a possible plan which was discussed with the governments of Saskatchewan, Alberta and Manitoba; and the only government that published it was the government of Saskatchewan. As a matter of fact it had not been discussed with me at all up to that time. An official was sent out from Ottawa to discuss the matter first with these governments; then he was to come back and discuss it with me. It had not been discussed and there was not a plan at all at that time.

Mr. BURTON: What I am trying to find out is this: has the minister any reason to believe that the publication of this statement interfered with the agreements he was trying to conclude?

Mr. GARDINER: I did not suggest that last evening. What I said was that at that time we had not an agreement signed with anybody. The agreement was just something in the offing. Later on we did get an agreement with the Netherlands, but as yet we have not come to an agreement with France. I do not suggest that it interfered with the making of the agreements at all; I simply say it was announced in advance of our own plans having been completed and that they had to await signing of the agreement with the Netherlands. This made it more difficult for us to do anything else than congregate these horses in the towns and villages, as announced in this statement.

Mr. FAIR: Would the minister explain how he has been able to ship some 600 horses to France if he has not come to any agreement with that country?

Mr. GARDINER: We will come to that, but first let me finish this statement. I repeat, this article appeared in the press on July 20. As I said last evening, I interviewed the persons in Regina who were dealing with the matter, I think on Wednesday of the week of July 28. On July 28, in any case, which was Saturday, a further statement was put out headed, "Horse purchasing centres selected." This again was put out by the department at Regina, giving a list of places throughout the drought area at which horses would be congregated. One of these places is LaFleche, about which we were speaking last evening, together with quite a number of other places where we finally purchased horses. Then on July 30 this statement was put out:

Agriculture Minister Gardiner said Sunday night the federal government was preparing to buy horses for both the Netherlands and France, and that only well-broken weighty horses were wanted. As soon as plans were complete the agriculture department would announce them in full.

"The special products board is setting up an organization to purchase and assemble horses," the minister said. "It is the desire to take as many as possible from the drought area. It has been decided to purchase the first boatload as close as possible to the assembling pastures at St. Lazare and Rockham, Manitoba."

"The experience gained there will immediately be utilized to set up a plan which can be extended to every dry area where suitable horses can be obtained. The desire is to work out some plan which will not require farmers to move horses any considerable distance until they have been actually purchased."

I may say that this article was put out after I had some conversations with officials

of the department at Regina. Then on July 31, which was Tuesday, the government of Saskatchewan put out this statement:

Cancellation of the plan to establish thirty-three points in western Saskatchewan as selection centres for the purchase of horses for Holland was announced Monday by agricultural minister L. F. McIntosh. Instead of having farmers take their horses for sale to selection points, it is understood government buyers will deal directly with farm owners on their farms.

The difficulty in explaining exactly what will satisfy the Netherlands government makes it desirable to contact farmers at home instead of having them take their horses to points previously announced, Mr. McIntosh said.

The announcement of the thirty-three selection points published in the Saturday and Monday editions of the *Leader-Post* has been withdrawn according to Mr. McIntosh. The minister expressed the hope that farmers who have horses which they think would be suitable for the small farms in Holland will await further announcement of buying plans.

That announcement was published after Mr. McIntosh and I had had breakfast together and discussed the whole matter. He issued this statement in order to indicate that the plans would be changed. Then, as is intimated in my announcement which appeared in the *Leader-Post* of the 30th, which was Monday, the suggestion was made that we should like to have these horses bought as near as possible to the farms. My desire in that matter was to have the secretary-treasurers of the municipalities ask the farmers to list their horses with them, and then for the secretary-treasurers to notify our man at Regina how many horses were available in that municipality. Then we would arrange to have the horses congregated at different farms, instead of having them brought into the villages, and would send our buyers to wherever there were groups of ten or a dozen horses brought together, where they would be purchased. The plan suggested first was that followed during the first great war in buying horses for the Saskatchewan government. But at the time of the first war we had livery barns all over the place, and it was comparatively easy to bring horses in and take care of them. The horses we were buying then were of a selected type, namely the cavalry horse, which we wanted to give to the government of Canada in order to assist in equipping our armed forces. So the task of purchasing horses then was comparatively simple, and an attempt was made to put that same plan into effect. I stated that this was an entirely different situation, and that we were asking farmers to bring in any spare horses that they had, which were up to specifications. As I said last night, this request was put on a bill, a copy of which I now hold in my hand, and which sets out the weights of the horses, and all the other specifications.

There would be many farmers who would just take a look at a horse and say: He weighs 1,400 pounds, or 1,300, as the case may be, and would bring him to town. They would not have the means of weighing a horse at home. The bill states:

Horses wanted. The Dominion Department of Agriculture wishes to buy work horses for Netherlands and French governments.

Mr. BURTON: When were those bills sent out?

Mr. GARDINER: About August 20, but previously there had been some bills printed by the province which, I believe, contained about the same information. With the exception of what appears at the bottom of this bill, I believe the others were the same. They were printed by the provincial government under the first suggested plan. I am not certain that any were distributed.

Mr. ARGUE: What is the lowest weight on that bill at which a horse would be bought?

Mr. GARDINER: I shall come to that. The first item on the bill gives the grades and prices for French contract under (a) three and four-year olds, with a minimum weight of 1,375 pounds, $80, and (b) five to eight-year olds, with a minimum weight of 1,400 pounds, $85. I am told in the department to-day—and I am not certain as to this, because I have not had an opportunity of checking it back—that it must have been a printer's error, putting 1,400 pounds on the bill, because the weight there was always 1,450 pounds. In any case, it is 1,400 on the bill.

Mr. SENN: Can the minister give the corresponding contract price from the French government at Quebec, Montreal, or some other shipping point?

Mr. GARDINER: I am not able to give that at the moment, but the information can be obtained.

Mr. ROSS (Souris): Would it be officials of the federal Department of Agriculture or of a provincial department who actually chose the assembly point at which the horses would be purchased?

Mr. GARDINER: Let us not confuse the two plans. Under the first plan it was representatives of the provincial government who chose the points. They were all villages and towns. The thing I objected to was the congregating of these horses in villages and towns where there would be no facilities to feed them, and where feed would have to be

brought in. I thought that as far as possible these horses should be brought together at some central farm, and the horses congregated in that fashion. This would not require taking them such great distances away from home. However the points eventually decided on under the second plan were chosen by our own officials, and they disagreed with me in that matter. Perhaps I should not say that our officials did, but rather that the secretary-treasurers did. We left it to the secretary-treasurers to make some suggestion in the matter, and in most cases they said they thought the best places to assemble horses were in the villages and towns.

Mr. ROSS (Souris): Municipal secretary-treasurers.

Mr. GARDINER: Yes, and I took their advice. Our own men who were right out there on the ground were in agreement with the secretaries on the point. They thought they could make it work in the villages and towns, and that it would operate successfully.

As to grades and prices on the Netherlands contract, there is provision under paragraph (c) for plain horses, serviceably sound, well up to age limit, with plenty of weight, at a minimum weight of 1,450 pounds, $90.

Mr. JOHNSTON: I believe the minister said he had not yet signed the contract with the French government. Was that done before this bill was put out, or after?

Mr. GARDINER: I shall come to that. As I said a minute ago, if my hon. friend will let me, I should like to finish my story; otherwise no one will understand it.

The next item is for good horses, sound and well within the age limit, and weighty, with a minimum weight of 1,450 pounds. This is a higher type of horse at $100. Then there is another still higher type with a minimum weight of 1,450 pounds, at $110. The top price is for best drafters, sound, with weight and quality, with age in their favour, at a minimum weight of 1,600 pounds, and up, $150. Those are all the classifications of horses, but I understand that there was the possibility of an arrangement to pay as high as $160 for a specially good horse at a specially good weight.

Mr. ROWE: Are the prices the same in the other provinces?

Mr. GARDINER: Approximately the same, although they would be better farther east, due to freight and shipping charges.

Mr. ROWE: It was not on the same basis, was it?

Mr. GARDINER: Yes, on the same basis as with the Netherlands government. The others are on the same terms. The Netherlands government has agreed to pay certain prices for certain types of horses. We have figured back from that price, to arrive at the price we can pay back at the original point.

But the question which was in our minds so far as the drought area was concerned was this. We thought we could go out and buy horses without any commission, and pay the full amount that was made available under the price established in the contract. We could pay a higher amount if the horses were assembled than if we sent a buyer to every farm. It was with a desire to give every possible dollar to the farmers that the horses were assembled in the first place. One of the reasons I had in mind for wanting the horses assembled on the farms—and in view of our experience I still think I was right—was that, in the first place, there is feed on the farms. The horses could be properly taken care of. In the summer months they could even be permitted to run in the pastures, and would not need to be stabled. In that way the buyers could go out and look at them and others, saving cost to the farmer.

The second reason was that these private buyers would not likely be there. We simply say that there is a type of horse that we must have, if we are going to turn them over to the French government and the Netherlands government, and that that type of horse has certain value. That type of horse must be in good condition, so that he can go to work immediately upon getting overseas. He must be well broken, and we must be able to establish the fact that he is well broken, before we buy him. Otherwise if he tries to climb the chute when we attempt to put him on the boat at Montreal they will not take him. So that we try to have all these things assured. I must say that in the contract next spring I will be insistent about carrying out that plan, so that the horses may be congregated as near as possible to the farmers. If a farmer has a dozen horses to sell, we will send a man out to see them. If a farmer has only one or two horses we will try to interest the secretary-treasurer of the municipality in having those small lots of horses congregated at some point so that a man could go to look at a dozen or twenty at one time. Those found unsuitable can be taken home.

Mr. SMITH (Calgary West): How can the farmer weigh them at home?

Mr. GARDINER: Many farmers have scales, and they could congregate at a farm when there is a sale.

Mr. ROSS (Souris): What was the greatest number of horses purchased at one point? I believe there was quite a variation.

Mr. GARDINER: I have a list somewhere, but perhaps I had better finish the point I am discussing before I refer to it.

Someone has asked how we came to ship horses to France, when we have no contract. The contract is drawn up, and so far as we are concerned it has been agreed to. The French officials who were here think it will be acceptable. The contract is drawn up in terms which we think will be acceptable to all, but the French government has not yet signed it. To that extent it is different from the Netherlands contract.

Mr. BURTON: Have not the horses gone over?

Mr. GARDINER: I will tell the committee about that. The French government have sent ships here, and they have arranged to take so many horses to France. We have been asked to supply them immediately. We have supplied those horses. The number supplied up to date is between 600 and 700. Those horses have been sent over, and the arrangement is that they will apply on any contract signed for some 35,000 horses.

Mr. ROWE: Is there any truth in the rumour that the French government are endeavouring to make a similar contract with the United States? If they make a contract with that government for a similar number of horses, shall we have lost this contract?

Mr. GARDINER: I understand that they have canvassed the position there but that the contract has not been completed.

Mr. ROWE: In other words, we are not yet sure that we are going to get a contract from the French government.

Mr. GARDINER: I understand that the Belgians have a contract with the United States and that the Netherlanders are buying some horses there but not under contract similar to the one we have.

Mr. ROWE: We are not yet sure we are going to get the contract from the French government?

Mr. GARDINER: As sure as we can be. Even contracts with Britain drag on for months before finally being signed. In the meantime they are taking horses. I met the minister of agriculture of France at Quebec. The first thing he said to me—he was not able to speak English and I was not able to speak French, so that we spoke through an interpreter—was: I want to thank you for the very fine horses we have got from Canada up to date, and he went on to say that they wanted more and he made inquiries with regard to other live stock.

Mr. ROWE: They have received trial shipments from the United States as well. At the present time they have not decided from which country they will buy.

Mr. GARDINER: They will probably buy from both countries. I do not think they will say definitely that they will not buy any from the United States or from Canada. Eventually they will probably buy from both countries. The number they look for from us was 35,000.

Someone asked what the numbers were at the different points. At Watrous, Saskatchewan, sales were held on five days; two sales, one on the 16th, 17th and 18th, and the other on the 30th and 31st. There was some criticism in regard to the first sale that was held. The light horses were not purchased. So that we went back to Watrous on the 30th and 31st. In those two sales 400 horses were purchased at Watrous; at Strasbourg, 103; at Southey, 176; at Balcarres, 276. The only other two points at which the sales ran over 100 were Toronto, with 165, and Montreal, with 786. The horses that were taken from Montreal are largely taken to complete a boatload. They are shipping horses in carload lots from western Canada, and if a boat is in and ready to load we will take horses from Montreal to complete the cargo. We go to the dealers in Montreal, who are handling 20,000 head a year, and purchase through their barns in Montreal enough horses to fill the boat when more are needed.

Mr. ROSS (Souris): What would those horses sell at in Montreal?

Mr. GARDINER: I understand that they will average around $150.

Mr. CASE: Are you taking horses from any other province than Saskatchewan?

Mr. GARDINER: I have said that 786 were taken from Montreal, 165 from Toronto and 55 were purchased at Pickering.

Mr. CASE: The horses taken at Montreal were only to complete the cargo. Do you advertise in the other provinces?

Mr. GARDINER: No. In the statement that I read a moment ago we said that this fall, before freeze-up, we would take most of the horses from the drought area, and that

immediately that was completed we would go into all parts of Canada, including other parts of western Canada, and buy greater numbers.

Mr. BROOKS: Would not the horses that were purchased in Montreal come originally from the western provinces?

Mr. GARDINER: Some of them would. Probably a great many originated in western Canada, and quite a number would originate right here in the Ottawa valley, and some in parts of Quebec.

Mr. BROOKS: Horses are scarce in eastern Canada.

Mr. GARDINER: My hon. friend is correct in saying that most of them would originate in the west. The only safeguard that we provided against horses being purchased at low prices by dealers and then shipped to places like Montreal was this: These bills were posted all over the place, and I suggest that there were not many farmers who would sell horses at less than those prices, once they had seen the bills. It might happen in a rare case if a farmer was short of feed that another farmer would buy his horse at a lower price because he had to carry it through the winter.

Mr. FERGUSON: Were any of these bills posted in Ontario?

Mr. GARDINER: Not these bills.

Mr. FERGUSON: There was a slight glut of horses on the market in Ontario this year, and I am quite sure that our farmers would have been delighted to see bills posted up in Ontario similar to those posted up in the west. I have bought good horses myself in Ontario this year for $30. I am sure horses could have been obtained in Ontario.

Mr. GARDINER: Yes, and just as soon as this transaction had been completed and the horses taken out of the drought area, similar bills would have been put up in Ontario and elsewhere.

Mr. MENARY: At Lafleche when they bought that big gray horse that weighed 1,800 pounds for $60—

Mr. GARDINER: I was not there, but my hon. friend will find that these bills were posted up all over the area around about Lafleche and probably every farmer there saw one of these bills.

Mr. MENARY: If the bill was posted up, the man sold his horse too cheap. Who was it that made a profit of $100 to $120 on the gelding? You cannot make it here.

Mr. GARDINER: When we were handling 2,800 horses in the rather hurried way in which they had to be handled last fall, if there was only one gray horse that sold for $60 which was finally turned into our pens, we probably did not do too badly. I would hope there were not more. The suggestion was made last night that somebody offered the horse for sale, I presume right in Lafleche, because we did not have buyers anywhere else, and that one of our men said that he would not accept the horse. A veterinary goes with each one of our buying parties and examines all the horses before we buy them. I cannot conceive that a veterinary and an expert horse buyer, because that is what they were, would look over a horse at LaFleche that was offered for sale—and the place where it would be offered for sale would be very close to the stockyards—and then would not recognize the horse very soon afterwards when he saw it in the stockyards. It is always conceivable, of course, that somebody might make a mistake. But it is hard for me, knowing horse buyers and veterinaries, to believe that in that short space of time a man would not know a horse he had been looking at a short time before. If he did not, I would say he was not a suitable man to be buying horses.

Mr. CASE: I do not want to detain the committee; I know what the objective is, but I have some remarks to make.

Mr. GARDINER: Are they on this particular point?

Mr. CASE: No, they are not.

Mr. ARGUE: Mr. Chairman—

Mr. GARDINER: Well, now, can I have this understood with the hon. member for Wood Mountain? He made his statement last night; I have made mine: could we leave the further discussion of this matter until we reach the "special" items?

Mr. ARGUE: I think it would expedite the business if we could complete the discussion now, and when we get to the particular item I need say nothing further.

Mr. GARDINER: I should have objected last night to the matter being discussed at all at this time. There is an item under the estimates where we can discuss it. That was suggested by the hon. member himself when he rose. As I said a moment ago, I was not listening as carefully as I should have been to what he started to say, and I let it go through. I think we should stay within the rules and discuss this matter on the proper item when we come to it.

Mr. CASTLEDEN: What item is that?

Mr. GARDINER: The "specials", at the bottom. The special war item appears in *Hansard* of September 28, and it will be discussed along with "specials" at the bottom. It can be found on page 552 of *Hansard*.

Mr. WRIGHT: I believe the understanding was that anything which came under the minister's war estimates could be discussed on the general item.

Mr. GARDINER: No; under "specials" or under the proper item within the civil estimates.

Mr. WRIGHT: Under the minister's civil estimates there are no items comparable with some of the items under the war measures vote, and therefore I think the proper place to discuss them would be under the first item.

Mr. GARDINER: If the hon. member will look up the discussion which took place between the hon. member for Haldimand and myself, I think he will find that this was the agreement, that as we go through the items in the civil estimates any item which is covered in the war estimates can properly be discussed under that; for example, anything having to do with dairy products can be discussed under a dairy item; anything having to do with other matters, bacon and so on, can be discussed under the proper marketing item, and that can go on right through the estimates. What I am suggesting is that, when we come down to "specials", all the special war items which are not covered by any one of the items in the civil estimates can be discussed then; and this is one of them.

Mr. ROSS (Souris): It was not the intention of the minister to make a statement at this time on our production requirements?

Mr. GARDINER: The hon. member to my hon. friend's left wants to make a general statement.

Mr. CASE: I can understand the desire of the hon. member for the Saskatchewan constituency of Wood Mountain to discuss the horse situation a little further. He gave some information which, I think, farmers in Ontario will appreciate, that one can sell horses out there for $60, $80, up to $130 and $150, as against about $30 here. I hope Saskatchewan will do well with their horses.

I could speak for a long time on agriculture. As you know, sir, I come from one of the rich agricultural communities of this province. In field crops and live stock we far exceed any other county in Ontario.

Some hon. MEMBERS: Oh, oh.

[Mr. Gardiner.]

Mr. MACKENZIE: What about Simcoe?

Mr. CASE: Well, we do not want to have a war on our hands; I will say that we are one of the most highly productive districts, and I hope all hon. members will be satisfied. I am a great peacemaker.

But what I am concerned about, and what I rose to address myself to, is the future of agriculture, with particular regard to the constant drift of young people from the farms. I believe that is something which should engage the attention of every hon. member. Unless we can do something to make farm life more attractive, this country is indeed in for a very difficult time. I have great hopes, of course, that the introduction of electricity in the rural areas will make farm life more attractive, and that modern machinery will play its part; but something must be done if we are to make it attractive to our young people to remain on the farms. In the county I have particularly in mind, the county of Grey, this drift to the larger urban centres has been going on, and the country is that much poorer.

I think we may still say that we are primarily an agricultural country, although we have made great strides industrially, and that we depend upon the prosperity of agriculture to maintain our living standards and our general prosperity. It therefore does seem to me that anything we can do to improve the lot of the farmer and increase the general prosperity of agriculture will react beneficially to the entire nation.

Yesterday, when the hon. member for Fort William was speaking about having been raised on a farm, I recalled that I myself had that experience, having been raised on a dairy farm, so that I can appreciate some of the things which the hon. member for Calgary West was speaking about. I know that farm life has been and even now is more or less a life of drudgery, and I am now trying to turn over in my mind this problem: when we have finally achieved industrial peace and arranged a forty or forty-four hour week for the industrial worker, who in the world is going to work on a farm, for there are very few farmers who can finish their work, particularly seasonal work, in any such limited number of hours?

These are the observations I have to make, and I want to set the example of being as brief as possible. In conclusion, however, I should like to make a reference to the statement of the hon. member for Calgary West that some people here speak of Ontario as being "the old milch cow." As an Ontarian, I assure hon. members from western Canada that that statement is not accepted literally

here. As a matter of fact, a prominent farmer around St. Thomas, who at one time occupied the office of premier of Ontario, used that term, but I believe that in the main it was resented, because we in Ontario have a high appreciation of our great western domain. We can think back to the time when we enjoyed a measure of prosperity with western people, and we hope indeed that they will return to that era of prosperity which will mean so much to all of us in eastern Canada, and, as far as that is concerned, all Canada. Therefore I assure the hon. member for Calgary West that we do not consider that in any sense we have been under a disadvantage in respect of western Canada, that we have enjoyed many advantages from our association and will continue to do so. So long as they are prosperous we shall be prosperous.

Mr. PEARKES: During the war, assistance was given to the dairymen and the poultry farmers of Vancouver island by a subsidy on the feed grains which were shipped from the prairie provinces. If this is the right place to raise the question I should like to ask whether the minister proposes to continue those subsidies or to render other assistance to the dairymen and poultry farmers of Vancouver island?

Mr. GARDINER: I think the general answer to that would come under an answer to the statement which was asked for last night by the hon. member for Souris; and my hon. friend over here is on his feet.

Mr. ARGUE: This is the third time I have attempted to speak on the matter I brought up last night. In my concluding remarks I asked three questions which were quite specific and fairly simple.

Mr. GARDINER: I would ask, Mr. Chairman, that you rule that the discussion of the horse question be left until we come to the appropriate item. It has been discussed at some length now. If you rule otherwise, we shall of course go on with it, but I suggest that it be left for the time being.

The ACTING CHAIRMAN (Mr. Golding): The minister's suggestion is perfectly reasonable. I think the hon. member should leave the matter until the proper item is called.

Mr. ARGUE: I shall be prepared to discuss it at the right time.

Mr. ZAPLITNY: Agriculture is so important that we should devote a little more time to general considerations before we go on to special items. I understand that at present about twenty-five per cent or a little better of the population of Canada are engaged in agriculture and that is the greatest number in any one industry in the dominion. Therefore the question of agriculture is perhaps the most important one before this committee. We have probably wasted some time in the past few weeks, but in any discussion of this important item there will be no waste of time.

In my opinion there are two questions to be considered, the immediate agriculture policy and the long-range policy. The immediate problem seems to be a matter of production. After listening to the Prime Minister's statement on his return from overseas, I am sure that all hon. members were more or less shocked into the realization that the situation there is far more grave from the point of view of food than any of us had imagined up to that time. We were taken aback to learn that hundreds of thousands of people are likely to starve to death in the European countries, and we also realize that it is up to Canada to a great extent to supply the food for the people of Europe since we are the granary of the world.

What is to be done to encourage greater production? From what has been going on in the last six months, or almost a year, we know that production in certain lines has been falling off instead of increasing. That is particularly so in the raising of hogs. It has been pointed out to the government many times during the present session that farmers are going out of hog production. The figures quoted yesterday show the extent to which that is true. When farmers begin to go out of the production of a certain line there must be a very good reason for it, because, whether in war time or in peace, the objective of every farmer is to produce to his fullest capacity. I believe that the reason farmers have been going out of hog production is that the price has not been satisfactory compared with prices of other products, and the government should encourage farmers by guaranteeing a price which would be sufficiently attractive to make the production of hogs pay.

May I call the attention of the Minister of Agriculture to a recommendation made by the Alberta farmers' union. He no doubt has a copy of the circular sent out some time ago, in which it is proposed that a guaranteed parity price of $21 per hundred on rail at the main western points be established. That would be one way of actively encouraging greater production of hogs. Another recommendation is to encourage western farmers to raise coarse grain by paying the existing bonus to farmers who feed grain of their own raising to domestic animals. We understand

that up to this time the bonus paid has not worked out to the advantage of the farmer who feeds his own hogs with his own grain but more perhaps to the advantage of those who buy grain to feed hogs. I do not wish to refer to eastern farmers, because I desire to go on record as being of the opinion that the problems of farmers, whether east or west, are similar and that there should never be any reason for friction or antagonism.

Another recommendation that has been made, this time by the United Farmers of Canada, Saskatchewan section, deals with the price of wheat. The attitude of this group is clear on the question of wheat, because we went into that very fully in the debate on the speech from the throne. However, I wish to put on *Hansard* a resolution that has been passed by the executive of the United Farmers of Canada, Saskatchewan section, which appears in a journal known as "U.F.C. Information", which all members have in their possession, because I believe that this resolution comes as close to the line we have taken as anything I have so far seen. It proves also that the representations that we in this group have been making have been put forward not on behalf of our party but on behalf of the people we represent. Here is the resolution:

Whereas Trade and Commerce Minister the Hon. J. A. MacKinnon, has announced the intention of the Canadian government to keep the selling price of Canadian wheat to importing buyers from soaring above $1.55 per bushel for the next five years, but has made no statement to guarantee that the sale price of wheat will not be allowed to drop below that price during the five-year period; and

Whereas we believe that in accordance with the present price of other goods, services and wage levels, $1.55 per bushel basis No. 1 northern at Canadian terminal elevator points constitutes a fair parity of price level for wheat:

Therefore we the executive of the United Farmers of Canada, Saskatchewan Section Limited, resolve the following wheat price policy:

1. That for the crop year 1945-1946 the initial guaranteed payment on wheat shall remain as at present, and that a subsequent payment be made to conform with $1.55 per bushel basis No. 1 northern at Canadian terminal elevator points.

2. That for the four crop years following the crop year 1945-1946 an initial payment equivalent to three-quarters of the basic $1.55 per bushel or other parity price be paid on delivery and subsequent payments be made at appropriate times to conform with $1.55 or other adjusted price to conform with parity.

3. That in the interest of national, provincial and agricultural social and economic stability a minimum basic selling price of $1.55 per bushel must be maintained during the five crop years commencing with the 1945-1946 crop year.

4. That legislation in line with this wheat price policy be enacted at the present session of parliament.

[Mr. Zaplitny.]

I do not know how much hope there is of that being done.

5. That in the event of failure of government agents to hold the selling price of wheat at $1.55 per bushel minimum, the executive of the United Farmers of Canada, Saskatchewan Section Limited, will appeal to our members to take appropriate and effective action to protect their interests.

I will not hazard a guess as to what the appropriate action which is mentioned there would be, but I have placed that resolution on the record so that it will be clear that what we have been talking about in this group, so far as parity prices are concerned, is something which the farmers in the greatest wheat producing area of Canada have been discussing. So much for the immediate policy.

The long-range policy is also important and perhaps in the long run the most important. I was interested in listening to what the hon. member who preceded me said about the trend of young people away from the farms and into the cities. Being one of those who also grew up on a farm, and having spent the greater part of my life there, I realize that there are good and sufficient reasons why young people have not found it possible to stay on the farm. Perhaps the easiest way to illustrate the reason would be to place some figures on *Hansard* showing just what the agricultural situation has been for a number of years. I hold in my hand some figures—most of them come from the university of Saskatchewan—which show comparisons between the farm population of the different areas and the share of the national income the farmers received during those same years.

In 1921, the farm population was about 33 per cent; in 1928 it was about 28 per cent; in 1931 it remained around 28 per cent. By 1941 it had fallen to 25 per cent, which shows a downward trend all the way. Right beside those figures we can place the share of the national income received. I have not the figures for 1921. In 1926 the farmers of Canada received 26 per cent of the national income. In 1929 they received 22 per cent; in 1931 they received 13·9 per cent and in 1941, 18·2 per cent. The committee will notice that in every case the farmer did not receive a fair share of the national income, which is a pretty fair reason why there has been that trend of young people leaving the farms and going to industry. There are other reasons.

We go farther and see what the situation is in regard to the ownership of land. We find that in 1901, taking all the farms of Canada, about 87 per cent were fully owned. By 1941 there were only 75·1 per cent fully owned. The rest were either tenants or part-owned,

or something of that nature. If we take it by provinces we find that in western Canada, where the greatest number of farmers live, in 1901 the percentage of farms fully owned in Manitoba was 88·9 per cent; by 1941 that had fallen to 66·1 per cent. In Alberta in 1901 the figure was 95·8 per cent fully owned; by 1941 that had fallen to 62·8 per cent. In Saskatchewan, which is perhaps an extreme case, 96·1 per cent were fully owned in 1901; by 1941 that had fallen to 53 per cent.

There is another reason why young people have been drifting from the farms to the city. They have seen that it is very difficult, in some years almost impossible, to feel secure on the land. But to go on with the figures, we find that even the total capital value of farm property has been decreasing over the years. According to these figures, taken from the dominion bureau of statistics, in 1931 the total capitalization with land, buildings, implements and live stock, was $5,247,753,468. By 1941, which is ten years later, where one would expect it to be much higher, it had fallen to $4,222,441,473.

There again the committee will see that farm values even in capitalization, instead of going up as one would expect them to, with new buildings being put up and land being improved, have actually gone down. I shall refer to one more set of figures which I believe may be the most important of all, because it is a reflection of farm conditions. It is a set of figures taken from the Curtis report on housing and community planning, 1943, which shows what conveniences there were in the matter of such things as electricity, telephones, baths and so forth. I shall just quote the figures for all Canada; I shall not take the time to give the figures for the provinces separately. Right across Canada there were 79·9 per cent farm homes in Canada which did not have any electricity to help the farmers with their work. Seventy-one per cent of them had no telephones and 92·6 per cent had not baths or showers. Hon. members would almost think that we go without washing for a long time in this agricultural country. Then 91·9 per cent had to do without flush toilets. When conditions are such as I have enumerated is it small wonder that young people leave the farm? The tragic part of this is that it is often the people with the most ambition and intelligence, the most go and grit, who refuse to live under such conditions. What we find is that some of the finest of the young people of Canada are leaving the land and going to the cities where they believe that they will be able to make greater use of their talents and abilities and fulfil their ambition more easily than on the land. The only way I know of that this trend can be reversed or arrested is by making conditions on the farm such that they will be attractive enough for the young people to stay there. That means the raising of the guaranteed price for farm products to a point which will make it pay to stay on the land; the provision of legislation to make the farmer more secure on the land, and a more progressive policy in the matter of research.

I have here some information on research which I think will be of interest to the committee. May I first of all quote from the first report of the interim commission on food and agriculture. One of the sections is headed, "Research" and reads as follows:

> One of the principal functions of the organization will be to promote research in the fields relating to its work as a means of meeting the needs and helping to solve the problems of the peoples of its member nations. Competence and persistence in the search for knowledge, and fairness and courage in promoting its application, will establish a solid basis for recommendations and action.

It will be noted by the committee that the food commission evidently felt that research was one of its key or principal functions, as it states in its first report. We also find that there is an awakening of interest in the matter of science on the farm chemurgy. I hold in my hand a pamphlet published by the North-West Line Elevators association, which gives some interesting facts about the possibilities of chemurgy in connection with farm products. We have been accustomed to thinking of farming as an industry which provides the food of the country. It has, of course, other possibilities, and if we take a progressive policy in the matter of research I think we shall find that it has far greater hope than we ever dreamed of. Here is a statement which appears in this pamphlet which I referred to a moment ago. I would not vouch for the accuracy of the statement because it is only an estimate. Here is what they say:

> Almost every day new uses are being found for farm products. The industrial chemist is the ally of the farmer. Men of science, looking into the future, see an industrial stomach which will consume more farm products than does the human stomach of to-day. The National Chemurgic Council estimates that an additional 50,000,000 acres may be planted to industrial crops on this continent alone within the next ten years.

As I say, that is only an estimate. We have no way of knowing how close we can come to that, but we are given to understand that the industrial stomach, as they call it, will in the future be able to consume even more than the human stomach in the matter of farm products. In order to illustrate some of the uses that have already been discovered for

farm products in the matter of plastics and things of that kind, I refer the committee to a few pictures which appear in the same pamphlet. I am sure that hon. members either have this pamphlet or can get it very easily. On page 3 I find a picture of a group of young ladies, I believe numbering six. That is not what I want to draw attention to, however, but the fact that practically all the clothes these ladies are wearing in this picture have been made from products grown on the farm. Here is the caption to the picture.

Skim milk, bamboo and grass clothes the modern maiden. "Lanital" a new textile, half wool and half casein (a product of skim milk), along with bamboo and grass were used in making the clothes these girls are wearing. Nylon stockings, a product of coal, air and water, cover their limbs.

That is one illustration of how these products can be used. Then on page 9 I find a picture of twenty-three separate articles used in the construction of automobiles, all of which were made out of the soya bean, which has been used so much across the line. Farther along is a picture showing synthetic wool which has been made out of soya bean protein. So it goes, one page after another, illustrating what is being done already in the utilization of farm products for industrial purposes.

I believe the expenditures we have made each year so far in connection with research for agriculture have been pitifully small in comparison with the great returns that kind of research could bring to the farmers. We in Canada seem to be haunted by periods of shortage and surplus. At one time we are crying because we have too much of something, too much wheat or too much of something else. Then, before we know it, we are short of this and short of that. I believe that if we could use part of our farm production for industrial purposes it would serve as a sort of stabilizer for our surplus products, and in future might provide new industries for western Canada which would check the tendency of people to leave the land and drift to the cities of the east, which as I have pointed out already are congested and crowded at the present time.

Those are some of the thoughts I wish to leave with the minister and the committee. I do not want to go into any greater detail just now, and will leave anything else I have to say until we take up the individual items. I hope the minister will see his way clear to do one thing at least. That is, to increase the amount appropriated for research in order to give the young scientists of this country an opportunity to help the farmers.

[Mr. Zaplitny.]

Mr. WARREN: I am not particularly fond of making speeches, especially in the House of Commons, but something happened last evening which inspires me to do so. If I had been given an opportunity of making my speech last night, probably it would have been just as brief as the remarks of the hon. member for Calgary West. I find, however, that owing to the delay I have lost some of the inspiration I had at that time.

I was sitting over there listening to the hon. member for Melfort, the hon. member for Battle River and the hon. member for Wood Mountain, and I thought of the many weary hours I had sat in this house listening to western members talk about conditions in their own part of the country. I cannot recall a western member ever telling us anything about happy homes, or contentment, or men who had got along and achieved comparative riches. We hear nothing of that at all; nothing but gloom comes from the lips of the members who represent our western provinces.

Mr. ROSS (Souris): Come on out and see us; we will show you how happy we can be.

Mr. WARREN: Well, you know that sort of thing makes me sick, and I was pretty sick when the hon. member for Calgary West rose in his place. You get so tired of listening to people constantly grumbling, people who have nothing to be thankful for in this fair land of ours. When the hon. member for Calgary West rose and shot a ray of sunlight from Alberta down into this House of Commons, immediately my gloom was dispersed and I thought here at last was something to be happy about, one western member who had a good thing to say about his own country.

An hon. MEMBER: He is a lawyer, not a farmer.

Mr. WARREN: He was very cautious, and perhaps he understated the case when he went so far as to admit that we are not all broke. I have memories of bygone years, when my relatives and neighbours who had gone west finally found themselves sufficiently wealthy to return home for a visit during the winter months. A common comment from those people was, "I would not take your whole set-up here, farm and everything else, if you gave it to me as a present, if I had to live on it." Some went even farther than that and said, "I would not take your whole township as a present if I had to live in this country." I spoke to some of them about the cold, but the answer always was, "Oh, yes, it is cold, but you don't feel it." So that everything was beautiful and grand.

In 1913 I went west, as far as Edmonton, and the memory which lingers with me most vividly is that about every second man you met was expecting to become a millionaire overnight by dabbling in real estate. Of course that bubble burst; it did not pan out so well for those speculators. Then I made a trip west in 1938; I thought if I was going to get any good from this pass I might as well see the western coast, so I took two and a half weeks off. Of course in that time you cannot do very much more than get impressions, going from here to the west coast and back; but while on that trip I can remember going out to a farm in southern Manitoba and looking at a field that would thresh thirty, thirty-five or forty bushels to the acre. The farmer told me that was the twentieth crop of wheat in succession on that piece of land. What has any person to grumble about if he has land like that? I remember travelling west from Winnipeg and looking at the beautiful homes, the meadows, the stacks of hay, the cattle in the pastures, the shelters around the homes and barns. I thought, "Well, if there is a God's country anywhere, this must be it." When I was in Regina I remember going through the country and being simply amazed at the broad acres with wonderful crops of wheat waving in the wind. Travelling west out of Regina on the train I remember that a stranger sitting beside me said, "Isn't it monotonous"? I replied that it was fascinating, mile after mile of beautiful fields of grain. It was true that you might go many miles without seeing a home, and then you might see a little shack perched up on a high piece of land. My conclusion was that it belonged to some man who came out in the spring, used his mechanized machinery to put in a crop, went home until harvest time and then returned to take off the harvest, someone who probably worked for a couple of months a year and spent the rest of the time retired somewhere in town; a land miner—not a home builder.

An hon. MEMBER: On 25-cent wheat?

Mr. WARREN: Well, if you get enough wheat at 25 cents a bushel you still have a lot of money. I thought that last night the hon. member for Melfort found it pretty difficult to find anything under present conditions which would justify him to stop whining. He did whine when he endeavoured to have the Minister of Agriculture give him a five-year guarantee that conditions would not be any worse in the next five years. Well, the hon. member is pretty anxious to whine, when he must go so far into the future to find something to whine about.

In my travels I got along as far as Calgary, and I recall with pride the means of travel between Calgary and Edmonton. Those two points are served by two buses and two trains each day.

Mr. LOW: Three.

Mr. WARREN: Probably it is three now; it was two then. I thought of all the oil in the Turner valley and of the coal in almost any hill.

Anyway, I went out to see some relatives at Lacombe. I think of the young men who went out to the Peace River district, and of one in particular who has become a comparatively wealthy man within a few years. He would go into our granaries in the east, and would say, "When I go into one of your granaries and see your oats, it just looks like chaff to me." The fertility and productivity of western soil is remarkable.

In the area surrounding Lacombe they have everything within easy reach: timber, wood, plenty of water, oil and coal in abundance. Yet we hear this grumbling from members coming from Alberta. I have never yet heard one of them say a word in praise of his native province. When I saw that area I said: "Well, this is the garden of Canada, and probably the richest province in the dominion."

Mr. MANROSS: May I ask a question?

Mr. WARREN: Well, it is nearly six o'clock and I want to finish my speech.

Mr. MANROSS: When the hon. member referred to chaff, was he referring to his speech or to the granaries?

Mr. WARREN: Well, I can tell the hon. member that I am somewhat boiled up about this matter, and the effect this sort of thing is going to have on the young people from the western provinces.

Let me give an example. I happened to be on the train and to listen to some boys who were sitting across the aisle from me, and were engaged in conversation. Those boys were on their way home, for harvest leave. After listening to them for a while, I learned where they were from, and eventually got into conversation with them. I remember particularly one fine young man—

An hon. MEMBER: He must have been from the west.

Mr. WARREN: Yes, he was from Saskatchewan. He told me about coming home on harvest leave in the previous year. He said that he had arrived home late at night, got on the binder next morning and run that binder steadily for two weeks or it might have been for twenty-one days. One of his brothers was on another binder during the same time, and all the grain they cut belonged to one family, for the family alone were operating the farm. They had cattle and horses—they had everything. Well, if you got only ten cents a bushel for all that grain, you would still have a lot of money. But here is the part that got me—

Mr. JOHNSTON: Then you woke up.

Mr. WARREN: We began talking politics, and the name of Jimmie Gardiner was mentioned. Well, one might as well have mentioned the name of the greatest criminal in the world.

An hon. MEMBER: Were you looking for votes?

Mr. WARREN: No; I was trying to get the impression held by these young men. Jimmie Gardiner?—"Oh, he does not do anything for the farmers." Well, I thought of the millions of dollars spent in digging waterholes, in building fences for pastures, and all those other operations which have taken place in western Canada. I began wondering whether in the opinion of these boys there was anything right. They seemed to think everything was wrong.

What is the cause of that? Is it because we have had so many men going through the west trying to capitalize on discontent, and if there is none, trying to create it? Is that why these young people in western Canada are growing up in the belief that nothing is right and everything wrong?

Mr. QUELCH: It is because they have good common sense; that is why.

Mr. WARREN: Well, that remark would help them a lot. I said to these boys, "What is wrong with you fellows? Does every western man expect to get rich?"

Mr. QUELCH: On 10-cent wheat!

Mr. WARREN: He said, "We all expect to get rich." "Well," I said, "there you are. That is the difference between a western and an eastern farmer."

Mr. JOHNSTON: That is the exclusive right of the eastern farmer, eh?

Mr. WARREN: I said, "We eastern farmers have no expectation or hope of ever getting rich. We believe that if in a lifetime a man can manage to own a small farm, one which you would scarcely regard as a decent pasture, and can own a home and farm buildings, raise a family and give them something of a start in life, we have done a pretty good job for one lifetime." But these boys admitted that they wanted and expected to get rich.

Mr. JOHNSON: They had ambition.

Mr. WARREN: I am not so sure that that is ambition, because there are so many things which enter into riches. A person can be very poor, as far as possession of this world's goods is concerned, and yet indeed be very rich; on the other hand, one can have large sums of money and still be very very poor.

In the minute left before six o'clock I should like to quote from the address by General H. D. G. Crerar, delivered recently at Upper Canada college, as reported in the Ottawa *Journal* of to-day. These were his closing remarks:

> One further thought I would like to leave with you. You will get your true happiness in the life that lies ahead of you in accomplishing some worthy thing in which you are definitely interested. It doesn't matter, in my opinion, what that activity is, or whether it's a "white collar" or a "shirt-sleeve" job—providing only that it is useful, and not harmful, to others, as well as being interesting to yourself. Also, it is quite unimportant whether it brings a large financial return, or a modest one. The main satisfactions we get out of life are the mental and spiritual—not the financial. I am sure, also, that it is not the length of a man's life which is important but, instead what he accomplishes in the time at his disposal. It is that conviction which enables me to think quietly, aad with pride, of the 22,000 and more, officers and men of the First Canadian Army who now lie buried overseas. They died for the sake of humanity and a future, better civilization. There could be no greater contribution in any lifetime . . ."

An hon. MEMBER: Six o'clock.

Item stands.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, October 19, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario).

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, this important debate has had a rather long adjournment and I feel that interest in it will suffer on that account, but I am very glad that we are to resume the debate and to have an opportunity to express our views with regard to some of the proposals made in the budget and the general proposals for the country.

This first peace-time budget reflects, I think with but few exceptions, the outstanding characteristics of the present administration. The budget I would say is cautious and in most respects non-committal. Unfortunately it fails to display those qualities of foresight and imagination so vital to the solution of our problems. It contained, too, at the beginning a very important tariff change, but public opinion since the introduction of the budget has been brought into play and I am glad to see that that proposal has been withdrawn. I hope that the new regulation regarding diesel parts and engines will, before long, meet a similar fate.

The Minister of Finance (Mr. Ilsley) committed the recovery of the country and the prosperity of its citizens into the hands of so-called private enterprise. The government, now that the war is over, foreshadows its own removal from the national economic scene; that is, its direct removal from the national social and economic scene. It entrusts Canada to the activities of groups and individuals whose motive has always been profit rather than public need. The hon. member for Muskoka-Ontario (Mr. Macdonnell), who incidentally made such a witty speech on the budget, seems to have missed the whole point of what I have just said. He poked fun at those of us who believe that the motive of production must be the satisfying of human need, not the making of private profit. That, may I add, is the vital difference between a cooperative society and a corporation, a difference which the royal commission on the taxation of cooperatives in its report, which we shall discuss when we have had an opportunity of studying it more carefully, seems to fail to recognize.

No one objects to anyone who gives service to his fellows receiving a reward for the service that he renders. The trouble with the economic system which my hon. friend supports is that it often demands its rent, its interest and its profit for no service except that of owning the resources and machines by which society must live. Even the authority he quoted, or at best the one sentence he quoted from Professor Lindsay, confused the issue by comparing an assured salary with an uncertain profit, for profit is not what the individual receives from society as a reward for his services and to meet his legitimate living and other expenses in rendering that service, but what he demands merely as the toll which society must pay because he somehow is in possession of the resources and machines to which every man must have access in order to live. In our capitalist system the ownership of great corporations and financial institutions is usually divorced from the managerial function.

Mr. SINNOTT: Mr. Speaker, the hon. member is reading his speech.

Mr. COLDWELL: No, Mr. Speaker, I am following rather extended notes. I am not reading my speech, as the hon. gentleman will find if he looks at what I am holding in my hand.

Mr. SINNOTT: The hon. member was reading.

Mr. COLDWELL: I think everybody in this house knows that I do not have to read my speech. I was going on to say that the managers themselves are responsible to self-perpetuating boards of directors, who in reality exercise very often no managerial functions. The interest of those directors is of course in the strengthening of the corporation and in the paying of dividends, the rendering of public service often being incidental to the two aims which I have mentioned. Thus Benjamin Disraeli's dictum that the possession of property should be synonymous with the performance of duty is almost entirely disregarded in our present society, and, if I may say so, the Christian ethic that ownership must be synonymous with stewardship is almost entirely absent from the society in which we live.

We are entering a crucial period of our national existence. Let us be realistic. Let us dispel from our minds the idea that since the world is no longer convulsed by a military struggle we shall merely revert, with no effort, to normal and peaceful living. I think every-

one will agree that we are living in an age of unrest and transformation. We have left behind irrevocably, it seems to me, the world we knew only a few years ago. We are entering a new and complex age, an age full of hope and yet replete with great peril, because the world is in the throes of a revolutionary upheaval, a revolutionary upheaval the like of which mankind has never seen before. For us to maintain the status quo and to effect only minimum changes such as would satisfy powerful social and economic interests in our own land and elsewhere would cause bitterness and resultant social and economic chaos. Our task in this house, as in every democratic parliament everywhere in the world, is that of endeavouring to make fundamental changes in the interests of the common man as rapidly and with as little dislocation as possible; in other words, to plan for changes by consent rather than by revolutionary upheaval.

Both the budget and the spokesman for the official opposition show no disposition to undertake such a programme. This is an age of science and of technology. The vast scientific strides that we have made during the war culminating in the development of atomic energy show the need more that ever, we believe, for democratic control of the nation's resources both natural and financial. Unless proper supervision is exercised of the delicate and complex interrelationship between industry and the public and between industry and science, anarchy and chaos may well result. This we believe involves national economic and social planning under the leadership—not under the day-to-day direction but under the leadership—of the democratically elected representatives of the people. That belief is now widely shared throughout the British commonwealth of nations, as was indicated clearly the other afternoon when Prime Minister Attlee addressed both houses of parliament.

Inextricably linked with the manner in which we govern our country is the manner in which we govern our finances. Does our present financial structure exist as a means of serving the nation, the primary needs of the nation, or does it exist mainly to serve the interests of a privileged few?

Certain aspects of the budget fill my mind with doubts as to the ultimate goal of the nation's fiscal policy at the present time. Let us look at one proposal in the budget. The budget proposes a flat sixteen per cent decrease in the income tax. This measure has been greeted somewhat enthusiastically by certain elements in our country, but as far as the bulk of the population is concerned this amounts to practically no reduction at all. It does not give relief to the small income groups which predominate in our society, but it aids those who do not need it; that is, it aids them mainly. I refer to the high-income individuals and corporations. A worker, with a wife and one child, earning $1,500 a year, with a sixteen per cent decrease will save just $8.80 a year, or $2.20 for the remainder of this year. If I take a very moderate income of an executive or an employer, we will say one making or earning $6,000 a year, the tax relief in that case will amount to $263.52. In other words, the tax relief is going to those who do not need it as badly as some others in our society. Now taxation, to be just and equitable, must be based proportionately on earning power; it must leave all individuals a sufficient amount of money to provide themselves with food, clothing, shelter, and, I would add, those amenities of life to which this scientific age should entitle them; and it must not afford more relief to the wealthy than to the poor. It is not what you pay in taxes that counts, but what you have left after your taxes are paid. Then may I add this too, that a reduction in taxes will not benefit a man who loses his job.

In marked contrast to our government's policy is the policy recently announced by the Labour government of Great Britain. That government has raised the income tax exemption. Of course it was during the war lower than our exemption.

Mr. ILSLEY: And still is.

Mr. COLDWELL: And still is. But as a matter of fact the British exemptions as they now stand are higher than they were immediately prior to the war. They go down still too low; I admit that. But in this first budget they relieved two million taxpayers of income tax by raising the exemptions above the pre-war level. In addition to raising the tax exemption level they introduced tax reduction on a proportional basis. The lowest groups received the highest percentage reduction; the higher the income, the smaller the reduction; and, indeed, on very high incomes the surtax was actually increased. The result is that the British government has made, in the words of Mr. Dalton, the Chancellor of the Exchequer, "a further advance toward greater equality." Our own government has unfortunately not adopted the same policy toward the citizens of our country.

I should now like to remind the house—because these figures have been put on the record a number of times during the last few years—of some figures regarding the earnings of wage and salary earners in this country. They are from the last available statistical report, the figures gathered in the 1941

census. According to these figures—of course they were samplings of incomes in groups—1·9 per cent only of our population earned over $3,000 a year; 83·9 per cent of our population earned less than $1,500 a year. I should like the house to bear this in mind. Almost eighty-four out of every 100 wage and salary earners in this country made less than $1,500 that year; and to maintain a family of five in health and self-respect, the cost of living bulletin issued by the welfare council of Toronto estimated that in the year 1942—a better year than 1941 as wages went—$1,757 60 would be necessary. Now let me add this, to be fair, that while not all of the eighty-four per cent are heads of families, it is certain that a fair proportion are, and hence a large section of Canadian workers are not living—or were not living then, and I believe it is still true—at a proper subsistence level. If farm income were broken down for the same year the picture, I believe, would be darker still.

In a country with almost unlimited potential wealth and natural resources, in Canada, our country, I submit that this is little short of a national disgrace. Our first consideration must be, I repeat, the well-being of our citizens. When a government offers little or no relief to the bulk of the struggling citizenry it is failing in its obligations. Just as income tax is based on a graduated return according to income, so the present decrease should have been graduated. I submit, therefore, that the government should have raised the income tax exemption level. Individuals who are married or who have dependents should be exempt, we believe, from all income tax if they earn less than $2,000 a year. The same exemption should be made applicable to single people earning, we will say, less than $1,000 annually.

The taxes paid at the present time by the higher income groups, in spite of their complaints, still leave a good margin for decent living. They are not in any immediate need of such consideration, and therefore should wait for reduction until those less fortunate have received substantial relief. The farmer, I have always thought, not particularly in this budget and at this time, has been unfairly penalized by our fiscal policy. I need not remind the house of the various difficulties which have beset the Canadian farmer over the past many years. His income has never been constant. It is highly uncertain, and perhaps that is emphasized to those of us who come from the prairie provinces, where farm income fluctuates gravely from year to year or from a period of years to a period of years. It fluctuates with extremes of weather and markets. I have always thought and I have often said that income tax for the farmer cannot be approached or computed on the same basis as for the city dweller. He cannot be asked in fairness to pay on the basis of a yearly tax return. Taxation for him should be based on an average of annual income received over a period, say of five years. In this manner he would be assessed by the government for an equitable tax based on his average earnings. The minister should not have delayed this measure of relief to the farmer until a future budget is introduced. May I express the hope that when a future budget is introduced we may get this averaging of the farmers income for taxation purposes.

From the low extreme of the earnings of farmer and worker I should like now to jump to another extreme. We have seen the inadequate budgetary treatment of low-income groups. What consideration do some of the giant concerns in our country, colossal in financial wealth and control over the lives of the Canadian people, receive from the government? May I add that these are the big fleas that afflict the distressed body politic especially in normal times and in days of near or actual peace-time depression. As the report on international cartels and monopolies, placed on the table of the house recently, indicates quite clearly, they reach into every home and take their toll from every person in this country, rich and poor alike. They take their toll when we buy matches; they take their toll when we buy electric light bulbs, radio tubes, aluminum pots and pans, aspirin, drugs, paints and a host of everyday necessities which they control.

Allow me to try to remove any misunderstanding from the minds of hon. members as to the extent to which big industrial concerns have suffered under the conditions which have existed during the last six years. Let us take as an example a company which has been in the forefront of the news recently because of its opposition to its employees in regard to unionization. I refer, of course, to the Ford Company of Canada. From 1939 to 1944 the assets of the Ford company increased from $68,698,491 to $95,964,268, an increase of over $27 million, or approximately forty per cent. And this, remember, was during the war years when so many hon. members affirmed the need for equality of sacrifice. It has added over $6 million in the same period to its earned surplus account, earned surpluses being profits held by the company after dividends have been paid; and the statutory rebate of twenty per cent on excess profits tax provided for in 1942 will mean, I am told, a refund of a

further amount of $1,703,000 at some future day. Hon. members will agree that even with the taxation of war years the Ford company has managed to do somewhat better than survive.

I would suggest to the government that the enormous assets of such companies as Ford should be controlled. There is no reason why, instead of increasing at a seemingly uncontrolled rate, these assets should not be restricted to a stipulated proportion of their 1939 values for excess profits taxation purposes. May I add this. Surely this house must consider ways and means of dealing with powerful monopolies and cartels which are bleeding this country in common with many other countries in the world.

On the other hand, I am glad to commend the government for its proposals to encourage increased activity among the small business concerns. Many hon. members when they speak of freedom of enterprise mean in effect the freedom of the giant corporation to swallow up or crush the small business man. We should not lose sight of the important role of small businesses in our economy. Contrary to much public opinion, they are by no means an extinct species in our country. If unrestricted activities were allowed to monopolies and their like, this might very well be the case in a relatively few years. I should like to repeat what we have to say about it; the C.C.F. policy toward the question of private business and monopoly. Let me quote from our own policy:

> The socialization of large-scale enterprise, however, does not mean taking over every private business. Where private business shows no sign of becoming a monopoly, operates efficiently under decent working conditions, and does not operate to the detriment of the Canadian people, it will be given every opportunity to function, to earn a fair rate of return and to make its contribution to the nation's wealth.

Mr. REID: When was that produced?

Mr. COLDWELL: A few years ago. I cannot give the exact year, but is was several years ago. The C.C.F. is not like some political organizations. It does not remain static, clinging to a platform formulated at a national convention in 1919, and never having had one since. Of course such a policy would remain the same. But we hold a convention provincially every year and a national convention every two years, when the rank and file of our organization have an opportunity of making their views felt and heard in relation to our policy. Thus, Mr. Speaker, the relief given—

Mr. ROWE: Page Lewis.

Mr. COLDWELL: I should like to know what that remark means.

Mr. ROWE: Nobody knows better than you.

Mr. COLDWELL: Nobody knows better than I? Let me say this to my hon. friend. I am proud to have associated in the C.C.F. movement, as one of our officers, a man with the brilliant intellect and fine gifts of David Lewis; and may I add it ill befits some of the Tories in Canada to go across the country and try to raise racial and religious prejudice against David Lewis.

Mr. ROWE: We never tried that.

Mr. COLDWELL: I was in North Grey.

Mr. ROWE: So was I.

Mr. COLDWELL: I know you were, and that is exactly why I made the pointed reference just now.

To continue, Mr. Speaker. Thus the relief given for the encouragement of small manufacturing and business is in complete accord with the policy of the party for which I speak. Similar consideration should be given those engaged in agriculture, fishing and related industries which perform an acceptable service to our people. During the war many small businesses suffered. That in the war-time economy was perhaps inevitable. In the war years heavy industries producing capital goods were required. Impetus was given to such products and industries as iron, steel, shipbuilding, armaments, aircraft and so on. Today the largest firms are having the largest lay-offs. Government failure, I should add, to plan adequately for reconversion to civilian consumer needs has already begun to reap its fearful harvest of unemployment and insecurity. Lack of government supervision has meant quite simply lack of needed work and production, which in the end will mean restricted consumption.

The speech of the hon. member for Muskoka-Ontario wound up with an amendment which has little relationship to his pleas. Indeed, I wondered when he read the amendment whether he himself had really drafted it; it seemed so unrelated to the speech which he made. For example, nowhere did he make effective or constructive proposals to ensure either full employment or full production. True he spoke of the necessity of both. He spoke with approval of Mr. Dalton's assurance that the socialist government of Britain had a five-year plan for economic and social progress, but he reminded the house with equal approval that in 1920 the Tory chancellor of the exchequer in Great Britain set

a limit on desirable public expenditures, the absence of which we now know, began the sequence of events which led British industry and her people to the brink of disaster.

The amendment demands the elimination of extravagant government expenditure. The hon. member dealt ably and well with the disregard of economy in military expenditures, which is a by-product of war. But taken in conjunction with his approval of the British budget of 1920, and the record of his party in the past, the inadequacy of his reference to worth-while social and economic legislation and to such projects as family allowances, a national health programme and so on, seemed significant of the kind of thinking which lay behind the words of the amendment.

I commend very heartily and sincerely my hon. friend's complaint that no adequate relief has been granted to persons in the low-income brackets; but if we are to maintain full employment and adequate social services we cannot reduce levies on high incomes and wealthy corporations. The relief of the low-income groups releases that purchasing power which is essential for the achievement of social objectives. Thus our revenues must be obtained more, rather than less, from high-income groups and corporations. This, it seemed to me, my hon. friend failed to recognize or to mention. On the contrary, his speech did contain a plea for the wealthy and privileged groups of this country. Having said that, I want to say, if I have misjudged my hon. friend—

Some hon. MEMBERS: You have.

Mr. COLDWELL: — I shall give him an opportunity to set the matter right, because I am going to move an amendment; for although we of the C.C.F. could vote for the words of the amendment, we cannot vote for what we believe to be the substance of the speech which introduced it or what lies behind the words of the amendment. Therefore I move, seconded by the hon. member for Vancouver East (Mr. MacInnis):

That the amendment be amended by adding to paragraph (a) these words:
"which require the use of our national credit in terms of public need to make possible a large-scale investment programme, the public reconversion of war industries for peace-time needs, the public development of new industries, of scientific research and of our natural resources."

And to paragraph (b) the words:
"and that no programme has been outlined for the expansion of essential expenditures necessary to provide complete social security and adequate purchasing power for our people;"

And to paragraph (c) the words:
"but, on the contrary, substantial and unjustifiable relief has been granted to large corporations and to individuals in the high income brackets."

So that the amendment would then read:

This house regrets:

(a) that no effective plan has been proposed to ensure full production and employment which require the use of our national credit in terms of public need to make possible a large-scale investment programme, the public reconversion of war industries for peace-time needs, the public development of new industries, of scientific research and of our natural resources;

(b) that no satisfactory policy has been advanced for the elimination of extravagant governmental expenditures and that no programme has been outlined for the expansion of essential expenditures necessary to provide complete social security and adequate purchasing power for our people;

(c) that no adequate provision has been made for the immediate relief of the people in the lower income brackets from excessive taxation but, on the contrary, substantial and unjustifiable relief has been granted to large corporations and to individuals in the high-income brackets.

In other words, we have taken the amendment and added words which imply policy to meet the objections made by the mover of the amendment. I am sorry to see the government place so little importance upon public works projects. With so much to be done in our country, with so many schools, community centres and hospitals, and roads to be built, with so much employment to be derived from such useful projects, I think it is unfortunate that so little emphasis is placed on such vital projects. It is not good enough to wait for a dominion-provincial agreement before going into such policies.

The wealth of this nation cannot be measured by the dry and lifeless statistics of a fiscal policy. In the final analysis it can be measured only by the amount of goods and services provided to its citizens, by the standard of living they enjoy, by their freedom from oppressive fears of want, war and illness.

In Canada, as elsewhere, we must increase our consumer goods. This can be done only if we are given the public investments necessary to develop our resources to provide essential services and facilities for distributing the purchasing power among the masses of the people, which is the result, incidentally, of a high level of employment. Key industries must produce, at minimum cost price, the equipment and materials the consumer industries need. But these basic industries, dominated by one or a few large corporations, have tended in the past to restrict output in order to maintain high prices. The cartel report placed before the house substantiates this fact. This has

been the hallmark of monopoly practice all over the world. In this country, the production of such commodities as aluminum—and I may say something about aluminum later on when we are able to look into the report which was placed before the house—nickel, chemicals, and farm machinery is centred in the hands of a few major concerns. And, as I want to emphasize again, the truth of this statement can be found in the report tabled in the house a few days ago.

One result, among many of course, is that the small business cannot expand or flourish. To develop our natural resources properly, a public investment programme, plus certain phases of public enterprise, is the only lasting answer.

Now, Mr. Speaker, although there were some other matters with which I intended to deal to-night, I see that I am within two minutes or so of my time, and I do not believe in asking an extension of time when that is not in order. However, I wish to say one other word. I believe that the future prosperity of this country depends in a large degree on the encouragement of scientific investigation and development of our own resources. I want once more to make a plea for a matter which has been up in this house from time to time and which has been borne in upon me again over this last week-end, when I had an opportunity once again of meeting some young and middle-aged Canadians in the great country to the south who left our country because they could not find the opportunities to go on with the technical and scientific work for which they qualified in this country. We cannot expect a man who has spent years in training himself for a particular scientific work, and who obtains, we will say, his Ph.D. degree, to accept $2,100 a year. There was a time just before the war when some were ready to scoff at professors and men with Ph.D. degrees, but that time has passed. Largely they are the ones who gave us radar; they gave us the scientific developments and economic advice that helped us to win this war; they have given us the power to develop atomic energy. I want to say to the government that I was disappointed in reading the war appropriations bill and the normal estimates to see that there had been an actual reduction in the amount allotted for scientific research. To my mind, if you take the total amount allotted it is so relatively insignificant in our national budget that this house should look very carefully into the matter and do what it can to see to it that we retain and maintain in our employ those brilliant young scientists whom we are in danger of losing.

[Mr. Coldwell.]

I want to make that plea, not in a partisan spirit but because I believe the future of this country depends so largely on the scientific development of our natural resources that all should make every endeavour to see to it that our young scientists are encouraged to remain in this country and do the job for Canada and for the Canadian people for which this country has so well equipped them.

Mr. MACDONNELL (Muskoka-Ontario): On a question of privilege. I should like to correct one misapprehension or one misstatement which I am sure the hon. member made unwittingly. I shall be very brief. The hon. member suggested that I had approved the British budget of 1920. I wish to read one sentence from my speech showing that, while I pointed to it as an objective that we might seek to attain, I said this:

Let me say again that I think that—

Referring to their action.

—was too sudden; I think in a financial sense it was too heroic, and I think it is quite arguable that by the sudden action taken in that way evil results flowed therefrom.

Mr. COLDWELL: But it was heroic.

Mr. SPEAKER: It is moved by the hon. member for Rosetown-Biggar (Mr. Coldwell), seconded by the hon. member for Vancouver East (Mr. MacInnis):

That the amendment be amended by adding to paragraph (a) the words, "which require the use of our national credit in terms of public need to make possible a large-scale investment programme, the public reconversion of war industries for peacetime needs, the public development of new industries, of scientific research and of our natural resources;" and to paragraph (b) the words, "and that no programme has been outlined for the expansion of essential expenditures necessary to provide complete social security and adequate purchasing power for our people;" and to paragraph (c) the words, "but, on the contrary, substantial and unjustifiable relief has been granted to large corporations and to individuals in the high income brackets."

So that the amendment would then read:

"This house regrets:

(a) that no effective plan has been proposed to ensure full production and employment which require the use of our national credit in terms of public need to make possible a large-scale investment programme, the public reconversion of war industries for peacetime needs, the public development of new industries, of scientific research and of our natural resources;

(b) that no satisfactory policy has been advanced for the elimination of extravagant governmental expenditures and that no programme has been outlined for the expansion of essential expenditures necessary to provide complete social security and adequate purchasing power for our people;

(c) that no adequate provision has been made for the immediate relief of the people in the lower income brackets from excessive taxation but, on the contrary, substantial and unjustifi-

able relief has been granted to large corporations and to individuals in the high income brackets."

Mr. MACKENZIE: I think the amendment as put by Your Honour is not exactly the amendment moved by the hon. member. As read by Your Honour the amendment includes part of the amendment which was moved previously by the hon. member for Muskoka-Ontario (Mr. Macdonnell). The amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell) would be the amendment which would result if it overcame the amendment moved by the hon. member for Muskoka-Ontario. I do not think this house is entitled to vote upon the consequence of the amendment made by my hon. friend to the main motion.

Mr. COLDWELL: I presumed that the Speaker had received both the amendment and the amendment as amended. I am very sorry the error has occurred through my sending up the two documents, which I read separately.

Mr. MACKENZIE: There is really no difference except that Mr. Speaker has placed before the house the resulting amendment which my hon. friend's amendment to the amendment would bring about.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, in a good many respects this is a peculiar budget debate. My mind goes back to 1938 when a similar situation arose in the province of Alberta when I was presenting the budget in the legislature at Edmonton. I just got my budget before the house when I was called to Ottawa to deal with seed grain advances by the then Minister of Finance, Mr. Dunning. For a period of ten days I had to leave my budget before the house to be shot full of holes in my absence. However, I note that in this case the Minister of Finance (Mr. Ilsley) guarded against any such thing and saw to it that the debate did not continue until he got back. I think that is a very good thing.

I should like to remind the minister that I am in good company. I recall that the newspapers of the day in their caricatures and cartoons on the front pages showed the minister of finance of Alberta as a mother who had just placed her baby on the doorstep of a big house, suggesting perhaps the parliament, and then was sneaking away and leaving the baby to its fate. Under the whole picture was the caption. "He has no mother instincts." I presume that there are two of us who have no mother instincts with respect to these babes, the budgets.

However that may be, it is my impression that it is the dream of every minister of finance to build a perfect budget, just as it seems to be the dream of every person with criminal instincts to plan and execute the perfect crime. I hasten to assure you, Mr. Speaker, that I do not suggest any connection between the two, although many people consider the greatest criminal in the country is the Minister of Finance. "Kill Ilsley" seems to be a common slogan in many quarters of Canada. I sometimes think the minister does not make his burden any easier to bear by his inertia and his standardized attitude toward the matter of financial improvement and progress. However that may be, the minister has my sympathy and I want him to know and feel that.

No sooner is his dream of the perfect budget taking shape than along comes something or somebody to take the whole edge off it. Either a war starts or a tragedy occurs within the nation which necessitates the expenditure of large sums of extra money, or somebody gets an idea which starts a raid on the treasury from a dozen different quarters.

I can see the minister can appreciate that because of his experience. The urge to spend is very strong in the departments of government and so the dream of the minister is shot. In the end the minister is forced to bring into the house such financial proposals which do not in any way reflect his idea of a good budget. Here again I do not suggest that there is any connection between that very short budget and the one that he has brought in.

Let me make just a statement about the treatment now given to the Minister of Finance as a rule in this house. It seems to me that the treatment the minister receives as a rule does not help him very much. He does have suggestions made to him from time to time, but the criticism is usually pretty destructive. It must be quite cold comfort to a tired, overworked and harassed Minister of Finance to have some of hon. members rush in to help him hoist from the backs of the public and from his own back the old man of the sea—that is, the dead-weight of taxes that were spoken of by the hon. member for Muskoka-Ontario (Mr. Macdonnell)—only to find that they have prepared for him a bed of Procrustes, on which he is supposed to rest when the burden is lifted from his back.

If our budget criticisms are to be of any value to the government it seems to me that they must be more than demands for reduced expenditures. Surely it is only reasonable that the minister might expect from financial experts scientific recommendations in keeping

with the advanced time in which we live. The minister has a right to expect from his critics something more than blind and misguided loyalty to narrow, financial and economic notions that have been outmoded for many years.

It seems reasonable, too, that we on this side of the house, and in fact hon. members in all parts of the house, should expect from the minister the application to his problems of some of the progressive mental thought and practice much more in keeping with an age in which any but the mentally atrophied must know and realize and recognize that what is physically possible can be made financially possible.

While the minister was presenting his budget and I was following most carefully his admirable presentation of a fairly complicated set of financial proposals, now and again my mind slipped back to the many budgets and the many sleepless nights I spent in trying to build budgets, and particularly to build my perfect budget—because I had the same dream. The figures which I juggled in those days were puny when compared with the ones the minister juggles. But the principle underlying the two were certainly just the same.

Later, as I studied the document, and supporting schedules and budget papers, I was tempted to do just a little budgeting on my own—just to keep in practice you know, in case the Prime Minister (Mr. Mackenzie King) decides to make the Minister of Finance the president of the international bank for reconstruction and development, and asks me to take his place to help the Prime Minister get this country on a twentieth century financial structure.

But seriously, Mr. Speaker, I was anxious, as a matter of fact to look beyond the present year, perhaps even beyond the next year, to a time when our war and our main rehabilitation expenditures will have been reduced to peace-time levels, and when we shall be once more on a purely peace-time economy. To do this I set up, using the government's own figures and proposals, what appears to me to be the minimum peace-time burden of fixed charges and variables in the budget which the people of Canada will have to meet out of their production during the years to come.

I should like to refer to a breakdown of the budget which grows in my mind. These are the fixed charges that I find in the present budget: family allowances of approximately $200 million. I do not mean of course to criticize these, because I find myself in substantial agreement with many of them. Then, interest on the debt, including service, which

of course I do not agree with, including annual amortization and bond discount, premiums and commissions, $400 million. Then, subsidies to provinces, not including special compensation to provinces in lieu of income and corporation taxes, $14,500,000 in round figures. Then, old age pensions, $33,500,000; superannuation and retirement allowances, $3,100,000; unemployment insurance; that is, the federal government's contribution to the fund, and the cost of administration, $20 million; veterans affairs, for rehabilitation and treatment services, payments to and for dependents, including administration of the Veterans' Land Act, and statutory amounts, $74 million. This makes a total minimum for years to come of $745,100,000 of fixed charges.

This represents merely those charges which are fairly thoroughly fixed as to minimum, so long as the government continues to operate under the present system of debt and taxation, and so long as it continues to honour its present commitments. Every single item in that schedule is bound to grow, except perhaps the item of interest and debt service. And even that will continue to increase very rapidly unless the government takes some determined action along sounder lines than has ever before been followed in government financing in this country. I might have more to say about this at a later stage, if time permits.

Thus far I have set out only the fixed part of the financial picture for the immediate future. There has yet to be considered federal government financial commitments in case the proposals made to the provinces under the dominion-provincial conference are given effect to. The chief of these follows—and the figures I present are only the increases in the expenditures above those which I have already included in the fixed charge burden necessary to fulfil the commitments to the provinces.

The first of these is national old age pensions and assistance, including administration costs, of approximately $200 million; health insurance, in the early stages only, of $70 million; subsidies to provinces, an irreducible minimum—and I am using only a minimum—of $12 per capita of provincial population, based on the 1941 production figure of $8 billion, giving an amount of $124 million. Then comes the extension of unemployment insurance—and this is an estimate after studying the proposals before the dominion-provincial conference—amounting to $20 million. These would total $414 million. With this added to the burden of fixed charges already presented of $745,100,000, we have a grand total minimum of $1,159,100,000 for years to come in those two items.

We might also consider the variables in our peace-time budget. These consist of defence budget and ordinary government budget which would include provision for trade requirements. These two will doubtless run normally at about $800 million, unless of course we carve back drastically our expenditures for defence, and also tackle seriously the problem of reducing administration costs.

It is my opinion that there is much that can be done, particularly along the latter line. The position this group takes is this: Cut out all waste; carry on a businesslike administration; quickly find out the position where economy, efficiency and strength meet, and then stay on that ground.

I would remind the minister that some heavy bureaucracies have grown up in the past ten years in the administration of this country, and it will require determined action on the part of government to get rid of those bureaucracies. But might I suggest most earnestly right here that the government see to it that in cutting down these staffs to an efficient peace-time level the fathers and mothers who gave their all, who made such a noble sacrifice during the war, and who were temporary war workers, be the last to be dismissed.

Taking the complete picture of fixed charges and of a variable running normally to about $800 million a year, we can foresee these minimum normal requirements of approximately $2 billion a year to meet the programmes that have been outlined by the government.

This figure does not include any provision whatsoever for debt retirement, and it does not provide for repayment to the people of Canada of the refundable portion of the income and excess profits taxes amounting to $444,271,000. These two items will require considerable additional expenditure above the $2 billion minimum if we are ever to cut down our very heavy load of debt. I suggest that we must tackle this debt problem realistically and at the earliest possible time. We should start reducing our debt now and keep on reducing it until the people of the country are free from the burden of debt.

If we assume that the total national production of $10 billion is maintained, the government will have to tax from the people a straight 20 per cent of their incomes or they will have to continue deficit budgeting, in which case the debt will continue to rise year after year, and consequently a larger portion of the revenues will have to be devoted to paying interest. My advice to the government is that they get on a pay-as-you-go basis as quickly as possible and stay there. With flexibility gone from the budget, and with their bridges burned behind them, the government must soon realize that they are between the upper and the nether millstones. I also suggest that it will require some rather bold and determined action on their part to keep those millstones from grinding them and with them the country to dust. Twenty per cent of the national income is a very high tax rate indeed. I suggest that it is a double tithe. When you add to that burden the weight of provincial and municipal taxation the taxpayers of this country face a pretty gloomy future unless the government makes a new approach to public finance, and I suggest that there is such an approach.

I said a moment ago that the government had burned its bridges behind it. What I meant was that the government of the day had committed itself to a very large programme of social and other services, resulting in a burden of fixed charges in the budget of one and a quarter billion dollars, or twice the size of the whole of the largest pre-war budget. But having given its undertakings, of course the government must carry through or go down or lose face. It is not my purpose to criticize the programme at this stage. I merely want to emphasize and point out these facts in our Canadian economy. The government must find it essential to keep the national production high in Canada. That is the first and most fundamental requisite of a prosperous peace time. No programme such as has been mapped out could possibly be successful without keeping the national production high. There is evidence, to me at least, that the government realize this quite well, and I want to assure them that this group in the Social Credit movement in this house will do everything within our power to assist them in keeping the national production high. In fact, we of this group are demanding an expanding economy wherein full opportunity is provided for Canadians to enjoy a rising standard of living. It is within reason, I am sure, that this should be. Canadians have always been ready to make any sacrifices necessary to bring Canada through her emergencies and through her times of stress. Our people have made tremendous sacrifices during the past six years, and it is only simple justice, I submit, that Canadians should be allowed to enjoy to the full the security which the abundant resources of this country can provide.

In their efforts to ensure that production is kept up in Canada I feel certain that the government will face certain difficulties. I want briefly to warn the government respecting two or three of those difficulties and to pass on to

it if I can some helpful suggestions in connection with them. I do not have any desire for destructive criticism but merely to make suggestions that might prove helpful. In the first place in the efforts of the government to maintain production, I am certain that imbalances are likely to appear and grow in our economy. I believe that ordinary observation to-day reveals a great deal of these aggravating conditions in Canada right now. I shall take time to refer briefly to only two.

Live stock production has dropped dangerously low on the prairies and especially in the Peace River area, and this on account of the fact that the relationship between grain prices and live stock returns has been allowed to become such as to discourage the production of live stock. The farmer will not slave from sunup to sundown or from long before sunup to long after sundown day in and day out throughout the whole year unless he foresees a reasonable chance that he will be paid for his work. He did not hesitate to do this in war when he felt that his sacrifices would contribute to victory over our enemy. Right here I want to say that in my opinion Canadian farmers did make a magnificent contribution to Canada's war effort. But now that the war is over, it should be kept in mind that there is no financial incentive whatever for the farmer to keep his nose to the grindstone throughout the year feeding and finishing live stock. He can make a good living from grain and can get enough meat for himself and family easily enough. He responded splendidly in war time to the appeal for increased meat production and other production. But now he is five years older and he is definitely tired. Most of our farmers were middle-aged men when war broke out and the younger ones either went or were taken into the army. The older men carried on during the war without adequate help and now they feel justified, since the conflict is over, in taking things a bit easier.

I suggest with all respect that the short-sighted policy of the government in guaranteeing a price on wheat for the next five years without arranging a comparable and similar policy for meat production has resulted in a very bad slump in live stock prices. Cattle are not selling well at rural auction sales throughout the west, and especially in the Peace River district, where there are practically no hogs whatever for sale. The older farmers will not go back into stock raising without material encouragement and certainly they will not induce the younger returning men to raise live stock. The government have been repeatedly warned of this situation, but thus far it seems that they have refused to see the facts. An individual whose judgment I respect wrote me from the Peace River country, and I should like to quote a paragraph or two from his letter by way of evidence of what I have said. He said:

> I personally, through filling out gas applications for several hundred farmers each year, on which applications a complete statement of live stock holdings was shown, could see what was coming up. Up until a year ago every farmer in this district listed from twenty-five to two hundred pigs. This last spring only one reported two hundred and the average was between one and five. If we had a quota to fill for Europe any sane man should see that rationing is not the answer. What we need is a policy to build up production again to adequate levels to meet our own needs and at the same time to meet the needs of starving Europe. This could easily be done. People up here have possibly not been heard in the rationing discussion, but I can tell you as a fact that they have no sympathy for it.

The people up in the same section of the country, I am told, are somewhat bitter about sugar rationing, believing that no effort has been made to increase production in Canada where refineries have operated up to only a little more than half their capacity. They believe that there is a combine racket in this field; my judgment tells me that there is something very peculiar about the situation, and I aim to get to the bottom of it when I have time.

What I wanted to emphasize was that as we set out to bring up our national production to the level required, if the Canadian people are to meet the demands of the various governments for taxes and services, we must take pains to establish by every means possible a balanced economy. One of the essentials in this effort must be a price structure that is based upon the parity principle and that will guarantee primary producers in every field their fair share of the national income and the national production. It goes without saying, too, that if we are to be successful in our efforts in this respect there must be some vision on the part of the government and also close and sympathetic cooperation amongst the Department of Finance and the Departments of Agriculture and Trade and Commerce.

I turn to a second problem that will have to be faced. In the second place, as the programme of full production gets under way, the government must be on its guard against the building up in Canada once more of huge unsaleable surpluses of goods. A careful study of economic experience of the past reveals, to me at any rate, that when unsaleable surpluses begin to show themselves in the country we are beginning to enter a depression period. What has been striking to me, sir, is this. A study of depressions

shows that they recur at intervals largely in inverse proportion to the inability of the Canadian people to produce; that is to say, that the interval of years between major depressions grows shorter when our productive capacity increases, and roughly in the same proportion.

What does this mean? Let us take a glance at the facts of the history of the past fifteen years. I recall that when, on October 12, the minister presented his budget he indulged in some history. I propose to do a bit of the same thing.

In 1929 Canada ran into a period of business recession the like of which we had not had in our history before. Merchants at that time found themselves with full shelves and warehouses but with few customers able to buy the goods they had in abundance. Consequently merchants ordered no more goods from wholesalers; wholesalers, with full warehouses, cancelled orders from manufacturers; and manufacturers, unable to get orders, laid off men and therefore stopped paying wages to the men. This reduced still further the ability of people generally to buy the goods which retailers had for sale; and worse still, it started the vicious circle which ended up in a first-class unemployment problem. Bread lines, trade stagnation, and poverty in the midst of abundance became the order of that day, and to make matters worse, during the first fifteen months after 1930 more than $900 million in purchasing power was withdrawn from circulation in Canada and was cancelled out of existence.

Did this condition of depression come about because producers would not produce? No; that is not true. Common observation at that time revealed that production remained fairly high in almost every branch of productive effort, until the country was surfeited with goods of almost every description that we could produce. Was it, then, because distributors would not distribute the goods? I submit that the almost frantic race for markets which drove prices down far below economic levels indicates that distributors did their best to sell their goods. We all remember that, in their efforts to remove the goods which lined their shelves, distributors resorted to deferred payment plans which mortgaged years of the future earnings of those still fortunate enough in this country to have work, and therefore incomes.

It was about this time we began to hear the old Fabian cry, "the poor are poor because the rich are rich", and the idea carried with it was, of course, "soak the rich." Was that the explanation of the whole sordid condition which existed then? I maintain that that contention is stupid when it is subjected to careful scrutiny. If it were true that the poor were poor because the rich were rich, then I submit that a steeply-graded income tax that bore heavily upon the rich, with the proceeds distributed among the poor, would have solved the whole problem. That is exactly what was tried, notably in England. The poor for a while were a bit better off through the dole, but the process finally intensified the ills rather than cured them.

Social Crediters at that time said that the first sensible step to take in starting back toward prosperity would be for the government to lay down a financial policy under which purchasing power in considerable quantities could be put into the hands of the consumers of the country. If this had been done the goods on the shelves of merchants and other distributors throughout Canada would have begun to move out into the hands of consumers; retailers would have ordered from wholesalers; wholesalers would have placed orders with manufacturers who, to fill their orders, would have had to take on men to work in their factories. The salaries paid to those men would have stimulated business all the way along the line, and as a result Canada would have started along the road to recovery. Social Crediters advocated that policy in season and out of season. We pleaded with the minister of finance of that day, but he said that there was no money, and anyhow, he contended, such a procedure would cause a dangerous inflation. So that the situation was allowed to drift and to deteriorate until war broke out in 1939. The banks and other financial institutions in this country clung to the same hoary theory of inflation as was held by the then minister of finance. They stoutly claimed that there was no money to start the wheels turning to put men back to work. "Where is the money to come from?" was their frenzied cry. Social Crediters replied, "where all money comes from, the end of a fountain pen in the hands of those authorized by law to write the figures in the ledgers of the banks." Of course we were looked upon as crazy, but I have noticed that some other people have since caught a measure of the same kind of craziness.

The Minister of Finance, in reviewing on October 12 the principles which he laid down in his first war-time budget at the special session of 1939, said, as reported in *Hansard*, at page 1035:

> The second principle enunciated in September, 1939, was, that after an initial credit expansion, designed to facilitate a rapid increase in production, we should endeavour to limit our borrowings as closely as possible to the genuine savings of the country.

Now just a word about this principle; immediately upon the outbreak of war the government took the first important step toward making Canada ready for a strong war effort. As the Minister of Finance said, "they arranged an initial credit expansion to facilitate a rapid increase in production." In taking that step the government also initiated the process of making Canada once more a prosperous country, a thing she had not been since 1929. The government did not take long to make up its mind what had to be done in the emergency to enable us to fight a military war. I wonder why it did not occur to the government that a similar step might have proved just as effective in preparing Canada for a successful fight in the economic war that we had back in the thirties? No member of the cabinet would deny that a good fight against poverty is just as important as, and perhaps in some circumstances more important than, a strong military campaign. Anyhow, that first credit expansion was arranged. As a result of it, Canada quickly stepped up her production year by year, until by 1945 we were able to produce nearly three times the total value of what we produced in the last pre-war year. I do not know who finally convinced the Liberal government that the first step necessary in our programme of making ready for an effective war effort was to increase the amount of money in circulation in Canada. But I do know that for some years before the war we Social Crediters pleaded with the government to start things going by arranging an expansion of credits—to use, in fact, the social credit of this country. We were ridiculed, but our contentions, in some measure at least, have been vindicated by time and history. Just to emphasize how far we have gone down the road of "credit expansion", I wish to quote another short paragraph from the minister's speech of October 12. On page 998 of *Hansard* he is reported as having said:

> It is possible to make a rough estimate only of the "savings" held by Canadian individuals in certain liquid forms.

Such an estimate, which cannot be too wide of the mark, indicates that as of May 31, 1945, in currency, bank deposits, refundable taxes and dominion government securities, Canadian individuals held savings of more than nine and a half billions and that these savings had increased by more than six and a half billions since the end of 1938. Now, sir, where did this six and a half billions come from? That is the $64 dollar question.

Another way of looking at this picture is this. In 1939 the total amount of currency in all Canada was, roughly, $200 million, and the total amount of bank deposit money was $2,400 million, according to the reports of the Bank of Canada. By 1945 the total amount of currency in Canada had increased to $1,070 millions, and of bank deposit money, to over $4,500 million. The supply of money in these forms has increased by $3 billion during the time when consumer goods and services were becoming more and more scarce, and yet we have had no wild inflation. During the depression years, Mr. Dunning, then minister of finance, became quite hysterical in this house when it was suggested that $200 million of new currency be created to be put into circulation to provide jobs—get that, to provide jobs—for the unemployed and to try to check the disastrous course of deflation in this country. He said at that time, in his hysterical way, that it would be crude inflation.

But that is not all. In July, 1942, when it was suggested in this parliament that we make greater use of the Bank of Canada in conducting the war, the present Minister of Finance, as recorded at page 4271 of *Hansard* of 1942, stated:

> If we put into circulation a billion dollars of new money, it would blow the price ceiling to kingdom come before you could say "Jack Robinson."

Now even the Minister of Finance can be wrong. When he uttered those words in this parliament in July, 1942, the total amount of public bank deposits in Canadian chartered banks, together with the total value of all notes in circulation in Canada was $3,600 million. By 1945 the aggregate of these same forms of purchasing power was $5,570,000,000. I submit that nearly twice the billion dollars of new money spoken of by my hon. friend has been put into circulation in Canada, but I have not heard that the price ceiling has been blown to kingdom come, nor has the Minister of Finance said "Jack Robinson" so that anyone could hear him.

Mr. ILSLEY: My hon. friend is talking about two different things. The billion in question was Bank of Canada issue and not increase in bank deposits or the other kind of money he speaks of.

Mr. LOW: I took the trouble to look up that speech carefully, and I note that all through the debate which took place at that time suggestions were made alternatively or in various places about Bank of Canada notes and currency and credit.

Mr. ILSLEY: No. I remember precisely the proposal, how it was made, and when it was made. It was either one billion or $1,200 million of Bank of Canada money, borrowings from the Bank of Canada, or issue of Bank

of Canada notes. That is different entirely from the two or three billion in bank deposits which the hon. member talks about.

Mr. LOW: The minister knows quite well, and I quoted exactly what he said, that he did not differentiate at all between Bank of Canada notes and the type of money which we had been advocating in this corner. He knows full well that it is necessary to make that distinction very clear.

Mr. ILSLEY: I did.

Mr. LOW: I am trying to make it clear now.

Mr. ILSLEY: I made it very clear at the time.

Mr. LOW: Very good. Let me make the matter perfectly clear. The type of credit expansion, the type of money that had always been recommended in the house by this group, was exactly the type of purchasing power and credit which had been used with increasing effect during this war, exactly the same, and that is what I am referring to. Now, sir, I ask you this question: Where did all that purchasing power come from? It was not in existence anywhere in the world in 1942. The government of Canada did not borrow it from abroad and did not create it all. I will tell hon. members where it came from. The Canadian chartered banks, who went to such pains in the hungry thirties to convince people that there was no money, did not differentiate between Bank of Canada notes and ordinary credit expansion. But they said that there was no money for humanitarian purposes during the months when we were suffering from unemployment and trade stagnation. During the months since 1942 the same banks have lent to various people in Canada, including the government, nearly $2 billion of what they said they did not have, and they are receiving interest on it all.

What is the answer? I submit that the banks created and lent into circulation $2 billion of new money. They made use of the social credit of the Canadian people. They did exactly what a Social Credit government would have them do under a proper economy, except that instead of the banks being allowed to lend it into circulation, thus creating a debt to the banks on which they could continue to collect interest, the banks would have issued money for the government interest-free and the government would have arranged for the banks a nominal service charge for services and bookkeeping.

Such a procedure would remove from the banks the power to bring on periods of deflation and their power to call in and cancel loans that had been made to the people. Many sound-money advocates entirely overlook deflation. That condition might be and often is far worse than inflation, and it has proved so in the past in Canada. Social credit money is exactly the same kind of money being used now. It is not "funny money", and I should like to emphasize that point for the benefit of hon. members who constantly shout that this is a funny money scheme. If it is, then the present situation in Canada, and the policy which has been followed since 1939, is certainly a funny money scheme. It is different from our present money—I am speaking, of course, of social credit money—but only in this respect, that it is issued into circulation without adding to the nation's debt. And remember that social crediters advocate issuing new money only when there are goods and services already in existence to be distributed by money; a dollar of purchasing power for a dollar's worth of goods and services available, no more and no less. I suggest that under such circumstances there could not possibly be any inflation.

Now let me suggest to the government that when unsaleable surpluses of goods begin to pile up on the shelves of the warehouses, as sooner or later they will because of the inherent weakness of the financial system, and when at the same time there are Canadians who need and want these goods for their own use, the government should arrange another credit expansion equal to the value of the goods to be removed, and see to it that this new money finds its way, debt-free, into the hands of consumers, starting first with old age pensioners, the blind, scholars who want to stay in school to finish their education but have not the means to do so, and the unfortunate of the country. I suggest that no Canadian should henceforth ever have to go hungry.

I have dealt, sir, with two of the problems which the government will doubtless encounter in its efforts to keep up the volume of production to a level which will be high enough to ensure a decent standard of living for the Canadian people to enable them to take care of the burden of taxation of their governments.

I have just one or two points to mention in conclusion, but before I sit down I should like to mention briefly a third. I shall cut it short. I refer to the problem of taxation. If we investigate carefully the conditions that existed among the Indians before the white man appeared, we shall find that the Indians were free, and they really had the spirit of freedom; there is no doubt about that. There was absence of chaos among them, and that absence of chaos was not because they did not have any government. They had a government, but the political authority that did exist in that government was devoid of the power of taxation. As we study the development of society since those very early days, we become aware of a power which gradually transformed a social government into the anti-social state. This power is the power of taxation. Many authorities, such as Jefferson of the United States and others, have warned the people that the power of taxation, placed in the hands of government, must in the end bring about a softening of the moral fibre of the people. How does that happen? The process of deterioration is quite simple. As more of the production resulting from the efforts of the individual is absorbed by the state through the ever-increasing tolls of taxation, the less the individual has for his own enjoyment, and therefore the more he has to work in order to maintain for himself circumstances that are decent in which to live.

The dignity of the individual disintegrates under the hammering of want and the fear of want. On the other hand, the power of the state increases in proportion to the wealth which it takes from the people through taxation. There is an interesting aspect to this which I should like to submit to hon. members. Since wealth is economic power, then taxation simply means transferring economic power from the individual to the state. As a result of heavy taxation, and in times of depression, the individual is often pressed into bargaining for some of what was his property by right of his own efforts in producing it. In most cases the bargaining is very much one-sided, and all too often the individual is harassed by fear and utter necessity, so that in his bargaining with the state he is forced to offer up, as the price of success, many of his rights for a simple hand-out from the government. These rights the individual has always looked upon as inalienable; but when a man is forced to seek a hand-out, whether in the form of unemployment insurance or the dole, he progressively loses his rights, and in the end he ceases to be free. This is one aspect of the taxation problem as we have experienced it down the years and since the time of the Indians. It seems to me that we should now begin to reverse the whole process so as to revitalize and rehabilitate the individuals and to make them free.

Under the debt-financing policies followed by this and practically all other governments in democratic countries the burden of taxation of necessity grows heavier and heavier decade after decade. I have already pointed out in this house that in 1923 the people of Canada paid to the federal government 3-7/10ths per cent of the whole national income in taxes. By 1944 the taxes to this government required 25-3/10ths per cent of the national income. To-day it requires close to 50 per cent of the total incomes of the people to meet their tax requisitions to the federal, provincial and municipal governments. It must be obvious that unless the national production is kept high, the people will not for very long be able to pay even the present high percentage of their income to the state. Yet, in their efforts to keep production up to a high level in Canada the tax structure as represented in the budget recently presented by the minister will certainly prove to be a deterrent.

I submit, sir, that the flood-gates of production cannot be opened wide to meet the needs of Canadians unless we undertake at once a general downward division of taxation. In times of peace men will not exert themselves very hard if fully half of the product of their labour is taken from them by a super-state.

Mr. SPEAKER: Order. I understand that the hon. member has already spoken for fifty minutes. If he has the unanimous consent of the house he may proceed but, if not, he must resume his seat.

Mr. LOW: I have just about a minute left, sir.

Some hon. MEMBERS: All right.

Mr. SPEAKER: Has the hon. member the unanimous consent of the house?

Some hon. MEMBERS: For one minute, yes.

Mr. SPEAKER: The hon. member may have two minutes.

Mr. LOW: Very good, sir. I would suggest, sir, that since hon. gentlemen of the other place have indicated some new-found energies and have advocated complete revision of the taxation structure, we should give them that responsibility and help them out by all that we can do.

I have just one other thing to say in conclusion. We have heard it said that the condition of things in which men have been in the habit of living is a necessary condition of things. I suggest that there are better ways of doing things than we have been used to doing them in the past. I suggest that it is possible for us to find those better ways if we keep our minds alert and if we are amenable to progressive suggestions. I offer these suggestions to the government, feeling my responsibility in making them, and knowing full well that if they are followed they can put Canada into a much better position.

Mr. G. E. LAPALME (Joliette-L'Assomption-Montcalm): Mr. Speaker, in speaking on the budget debate I cannot ignore a warning recently given by an hon. member to another hon. member who, like me, was a newcomer in this chamber. Apparently one should not be obliged to wonder later on, "Was I really like that in my first session?" So, upon entering this debate in order to express a few opinions, I am filled with certain apprehensions.

I am not an expert in financial matters, and I am not one of those who consider the budget as a most fascinating adventure. The budget of a nation is filled with so many facts that in order to discuss it in all fairness, one should know all the mysteries of national and even international finance. One should also be aware of all the needs unknown to the population at large, but known by those who are in constant touch with the pulse of the nation. I believe this is the right attitude to take in order to grasp the human element of a budget. Let us not forget that a budget is applied to human beings and not to robots. In so far as I am concerned, this is the angle in which I am interested.

If the statement handed down by the Minister of Finance (Mr. Ilsley) gives us a general picture, often without details as to the origin of particular needs of various parts of the country, it does not mean that in order to obtain a final result local questions had to be ignored, and that the country had to be considered as an indivisible entity. I would believe rather that particular attention was paid to the various needs created by the geographical position, local production and particularly the human condition, of the many classes which constitute the Canadian nation.

Representing one of these districts that has special needs which are sometimes common to the whole country, I believe it is my duty to speak in the name of the county where was born and where studied Sir Wilfrid Laurier. During the war an attempt was made to give mankind a superhuman stature; from the physical point of view the maximum had to be exceeded, and morally our minds had to be directed exclusively toward one goal. It was most extraordinary that we succeeded and that this success has lasted for six years. The torch race was kept up at the same speed unceasingly without the runner ever falling. Now the race is over, but how is the runner?

In order to form a true picture there is nothing like looking around. Near the town of Joliette in my riding the largest war factory in Canada, and even, as I am told, in the empire, was established. Where wealthy farmers lived thirteen thousand people came and through their work supported the armies of the united nations. From the St. Lawrence in the south to the Laurential forests in the north; that is, from the factories to the lumber camps, everything was directed toward the war effort.

Grappling with a thousand problems, agriculture was endeavouring to obtain manpower from the factories. Organized labour, constantly growing stronger in centres like Joliette close to Montreal, threatened to spread even to the smallest districts. And now? War factories are slowing down their production and forcing workers back to their original homes. Our veterans are coming back from overseas. Lumber camps are asking for workers whom sometimes they cannot find. Agriculture, with a greatly increased production, is also suffering from a lack of manpower. In the industrial field the smaller industries view with anxiety the excessive expansion of large manufacturing industries.

The enthusiasm shown during the last war loan reveals nevertheless that the Canadian people are confident in their lucky star and are ready to face the problems of the future. By no means are they exhausted by the hardships of war. Now all this must be directed toward a peace effort as sustained as was our war effort. It is in these circumstances that the population of my county were expecting the budget speech, and I believe they repeat the words which the financial critic of the opposition said in the house immediately after the budget. He said, "The minister has removed from the minds of the people of Canada a fear which many of them had." It is true the same critic said shortly afterwards, "Has the government really developed a peace-time mentality in the question of public finance?" This worry was rather peculiar since the hon. member seemed to ignore the significant words of the Minister of Finance.

The minister stated that war expenditures never decrease as quickly as war undertakings. That is true. When shells cease being fired on

the battlefield the home front does not collapse suddenly. The nation's economy cannot revert overnight to its pre-war position. Therefore the budget speech, in the words of the opposition, has removed a fear which many people had.

I would not be truly representing a county which is the centre of tobacco growing in the province of Quebec if I did not direct attention to the following statement made by the Minister of Finance:

We foresee an increase in the revenue from excise taxes and duties on tobacco.

As far as I can remember, Joliette in the province of Quebec has always been the most important market for raw leaf tobacco for pipe use. Furthermore, in the last few years Joliette has become the only place in Quebec where Quebec cigarette tobacco is both produced and graded. It is quite normal, as was stated in the budget speech, to expect increased revenues from this source. However, I should like to make a few comments which may not be a warning but which will recall certain facts that are capable of leading to serious thinking.

An increase in production and sales of cigarettes and raw leaf tobacco in Ontario and Quebec will certainly bring about an increase in excise revenue. The Ontario marketing board in setting a price of 33¼ cents a pound for cigarette tobacco has had an effect upon the 4,500,000 pounds produced in the Joliette district. This increases prices to a higher level than during previous years. This is of interest, not only to the growers but to the department of revenue. As far as cigarette tobacco is concerned, if I had a cause to defend I would defend that of the growers because this trade is exclusively in the hands of the larger industries which are not to be pitied.

But the same situation does not exist with raw leaf tobacco for pipe use or even for cigars. In this field, both the farmer and the trading manufacturer, if not the cooperative as well, have a worthy cause. Formerly—and here I am recalling personal recollections, because for family and local reasons I have spent all my life among tobacco even though I am a lawyer actually—the trade in raw leaf tobacco in the Joliette district was divided among many trading manufacturers of various importance who each hired a certain number of workers who earned an honourable living out of this business. This was a small industry, humble but alive. Purchasing and selling were a very simple matter. I remember as distinctly as if it were yesterday seeing transactions between grower and dealer performed without any written document on the running board of a car or in a buggy.

[Mr. Lapalme.]

Everyone knows what changes were brought about by the war of 1914-18. Taxation, like other things, became of full age. The raw leaf tobacco grown in Canada was affected, but only for a short time. Conditions became normal but afterward deteriorated in a sensational manner. At the present time the tax is twenty-eight cents a pound. I cannot tell if contraband is at the same rate as this tax, because here as elsewhere we have "free traders."

A certain difference in price has always existed between Quebec and Ontario tobaccos; prices for Quebec tobaccos have always been higher because of the varieties that are grown. What was bound to happen has happened. As far back as 1918-19 dealers in Kent and Essex counties began to build up an export business from Ontario to Quebec, which business persisted until it was stopped a few days ago by a federal order. Therefore in our district we are acquainted with the Ontario tobacco market, especially since we now grow cigarette tobacco on a large scale.

As was often asked, was the infiltration in retail trade of Ontario tobacco branded with a Quebec label a factor in creating the truly rotten situation which exists at present? I leave the answer to specialists. Nevertheless, in this matter, nothing can be compared with the tax which, according to fluctuations in prices, always amounts in normal times to at least twice the purchasing price; occasionally it is even four times this price.

Furthermore, the prices and trade board, for many months if not years during this war, set the sales price of dealers at a lower level than the price paid growers. While I was preparing these notes, dealers learned that a new order was upsetting the market for small tobaccos. I believe that it could have been possible to do justice to all without running the risk of ruining those who, after all, maintained this business during many years. When the last order setting prices of the present crop was passed, the dealers had bought all the small tobaccos at a higher price than that which they should have paid in order to sell this tobacco in accordance with the rates established in this order, which by that very fact had a retroactive effect.

Here we have an industry which formerly was prosperous, which supplied work in many small centres throughout the province and, all things considered, even handled a large volume of business. To-day, it is no more what it used to be. To-morrow, will it have completely vanished? It is said that trusts are threatening it; would this be true? Will cooperatives be successful in saving it? I hope so; nevertheless I ask the government

to think the matter over twice before they allow this industry to die. It is worth the trouble of lightening the leaden cloak which is smothering it, and which is called taxation.

I know very well that first of all we must reduce taxes on the necessities of life, and that tobacco cannot be placed in that category. But what permits us to obtain these necessities? At any rate, as soon as circumstances permit, it is to be hoped that government officials will review this situation, and by doing so they would only be doing justice to this cause. I have just used a great word—"justice". Indeed it recalls the claims of all nations, and especially, with an ever more disquieting acuteness, the claims of labour. Moreover, all social classes are demanding it.

At this moment, I am reminded that, in the economic history of our times, if labour, and especially organized labour, were often ostracized by employers, it would be dangerous for the opposite reaction to occur nowadays. Revolutions always were reactions of this kind. Two factors usually determine the swing of the pendulum: the human factor and the economic factor; we are dealing with men, and men are prompted by needs.

These thoughts are going through my mind because I am aware that the budget shows the ever-increasing importance which the Department of Labour assumes in public expenditures. Labour is part of the social problem. I said, "part" of the social problem. It does not by itself constitute the whole social problem, though it takes much space in the picture we have of the world. The social problem affects everyone; labour is one of its most important elements. It is worthy of all our attention.

In a discussion of the budget, it is very difficult to restrict to figures this complex question. It is quite true that one can always mention with satisfaction the lowering of income tax with respect to the working classes, together with a thought for agriculture when one considers the tax exemption on machinery used for producing food.

But the labour problem takes on an altogether different meaning when it is connected to man himself man who is made of intelligence and flesh. It is the family question, the dwelling conditions, the conditions of his labour, his security, his health, his immediate and remote future.

Family allowances have become part of his social life. Why not his house; why not tomorrow the family salary? Talking of his house, undoubtedly one thinks of the labourer living in a large city. I am thinking especially of small towns like mine. The town of Joliette has a population of approximately 15,000 people. The surrounding population raises this figure to 18,000. What does the National Housing Act do for them? Nothing; we are ignored. It is all the more impossible to obtain help in a small village. Joliette had her glorious dead on the battlefront; a few hundred veterans of the three armed services are coming back. Will they be able to rely on Wartime Housing? I hope so, but I am doubtful. In the meantime, those who intend to build must rely on their own means only.

It has been said of the labourer: "Give him a fair salary and everything will be all right." A fair and reasonable salary is necessary, but the increase in salaries will reach its ceiling some day, and one cannot expect an indefinite progression toward astronomical figures. This state of uncertainty must cease.

What then, is more stable than a home and a house? In a travesty of what I was saying a while ago respecting salaries, one could say: "Give the labourer his own house, and everything will be quiet and stable." If I speak in this manner, it is because I consider the labourer as a man, and too many laws have disregarded man. Instinctively and out of necessity, is it not true that man will look for a shelter before he will even look for a living? Social peace will find therein one of its main props, because this problem, as a member stated in the house, is truly a social as well as an economic problem. As long as we are at the mercy of financial organizations in connection with cheap dwellings in smaller centres, I am sure of this: In their eyes, we will remain of no importance. Until to-day, they have done nothing for us.

During the last six years, the country has lent billions to the government; now in return, could the government not lend directly to the people? Is this impossible? Farm loans were carried into effect; direct loans for the purpose of erecting houses to be occupied by their owners could also be carried out. This is not in contradiction of my request for lowering taxes on tobacco—because I am advocating a loan, not a gift. A special organization could thus work toward improving the social standard, as directly and as effectively as family allowances.

I wish to request for the benefit of labour the help of the financial organization called the industrial development bank, and I make this request seriously. If this bank cannot be of any benefit to smaller industries in all our provinces, then local labour will be the loser. Until now, this bank has not yet revealed its existence in my county, which is one of the most thickly populated rural constituencies in the country.

It is quite true that all these social problems may assume more importance in the succeeding budgets after an agreement has been reached over federal-provincial matters, and we may entertain the hope of a complete agreement. I am quite in favour of provincial autonomy, but I am more strongly in favour of the welfare of the total Canadian population. To help labour, give it homes; grant it monthly allowances. Among other things, these are means which are capable of giving to the nation a robust health and a stable economy. As it was written recently: "Economy, instead of serving the golden gods, will serve mankind."

(Translation): Mr. Speaker, pre-war budgets can no longer be expected. We can no longer ignore the social needs which war has so bluntly revealed. We shall soon be confronted with the problem of finding employment for all. And then, going outside our own boundaries, we shall participate in the reorganization of a world with which we are bound up.

At the very moment when the nation's demands on the government are heaviest, the Minister of Finance will be asked to reduce the taxes. A heavy task is thus devolved upon this generation, and especially upon those who have to manage the national economy.

My preceding remarks were intended to be helpful and constructive. This budget comes during the transition period and it already gives us a welcome reminder of the restoration of peace. Let us hope that the next one will take us outside the realm of war so that we may attend still more earnestly to the solution of our social problems.

In concluding, I wish to bring to the attention of the government a matter which is of special concern to my constituency.

The plant at St. Paul l'Ermite to which I referred at the beginning of my remarks has cost about twenty million dollars, I believe. A short time before the end of the war, we were promised that it would be kept in operation even after the cessation of hostilities. Nevertheless, it is no longer in operation. Am I going too far in recalling those former promises?

(Text): Mr. Speaker, at this moment when victory is still in our memories—and may we never forget it!—when the country has just shown in a resounding way its faith in peace to the same extent that it has done in war, I believe that social questions have become the most important issues of the moment. Canada has already begun to lead the way in this field; in thus continuing, it may probably find what it needs above all—national unity.

[Mr. Lapalme.]

Mr. FRED ROSE (Cartier): Mr. Speaker, there is only one way in which we can judge the present budget: Do its proposals give the assurance that the government is taking its full employment policies seriously? This is the first peace-time budget since 1939 and was brought down at a time when the country is faced with the problems of reconversion from war to peace, lay-offs and the need to maintain consumer purchasing power. The people are looking to the budget for an indication of the plans of the government to maintain employment, to provide jobs for the workers and for the men and women who are returning from overseas. People want to see whether this budget provides for the social security measures that are necessary, and for large scale housing and for other measures that will make it possible to avoid an early post-war depression. It is against the background of this urgency that we should examine the budget before the house.

It is most appropriate to remind the house of some of the government's own statements of policy and of what it thinks is the actual job of a budget. In its white paper, "Employment and Income," issued last April, the government stated:

> Fiscal policy during the war has necessarily been based on economic as much as purely financial considerations. It is proposed to extend that practice into the post-war years and apply war experience to the problems of peace.

In the same white paper we further read:

> The government will be prepared in periods when unemployment threatens to incur the deficits and increases in the national debt resulting from its employment and income policy.

In the proposals of the federal government to the dominion-provincial conference on reconstruction we find this statement:

> It is the responsibility of the government to pursue policies that create conditions in which the initiative, energy and resourcefulness of individual citizens can achieve rising standards of life. The modern governmental budget must be the balance wheel of the economy.

With this, Mr. Speaker, I fully agree. The Minister of Finance (Mr. Ilsley) elaborated on this subject in introducing his budget to the house, when he said:

> The government has adopted as a major aim of government policy the maintenance of a high and stable level of income and employment. Accordingly it has become a major consideration in budget policy.

But when we look at the budget and its application we find none of the promises of the white paper fulfilled and none of the things contained in the proposals of the dominion government to the dominion-provincial conference on reconstruction, nor do we find any substantiation of the statement made by

the Minister of Finance to the house. This budget does not help to maintain full employment; it does not provide for it, and therefore we find that government practice is quite out of line with government theory.

How are those job to be provided? On the basis of this budget the jobs are to be provided by holding out to big business so-called incentives. If incentives are necessary, it is the Canadian people who need them because big business which talks so much of the need for incentives in order to give more employment has already had enough incentives given it to provide full employment for the people of Canada. For instance, the Bank of Canada statistical summary, analysing the account of 700 Canadian companies, points out that after taxes and depreciation the net income to the stockholders increased from $242 million in 1938 to $292 million in 1943. The increase in profits before taxes was of course much greater. Profits increased from $410 million in 1938 to $799 million in 1943. But there is much more to the picture than that. Accumulated surpluses and surplus reserves increased from $800 million in 1938 to $1,188 million in 1943; and at the same time these companies were able to reduce their funded debt from $1,015 million to $892 million.

Individuals as well as corporations have not done badly for themselves during the war years. In 1937-38, according to figures given by the Minister of Finance to the house on March 24, 1939, as reported in *Hansard,* there were 382 Canadians at that time receiving incomes of more than $50,000 a year. In 1944, according to the dominion bureau of statistics, there were 650 persons in the same income bracket, receiving a total income of $68 million, or better than $100,000 apiece. After taxes, they still had a trifle of $25 million left. That is not too bad for only 650 people. The minister in his budget now proposes to give these people $95 million more through the proposed reduction in the excess profits tax. My party, the Labour Progressive party, has stated in its programme that the excess profits tax after the war should continue as in war time and should be used for the community as a whole; that is, for a redistribution of income. The present budget does not provide for a redistribution of income, because if it gives anything it gives it to the rich. It makes some concessions to smaller business, and with this I fully agree. That is, small business with profits of less than $25,000 gets some concessions. That is good. But as regards the vast majority of Canadians the budget proposals do not assist in building up their purchasing power. There was quite a bit of pressure from big business for concessions, and concessions were granted. But the people of Canada—and I am thinking especially or organized labour—have been making certain demands. Through their trades unions the labour movement called for tax exemptions to be raised to $2,400 for married persons and $1,000 for single persons. Their voice was not heeded. Instead, the budget provides for a straight sixteen per cent reduction in personal income tax. This gives very little additional money to the majority of the people but provides a substantial roll to the higher income groups.

The figures I am about to cite are revealing in this respect. They were worked out on the basis of information from the dominion bureau of statistics. They show the following: a group with an income of over $25,000, and numbering about 2,900, will benefit by $15 million. That is, 2,900 people who have each an income of more than $25,000 will get, as a result of this sixteen per cent reduction, an aggregate of $15 million, or $5,000 apiece. Not bad. But what happens to the mass of taxpayers, those—and there are 1,675,000 of them —whose incomes are less than $2,000 each? The total tax reduction will give them $26,600,000, or $15.90 apiece. There is quite a difference there.

Here are a few more figures in this connection. Those with incomes under $1,000 number sixteen percent of the taxpayers, but they get less than three per cent of the total tax reduction. Those, however, with incomes of over $25,000, number only one-tenth of one per cent of the taxpayers; yet they get 13½ per cent of the total tax reduction. These figures reveal quite a contrast between the government's treatment of the wealthy taxpayer and of the man in the street. There are many more concessions in the budget to men of means. There is the repeal of the ten per cent war exchange tax on goods imported from outside the British empire. The eight per cent tax on machinery is repealed. But will these concessions be passed on to the consumer? No, they will not. This will only mean more profits and more accumulations for those who already have plenty.

I oppose the reduction in the excess profits tax, as well as the minister's proposals for the sixteen per cent reduction; that is, the straight sixteen per cent reduction in personal income tax. Because the budget fails to put money into the pockets of the people who need it, I cannot support this budget.

Further, the budget does not provide for the health and well-being of the Canadian people. While on that topic I wish to mention a manifesto which, no doubt in common with

many other hon. members, I received the other day from the Canadian Legion. This document points out that Canada has still to achieve the ideals of peace, and one of those ideals, according to the legion manifesto, is decent homes for Canadians. I quote the following passage:

> Hundreds of thousands of houses will need to be built. Yet homes are more than houses, and Canadians have the challenging task of creating the kind of homes and family life that will make this nation strong, clean, united.

The budget before the house has not been worked out in that spirit. It provides neither for houses nor for the families who would live in those houses. Service men and service women are returning home only to find that there are no homes for them. They saved Canada, they helped to save the world, but they are unable to find decent homes in which to start life anew with their wives and children. It is estimated that 43 per cent of the returned men have no proper housing.

But the plight of returned men only reflects the plight of many other Canadians regarding houses, a situation which was aggravated by the war. In 1946 Canada will be short of 500,000 houses, excluding rural needs. The houses of 350,000 Canadians are sub-standard. Of a total of 2,635,753 houses in Canada, approximately 600,000 are obsolete. One-third of all Canadians live in bad and overcrowded houses because they cannot afford good housing; they can afford to pay only between $10 and $20 a month in rent, and even with the aid of family allowances they can pay no more without injuring the health of their families by cutting down on food. Lack of housing and bad housing take a terrific toll of the people.

Sociologists who have made a study of the effects of present conditions on the people have the following to say with respect to United States citizens:

> Of the slums and blighted districts comprising about 20 per cent of the metropolitan residential areas they account for 33 per cent of the population, 45 per cent of the major crimes, 55 per cent of child delinquency, 60 per cent of tuberculosis victims, and 45 per cent of city city service costs.

On a number of occasions I have mentioned in this house similar effects on the people in our own country and have pointed to conditions in Montreal. In 1941 it was estimated that the city of Montreal needed 50,000 dwellings. How many were built? In 1944 there were 2,618 units, and in 1945 there were 2,241 units. At this rate it will take twenty years to make up the backlog without allowing for increasing requirements in the years ahead. By the end of this year 5,000 homes will be needed by returning men. To add to the seriousness of the situation in Montreal, of the homes put up in 1944 and 1945, 90 per cent are rented at over $40 a month. This lets out 76 per cent of the population whose income does not permit them to rent houses at such high figures.

The other day the Minister of Veterans Affairs (Mr. Mackenzie) said, in regard to housing, that every member—not just one but everyone of us—knows that the housing situation to-day is one of the most serious conditions in Canada. That is true and we all agree with that statement. But what are we going to do about this situation? It is not enough to agree that it is bad. We have legislation and present legislation has not provided houses. Nine out of every ten houses built at the present time are being built outside this legislation, and even those built under this legislation are not within the reach of the worker or of the veteran who is not sure about the future. It should be established once and for all that it is not profitable for the private builder to construct low-rental houses, and he definitely will not do it for love. This has been the experience in every country and also in Canada. In war time, when we needed tanks, guns, aeroplanes, munitions, the government cut the red tape and saw to it that these materials were produced. Huge munitions plants were built in a few months. There was a feeling of urgency. Well, there is similar urgency at the present time in the matter of housing, and the government must act in a manner different from that which has characterized it up to the present moment. The building of houses will also provide jobs.

How is the government going to deal with this housing problem? The Labour Progressive party proposes that $1 billion, raised through a loan, be used by the government to build 250,000 housing units in the period of five years. I would say that such a slogan as "Buy a bond to build a home for a Canadian" would receive the necessary response from all Canadians, and such houses should be assigned to the communities that need them and to the people requiring houses, on a basis of priority: No. 1, veterans; No. 2, slum dwellers; No. 3, people who require extra living space.

That is the way in which this will have to be done. I know there are constitutional problems, but the government must find ways and means of building these homes, constitutional problems notwithstanding. Britain has built 1,250,000 low-rent houses—how? The government lends construction capital to the municipal housing board and pays a rent subsidy. Private contractors build the houses.

That is the answer for Canada. That is also the answer to the problem of jobs. The construction industry estimates that $500 million a year on construction would provide 479,000 men with jobs. That is the answer.

There can be no piecemeal measures about this, because such measures will not solve the problem. The government must change its attitude toward the problem. I understand that to-day the British government has announced a housing programme which is altogether different from anything that has gone before. They realize that there is an emergency and are acting accordingly. We in Canada must act from a similar spirit. It is true that our houses were not bombed, but we have plenty of slums and we need houses. We raised $18 billions for war. Surely we can raise $1 billion for homes.

A few weeks ago we concluded the ninth victory loan. The slogan was "Sign your name to victory". I would say that the government will not be signing its name to victory unless it provides for homes and for the welfare of the Canadian people.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, I can understand that the house will feel impatient, but I do not suppose anyone is very anxious for a vote to-night.

Some hon. MEMBERS: Yes.

Mr. IRVINE: I do not think my hon. friends to my right are very anxious to get on with the business; at least they did not display any anxiety a short time ago. I hope that the house will bear with me. I have not taken up very much of its time this session, but there are a few things I would like to say; and as an hon. gentleman to my left has suggested, it might be well if we had a little better order and a little more free speech in the House of Commons.

If I were to criticize the present budget I should say—if I were a private enterpriser—that it was a very fine budget indeed. I regard it as a private enterprising budget and it was the government's duty to bring in such a budget. The government has a mandate from the Canadian people to implement a policy of private enterprise, and the opposition is always very ready to assist the government in carrying out private enterprise. That is the business of those who believe in private enterprise. I do not believe in what is called private enterprise to-day. I should say that what we understand to be private enterprise is monopoly capital enterprise, and that the very best type of private enterprise is completely surpassed by the present system of monopoly capital enterprise.

I have never regarded a budget—that is to say, a budget which is like ours, which is merely a provision for the expenditures of the government, and in which the only alteration from year to year is a variation in the incidence of taxation, a little more here or a little more there—as being a solution of the economic problems that confront Canada to-day. I want to indicate, even in the few moments at my disposal, what I regard as the sort of budget that we should have had in this country at this time.

Let me remind the house of something which I do not suppose any hon. members will forget, namely, that we have just come through a great war and won what we call a military victory for democracy. I wish to emphasize that if we are to continue that democratic victory into the field of economics and into the field of our social life, then there must be something done differently from anything that has ever been done in this parliament or in this nation. I ask the government, and I ask anyone else who believes in so-called private enterprise, what has private enterprise to-day that it did not have in 1932? If it has not something different, then who expects any different results from those which we had during the ten years which preceded the war just concluded? Therefore, I say that the very first principle of a budget should be, as far as I am concerned, to demand and provide for the unconditional surrender of monopoly capital.

I do not believe that it is possible for any government adhering to free private enterprise to have full production and reasonably equitable distribution, nor do I believe that such a government is capable of meeting the essential needs of the Canadian people. I do not believe that under that system any government can provide what has been commonly called social security. Now, with the view of really making a change in our economic system so as to see to it that we win democracy in the field of industry and commerce, and economics generally which our men assisted in winning on the field of battle, we must have a budget that would first of all make an estimate of the nation's need of goods, and our capacity to produce, and not only to estimate our capacity to tax what has been produced, not merely a method of extracting a portion of the income from individuals or corporations, but a budget which would envisage the whole national income, which would estimate the actual needs of the Canadian people and would take such steps as would make provision for the production

of those things necessary for the meeting of the needs of the Canadian people. That is what I would call a national budget.

There are certain features of such a budget on which I wish to lay some emphasis. The first of those would be that this government and this parliament should give the lead to the Canadian people in what I call a collective purpose; that this nation in the years of peace which are before us should be held as firmly and as enthusiastically to a definite economic and social purpose for the people of Canada as we were held to a purpose of war during the six years of blood, sweat and tears.

Every one of us recognizes that this government held the Canadian people pretty well united to a common purpose of defending this nation; and it made a pretty good job of it in spite of all the criticism which has been and may still be levelled at it. They managed the direction of affairs in such a way that this nation stood with a common purpose. That purpose was to raise an army and to produce the necessary sinews of war. That purpose took the place of every other purpose; it filtered into every home, into every industry and into every business. It was that which held the people of Canada together in the greatest conflict of its history. If that purpose was necessary in war, and if it was beneficial in leading to great achievements on the part of the nation, then a purpose of peace must be just as necessary. But when we abandon, as it seems to be the purpose of the government to abandon, the economic conditions of this nation to the caprice of free private enterprise, then we have no collective purpose.

The collective purpose, which I suggest in passing, is one which will recognize that there is no need for any want in the Dominion of Canada; that not only is this a country of abundance, but this is an age of abundance; that we can produce. The war has shown that we can produce sufficient to meet all the needs of the Canadian people. I believe it is right to say that during the war years our maximum production approximated some $10 billion of national income. We expended from fifty to sixty per cent of that on war. We lived on from forty to fifty per cent of the remainder, and I imagine that the people of Canada never lived very much better than they did during the war period. If, then, we can maintain full production in Canada; if we can produce as great a volume of goods during peace as we did in war, then obviously there should be no hungry people in this country. There should be no people forced into idleness without income. I think that would be agreed to by everybody; but just to remove restrictions, and as the Minister of Labour (Mr. Mitchell) said the other day, that the restrictions were to go down the drain—that is fine; I want to see restrictions go down the drain, but I want to see intelligent leadership go on to prosperity. Just to remove certain restrictions does not by any means give us any assurance that Canada will be a country of abundance and its people enjoying the full fruits which our nation and our people combined are capable of producing.

Therefore, in addition to the collective purpose, and in addition to the statement of what that purpose is or should be, I suggest next that this budget should have been a careful outlining of a planned economic endeavour on the part of the Canadian people, having regard to the collective purpose, such as I have suggested. I know there are people who do not believe that democracy can plan. There are some people who are more happy when they know they are going nowhere than they would be if they had an idea that they were going somewhere. Some hon. members even would rather aim at nothing and hit it than aim at the bull's-eye and probably make an outer or come near to hitting it. It is not different with a nation. I think a nation that has no purpose and aims at nothing, will hit it. We are doing that now. We have no distinctive collective purpose that will hold the endeavours of the Canadian people to the achievement of that purpose in time of peace.

But if the government will give that lead; if the government will pry itself loose from the old traditions of private enterprise and undertake to meet the economic needs of the Canadian people in keeping with the capacities to produce which modern technology makes possible, then there would be great possibilities for the future in the Dominion of Canada. But that would imply some planning, and if a democracy cannot plan, then that democracy is destined to inevitable failure. In an age such as the one in which we live, an age of science, to say that in all our economic life we have to entrust ourselves to the caprice of those who seek private objectives which in no circumstances necessarily have anything to do with the requirements of the general public would seem to be economic insanity.

I know the arguments of those who oppose planning our national economy. A great deal of drivel has been uttered about so-called bureaucracy. One would think, to hear some hon. members talking about bureaucracy, it was something that could exist only in government organizations, but I suggest that the worst type of bureaucracy that Canada knows to-day, or ever will know, is the type of

bureaucracy that is built up under free private enterprise where those who control the economic destinies of this nation have no responsibility to anyone but their own balance sheet.

I am opposed to bureaucracy as such; I am opposed to regimentation as such. These are not necessarily implied in planning, but they are inevitable if you do not plan. As to the regimentation under the present system, I am sure I do not need to elaborate on that. However, for the sake of clarity in the viewpoint which I am trying to express, let me ask hon. members if they have never seen evidence of regimentation in our present system of economy. I venture to say that there is a great deal of it.

For example, have any hon. members ever seen an employer of labour advertise for twenty men and five hundred men turn up. Twenty men go to the wicket and get jobs, while 480 are sent away. Who did the regimenting there? Who said that twenty men should get jobs and that 480 men should hunt somewhere else? That was the regimentation of private enterprise. Have any of you ever looked into the eye of a soup-kitchen; if you have not, you are lucky. If you have, then you know that you did not go there because you liked the soup better than any other soup. You were there because you needed some kind of soup and it was the only kind you could get. That is the worst kind, the most inhuman kind, the most unintelligent kind of regimentation. That is the regimentation of empty stomachs and bare backs. That is pure regimentation exercised by free private enterprise.

Democratic planning would not involve either bureaucracy or this sort of regimentation. I say again, with emphasis, that unless this thing we call democracy can plan and can remove the evil features of present-day bureaucracy, unless it can escape from that type of regimentation which is inevitable under the present system; unless it can meet these problems, it cannot possibly continue to exist.

If democracy is to plan, then not only should the budget have made provision for the plans, it should have assured us that the plans were practicable and could be carried out. Any government that undertakes to carry out a budget of national production and distribution in the interests of the common people must of necessity have control of the means by which that budget is to be fulfilled. That leads me to an observation on public enterprise.

There are certain things in this country that should be privately owned and there are certain things which just as surely should be publicly owned. I suggest for the consideration of my hon. friends that everything in this nation which is essential to the life of all the people but which cannot be owned individually by all the people, must be owned by all the people together. No individual or corporation should be permitted to have a monopoly control of an agency of wealth production upon which the entire nation must depend for its life. That is not democracy. That is the very antithesis of democracy. We cannot get away by saying that we are a democracy merely because we have the right sometimes to mark a ballot. At times everything is done to see that we do not mark that ballot. But that is a small part, although, I admit, an important part, of democracy.

We should privately own that which each of us may own and use without depriving other people of the ownership and use of the same sort of things. The principle and philosophy of the movement which I represent stands for that kind of ownership. Public ownership in Canada of those essential things which lead to the supplying of the needs of life for the Canadian people would mean that those Canadian people as a whole would own more privately than they ever did in all their lives before. I want to make that distinction between so-called private ownership and public ownership.

The next point I wish to make clear is that provision should be made in our budget and in our planning for full production. The way to do that is to meet the needs of the people. If we can produce more than the people can consume, so much the better; because in that event we can reduce the hours of labour and extend a greater proportion of leisure to the common people. If, on the other hand, we have produced to the utmost extent and we still cannot produce all that we can consume, then, of course, the question is to produce to the utmost extent and raise our standard of living to the highest possible notch, comparable with our capacity to produce.

In order to carry out such a programme something must be done about distribution. The hon. member who spoke as leader of the Social Credit party said something about this question, and indicated that some people appear to think that under the present system we have poor people because we have rich people; and he suggested that some taxing of the rich would not solve the problem. I agree with him in that. I think everyone must agree with him on the same point. But

the point which he did not make, and which he might very well have made, had he gone on along that line a little farther, was that it is not merely the profits which those who control industry make that bring the greatest disaster to human society. It is that they control, for private ends, means by which alone all the people can live; and thereby they have the right—and they exercise it, too—to curtail production whenever they want to, so as to maintain the rate of their own profits. That is the thing we have to guard against in our distribution.

We must devise a system of equitable distribution which will involve a system of higher wages paid to all the workers; which will involve higher pensions being paid to all pensionable people and all returning men, all old aged people, family allowances, widows' pensions, pensions to the blind, the maintenance of wage scales of those who are laid aside for some time through sickness and are unable to earn their wages, and a pension for those whom we might call the casualties of industry. In all these ways we should distribute each year in the form of income for all our people sufficient to buy all we produce beyond that which is necessary to turn back for the maintenance of efficiency in industry, and the extension of new capital equipment.

The democratic victory which we won on the battlefields is only the first step toward the fuller democracy we hope to achieve. I am making a plea to-night for a democratic victory over the greatest enemies of mankind at home. The greatest enemies of mankind in this nation and in other nations are poverty, disease, ignorance and war.

I do not see anything in this budget which seriously touches any of these major issues. There is no suggestion in it that any steps will be taken to abolish poverty in Canada. There is nothing in it to indicate that a determined effort will be made by this nation to overcome unnecessary disease. Neither is there any provision for equality in education. These are essential social equalities without which there cannot be a true democracy.

I think most hon. members will agree, as I have already hinted, that democracy means more, a great deal more, than voting on election day. I think most members can quote the definition of "democracy" which the great President Lincoln gave at Gettysburg. But I suggest to the house that when he gave that definition of "democracy" there was not a single monopoly within the boundaries of the entire United States of America. I imagine that if he were speaking again on democracy to-day—perhaps to this parliament—he might very probably say that democracy is not only government of the people, by the people and for the people, but that it is industry of the people, by the people and for the people; not industry for Shipshaw; not industry for International Nickel; not industry for the C.P.R. and the banks, but industry of the people, by the people and for the people.

That is democracy. My greatest criticism of the budget is that it does not even make a gesture toward that end. And further let me say that we are probably in very great danger of frittering away the greatest emotion that this nation has ever generated for democracy. Through six years of blood, sweat and tears, the objective of this people has been fixed upon democracy. Now we are looking for memorials. I have said something on this question before. I have no objection, no more than anyone else would have, to people who wish to have symbols. Symbols are always necessary when one has not the reality. If we have not the realities, and the people would rather have symbols than nothing, then by all means let them have the symbols.

But those of us who lost our sons in this war do not need to be reminded that we lost them. What we do need to be reminded of is that they died for something that was worth while. I have no objection to the beautification of Ottawa. I think we should beautify every city, as well as Ottawa. But I am suggesting to the Minister of Finance and the government that the people of Canada will be disappointed and in years to come those who have returned with their lives will be greatly disappointed unless we can make a memorial, through legislation in this house—a bill of rights as a memorial to democracy which will meet the democratic requirements of a democratic country. That will abolish—

Mr. SPEAKER: I must remind the hon. member that it is eleven o'clock.

An hon. MEMBER: Move the adjournment of the debate.

Mr. IRVINE: I move the adjournment of the debate.

Some hon. MEMBERS: Finish; go ahead.

Mr. SPEAKER: If the hon. member has the unanimous consent of the house he may continue for a few minutes.

Mr. IRVINE: No. Mr. Speaker; I would much rather move the adjournment of the debate.

Mr. ROSS (Souris): Good old time waster.

On motion of Mr. Irvine the debate was adjourned.

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

Wednesday, November 28, 1945.

The house met at eleven o'clock.

PRIVILEGE—MR. MACKENZIE KING

PROCEEDINGS OF COORDINATING COMMITTEE—DOMINION-PROVINCIAL CONFERENCE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on a question of privilege: I have just been presiding over a meeting of the coordinating committee of the dominion-provincial conference and have left its proceedings in order to make a statement to the house immediately in respect to a very misleading article which appears in the Ottawa morning *Journal* of to-day. The entire membership of the conference took strong exception to this article and desired that I should make a statement to the House of Commons on behalf of all who are present at the conference.

The article is entitled: "Cabinet clash complicates conference. No announcements made after second session." It reads:

When the coordinating committee of the dominion-provincial conference reached the end of another session last night with no public announcements from Prime Minister King, it was confirmed by some of those leaving the chamber that two paramount issues seemed to be complicating deliberations.

They were:

1. Reports confirmed by several provincial premiers of disagreement among Prime Minister King and two of his colleagues;

2. Determination, not unexpected, of the nine provincial premiers to make not the slightest retreat from their stand on provincial rights.

A little further on in the article it says:

On the point of disagreement among the dominion ministers, it was described by the provincial men as "a clash".

May I say that all provincial premiers and all members of the dominion government who were present at the conference are united in saying that they know nothing of a clash having taken place between myself and any of my colleagues. As a matter of fact there has been nothing of the kind. I make that statement emphatically. May I add that there has been nothing that I am aware of, and that I think any of the premiers on the coordinating committee are aware of, which has in any way complicated the proceedings that have been, I am happy to say, going forward so amicably and splendidly since the opening of the conference.

I am authorized to make this statement by the entire group that are to-day discussing these dominion-provincial questions, and discussing them, I think, in an exceptionally able and amicable manner.

Until the committee of the conference concludes its proceedings no statement will be given out. When a statement is given out it is one that will be approved by the entire conference. I hope, therefore, that so far as the public of Canada are concerned they will draw their inferences with respect to the proceedings of the conference from the official statement which may be issued by the conference itself when it has concluded its proceedings.

BANKING AND COMMERCE

MOTION FOR CONCURRENCE IN FIRST REPORT

Mr. HUGHES CLEAVER (Halton) presented the first report of the standing committee on banking and commerce, and moved that the report be concurred in.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, before this report is concurred in, I have just a few words to say as a suggestion for the work of the committee. At the time the gifts were made to the United Kingdom there were bonds and other assets held in London as a guarantee, to the extent of a formidable amount—$700,000,000, I think. Some obligations, stocks and bonds, were brought back to Canada, but those that were most profitable were kept over there. Our guarantee was that the British government would not let them out except to return to Canada. There were some railway bonds, Eno's Fruit Salts, et cetera, et cetera, and many other paying propositions, but the most profitable were kept there. At a certain moment, to my great surprise—

Mr. MACKENZIE: On a point of order—

Mr. POULIOT: I ask the minister if he will please sit down, because I am strictly in order.

Mr. MACKENZIE: On a point of order, Mr. Speaker, this motion can be moved only with the unanimous consent of the house,

because the report of the committee was received only a few minutes ago. If there is not unanimous consent I propose that consideration of the motion be left to the proper time.

Mr. POULIOT: Sir, the minister cannot say that, because the mover of the motion was the member for Halton. I do not see why I am interrupted. The interruption could have come after I got through. I had the floor, and the minister could rise only on a point of order to interrupt my speech—

Mr. MACKENZIE: The question is not debatable.

Mr. POULIOT: —and to ask that the discussion be postponed.

Mr. SPEAKER: I understand that the motion made by the member for Halton (Mr. Cleaver) is withdrawn for the time being. There is therefore nothing before the house for debate.

Mr. POULIOT: The hon. member did not say he withdrew his motion, and therefore I am still in order and the minister has no right to interfere while I am speaking, because I am in order except on a point of order.

Mr. MACKENZIE: I was speaking to a point of order. This motion cannot be put to the house except with unanimous consent. I understand that there are comments, and therefore the motion should be subject to the ordinary rules of procedure.

Mr. POULIOT: My contention is that the matter I was stating is more important than—

Mr. SPEAKER: There is nothing before the house and I would ask the hon. member for Temiscouata to resume his seat.

Motion stands.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 177, to incorporate Canada Health and Accident Assurance Corporation.—Mr. Breithaupt.

Bill No. 179, for the relief of Samuel Gardner Bradford.—Mr. Whitman.

Bill No. 180, for the relief of Olive May Marks Sanderson.—Mr. Boucher.

Bill No. 181, for the relief of Marie Regina Elaine Arcand Dorval.—Mr. Brown.

[Mr. Mackenzie.]

Bill No. 182, for the relief of Joan Frances Timms Couture.—Mr. Brown.

Bill No. 183, for the relief of Edith Louise Boutilier Snow.—Mr. Maybank.

Bill No. 184, for the relief of Cyril James Morgan.—Mr. Maybank.

Bill No. 185, for the relief of Joseph Adolphe Aime Berthiaume.—Mr. Maybank.

Bill No. 186, for the relief of Molly Shusterman Percher.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

MILITARY HEADQUARTERS, CANADA AND OVERSEAS

Mr. PROBE:

With respect to—

(a) the military personnel on strength as of September 1, 1945, at Canadian military headquarters (overseas), at National Defence headquarters and at the headquarters of each Canadian military district;

(b) to the naval personnel on strength as of September 1, 1945, at Canadian naval headquarters (overseas), at National Defence headquarters and at the headquarters of each naval command in Canada;

(c) to the air force personnel on strength as of September 1, 1945, Canadian air headquarters (overseas), at National Defence headquarters and at the headquarters of each air command in Canada;

1. What was the total number on strength in each rank of the service?

2. How many in each of the services for each rank included in (1) above, originated in each of Canada's military districts, air commands and naval commands?

Mr. PROBE: I was informed by the parliamentary assistant to the Minister of National Defence that there would be considerable difficulty getting the information asked for, and therefore we have agreed to revise the question to change the date of report from September 1, 1945, to December 1, 1945. Then too the second part of the question will read:

How many in each of the services of field rank (army) or equivalent rank for naval and air services, included in (1) above, originated in each of Canada's military districts, etc.

Otherwise the question remains the same.

Mr. MACKENZIE: To be answered as revised.

WARTIME PRICES AND TRADE BOARD—DIRECTOR OF LICENCES

Mr. BROOKS:

1. Who is the present director of licences for the wartime prices and trade board?

2. (a) What are his qualifications for the appointment; (b) is he a naturalized British subject?

3. Is the present incumbent a veteran of either great wars?

4. What is the amount of salary paid for this position?

Mr. MAYHEW:

1. Frederick W. Kuhns.

2. (a) Fifty years service with the Metropolitan Life Assurance Company, retiring as agency superintendent for Canada. (b) No; he was born in the United States of America.

3. No.

4. Mr. F. W. Kuhns receives an honorarium of $2,000 per annum for his services with the wartime prices and trade board.

FARM IMPROVEMENT LOANS ACT

Mr. REID:

How many loans have been made under the Farm Improvement Loans Act and what are the total amounts loaned (a) by each chartered bank; (b) in each province?

Mr. MAYHEW:

(a) The Royal Bank of Canada	1,245	$998,570.31
The Canadian Bank of Commerce	1,129	836,626.93
Bank of Montreal	417	353,385.71
Imperial Bank of Canada	294	270,492.75
The Bank of Nova Scotia	192	162,455.85
The Bank of Toronto	197	137,884.83
Banque Canadienne Nationale	123	95,828.47
The Dominion Bank	71	54,778.97
La Banque Provinciale du Canada	1	1,200.00
	3,669	$2,911,223.82
(b) Alberta	1,335	$1,056,879.42
Saskatchewan	836	698,527.52
Maintoba	664	474,559.59
Ontario	507	454,365.61
Quebec	136	96,209.75
British Columbia	110	77,317.83
New Brunswick	29	26,437.20
Nova Scotia	35	20,698.40
Prince Edward Island	17	6,228.50
	3,669	$2,911,223.82

The figures in (a) and (b) above are as at October 31, 1945.

MOTOR VEHICLES—SUBSIDIES

Mr. FRASER:

1. Are subsidies being paid under the new government procedure for establishing retail prices on new motor vehicles?

2. If so, to whom are they paid?

3. On what date did this new price procedure come into force?

Mr. MAYHEW:

1. No.

2. Answered by No. 1.

3. November 19, 1945.

CIVIL SERVICE—SUPERANNUATION

Mr. REID:

1. During the past ten years, how many former civil servants with less than ten years service have had refunded superannuation moneys paid by them?

2. What are their names, in what department were they employed and what amount was paid to each?

Mr. REID: The information having been made available to me, I would ask that the question be dropped.

Question dropped.

QUESTIONS PASSED AS ORDERS FOR RETURNS

REHABILITATION PROGRAMME—WOMEN

Mrs. STRUM:

1. How many applications for rehabilitation grants have been made in Canada by women of the armed forces?

2. How many applications have been granted to unmarried women?

3. How many applications have been refused unmarried women?

4. How many applications have been granted women who have married members of the armed forces or veterans of this war?

5. How many applications have been refused women who have married members of the armed forces or veterans of this war?

6. How many applications for rehabilitation have been granted women members of the services who have married civilians?

7. How many applications for rehabilitation have been refused women members of the services who have married civilians?

8. How many applications for farm land in Saskatchewan have been registered by veterans under the Veterans' Land Act?

9. How many applications have been granted?

10. How many applications have been rejected?

LEASE OF GUELPH BUILDING FROM JOSEPH WOLFHAN

Mr. MENARY:

1. Did the government lease a building in the city of Guelph from Joseph Wolfhan?

2. If so, what were the terms of the lease?

3. Was the building used for storage?

4. If so, what was stored in the building?

5. Did this building collapse?

6. If so, were the goods in storage a total loss?

7. If not, what goods were salvaged?

FINANCE AND EXTERNAL AFFAIRS—OXFORD GRADUATES

Mr. POULIOT:

1. Who are graduates of Oxford university in (a) the Department of Finance; (b) the Department of External Affairs?

2. What are the occupation and salary of each one?

MOTIONS FOR PAPERS

STRIKE AT FORD MOTOR PLANT, WINDSOR

Mr. ROSE:

For a copy of all correspondence passing between the federal government or any department thereof and the Ontario provincial government, the United Automobile Workers, C.I.O. local 200 and the Ford Motor company, relating to the Ford strike.

Mr. MITCHELL: Return tabled.

MEAT RATIONING

REQUEST FOR COPIES OF COMMUNICATIONS WITH THE UNITED STATES

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I have a question which I wish to direct to the Prime Minister. In his absence perhaps the acting leader of the government would bring it to his attention to be answered at an early opportunity. Will the Prime Minister, either to-day or at an early sitting, lay on the table of the house copies of any recent exchange of communications that he or the government may have had with the President or the government of the United States on the subject of rationing?

[Mrs. Strum.]

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I shall be pleased to direct the question to the attention of the Prime Minister at once, and possibly he may be able to answer it later this day.

[Later:]

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I have the permission of the house to make a statement with regard to a question asked this morning. I was not in the house this morning when the leader of the opposition asked about a letter I had sent to the President of the United States suggesting the desirability of consultation between our two governments before a final decision was made in the United States on the discontinuance of meat rationing. I was not aware of the considerations which compelled immediate action by the United States authorities, and had prepared a message to the President on the assumption that it might be possible to arrange for further discussion on this very complex and difficult problem.

As I explained in my statement to the house on Friday afternoon, there are fundamental differences between the problems of control confronting a country like the United States which normally exports some five per cent of its meat production and those in a country like Canada where thirty per cent to forty per cent of output finds its way into export markets. Both governments have made commitments to allied and liberated countries where the average level of food consumption is very much lower than on this continent. Both countries are determined to carry out these promises, though methods and arrangements by which they implement them will naturally differ.

Since my suggestion to the President was, in fact, received too late for consideration, and since the position of our own government was made clear to the house at the first opportunity, I do not think there is any purpose in my taking up at this stage with President Truman the question of our making public the actual texts of the messages exchanged.

LABOUR CONDITIONS

STRIKE OF EMPLOYEES OF WINNIPEG NEWSPAPERS

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): On Monday of this week, in reply to a question by the hon. member for Winnipeg North (Mr. Stewart), I stated that

the publishers of two Winnipeg newspapers had applied to the Manitoba wartime labour relations board for permission to prosecute a union for alleged violation of the wartime labour relations regulations, P.C. 1003. Although this information was conveyed to my department by our Winnipeg office on Friday of last week, I am now advised that no such application has been made to the Manitoba board.

SUPPLY

On the order:

House again in committee of supply (the message of His Excellency with estimates, referred)—The Minister of Finance.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, before the house goes into supply I rise to a point of order. I have no objection whatever to the house reverting to motions so that the hon. member for Halton (Mr. Cleaver) may move his motion again.

Mr. SPEAKER: Order. Moved by Mr. Mackenzie, seconded by Mr. Bertrand (Laurier) that I do now leave the chair for the house to resolve itself into committee of supply to consider a certain resolution. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: Carried.

Mr. SPEAKER: Carried.

Mr. POULIOT: I rise again to a question of order; when there is nothing else before the house there is a question of order—

Mr. SPEAKER: Order. I am sorry, but I put the question before the house and the house answered "Carried"; so I am leaving the chair.

Motion agreed to and the house went into committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF AGRICULTURE

Departmental administration, $136,035.

Mr. ROSS (Souris): I thought the Minister was going to make a statement before this vote carried.

Mr. BRYCE: Mr. Chairman, I wish to speak on the first item, because as the committee knows from past experience, I am apt to get astray. Before I address my remarks to the Minister of Agriculture, as a westerner, I feel very much annoyed at the remarks made last night by the hon. member for Renfrew North (Mr. Warren). He talked about wheat at twenty-five cents a bushel, then later he talked about ten cents a bushel. I did not think that an hon. member who claims to be a farmer would make a statement of that kind in the House of Commons. I am delighted that the hon. member is in his seat to hear what I have to say. It costs us money to produce wheat on the western prairies. The hon. member also spoke about those large farmers. Well, if he takes a look at me he will see what a small farmer from the western prairies looks like.

Mr. WARREN: I rise to a point of order. I do not want the hon. member to put words in my mouth. If he is intimating or insinuating that I was recommending those prices, I wish to correct him.

Mr. ROSS (Souris): The hon. member said it would be all right; that is all.

Mr. BRYCE: Mr. Chairman, I was very good last night; I could hardly stay quiet any longer. It was a good thing the hon. member cut his speech down to fifteen minutes, because I do not care whether it is the members to the north of me or to the south of me, those who came from the western prairies were beginning to boil. I can assure my hon. friend that in the west we are not agitators, but we are there to fight for what is right. The Minister of Agriculture knows that. He is a westerner.

I was at a meeting not very long ago and one fellow had quite a grudge against the Minister of Agriculture. He went just a little bit too far. I said, "You know, Jimmie is not too bad a fellow." I said, "You could get worse; you could get a Liberal from Ontario." And we have a typical specimen of that over there. I hope my hon. friend will come to my section in his next visit to the prairies. I hope he will not stay on the train most of the time. I am not speaking politically; I am speaking as a western farmer. I leave it to my western friends here to tell me where the hon. member ever found a farm in western Canada that produced twenty crops of wheat at thirty bushels to

the acre. Does my hon. friend not know that in some places we have to summer-fallow for two years to keep down the weeds?

Since I have come to this house I have never on any occasion raised any barrier between the east and the west, because the problems of the east and the problems of the west are entirely different. The Minister of Agriculture has perhaps done a good job in trying to satisfy everybody. The member for Renfrew North talked about the Prairie Farm Assistance Act. Does he not know that we pay for that? We pay for it under the most vicious tax in the Dominion of Canada. We pay half a cent on every bushel of grain that is put in the elevators.

Mr. GARDINER: One per cent.

Mr. BRYCE: One per cent. It is the most vicious tax in the dominion to-day. We say all sorts of hard things about the Minister of Finance, but he always let us take our expenses out first. In this case you have to pay that tax on your gross bushels, the dockage included. Do not forget it.

The hon. member talked about the Prairie Farm Rehabilitation Act and the conversation he had with a young man on the train. Does he not know that that act was made necessary by a mistake of the dominion government which allowed men to settle on land that should never have been settled? That is costing the dominion something like $2,000,000 a year. The hon. gentleman did not mention that, Mr. Chairman; and I want to be sure he listens to what I am about to say. The dominion government has spent $60,000,000 in the eastern provinces in two years, paying subsidies on feed and freight and so on. We do not grumble about that; if they are entitled to it and if it is for the good of the Canadian economy we are all for it. But we do not want to hear these petty grievances; we do not want to hear talk about men who left the east. I am one of those who left perhaps the finest country in the world, and I do not need to tell any of you where that was; but I would not give Canada for all Scotland to-day, because I have made my home and raised my family here, and I am going to stay. These young men and women who left Ontario to go west only did what was done by the people of the British isles, Iceland and the European countries, who have made Canada what she is to-day. They are building this country of ours. It may be true that our economy has allowed Ontario to prosper on the fruits of the labour of the western farmer, but that will not go on forever.

Then during the course of his remarks the hon. member said that the people were not thinking, or not thinking right. I believe their thinking is more nearly right to-day than ever before. I do not want to go on like this indefinitely, but I must say I am surprised to find that when the hon. member for Renfrew North is requested by his own constituents to bring a certain resolution before the House of Commons, it is left to me to do it for him. I am going to read a resolution passed by the live stock association of Eganville. Some time ago I proposed in the house a resolution concerning the establishment of a board of live stock commissioners. Right in my hon. friend's constituency we have people who want the very same thing, but he does not have the courage of his convictions to place their views before the house.

The CHAIRMAN: Order. That is hardly parliamentary. The hon. member should not make that statement.

Mr. BRYCE: I am only too pleased to withdraw it, Mr. Chairman, but you cannot keep me from thinking it.

Mr. WARREN: I have no objection, Mr. Chairman; let the hon. member go ahead.

Mr. BRYCE: Let me read the resolution passed by the Eganville live stock association:

The following resolution was passed at a meeting of the live stock association of Eganville held August 29, 1945.

A resolution was passed that all packers would only be permitted to buy on the open markets; that is the packing plants that are situated at open markets.

Also that there should be no other establishments opened up to handle the surplus stock (as a case, the William Davies Company).

That two graders should be appointed for each market.

That the present situation should be gone into thoroughly.

And relief given at once.

That the undersigned are hereby appointed to act on this committee and that a royal investigation be made to go into this matter in detail.

Signed

James S. Dempsey, M.L.A.
Max Berman (Chairman)
R. M. Warren, M.P.
Lloyd Leech
Gordon McCormick
Allan Donohue.

At a meeting of the farmers' livestock association which was held in the town hall in the village of Eganville on the fourteenth day of November, 1945, the following resolution was passed.

A resolution was passed to bring present resolution to House of Commons through our local member or opposition.

And I think I am in the opposition.

Mr. WARREN: If the hon. member will permit a question, in his experience has he never discovered that very often a member of parliament can get better results by working outside the House of Commons?

Mr. GARDINER: May I ask the hon. gentleman to read again the section of the resolution with regard to the Davies Company? I think he put in "'no" where it should not be.

Mr. BRYCE: I will read it again. My English is not very good, and I am apt to make a mistake, but I assure you it was not intentional.

Also that there should be other establishments opened up to handle the surplus stock (as a case, the William Davies Company).

That is right; I did make a mistake, and I stand corrected. Now let me read another letter, also from Eganville, dated October 30, 1945. This is not for the benefit of the minister but for the benefit of the hon. member for Renfrew North:

On October 25th, the Eganville livestock farmers' association committee—Chairman Max Berman and committee men Lloyd Leech, Oswald Donnahue, Allen Donnahue, and Gordon McCormick, delivered the resolution to the Honourable James G. Gardiner. We considered the resolution point by point and the minister refused to do anything for the farmer.

Later the chairman asked Mr. Gardiner if the ceiling price was set by the week or by the year and Mr. Gardiner replied "by the year." Then Mr. Berman asked why one farmer would get 11 cents per pound in June and another 8 cents per pound in August. The minister answered that the packers were paying 2 cents a pound over the ceiling and they were buying them cheaper in August to make up for paying too much in June and added "Can you blame them for doing that?" Mr. Berman replied that the packers paid the high price for about 1,000 head and received the lower price for about 10,000 head. Mr. Gardiner then said he wished he could be with the farmers and he could convince them, the chairman said he had invited Mr. Gardiner twice and he hadn't come.

We, the committee, invited Mr. Gardiner again and he said if he had time to do that he wouldn't be in that job.

Mr. Gardiner said we should go to the provincial minister of agriculture and Mr. Berman said "Who told us to raise the cattle?"

Mr. Berman asked if we could take it to any higher authority and Mr. Gardiner said "No." Mr. Berman said "Yes, we can take it to the commons," and then Mr. Gardiner said, "Yes, you could, through your member of parliament."

Mr. GARDINER: That report of the conversation is just as far out as the way my hon. friend read the resolution in the first place. It was just the opposite.

Mr. BRYCE: Oh, well, I am just reading the letter.

The packers' strike was mentioned and Mr. Gardiner said he was satisfied with the protest we sent to the union. The strike should not take place between now and December 15.

I will take just a couple of minutes longer, Mr. Chairman, to ask the minister a question. When he replies I should like him to tell us if anything has been done to protect our cattle market to the south. During the war I refrained from saying very much about it. From speaking to the minister and to other people I know in the government service, I know the position well. The Minister of Reconstruction said the other night that the government policy had been one of protecting export markets. I believe that statement was made in connection with lumber, when it was pointed out that we had sent overseas about forty or fifty per cent of our cut. I am wondering what protection there is, or what arrangements the minister through his department has made for the continuation of those 297,000 head of cattle to the United States in the four quarters, which were a boon to western farmers.

I have given a good deal of thought to the overseas market, and sometimes I wonder if we shall be able to hold it. We see the magnificent progress Denmark is making in retaining her bacon market. Realizing that we are so far away from the market, we must understand that we shall find it difficult to compete, even if we produce the same grades as they do. My belief is that our bacon is just as good as that of Denmark. The difficulty is that Denmark is prepared to take so much in exchange from Great Britain which we shall not be able to take.

A couple of years ago when Lord Delaware was in the city of Quebec he was asked about our retaining the British market, and his reply was, "Well, what will you take from us?" We have developed great numbers of mechanics. We do not want to buy engines or bicycles from Great Britain. But if we expect them to take our cattle and hogs we must be prepared to buy from them. The Argentine can produce cattle more economically and of just as good quality as we can. It costs the western farmer just as much to ship his beef from Calgary to Montreal as it costs the Argentine farmer to ship to Smithfield, Liverpool, or Glasgow. We are up against a difficult problem.

The Minister of Agriculture has been good enough to give me information concerning experiments carried out before the war, and problems with which the department was confronted. I do not know for certain, but it is my belief that our best grades should go as good feeders to Great Britain, live, to be put on pasture over there for perhaps six weeks and to be sold as home grown beef. Perhaps in that way we will obtain a more remunerative market than we would by selling dressed beef, because when it reaches the Smithfield market it will still be chilled beef and will not command the home price. I would ask the minister to comment on these points when he answers some other questions which have been asked.

I should like again to draw the minister's attention to the general trend in all government publications and experimental farms toward spreading the belief that the right and proper way to grade cattle is on the rail. That is the problem we shall be up against in the near future. I have always opposed rail grading of hogs, not because it is not the right way to grade hogs, but because it has been definitely in the hands of the packers. However this morning I do not wish to take up the time of the committee in expressing my views in detail. The rail grading of hogs is all right, but the difficulty is that it is so definitely in the hands of the packers. I can see, too, the thin end of the wedge in connection with the rail grading of beef. The arguments in favour of it are good, but I suggest that we shall be met with the same difficulty.

I have tried to have the government consider the formation of a board of live stock commissioners. There are many people in western Canada who do not hold my views; they do not want to socialize everything that I do. But I am offering the government a half-way measure to which everyone would be agreeable. The minister would have eighty per cent of the farmers behind him if he were to set up a board of live stock commissioners. If he does not give them that, then they are going to ask for the nationalization of the packing industry; there is nothing else for it. The farmer will not continue to take the trimming he has had to take in the past.

Speaking of cattle sold on the hoof, I say that what is twelve cents on Monday should be twelve cents on Tuesday. Maybe at the end of the week it is ten cents. There must be a solution of this, and I hope the minister has it. I assure him I believe that a board of live stock commissioners would solve the problem.

In the minister's concluding remarks he said that the establishment of a board would be illegal. I am sure, though, that a man with the minister's ability could make it legal, if he wanted to.

Mr. GARDINER: I said that somebody had said it was illegal. I did not say it was. I am not a constitutional authority on the law.

Mr. BRYCE: Oh, but I am pretty sure the minister does not speak without knowing his grounds. He would not leave himself open in that way. I plead with the Minister of Agriculture to consider my suggestion, because if he does not, the whole of western Canada will be asking for the nationalization of the packing industry. If it is not done, then we shall continue to take a trimming in the markets. Under present circumstances we leave a hog at the packer's gate and we never see it again; we just accept the cheque they send us. I see the hon. member for Renfrew North looking at me. He will understand I am not complaining because I am not making money, but rather because we have not the right system to make everyone happy.

Mr. MACKENZIE: With the consent of my colleague I should like to make one observation. I wonder if the committee would declare this battle of Bannockburn between the hon. member for Selkirk and the hon. member for Renfrew North a draw, so that we might proceed wtih the business of the committee.

Mr. QUELCH: I have one or two questions I should like to ask the minister. We have heard a good deal of discussion about the purchase of horses in western Canada. The minister pointed out that these horses had been purchased first from the drought areas, on account of a shortage of feed. He is well aware, of course, that in certain parts of the west we have suffered crop failures for three years. Apparently the hon. member for Renfrew North does not realize that situation. I must say I was not surprised to hear the type of speech he made last night, because it was typical of practically every speech he has made in the house since coming here. Each session he has driven the broken-down buggy around the house, and has suggested that the farmers of western Canada should be satisfied with the same kind of rig. Apparently the buggy of the hon. member for Brant broke down at the last election.

I was amazed when the hon. member for Renfrew North stated yesterday that he had seen some wonderful crops of wheat in western

Canada, and that even if the farmers received only ten cents a bushel they would receive lots of money. Who would get that money? Certainly not the farmers.

Mr. WARREN: I said that even at ten cents a bushel for that amount of grain they would have a lot of money—not "lots of money."

Mr. QUELCH: I will accept the hon. member's explanation. If they received ten cents per bushel it would mean a lot of money, but who would have received that money? Certainly not the farmers. Surely the hon. member is not suggesting that a grain grower can produce wheat at ten cents per bushel and have one cent left over.

Mr. WARREN: I should like to correct the hon. member.

Mr. QUELCH: I think the hon. member should correct his speech.

Mr. WARREN: If the hon. member will read my speech he will see that in no single instance was I advocating any such prices. I was attempting to denounce the constant grumbling of western members of parliament that I have listened to for so many years.

Mr. QUELCH: I would point out that so long as we have members spreading false ideas regarding western Canada, such as the hon. member has spread, then there will be complaints in western Canada. Early in the fall the government advertised throughout western Canada advising the farmers to ship their cattle as early as possible because there would probably be a heavy run on the market in October and November. I think the government were well advised in doing that, especially in those areas where there was a shortage of feed. Unfortunately in many parts of the drought area a serious situation has developed because farmers miscalculated. As the minister knows, winter came on quite early; snow came in October, and farmers had to start feeding in that month whereas they ordinarily would not have to start feeding until the first of the month. As a result of this situation a serious shortage of feed has developed in those areas. The farmers are finding it difficult, as the government prophesied, to dispose of their cattle at this time.

I should like to ask the minister what their survey shows the situation to be in the drought areas of Alberta and Saskatchewan. I should like to know how great the shortage of feed will be, how much feed will have to be shipped into those areas, or on the other hand how much stock will have to be shipped out in order to avoid a heavy loss of cattle. I realize that this situation is dealt with jointly by the provincial and federal governments, but no doubt the minister has a clear picture of the whole situation.

Mr. BLACKMORE: Before this battle of Bannockburn is ended, I should like to say just a word or two with respect to the whole situation, arising partly from the unwise remarks of the hon. member for Calgary West (Mr. Smith). The other night that gentleman did Alberta and the west a greater disservice than any man coming from western Canada has ever done since I came to this house in 1935. He conveyed the idea that conditions in the west were far better than they actually are. The hon. member named the finest area in Alberta as an example of one in which men were not broke, but he chose to overlook entirely the area surrounding Medicine Hat, where drought conditions prevail so frequently, and he overlooked entirely the area the hon. member for Acadia represents and many other areas in Alberta where crop failures are almost common. If the hon. member had informed himself better concerning conditions in Alberta and the west generally before rushing into *Hansard* with a speech which would mislead men like the hon. member for Renfrew North, it would have been much better for everybody from the west.

Incidentally let me point out to the hon. member for Renfrew North—I think he had me in mind as one of the grumblers—that since I came here I have endeavoured to set forth the true conditions in the west.

There are three things which should be considered before attempting to form a correct estimate of conditions in the west. The first is the freight rate situation. If the hon. member has listened to what has been said by members from the west he will have heard that discussed many times. When the hon. member can explain why in the Dominion of Canada a condition obtains under which a man can put one hundred pounds of barbed wire on the train at Montreal and ship it to Vancouver for seventy-five cents, but when he takes that hundred pounds of wire off at Edmonton he has to pay $1.98, he will be doing something to explain the painful incidence of a situation such as this on the agricultural communities of Manitoba, Saskatchewan and Alberta. He will then be in a far better position to be fair in his judgment of the west. This adverse freight situation is one of the greatest grievances we have in the west, and no amount of comment, no amount of complaint, no amount of pleading which western members can bring to bear on the men

in Ottawa, can cause the slightest deviation from the destructive policy which has obtained in this country for generations.

This is a situation which literally bleeds the farmers of the west to death. Not only do they suffer from the adverse freight rate on freight shipped out to the west; they suffer from an adverse freight rate on freight which they ship to the east. Evidence can be brought to show that through the freight rate structure the provinces of Ontario and Quebec have erected a tariff wall against the products of the secondary industries which are based on agricultural products and are located in western Canada. This is a condition which cries to high heaven, but do you think that all the members from the west pleading about this matter can even phase the men from Ontario and Quebec? Up to the present time it has been utterly impossible even to get ourselves heard at all. There is a situation which the hon. member for Renfrew North, being a public spirited man—I give him credit for that—should give close attention to; certainly before he makes any remark such as he made last night he should carefully weigh these things.

There is another serious matter. The tariff incidence is a scandal. The tariff has been arranged so that it protects the producers of Ontario and Quebec and militates against the producers in every other one of the seven provinces of Canada, both east and west.

Mr. LALONDE: You did not say anything about the maritimes.

Mr. BLACKMORE: I said all the other provinces, east or west. The situation is just as serious for the maritimes as it is for the west. The maritimes are unable to have their voice heard in the slightest degree. Let me illustrate by giving some figures from memory, although I think my recollection is correct. In one of the thirties, I believe 1931, an investigation was carried on under the direction of the late Hon. Norman McLeod Rogers, who was minister of labour in the federal government from 1935 until he became minister of national defence and later lost his life. The discoveries of that investigation were to the effect that Alberta paid $19,000,000 per year in enhanced prices arising out of the tariff more than she obtained by way of protection. In the same year Saskatchewan paid $25,000,000 per year more in enhanced prices than she obtained by way of protection through the tariff. At the same time the producers of Ontario received protection to the extent of $51,000,000 a year more than they paid, and the producers of the province of Quebec received protection to the extent of $31,000,000 a year more than they paid. Now this is a situation which I am sure even the hon. member for Renfrew North will recognize as being iniquitous, a situation which should have been taken care of long ago. Has even the slightest attention been given to the matter by the people in charge of the government of Canada? Not the slightest bit; and, generally speaking, when members from the west rise and begin to talk they are accused of "whining" and all that sort of thing, just as the hon. member did last night; or, hon. members for Ontario and Quebec just get up and "hulk" out of the house, and leave the members from the west or the members from the east to talk. The time must come and come very soon when more attention shall be given to equity throughout this country than has been given to it up to the present time.

Another exxceedingly serious matter—it has been referred to by the hon. member for Selkirk—is the matter of the Palliser triangle. Many hon. members in the house at the present time are new here. For their sakes let me point out that in western Canada there is a vast area of country included in what is called the Palliser triangle. This whole area receives from year to year too little moisture to enable the producer there to produce on a basis which will guarantee anything like security of tenure on the land. This situation was pointed out by Palliser many years ago. He said in a report to the government of those days that it would be unwise to permit settlement to take place on any extensive scale within the Palliser triangle. Now, the Palliser triangle includes such areas as, for example, the Medicine Hat and Acadia districts and considerable parts of Saskatchewan and Manitoba. Notwithstanding the advice which was given—and it was sound advice—the dominion government authorities permitted settlers to come in in vast numbers and settle over those areas without knowing what conditions they were running into. In those areas you will find, probably, that one year there will be sufficient rainfall, and you might think you had come to paradise itself. The next year you will perhaps find that the whole country is just a dust-bowl. Crop failures will go on as long as, say, three years, and then will come a good year, with crops such as the hon. member for Renfrew North saw, and people will say, "surely it must be little short of a paradise; they are rolling in wealth." But if the hon. member had stayed there three or four years, or had lived in these districts over a period of fifteen years, he would know a good deal more about conditions in the west.

Coming back to the question of settling this area, the dominion government allowed people to settle all over the region of the Palliser triangle; in fact, they encouraged them with examples of glowing propaganda, inviting them to come to Canada, and picturing the conditions in the good years, until people settled there by the tens of thousands. What happened? Very soon these people needed roads, schools, telephones and many other services. All of these cost money. Who had to bear the expense of building the roads, of establishing and maintaining the schools, or erecting the telephone lines? The provincial governments. The dominion government brought people in here and settled them on the land, thus building up an impossible problem for the provincial governments, and then backed gracefully out of the picture, and under the inspiration of such men as the hon. member for Renfrew North, whose lack of information regarding the whole situation is colossal, they began immediately to accuse the provinces of poor management; they wondered why they went into debt, and all that sort of thing.

That condition still exists. Not only was the settlement of the Palliser triangle a colossal blunder at the time; not only did it constitute an insupportable burden on the shoulders of the provinces of Saskatchewan and Alberta particularly, but other settlement problems resulted from dominion policy. One of these arose out of the plan under which the dominion granted the Canadian Pacific Railway company and the Hudson's Bay company vast stretches of country selected by them wherever they chose to select it. It did not matter a particle whether communities were established alongside the areas selected by the Hudson's Bay company and the C.P.R. The whole settlement of the country was spread out over a wide area, rendering it necessary to build far more miles of railroad, to erect far more lines of telephones, to establish far more schools for the children in widely settled areas, and, more recently, far more costly health and dental services. All this has constituted a drain on the provincial authorities of which hon. members from Ontario and Quebec have not remotely dreamed. But these prairie provinces are expected to stand up under the strain, and they are condemned because they falter or stagger under this insupportable burden.

Now, when hon. members get up in the house and inform the hon. member for Renfrew North and other members form Ontario and Quebec, in the vain hope that probably some day attention will be paid to their problems and redress will be made, these members have to stand under the condemnation of sweeping remarks such as we had to endure here last night. That is a condition which I certainly hope will not be revealed in the house again. Then we have had the hon. member for Calgary West come down and in a short speech convey an absolutely false impression of the whole set-up. Not a word did the hon. member say about the freight rate structure, although he must know it exists. Not a word did he say about the adverse tariff, although he must know it exists. Not a word did he undertake to say about the Palliser triangle and all the evils which have resulted in the west from that situation. He simply left all the people throughout Canada open to the misinterpretation and misinformation which would naturally result from speeches such as the hon. member for Renfrew North gave.

I do not desire to occupy any more of the time of the committee just now, but I felt that I should have been remiss in my duty to western Canada, remiss in my duty to Ontario and Quebec, which do not desire that there shall be inequity in this country, and remiss in my duty to all other parts of Canada, if I omitted to rise and make clear to some extent the situation which obtains in Canada, as a result of which this condition of inequity has arisen as between the various provinces of this great dominion.

Mr. McKAY: Mr. Chairman, I do not propose to enter this battle, which might be known as another battle of Bannockburn. The hon. member for Selkirk (Mr. Bryce) acquitted himself, I think, very well, and does not need my assistance. But I have a few observations to make, and nobody in this chamber will accuse me of taking very much of the time of the house, because I have made but one speech since I arrived here. Being a new member, I thought probably I was well advised not to say too much at the beginning; I have learned a good deal since I arrived, and, having been a student all my life, I feel satisfied that some of what I have learned was good.

I want to refer particularly to a remark made by the hon. member for Grey North (Mr. Case) in his speech yesterday, when he said he deplored the drift of the young people from the farms. I heartily agree with what the hon. member for Grey North stated on that occasion. There is a very serious drift in this country from rural areas to urban centres, and it has been going on for decades. I am particularly concerned about the young folk, and I feel, with him, some apprehension that our whole economy is being gravely disturbed through the number of young people who are

leaving farm life and are going into urban centres to seek a living. It is not a satisfactory state of affairs, and there must be some definite reason for it.

Away back in 1871, according to the *Canada Year Book*, 80·42 per cent of our people lived in rural areas and only 19·58 in urban centres. Forty years later, in 1911, 54·58 per cent lived in rural areas and 45·42 per cent in urban areas. In 1941, the last figures I have been able to obtain, we find that situation reversed, and now we have more people living in urban areas than in rural. In rural areas in 1941 there were 45·66 per cent and in urban areas 54·34. Everyone knows that since the war that drift has been definitely accelerated and it is not, as the hon. member suggested, due to the fact that labour conditions are better in the city than on the farms. That is not the whole reason. We know that power machinery on our farms is now lessening the hours of labour. I agree with all those who say that the hours of labour are still too long on the farm. But the fundamental reason, as I see it, is that farming is still on the whole unprofitable and unattractive. That is borne out by the fact that although we have 450,000 discharged from the armed services, the director of the Department of Veterans Affairs, who is in charge of the administration of the Veterans' Land Act, tells us that the greatest number of applications for farm land they can anticipate by the end of 1946 is 14,276, and by 1946 I suggest the bulk of our overseas personnel will be back home and discharged. That is much less than after the last war. Under the old soldier settlement act we settled 25,000 veterans, but we have not forgotten that of those 25,000 soldier settlers, owing largely to the vicissitudes of farm life, 13,000 abandoned their projects. They did not abandon those projects without some reason; they did so because life on the farm was neither profitable nor attractive. That is the main reason. Farming must be made profitable, and I would commend the minister for anything he has done to set floor prices under farm products, regardless of what they are, whether wheat, butter, or any other farm product. I suggest that while floor prices are all very well as far as they go, they do not go far enough, for the good reason that as long as farmers have to pay exorbitant prices for clothing, fuel or machinery, it stands to reason that floor prices will not solve their problems. Floor prices did not solve their problems in 1934, because, of course, they did not exist then under the Conservative administration. According to the report submitted by the Rowell commission, at page 175, the farmer in that year was receiving $18 a head for his cattle in Saskatchewan, 17 cents a pound for butter, 10½ cents a dozen for eggs, 61½ cents per bushel for wheat. I submit that $1 or $1.25 per bushel for wheat will be inadequate if the farmer still has to pay exorbitant prices as the result of tariffs or freight rates or monopoly control of most of the things he must buy.

Power farming to-day is most common east and west. The farmer owns a tractor, a truck, a combine and a plow. According to the cartel report submitted in this house recently we know that monopolies exist. We are not talking about something that is not wholly familiar to most of the people of Canada. And the excessive prices that the farmer pays for many of the goods he purchases to-day are not due to labour costs. I have in my hand a report which any member may get by writing to the United States federal trade commissioner. It was issued in Washington in 1945, so that it is up to date. According to this report a combine was marketed in the city of Minneapolis and sold for $638 retail. In the production of that combine, material costs amounted to $174.27; factory overhead, $93.07; manufacturer's discount, $57.96; manufacturer's margin, $85.77; dealer's discount for cash, $30.50; retail dealer's margin, $122; freight, $28 and labour, $46.43, or 7·3 per cent of the retail price. That figure is not foreign to many of us because in 1938 an inquiry was held here and many old members are familiar with some of the facts revealed on that occasion. An eight-foot binder marketed in Regina sold for $218, and the labour costs amounted to $22.63 or about 10½ per cent.

Now, farm life lags behind city life not only in physical comforts but also in social, health and entertainment facilities, and in order to provide many of those things a satisfactory income is necessary. It is necessary in order to keep these services functioning and to create new ones. Farming can be made more attractive by the electrification of rural areas, because farm life is most laborious, particularly for the farm wife. If she is free to use electric power, if she has washing machines, frigidaire, a heating system, her work can be made much easier. And not only that; life may be made more attractive for her and for the young people by the addition of lights, radio and all the things that can be provided by electrical power. The electrification inquiry commission of Manitoba made this statement in 1942:

> The electricfication of farm areas merits high priority as a post-war employment programme because it will be more nearly self-supporting than most other projects which might be considered.

According to the Canada year book 19·8 per cent of the farms in Canada are electrified. In the United States, a country similar to our own, 38·6 per cent of the farms are electrified. That is double the number in Canada. I submit that in the post-war period the government should establish parity prices for farm products so that farming may be and continue to be profitable, and secondly that farm life be made more attractive by the provision of electrification for rural areas throughout the dominion.

Mr. FERGUSON: As one who lived for a number of years in western Canada I remember the time when my father owned some sections of land in the Melfort area. From what I hear, my hon. friend has not studied the situation very well. The farmers are enjoying some prosperity out there. The days of slavery are over in the Dominion of Canada. A man lives where he wants to live. There is no compulsion on any person to move from the east to the west or vice versa. One does not have to move from Ontario and Quebec and live on the prairies. We live in this country where we want to live, because it is the part of the country we like. I resent the aspersions that have been cast by several members of this house on the mental attitude of the easterner toward the westerner. I want to correct that. There is no group of people who are more pleased to see the west prosper than the citizens of Ontario and Quebec. We all have taken trips, or we should have, to see this great country of ours, and when we go into the various parts of Alberta, Saskatchewan, British Columbia and Manitoba we see progress. There is no group of people more delighted than we are when we see that, because it is our Canada as well as yours. None of us is correct in his assumptions of conditions existing in Ontario, Quebec, Manitoba, Alberta, Saskatchewan or any other province in Canada. We can only be guided by the information we receive.

To hear some members from the east and from the west talk one would think that the United States was a land of milk and honey. I have had the unfortunate experience of travelling through Kansas, Missouri, and different parts of that country, and I have watched cattle standing on the hoof dying for want of proper food and water. I say to western members on all sides of the house that ninety per cent of the eastern people will do everything in their power to make the west prosperous. We do not want to hide behind unnecessary tariffs; we do not request that you people pay high freight rates. We are here as a group of men in parliament to see that those difficulties are ironed out for the benefit of this country. Unless all provinces prosper, no one province or three provinces can prosper. I do not think it is right that any hon. member should be too emphatic in his statements with regard to one province or one section of this country. We are searching for unity. We have the greatest country in the world. Let us pull together and stop this battle of Bannockburn.

Mr. KNIGHT: May I ask the hon. gentleman a question?

Mr. FERGUSON: Certainly.

Mr. KNIGHT: Is the hon. gentleman speaking for his party when he says he is ready to do away with discriminatory freight rates and bring in a reduction of tariff items?

Mr. FERGUSON: I have no right to speak for my party, but I will say this: I cannot understand my worthy leader not advocating that discriminatory freight rates be dispensed with if it would be for the benefit of Canada. I am sure he would be backed a hundred per cent in dispensing with discriminatory rates. I know I would back him.

Mr. SMITH (Calgary West): I feel I am compelled to take a moment or so of the committee's time because of something that was said about me by the hon. member for Lethbridge (Mr. Blackmore). I appreciate his kindness in nominating me as having made the most harmful speech to the west in the last ten years, because I know occasionally it is better to have a bad record than no record at all. But in this particular case I did not hold it long. He took it away from me within forty-eight hours, after I had it for twenty-four. I want to say this because I am sure he would not want the impression to go abroad that intentionally I am doing or saying anything harmful to the agriculturists in our country. He did say, for example, that I failed to mention the situation in the neighbourhood of the city of Medicine Hat. Well, if he will take the trouble to look at *Hansard* of the day before yesterday—I cannot recall the page at the moment—he will find that I said exactly what he did, that the Palliser triangle should not have been settled. If I did the west harm in saying that, then, of course, my hon. friend is in team harness with me and we are doing a very good heel-and-toe down that road.

He mentioned freight rates, and said that I had failed to mention them. I failed to do so because I did not think it was pertinent to this debate. That is the reason I did not

do it; but I am going to tell him something about freight rates that probably he does not know.

Mr. BLACKMORE: I shall be glad to hear it.

Mr. SMITH (Calgary West): You will if you listen, but if you keep shouting you cannot hear it.

Mr. BLACKMORE: The hon. member's trouble is that he does not listen closely enough.

The CHAIRMAN: Order. Let us not have conversations between members. All remarks must be directed to the Chair.

Mr. BLACKMORE: I beg your pardon.

The CHAIRMAN: Order.

Mr. SMITH (Calgary West): Yes. I enjoy a tete-a-tete, but I should like to hear what the other fellow is saying. I did not hear it, therefore I shall go on. With respect to freight rates, there is no question that Alberta stands at the top of the heap. I have no doubt whatever that freight rates, and our whole structure, require a going over. I think the time has long since come when our whole freight structure should be based not on what the traffic will bear, but on the cost of doing the job. Hon. members know that they are rapidly coming to that in the United States. In the last couple of years the interstate commerce commission have issued new orders based on cost, which is not true of this country. I am going to let the hon. member know something more about freight rates. In Alberta we have a subvention paid to the railways for carrying Alberta coal. The hon. member for Calgary West got this subvention from the dominion government. Perhaps the hon. member did not know that some years ago the hon. member for Calgary West appeared before the board of railway commissioners on behalf of the province of Alberta. The meeting lasted a week and an effort was made by the member for Calgary West to convince the board that the cost of hauling coal from his own area in Lethbridge to North Bay and to the city of Toronto was less than $8. In that I failed, but I am anxious that the hon. member should know that while he has been doing all the talking about these things the member for Calgary West has some little accomplishment to his credit.

Mr. BLACKMORE: May I just say a word with respect to that?

The CHAIRMAN: The hon. member for Swift Current.

[Mr. A. L. Smith.]

Mr. BENTLEY: Mr. Chairman, like one of the previous speakers of our group I have not taken up much of the time of the house, but I wish to speak for a few moments now because I know of no other item under which I may be able to bring to the attention of the committee a few of the things I am thinking about in connection with the matter under discussion. I am glad the last two speakers came out and made the statements which they did, that they believe in unity and that there were many things in the west which could be corrected. I cannot agree with hon. members who have suggested that there should have been no settlement in the Palliser triangle. There was a great deal of splendid land in that section. I will agree that there are some places in the Palliser triangle which should never have been settled. I agree that the responsibility rests on the dominion government of that time for allowing and encouraging settlement to take place there. I agree with the method that is being applied now, in all too minor a way, to correct some of these things through the dominion government in the operation of the Prairie Farm Rehabilitation Act. Some of these things are in the process of being corrected. I wish the house would vote the Minister of Agriculture three or four billion dollars so that he could do it all in one year, but I will not suggest that because it cannot be done. When we come to that item I am going to suggest that certainly more than two million dollars should be granted for that work.

I was a little bit concerned the other night when the hon. member for Fort William made the remarks he did about how hard the farmers in his constituency have to work. He did not need to tell us that. All farmers in all constituencies of Canada work hard, and their wives work hard. In this connection I hope the Minister of Finance will remember that the work done by a farm wife is a contribution to the productive power of this country. If the labourer is worthy of her hire, then she should have some compensation in the way of income instead of being classed as a housewife, with no occupation; regarded as more or less an appendage of her husband, while her husband is given a slight reduction in his income tax on that account.

Mr. McIVOR: I am glad to know there is not a lazy farmer in Canada.

Mr. BENTLEY: I should not like to say there are no lazy farmers in Canada. Judging by the empty seats in this chamber there may even be some lazy members of parliament, but I would say most farmers who have been

on the land for a good many years cannot be very lazy or they would not have been able to stay on the land. If some of those going on farms to-day are lazy, they will not remain on the farms very long. I am talking about productive farms, which make it possible for the railways to earn revenue by hauling freight; which make it possible for the commercial life of this country to be carried on. I am not talking of people who squat on a piece of land and live there with a cow, a pig and a hen and call themselves farmers. Some other method will have to be adopted to take care of them. I am talking about the farmers who work, whether in my constituency or in that of the hon. member for Fort William. I am not bragging about them because they like to work, but they want a square deal in return.

I am very glad some things have been said in this discussion, because after listening to the hon. member for Fort William and the hon. member for Renfrew North I became rather concerned. When they were speaking, particularly the hon. member for Renfrew North, I began to wonder if that was the consensus of opinion of the citizens of Ontario and Quebec, and I thought if it was, there was only one thing for them to do. I would regret having them do it; but if the people in the east really felt that way, the only thing left would be for them to say to the poor relations in western Canada, "We are tired of you now. We are going to draw a line at the western border of eastern Canada and let you guys paddle your own canoe." We would not like to have that happen, because many of us have relatives and friends down here; our sentiments and emotions are tied up with the older provinces of Canada, and we passionately want to have unity in this dominion. But if it is going to be reduced to a purely economic question I can assure you we are quite capable of running our own show in western Canada if that is the way you feel about it. I hope not many hon. members or citizens of the east feel that way. Certainly we do not.

As proof of the fact that we are prepared to conduct our own affairs, the hon. member for Churchill and the hon. member for Saskatoon City pointed out in a previous discussion in this house that the three prairie provinces would like to control and operate the port of Churchill and the Hudson Bay railway on their own behalf. It is the people down east who do not want that to be done. The minute the dominion government says to the western provinces, "Set up your board of management and take it over," they will find us more than willing to accept that responsibility, because we know it can be operated. We are not impressed by the statement of the Minister of Munitions and Supply that the port of Churchill can operate only for about two months in the year; and when someone said, "Oh, oh," he replied that perhaps it could be operated for three months. We are quite convinced that it can operate for five or six months every year. We are able to read the history of mercantile navigation just as the minister can. Many of our people have visited Churchill, as the minister has, and we of the west are quite prepared to undertake the operation of that port just as soon as the government will give us the privilege of doing so. If they cannot find ways of getting ships into and out of that port with cargoes, we can.

I should like to remind the Minister of Trade and Commerce also that if this situation ever did occur, we would immediately establish contact with the big cooperative societies in the old country, who already have indicated to us that they want a great many of our products and are willing to bring us the things we want, which at present, because of the tariff arrangements of the dominion government, we cannot get through Montreal, Quebec, Saint John or Halifax. In this connection I should like to remind the government that some of our Saskatchewan people visited the old country last winter, less than a year ago. During a visit to our trade commissioner over there he was asked if he had made any effort to establish direct and close contact with the big English and Scottish cooperative wholesale societies, and his reply was, "No. I have been to their offices but I do not know very much about them." Give us the right to operate Churchill and we will learn all about them, because we will visit them and establish relations.

I suggest to hon. members that if they get tired, as I expect they do, of hearing the representations made by western members, they might just give some indication of wanting to meet us on these grounds, and we shall be tickled to death to shut up. We do not love coming down here bringing our grievances, Mr. Chairman, but I always understood parliament was a place where the people from the various sections of the country might lay their grievances before those whom we presume to be broadminded, public-spirited men from all over the dominion, and where some redress for these grievances may be obtained. We want these things.

I should like to remind the hon. member for Renfrew North that the long-time average for the prairie provinces in the matter of grain production, both inside and outside the Palliser triangle, is about fifteen bushels to the

acre. We cannot live for four or five years, waiting for good crops, without eating and without wearing clothes. We have to make the good years carry us through the bad. So that average of about fifteen bushels to the acre is what we consider it is possible to sell from the wheat producing areas of our country. As I pointed out some time ago in the house, with an average of 20,000,000 acres under cultivation that means from 280,000,000 to 300,000,000 bushels of wheat to be sold every year. We do not know what the future is going to bring us; we cannot make any predictions. We cannot even get men in high positions to give us accurate predictions. I have newspaper accounts here of statements made by two very able men closely associated with the production and marketing of wheat; yet if they are correctly reported their statements are completely at variance. The Minister of Agriculture is reported to have stated to the annual general meeting of the Saskatchewan wheat pool delegates in the early part of this month that he did not believe it likely that the price of wheat would drop below $1.25 for the next five years.

Mr. GARDINER: No, that was not it. Read it. I did not say it was not likely; I said I did not know of anything at present that would bring about a decrease.

Mr. BENTLEY: The impression was left that the minister did not believe this would happen. I am not accusing him of anything in this connection; as we found out this morning when the Prime Minister made his statement, press reports are not always too reliable. Then I have a press report of a statement by Mr. McIvor, chief commissioner of the Canadian wheat board, before the same body on another day. He said that after this year it was very difficult to predict what might happen; that there might be serious things in the wheat marketing situation. He is even reported to have gone so far as to say that before this year is out, highly competitive factors will enter the world wheat marketing situation. Again I wish to point out that I am not accusing either of these two gentlemen of doing anything reprehensible, even if press reports are true. I am trying to point out that nobody can foresee what the future will be in connection with the marketing of wheat. Therefore it becomes extremely important to us that governmental policy be such as to take care of any adverse conditions which may arise. Because of that we are again concerned with this matter of the wheat marketing policy for the next five years. Addressing the house some time ago the Minister of Agriculture made a most learned and comprehensive presentation; but I have failed to find one reply to a question I put to him before he made that address, when I asked what the authorized deliveries are likely to be.

In the first place, all the letters I get from Saskatchewan indicate to me that the great bulk of wheat farmers are anxious that the wheat board shall continue in operation. They have expressed that in the minutes and discussions of their meetings. They have done it through the Canadian Federation of Agriculture, to which many good farmers from Ontario belong. We do not find that attitude toward western Canada among many of those, a fact for which we are devoutly thankful. The people in the west are most anxious that the present wheat board payments should be $1.25 a bushel. We do not particularly want to have it called a floor price; we would rather have it called an initial payment, with the wheat board marketing all the wheat. Anyway we would like it to market all the grain at a fixed initial payment, based on the cost of production which the able gentlemen down here in Ottawa can estimate. If the market is such that it brings more, then when the cost of operations is deducted we should like to have the balance paid back on a per bushel basis. But we should also like to know how many bushels we can sell at $1.25. Since the announcement has been made that for the next five years the government will guarantee a price which will not go below a dollar a bushel, basis No. 1 Fort William, we believe we should have this information. As hon. members must know, in the days of the Conservative administration, the floor price was called a pegged price. Any name is good enough. But the fact is that the promise was made that the farmer would not be expected to make less than a dollar a bushel, basis No. 1 Northern Fort William, on the "authorized deliveries". These two words are of extreme importance to the western farmers. Are authorized deliveries to be computed on the full quota of fourteen or fifteen bushels to the acre for twenty million acres? Is it to be on a basis of 280 million or 300 million bushels, or on a basis of four or five bushels to the acre? There is a vast difference between a floor or pegged price for authorized deliveries, if those authorized deliveries are small. One might as well have no crop at all as to have an authorized delivery of two or three bushels per acre. These are questions which concern the people of western Canada who are connected with the cereal industry.

Mention has been made of the live stock industry. In case any hon. member thinks there is a division between those two branches

of agriculture, let me point out, particularly to the provinces of eastern Canada, that the live stock people recently had a conference in Regina. And when I refer to live stock may I point out to hon. members who do not live in western Canada—and who apparently are none too familiar with it—that we have down in the Cypress hills and in other places along the border of Saskatchewan and Alberta, ranches of tremendous size. They produce live stock, and because of that they are classified as live stock producers. In the northern parts of those provinces, and also in Manitoba, we have small acreage farms—quarter-sections of 160 acres—on which one may find two or three cows and some calves. They too, are live stock producers. There are some who raise pigs, and on the two extreme scales. They are the present producers—although with the drop of about 1,500,000 in the hog population I am afraid many of them have almost passed out of the category of hog producers. All this is closely related to the fact that the old farmer and his wife in western Canada have had to go out to feed their pigs too late at night and too early in the morning, with no concession made for labour when they came to deal with the collector of income tax.

Then we come to the sheep producers. The bulk of producers are producing on a large scale; but again there are many people in the three prairie provinces who have small flocks of sheep. These may seem trite remarks, but it appears to me that some people from eastern Canada need to have a clearer understanding of our agricultural problems in the west. So when I said that the live stock producers held a conference I meant that at that conference were representatives of all these various live stock producing groups. The stockmen's association takes in the larger ranchers and the big stock producers. The organized cooperatives and agricultural societies probably represent those who raise smaller amounts of live stock on their farms. Generally speaking, however, all were represented.

The distances in Saskatchewan are great. People do not travel those long distances to spend their time in conferences without good reason, because they do not have the beautiful amenities for sleeping that we find in this chamber. Mostly they have to sit on hard benches. Sometimes they find those conferences as hard to understand as hon. members in this part of the chamber find the little conferences which take place nearly every day between the leader of the opposition and the Minister of Finance—little conferences the rest of us cannot hear, but concerning which we have some curiosity, and some day would like to be let in on.

As I have said, those people travel long distances to attend conferences. Let me remind the hon. member for Renfrew North that they do not do it for fun. They would much rather stay at home and decorate their Christmas trees, or do something else which would be useful to them. No; they go to those conferences because through them they hope some day to be able to evolve policies which will be impressive enough to convince the government of the country that the things they ask for will bring added value to their labours at home. They do not come for fun, or for a picnic; rather they come to attend to serious business, and it is for that purpose they travel long distances.

I could read their findings, but I shall not do so, because one hon. member from this side of the house has already dealt with part of them. Each hon. member who has spoken in this connection has been correct. Speaking generally, they want a board of live stock commissioners and, like the hon. member for Selkirk, I am convinced that when the Minister of Agriculture—whom we did finally elect in Saskatchewan—wants a board of live stock commissioners, we will have it. He will find a legal method to do it. I can tell the minister that the stock men out there do want it. All these groups want it. Let me assure the committee that all those people who attend the conferences do not vote for this group. One of the reasons is that in those western provinces they are most careful in their agricultural organizations to take no part in partisan politics, for the simple reason that they do not want any division among their members when they are dealing with economic conditions affecting their own business. So in those conferences of wheat pool delegates and in live stock conferences are found men with views ranging from the extreme left to the extreme right. When they ask for those things with which the minister is familiar, they do it because in their considered opinion it is important for their industry and their livelihood that such things be done.

I trust I have not taken too much time of the committee. I have spoken in the hope that I might at least convince someone who might not have been convinced before that in western Canada we do have a definite problem and some grievances. We do not want to harp on the subject. We like the place we live in. An hon. member on the extreme right said this morning that this is a free country. You do not want all of us to move down to Ontario, do you? Do you not want to have the C.P.R. hauling our

wheat through eastern Canada, down through your Welland canal and your great lakes? Do you not want some of the other things that are done down there? Do you not want the people in the west to buy your binders, your tractors and so on? Of course you want it. And we want to stay there. We do not want to see a line drawn in the vicinity of Manitoba between the two parts of the country. We want to be with you; we want to be recognized as part of the Canadian family. But we want redress for these things which so many people feel are rank discriminations against our industry out there. We want the same protection that you get down here. If I have convinced some one a little bit, I am glad I took up your time; if I have not, I will have to do it again some time.

Mr. BLACKMORE: I should like to refer briefly to the remarks of the hon. member for Calgary West. I gathered from what he said that he felt I had said something unfair, that I had hurt his feelings. I have no desire to be unfair to the hon. member for Calgary West or to any other hon. member. The hon. member for Calgary West certainly did convey an impression which he probably did not intend to convey, and this is quite clearly proved by the speech of the hon. member for Renfrew North. I would suggest to the hon. member for Calgary West that he do not assume that all other hon. members from Alberta who are not Conservatives do not know what they are talking about. I suggest to him that he deal a little less in insinuations. I suggest also that he inform himself a little bit more before he has quite so much to say.

Mr. BROOKS: Why not do it yourself?

Mr. BLACKMORE: I will do that.

Mr. MacNICOL: Mr. Chairman, I shall be only a moment or two, but I shall not be here to participate any further in the agriculture estimates because I must go to Toronto to-day. I want to help the minister if I can. For many years I too have listened to speeches that have been interpreted as creating conflict between the east and the west. We do not want any conflict between the east and the west. We are dependent on one another; we cannot get along without one another. For my part I have been trying to redress the just complaints that the western people have made through these late years. They have been complaining because of conditions for which they were not responsible, conditions which we perhaps had not tried sufficiently to help them eliminate.

[Mr. Bentley.]

I am ready to support the minister in any programme he will bring in that will help the west. They are entitled to a programme which will relieve them from the menacing conditions under which they have had to operate. I have a keen recollection of going from Regina down through Weyburn to Estevan, and my heart would have broken, if it had not been strong, when I saw the frightful conditions of the farmers in that locality. They were up against calamity through no fault of their own. They put in their crops and they hoped for a return, but they did not get a return because the country was dried out. We gave them little assistance, and they came down here, and rightly so, to complain. I for one am finding no fault with the complaints they made.

The minister is too humble; he does not ask for enough. I will promise him that I will go right across the province of Ontario, to every town and city, and address boards of trade and chambers of commerce to ask for support for a programme that will bring the relief to the west that they are entitled to. Water should be brought to these dried-out areas. If the minister would suggest a programme to spend $5,000,000 for the building of a dam near Riverhurst to provide water required for all the land between the river and Regina—yes, and right down to Estevan—it would be a worth-while programme, a programme that the whole country should support.

There should be no conflict between the east and the west; there should be an endeavour on the part of the east to help the west get on its feet. A man cannot get on his feet in a dried-out area, but give his land water and he will get on his feet. He will be able to produce cattle, grain, and everything else with which he can buy the things he needs. That would help your own city, Mr. Chairman, because mention has been made of agricultural implements, and they are made in the city of Brantford. The farmers would be able to buy such implements, but they cannot when they must live on dried-out land. They must have water.

I am going to appeal to the minister to bring in a programme for $100,000,000. That is not much; it is only the price of one battleship, and who worried over the sinking of a battleship during the last war? Nobody worried over that. We built more. Bring in a programme to provide irrigation for the dried-out areas in Alberta and Saskatchewan so that these good farmers—they are good farmers—so that these brave farmers—they

are brave farmers; if they had not been brave they would not have stayed there—may have a chance to live.

I want to compliment the minister upon the good work he has done, but he would have done much better if he had acted as I suggested and had not been so humble. He should have asked for what he requires. This land should be rehabilitated. The minister has done some fine work. Look at what has been done around Swift Current. This is evidence of what irrigation water will do. The farmers in that area are grateful. I do not want to take any more time, but I did want to say a word to encourage the minister to come out with a giant programme to give those western provinces a chance to live.

Mr. GARDINER: Mr. Chairman, it is just about two minutes to one o'clock and I understand we are to go on again at three. I did intend to make a statement this morning of the kind that was asked for by the hon. member for Souris, but I have been listening to speeches all morning which could more properly have been made on the different items. For example, the speech which has just been made with regard to irrigation is one which properly could have been made under prairie farm rehabilitation, for which we are going to vote money.

The programme my hon. friend has mentioned, that of $100,000,000, is the one I have been advocating, behind closed doors and everywhere else. I think if he reads my political speeches in the last campaign he will see that I advocated it every time I spoke.

Mr. MacNICOL: I was too busy getting elected myself.

Mr. GARDINER: Everything that has been mentioned in the debate so far, with the possible exception of the quota on the deliveries of wheat, was covered in the two speeches that I delivered on the address. There may be some justification for saying that we have not taken sufficient time with agriculture during this session, and for that reason I wanted this debate to go on as freely as possible and as far as possible. However, we have been up three times with our estimates and I hesitate to start to make a general statement which will take half an hour or forty minutes and just repeat what I said on the address. I think if hon. members will read what I said then they will find the answers to the questions they have been asking, or to practically all of them. They will not find the answer to the question about the quota on wheat deliveries, because that is not a matter with which I deal particularly; it is dealt with by the Minister of Trade and Commerce. But I am sure that in order to satisfy the curiosity of anyone who may wish to know, the Minister of Trade and Commerce will not object if I say that it was not a matter of my choice, nor was it the choice of this government, except in the last analysis, that any limitation was put on the delivery of wheat for 1945. The policy which was stated by myself as Minister of Agriculture was that we should control as far as we possibly could the farmers' acreage in wheat from year to year. But the farm organization with which my hon. friend has been working for many years—as a result of that experience he has been able to demonstrate this morning a wide knowledge of the wheat question—put up a policy which we were following until compelled to discontinue. I stated definitely, both in the house and outside the house and in the discussions that took place, that from my experience in western Canada I was sure that no maximum quota placed on wheat could be maintained by any government or by any body trading in wheat if we had a crop failure in half of the west. That is what we have this year; therefore the fourteen-bushel quota had to be taken off. In other words I do not believe in a ceiling quota on wheat at all.

Mr. BENTLEY: I want a floor, not a ceiling.

Mr. GARDINER: I do not believe in a ceiling quota. It is a ceiling quota when you say to a farmer, "You cannot deliver more than fourteen bushels to the acre." That is a ceiling, not a floor. I am not in favour of saying to any farmer in western Canada, after we have compelled him to accept ceiling prices throughout the war, that he is to be limited to any particular ceiling in delivering farm products after the war.

Mr. BENTLEY: Neither am I.

Mr. GARDINER: I do not want it on wheat any more than I want it on anything else. But I do not want to be misunderstood on that point. Let me say that I think one of the best policies that ever has been introduced into western Canada was the placing of quotas on deliveries of wheat by saying at the beginning of the season, "You can deliver only five bushels an acre off each farm." That permits the man twenty miles back from the railway to make his deliveries of wheat early in the season, and not have the elevators plugged full by the men who live within a mile or two miles of the elevators. Therefore, as far as the quota

deliveries are concerned, I hope they will never be discontinued, but I hope also that at no time shall we say that we are going to stop the farmer at some particular point, definitely, in delivering his wheat year by year.

Mr. BENTLEY: So do I.

Mr. GARDINER: But that was the policy we were asked to follow—280,000,000 bushels to be delivered in a year or fourteen bushels to the acre of 20,000,000 acres.

Mr. BENTLEY: Not less.

Mr. GARDINER: No, not more. That was all they guaranteed to take, and it was insisted that there should be no departure from that maximum. That was the policy we were asked to follow by the Saskatchewan wheat pool, by resolution, and in committees and everywhere else.

Mr. WRIGHT: Does that apply to the deliverable quotas mentioned in the order in council?

Mr. GARDINER: No; I am trying to tell hon. members that so far as I am concerned in the government, it does not, and it never will. I hope there will not be very many coming from western Canada, who will be advocating a policy of that kind.

I sat here and listened to the discussion on the address. I let it go by because I hesitated at that time to say anything about what is being done in other countries. But we had an amendment to the address on the question of adopting practically the system which they have in the United States, of paying ninety per cent of parity. The system in the United States is based on the idea that no farmer who gets the benefits of that parity price will be able to deliver from more than a certain acreage or more than a certain quantity of his product. If any hon. member will take the trouble to go back and read the discussions on the floor prices he will find that fundamental in those discussions is the statement that we did not say to the farmer during war time, "You just produce a small amount" and then, "We are going to put a ceiling on it"; we said, "You produce all you can in order to feed the people of the world and then we will put a ceiling on it." And what I say is this: having said that during the war, when the war is over we ought to see that a floor is under it no matter how much you produce, and we ought to allow the farmer to deliver, at least for a period of time, at prices which will be such as to permit him to gain back any disadvantages he may have sustained because of the policy we followed during war time. That in a few words is my policy on this matter.

Mr. BENTLEY: Is that going to be the minister's policy in future?

Mr. GARDINER: I cannot say that it will always be the policy of the government of Canada.

Mr. BENTLEY: That is the important part.

Mr. GARDINER: You have sufficient confidence in me to say that if I decide that that is the proper agricultural policy for Canada, it will be carried out. So far there may have been some reason for saying that, but I am not at all sure that any policy I propose will always be carried out. But I am saying that the prices act under the legislation which passed this house in the session before the election did carry that idea in it, and it is on the statute books of this country, and if it is administered under myself as Minister of Agriculture in the Department of Agriculture as it is now, it will be carried out in accordance with those principles, which are the principles hon. members have been advocating from all sides of the house throughout this whole debate. They are laid down there; they are in the legislation. Any floor prices which are set have to be set after full consideration has been taken of the relationship between the price of the farmer's product and the thing he has to buy, both in war time and in the period following the war, which is in general terms a parity relationship. We do not all agree what parity really is, and rather than saying "parity" it was put in general language which means that very thing.

I would ask, if it meets the approval of the committee, that we be permitted to pass item 1, in order that we may discuss these matters item by item, and all these problems can be discussed as we go along.

Item agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Administrative service—

2. Publicity and extension division, $105,229.

The CHAIRMAN: The committee passed item No. 1 this morning and is now about to consider item 2, publicity and extension division. May I point out that the general discussion took place under item 1, so that

the discussion of the rest of the items must be relevant to the particular item under consideration.

Mr. WRIGHT: I see there is a small increase in the amount available this year. At present it is not necessary to advertise agricultural products very much because there seems to be a ready market for them, but that is not going to obtain always. It has not in the past. Visiting Great Britain last fall I found that Australia and New Zealand are carrying on a much more aggressive advertising and sales policy over there than our department has carried on in the past. If we are to retain our market there, once competition asserts itself again, we shall have to carry on a more extensive publicity and advertising campaign in Great Britain.

Mr. GARDINER: That comes under item 28.

Mr. WRIGHT: This has to do with publicity and extension.

Mr. GARDINER: It relates to the publications that we put out to inform people with regard to agriculture.

Mr. WRIGHT: That is what I am talking about.

Mr. GARDINER: The hon. member is discussing advertising, and that comes under 28.

Mr. WRIGHT: I will reserve my remarks, then, until we come to that item. Can the minister give us some details about these publications that are put out, and what has been done in this direction during the past year?

Mr. GARDINER: Perhaps it would be well for me to put on the record in a few sentences exactly what the division covers. The division assumes the responsibility of serving the whole department in maintaining contacts between technical and administrative officers of the various services and the farmers of Canada. This is accomplished through such well-recognized media as printed publications, press releases, radio broadcasts, educational displays at fairs and at exhibitions, lending libraries and lantern slides. The division operates a duplicating service for the whole department, maintains a mailing list, and undertakes the distribution of all market reports, educational literature and administrative information issued. The work of the division is conducted under the heading of administrative and editorial exhibits, press and publicity, and lantern slides service.

Mr. SENN: This is rather a small vote, although I regard it as one of the most important in all the estimates for agriculture. The publicity and extension division serves as the connecting link between the farmers of Canada and the Department of Agriculture and its activities. There was a time in the history of Canadian agriculture when it was thought that anyone who was not very much good for anything else could become a successful farmer, but to-day agriculture is on an entirely different basis. It has become a more or less scientific occupation in which a man must be well trained if he hopes to succeed. As a matter of fact, farmers must have to-day a very wide knowledge covering a good many subjects if they wish to be successful. First of all they must know something about soil and soil composition, fertilizers and fertilizer values, grain and fodder crops, fruit and vegetable crops, growth and method of cultivation and so on. They must know something about the various insect pests that attack animals and plants. They must know something about plant diseases and how to combat them. They must know something about live stock and what constitutes a good animal in any particular breed that they are trying to raise, as well as the conformation and type of animal and the best way in which they can raise good quality animals and produce the best commodities. Not only that, the farmers must know something about marketing and marketing requirements; the type of product needed on the markets, the qualities demanded, and the different types of animals that have to be raised. They must know a year ahead what will be the future demands of these markets.

My point at the moment is that this publicity and extension division does not seem to be accomplishing all that it might do as a liaison between agriculture generally and the Department of Agriculture. There is not enough publicity. The farmers generally do not know enough about these publications and about what is being done to assist agriculture. Can the minister tell us how the general public is informed of these different bulletins that are put out from time to time? They ought to be of great value. They would convey to the farmers, if the farmers have the time and the opportunity to study them, what is being done in the department. There are a great many ways in which they could help the farmers to benefit by the findings of the department itself.

Mr. GARDINER: To answer both the hon. member for Melfort (Mr. Wright) and the hon. member for Haldimand (Mr. Senn), I

might point out that this service has been carried on over a long period of years, ever since we have had a department, and it has naturally been growing from year to year. During the past year, sixty new and revised publications have been added to the number put out, and these include thirteen farmers' bulletins, one household bulletin, three technical bulletins, nine circulars, two acts, orders and regulations, fifteen special war-time production series, seventeen reports and miscellaneous publications. The number sent out was 1,229,182, merely on personal request. That will give an idea of the number of persons receiving these publications. It does not mean, of course, that this is the exact number of persons to whom publications were sent, because some persons might have three or four different requests, but it does show that there is close contact between the farmers throughout the country and those engaged in other businesses who are interested in farming and the department itself.

There are over 592,080 publications mailed in bulk for redistribution. They are sent out to secretaries of counties or municipalities in the west, or farm organizations. Any organization which is in close contact with the farmers and can make this distribution to people who do not personally send in for them, may get them. There are 1,218,894 copies of market reports mailed out on request. That would indicate that there is quite an interest in the marketing report. There are 9,025,863 copies of mimeographed, multigraphed and multilith press releases, news, market information, and so forth, sent out. Therefore it will be noted that there is a considerable distribution to the public of farm pamphlets and farm information.

Mr. SENN: The information the minister has just given emphasizes the point I was trying to make. Undoubtedly those pamphlets are of great value to agriculture if they are distributed, and if the public know just what they are. The minister has said that some sixty new publications were brought out last year. Frankly I must say—and I keep in close touch with this thing—that I do not know what those publications are. I may know a few of them. Some kind of advertising plan should be brought into effect which would let the farmers know what the publications are. I am pointing this out only because I think it is of real advantage to the farmers to have them. I think they can accomplish a great deal more if farm people generally have a better idea of what they are.

Mr. WRIGHT: I do not know what cooperation there is between the minister's department and the departments of agriculture in the provinces with regard to the distribution of this information, but I would say that through their county and district representatives the departments of agriculture in the provinces are probably closer to their people than is the dominion Department of Agriculture. If the publications were made available to those representatives, and they were urged to see to it that the publications were distributed, it might tend to get them into the hands of those who could use them to much greater advantage.

Mr. GARDINER: There is the utmost cooperation between the provincial departments and the federal department. First, there is a close check to make sure that provincial and federal publications do not overlap any more than is absolutely necessary; if the provinces get out a pamphlet on a certain subject we do not put out the same kind of pamphlet on the same subject. After that is done we see that the provinces are supplied with a reasonable number of whatever they find useful. We have a mailing list of all provinces which covers most of the secretary-treasurers of municipalities, farm organizations, and all people who would be naturally interested. Beyond that there are many people who attend a meeting, hear the publication referred to and write in for a copy of it. The long mailing list that I have here is a result of those communications.

The hon. member for Haldimand referred to something which I think I remember his having referred to five or six years ago. He will remember that on one occasion our mailing list was referred to, and it was pointed out that members of parliament who had passed away some years before were still getting the publications. As a result of the criticisms made at that time we had the list largely revised, and we are not depending so much upon lists of that kind now as we are upon personal inquiries coming in. From then on we keep them on the list.

Mr. SENN: I do think some better plan should be devised to acquaint the public with the publications which are brought out from time to time. Farmers are getting into difficulties at all times. They have their difficulties in regard to production. For instance, science comes under the Department of Agriculture. Scientists are finding out new things all the time, things that are of great interest to the farmers, things that would save the farmer money if he knew about them. I suggest that some real plan should be devised to acquaint agriculture generally throughout Canada with the pamphlets that are being issued.

Mr. STIRLING: Has the minister considered a short intimation of the publications

or pamphlets being given to the weekly press of Canada? I do not remember the number of weekly newspapers there are in Canada, but I know in the riding of Yale, which is largely an agricultural riding, there are seven. If a short intimation was given to the weekly press of a new publication on such-and-such a subject it might bring it to the attention of the farmers who might not otherwise learn of it.

Mr. GARDINER: An announcement goes out every week to the weekly press. Anything new which turns up is in that.

With further reference to what the hon. member for Haldimand has said, most of the new developments which take place are announced over the radio. It is felt that the farmer gets the announcement more readily in that way, and more farmers get it. It is thought to be more helpful to put it out in that way. But even after it is put out over the radio it is put in publication form and sent weekly to the press.

Mr. HAZEN: How many publications are issued regularly, monthly or weekly? What are their names? I receive one in my box entitled as I recall it, "Live Stock Review". How many others are there, and what are they called?

Mr. GARDINER: I think I gave, before the hon. member came in, the total numbers of the publications put out.

Mr. HAZEN: Are there certain ones which are issued every week and every month?

Mr. GARDINER: Yes. For example, there are 1,218,894 copies of market reports. They are mailed out on request. Those go out regularly. Then there are mimeographed copies. It would not be possible for me to give the list because it is a long one. Nine million of those go out, or have gone out during the last year. Then there are half a million publications mailed in bulk. I think those are the ones that the hon. member has in mind.

Mr. HAZEN: What are they called?

Mr. GARDINER: Those are publications on the production of dairy products, hogs, live stock generally, vegetables, fruits, and grains. The pamphlets that go out are all of that type.

Mr. SENN: Will the minister give a little more information as to how the facts are ascertained? For instance, I have heard drovers say that the reports which are published in regard to the prices on the live stock markets are not always correct. I suppose there is a regular way in which those prices are ascertained from day to day and from week to week, but I have heard drovers, and on one occasion farmers as well, say that they are not correct at all.

Mr. GARDINER: The plan followed is the one which has been followed for many years and which has, I think, proven very satisfactory. A report on the prices comes out daily; I have it on my desk every morning. I think that is the one which the drovers have in mind when they say, that it is not exactly the prices they get on their market. I am speaking from memory and I may be a little out on the number of markets, but I understand they take nine of the main markets right across Canada, beginning with Vancouver on the west, and they take the average of those prices and give you both the high point and the low point in the market. You also get the average of the sales for the day. One drover may bring live stock on the market and get the top price, or he may bring it on at the low point, so he will say the average price reported is not the price he obtained. But if he goes to a little more trouble and gets the list of actual sales such as is published in the *Free Press*—and no doubt in other papers as well, though I am more familiar with this one—he will see the prices at which the sales were made. Any drover or farmer can look up that list and see how many animals sold at such a price, but in a publication such as we put out it is impossible to give the price of every animal and every carload of animals. We just give the average price for the day or week over a considerable area.

Item agreed to.

4. Contributions to empire bureaux, in the amounts detailed in the estimates, $47,397.

Mr. BLAIR: Will the minister give an explanation of this estimate? I notice in the details four headings are given: Farnham House laboratory, imperial agricultural bureaux, imperial bureaux of entomology and imperial bureaux of mycology. Will the minister give an account of the work done in these four laboratories, and tell us why these are listed as contributions?

Mr. LOCKHART: Perhaps while the minister is answering he will give a general review of what the vote covers.

Mr. GARDINER: I think a general statement in regard to the imperial agricultural bureaux might give the committee the information required. After considering the results which had been obtained through the successful operation of the imperial institute of entomology and the imperial mycological institute, the imperial agricultural research

conference of 1927 recommended that eight bureaux be established to collect, collate and disseminate information on research in selected branches of agricultural science, and generally to assist research workers in the empire with information on their subjects and with introductions to other research workers. These proposals were accepted by empire governments and since 1928 the following bureaux have been organized, each to deal with a special subject and to be located at a recognized institute dealing with that branch of agriculture:

Bureau of soil science, located at Rothamsted experimental station.

Bureau of animal health, located at the veterinary research laboratory, Weybridge.

Bureau of animal nutrition, located at Rowett research institute, Aberdeen, Scotland.

Bureau of animal genetics, located at the University of Edinburgh, Scotland.

Bureau of plant genetics (crops other than herbage), located at the plant breeding institute, Cambridge.

Bureau of plant genetics (herbage crops), located at Aberystwyth, Wales.

Bureau of fruit production, located at East Malling research station.

Bureau of agricultural parasitology, located at the institute of agricultural parasitology Winches Farm Drive, St. Albans.

Those were the eight original bureaux which were organized. Since 1928 two other bureaux have been established: the bureau of dairy science, located at national institute for research in dairying, university of Reading, Shinfield; and the forestry bureau, located at Oxford. Then, operating under the executive council of the imperial agricultural bureaux are the mycological institute located at Kew, Surrey and the institute of Entomology, located at the British Museum (natural history), Cromwell Road, London. The Canadian contribution to the forestry bureau is provided in the estimates of the national research council.

Mr. BLAIR: Why are these listed as contributions, and how is the amount of money to be paid in determined?

Mr. GARDINER: The amount of money to be contributed each year was decided after the conferences which were held here in 1932. I think the Skelton commission dealt with the matter, and a decision was reached as to what should be the amount. Their report was:

We have discussed fully among ourselves how the above sum should be allocated as between the several parts of the empire. After considering the statistics of general trade exports from each part of the empire to other parts of the empire, the agricultural production of each part of the empire, and the benefits likely to be received, we recommend the adoption of the following scale . . .

	Units of Contribution
United Kingdom and the colonial empire	35
Canada	16
Australia	14
India	12
Union of South Africa	8
New Zealand	8
Irish Free State	4
Southern Rhodesia	2
Newfoundland	1

Those are the proportions in which the division is made.

Mr. BLAIR: What are the benefits Canada receives?

Mr. GARDINER: The advantages of the imperial agricultural bureaux to Canada may be summed up under the following two headings:

(a) Each bureau publishes one or more abstracting journals, a stated number of which are distributed free of charge to contributing countries; that is, all the information gathered by these bureaux is distributed in a publication that is issued. Additional copies are made available at a low cost. The free distribution in Canada has been allocated throughout the dominion to government and university libraries, where they are easily available to research workers. During each year there are published in these journals over 16,000 abstracts of articles by scientific workers in the British empire. The distribution of the findings of these workers through this system of publication represents a service which could not be secured elsewhere; that is the information secured in this general research work is distributed to everyone concerned.

(b) Special services.

Item agreed to.

Science service—

5. Science service administration, $26,073.

Mr. TOWNLEY-SMITH: Hon. members will recall that when the agriculture estimates were first brought down they followed hard on the heels of the national defence estimates. We went cheerfully along and approved estimates totalling $1,998,000,000, and then it was with some dismay that I noticed that our modest expenditures of the year before on agriculture, amounting to some $19,000,000, were proposed to be cut down to some $15,000,000. I was disappointed, because I have

heard, I have read, and our fathers had declared unto us that agriculture was the backbone of the country.

The CHAIRMAN (Mr. Golding): Order. We are dealing now with specific items. The general discussion took place on the first item.

Mr. TOWNLEY-SMITH: I was just using that for purposes of comparison, and I wished to make the comparison as odious as possible. If it is a fact that agriculture is still the backbone of the country, then as a farmer and the representative of farmers I wish to pay a tribute to the scientists who have done so much for agriculture in this country. This matter has been broached two or three times already, but I should like to take a few minutes to bring the work of these men just a little more clearly to our attention, and to explain how, as a farmer, I view the advantages we obtain from their efforts.

When I first came out here I settled in the north country. My farm is on the same parallel, Mr. Chairman, as Prince Albert; and I found the atmosphere very frosty. To my regret I discovered that it was almost impossible to grow wheat because of this frost; and the first time I saw the scientists in action was when they assisted me to grow wheat in a district in which the growing season was not long enough. True, they did not affect the weather; but they got to work and introduced a new variety of wheat with a shorter growing season. Very quickly there were developed early varieties. Men connected with agriculture will recognize these names: Reward, Prelude, and Garnet. It became possible not only to grow wheat in that district, but to grow it 150 miles farther north. That area was opened up as a wheat growing district, and all this was entirely due to the work of the agricultural scientists, and in particular the plant breeders' section.

After a number of years we ran into difficulties with plant diseases. Hon. members will recall the terrible losses suffered in western Canada through the disease known as rust. There was a time when it appeared that the wheat-growing industry out there was finished, because those waving fields of wheat which were so aptly described last night, after attack by this disease became at the end of a few weeks entirely valueless. When an hon. member said that even at ten cents a bushel a farmer would still get a lot of money, he was not quite accurate, because in many instances those wheat fields were never cut. Because of the disease which had affected them it became necessary to burn the wheat in the fields.

There is an intensely interesting story behind the fight against rust. Plant pathologists got busy. They told us all about the disease—where it came from, how it worked, and what it did to the wheat plant. They described to us its life cycle, explained that it used the barberry bush as a host plant, and that until the disease had gone through that host plant it could not do any further damage. Obviously, then, the thing to do was to destroy all host plants, all barberry bushes. An attempt was made to do exactly that, but it was found impracticable. The result was that we returned to the scientists known as plant breeders. They told us that in the nurseries at the experimental farms and at universities varieties of wheat had been developed that were immune and resistant to rust, and they proceeded to hybridize or cross these resistant varieties with some of our well known wheats. It is a long story; it took a long time, but eventually we got the varieties which we are now using in western Canada, and which are no longer being affected by rust. But we cannot stop there, because it was discovered there were a large number of varieties of rust. Just how many have been discovered up to this time I do not know. My last information was that there were twenty-three. We have wheat which is resistant to all twenty-three varieties. In any day in any year another variety may be discovered. Since the rust diseases themselves can hybridize, we shall certainly have other varieties of rust which in their turn will attack our resistant plants, with great danger of our running into the same difficulty again, and with a loss of millions upon millions of dollars. So it becomes necessary to keep a staff of these men working constantly, men who will keep their eyes open and the nurseries occupied. Through their work we may be able to keep away from the diseases which attack our plants.

There are other diseases, such as smut and root rot. Within certain limits we have learned how to control smut, although one variety known as loose smut has not yet been controlled chemically. I understand there is a complicated hot water treatment through which grain may be passed, and which will destroy the loose smut, but this treatment is not very practicable. Certainly it cannot be carried out on farms, and the result is that we are waiting for some further development at the hands of our scientists, in the expecta-

tion that they will tell us how to control this loose smut, which incidentally is costing us many millions of dollars each year.

Root rot is coming into our fields in western areas, and each year is costing us large sums of money. There is no known absolute control, although scientists are still working on the subject. It is our hope that eventually they will find something to do away with root rot.

Turning for the moment from cereals, we know there are diseases of fruit, such as those mentioned a few days ago by one hon. member. In the aggregate these diseases cost a lot of money. We have diseases of vegetables, including potatoes. In fact, a disease of that kind may attack even the 500 bushels clubs of the hon. member for Fort William. He may find disease among his spuds, in which event he would not have 500 bushels, and probably not even five. I hope the disease will not come near him, but of course there is a possibility that it may. Again our scientists are at work trying to meet the disease. So it goes, all down the line, in live stock as well as in plant life.

One of the points I wished to make is one which has already been made, that our scientists are not receiving much encouragement to stay on their jobs. Their salaries are distressingly low—entirely too low. As a farmer and one who really appreciates what these men are doing and have done, I would plead that their rates of salary be made sufficient to induce them to stay in the country. May I read briefly on this point from the "Agricultural Institute Review" of September, 1945:

First, consider one individual who, in addition to two summers' work has served the division of botany continuously for ten years, after obtaining a Ph.D. degree. It was three years before this person obtained any classified position, and, even then, was classified as an agricultural assistant, grade II, at a salary of $1,800 a year.

Just $1,800 a year.

Three years later this was reclassified to an agricultural scientist, grade I, with a salary range of $1,800 to $2,160 a year, and there, four years later and at the end of ten years' service it still stands.

That is not very much money. Other cases are set out which I shall not detail. One to which I would refer, however, is described as follows:

One has been with this laboratory 17 years. During the summers of 1928, 1929 and 1930 he served at a salary rate of $1,320 per year. Then came the lean years and it was not until six years later he once again reached the $1,325 point, having served at as low a salary as $1,118 in the meantime. Not until 1938 did he reach $1,800, and since 1940 he has been at the maximum of his present class at $2,160. Think of that—after 17 years of service! Even when you add to this the $78.12 cost of living bonus which he receives—

And here is the point:

—he is getting less than $200 more per year than is the greenhouse attendant at the same laboratory.

I should like also to read a short paragraph from the thirty-fifth annual report of the Civil Service Commission of Canada, as follows:

The commission regrets that action has not been taken to restore annual increases to those permanent employees who are in receipt of salaries in excess of $3,000 per annum. Many of these employees have been denied not only annual increases but also, for several years, the right of reclassification, while temporary employees in units which are recognized by the treasury board as "war units" have been accorded the right of reclassification at all salary levels. Such differentiation results in a dissatisfied service and affects efficiency, and it is the opinion of the commission that the restoration of annual increases to all permanent employees is in the interests of good administration and the efficiency of the service.

The next report for the year 1944 states:

There is a serious need for immediate adjustment in the compensation for the professional, scientific and technical services, and the commission, after a comprehensive study, is of opinion that action should be taken at once to improve the situation. Assurance of a reasonable salary attainable within a few years is necessary to retain those remaining in these services, and to attract new personnel for the planning and carrying out of the work of the post-war period. The loses that have been incurred in professional, scientific and technical ranks continue to result in expensive administration and the development of particularly critical situations in those fields where the service is in direct competition with the commercial and industrial employer.

In the last five or six years some sixty-one scientific men have left the civil service to take better jobs. I had their classifications and salaries in the service and an estimate of what they were receiving in the positions they took, but I seem to have mislaid it for the time being, so I will just summarize. When I had the opportunity of speaking before I made the statement that I believed after the war the only countries able to stay in business would be those able to produce most economically. The control of disease, particularly plant disease and those affecting cereals, the control of insect pests, the improvement of cultural methods and soil improvement, all cut down production costs. Those things are in the hands of our scientists. It is quite conceivable that this country might have to quit growing wheat for export if some other country got just a little ahead of us in scientific research and were able to produce better

wheat and more of it. That is all scientific work. It is much to be hoped that when these things are discovered they will be discovered by the scientists in our own country. I ask the minister to give special consideration to the encouragement of the scientific men who at the present time are engaged in agricultural work.

Mr. GARDINER: I would point out that the hon. member stayed quite closely with your ruling, Mr. Chairman, at the beginning and end of what he said. There are some hon. members who may not be fully acquainted with the procedure. The procedure has been to discuss in a general way all that is under items from 5 to 11 under the first item which covers science service administration. Then we go on to deal with matters having to do with botany and plant pathology, for example, or with animal and poultry pathology under the items so-called. Much of what the hon. member said in the middle of his remarks would come under item 8. Perhaps we could have the general discussion with regard to all these matters on the first item of the group, and then take up the other items such as botany and plant pathology, animal and poultry pathology, and so on. The salaries paid and the treatment given to men who are doing this work is a proper matter to be dealt with under this item, and I should like to make a few remarks in that connection.

It is admitted, I think by all members of the government and everyone concerned that the civil service of Canada was not well paid in many of its branches prior to the war. During the period of the war there was no opportunity to make a change in the actual payments or in the basis of payment. Now that the war is over certain adjustments are being made.

One of the reasons why we were in a difficult position, particularly in agriculture, prior to the war was that our expenditures down to about 1930, owing largely to conditions which existed in the country during the immediate preceding period, had gone up to something in the neighbourhood of ten or eleven millions for ordinary expenditures. During the five years immediately following that they dropped back to about eight millions a year, which was the figure at the beginning of 1936 when I took over the department. Then I think they went up again to about eleven millions just prior to the war. During the war they dropped back again to a figure close to that at which they started.

Here are the exact figures. The appropriation for 1938 was $9,383,000; for 1939, $10,000,000 and for 1940, $13,000,000. We got up to $13,000,000 at that time, but the expenditures were actually $11,816,000. Then we dropped back in 1941, under war conditions, to about $8,600,000. We continued at that figure down to 1943, and then we went up a little in 1944. This year, according to the figures in the estimates, we are asking for a vote of $10,256,250.

I would call attention to the fact that the figure stated by the last speaker at the beginning of his remarks is hardly a fair indication of the difference between the vote this year and the vote last year. The vote last year for the same purposes was $10,569,000, so there is a difference of $313,000. The total figure down below includes specials, and if you will note above you will see that the reduction has almost entirely to do with the wheat acreage reduction. As is known, we were paying out enormous sums of money a few years ago to obtain wheat acreage reductions. The difference there is the difference between $600,000 and $4,265,000. Almost the entire drop is due to the fact that we are not now paying wheat acreage reductions, most of the final payments having been made last year. There is a sum of $600,000 provided to clean up the last payments in 1945. The proper comparison should be between $10,500,000 and $10,256,000. Although it may be a little out of order, in view of the figure given by the hon. member at the beginning of his remarks I thought I should like to give the proper comparison.

Something has been said about the payments for science services. I would remind hon. members that on April 1 of this year the treasury board made a decision to the effect that those for whom gross injustice had been created through the range of their salaries were to be given consideration on request of the various departments. The Department of Agriculture immediately took advantage of that suggestion, and we have had a very considerable change made in salaries for persons such as those who have been referred to. For example, the first person mentioned by the hon. member for North Battleford was, as he said, in the salary range $1,800 to $2,160, the last range which, I think, the hon. member quoted. He was on April 1 obtaining the maximum of that range, namely $2,160. Under the new salary range he is in the class from $2,820 to $3,180. In other words, he has an immediate increase of $660 per year and an ultimate increase of $1,020.

Mr. BENTLEY: That is effective now, is it?

Mr. GARDINER: It is effective so far as he is concerned from April 1. I could go down through the list. There is quite a list here, and all these men are dealt with in that proportion.

Mr. SENN: Does that take into account the cost of living bonus he was getting before? As I understand, he is not getting that today.

Mr. GARDINER: Well, there is no bonus in respect of salaries over $3,000. Of course immediately this man goes over $3,000 he will not have any bonus.

Mr. SENN: But is he going to get the bonus until that time?

Mr. GARDINER: This is net salary.

Mr. SENN: The $2,160 which he got before was not a net salary at that time; in addition he got the cost of living bonus.

Mr. GARDINER: Yes, he got a cost of living bonus during part of the war period, from the time cost of living bonuses were put on, and they are still on. He will get the cost of living bonus until he is entitled to a salary of $3,000. Probably the bonus will not be on for very long; however, that is another matter.

Under the division of botany, which has been referred to, there have been thirty-six reclassifications, and there are another twenty-six to be made. I state this in order to indicate that what has been suggested is at present being done.

There is one matter to which I should like to refer for a few moments because of the general nature of the discussion which is going on in connection with these matters. There seems to be a tendency to make comparisons. Some of us in this house have university degrees, and we know what the value of a university degree is. Others have not university degrees; and I doubt very much if there are many hon. members who, having listened to the various hon. members address themselves to the house, can determine just which have university degrees and which have not. Again, people take university degrees for different reasons. Some take them in order to get a general education and be able to apply that education to any activity in life; others take them for the purpose of getting employment of a kind which does not require them to do manual labour. But I have been associated with government since 1914, and during the greater part of that time have had something to do with hiring civil servants, and I want to say that personally, and in spite of the fact that I have a university degree, I resent very much seeing, in advertisements which come out from time to time for certain appointments, the intimation that a man must have a university degree in order to apply. I am inclined to think that all too often that qualification is used to eliminate a lot of people from civil service employment, and it is a very simple way of eliminating numbers of people who have good experience and good qualifications. I am not one of those who believe that you can simply say that a man must have a university degree, or that he should be paid on a certain basis simply because he has a university degree. As a matter of fact many of those degrees do not have a very close association with what a man is doing.

For example, I was listening to a discussion of this question a day or two ago, and one of the arguments put forward was that a certain man was a plumber, another man had a university degree. I said then, and I am going to say now, that I did not know which of them put in the most time learning the job he is doing, and I am not prepared to say that the job of the plumber is not just as important as the jobs of some others. We would find great difficulty in carrying on some of the scientific researches that are spoken of if we did not have any plumbers, no matter how many research men we had. That may be true in many other directions. So I say that sometimes we may over-emphasize the matter of paying one particular group of people at a high rate because of certain academic qualifications they have. I believe that in a democratic country, or indeed in any country, the most important people are the people who work with their hands. They are the people who produce the food and the mineral wealth, and who turn out the manufactured products. They are the most essential. Take these men away from our operations, and it will not make very much difference how many scientists you have. Somebody has to get right down to doing the work. I think I would be safe in saying that at least seventy-five per cent—the proportion is probably low—of the people of this or any other country which has to be developed as Canada must be developed if we are to maintain the population we are capable of maintaining, must get right down to working with their hands. So I am in agreement with those who have been urging all the way through these estimates that the man who works with his hands—as farmers do—is entitled to just as good pay as anybody else. I am not particularly moved by the argument that a man is entitled to special consideration simply because he has qualifications which he got

largely through the help of the state—for most of our institutions which make it possible for men to get that type of education are sustained from the tax rolls of the people of the country. Because he has had the opportunity of taking advantage of the facilities provided by those educational institutions he is where he is to-day. There are other men who are just as essential, and I think we must see to it that they get their proper return.

I admit all that has been said on behalf of the scientists. I think they are not paid as much as they should be paid. I want them to be paid more, and I am going to see to it that scientists in the Department of Agriculture are treated at least as well as those in any other department of government.

There is a question on the order paper—I am sorry the answer was not down before this discussion took place, because I am sure the hon. member who asked it wanted the answer for the purpose of using the information here—as to how many men in the Department of Agriculture have certain degrees. Well, it is not nearly so important to know that as to know how many of those men have—

An hon. MEMBER: Brains.

Mr. GARDINER: Well, I would not put it that way; I think the fact that they are working in the agriculture department indicates that. But I would say it is important to know if the man who has a degree is working in a job in which that degree is of any use to him. I can think of many jobs in the department where the possession of a degree does not necessarily give a man an advantage over one who has had five years' experience doing the work somewhere. On that basis I would say this. I hope that everyone in the department will be properly paid, but coming back to the first point I made, namely that our estimates were up to eleven millions and then went down to eight and then back to eleven and down to eight again, being now over ten millions, I venture to say that during the whole of that period we did not fire many because we had too many. If hon. members will look at the statistics they have been getting they will find that our staffs have been increasing year by year until they are higher to-day than at the time we were spending eleven millions or when we had an estimate of thirteen millions. We did not fire men when it was impossible for them to get jobs in other places; we kept them on. The fact that we had cut our estimates meant that we were paying as much in salaries but could not afford to give them as much money with which to do the job they were doing, and therefore we could not use their services to the same extent that we had been doing earlier.

Some credit has to be given to governments generally for acting somewhat differently from industry in many instances. We speak of high salaries in industry, or of high wages, but we all know what the first thing is that has been done in the past, though I hope it will not be the first thing to be done in the future, when times get tough. The first thing that has been done in the past under those circumstances has been to turn out on the street the fellow who is not needed and allow the state to look after him.

Something was said at the beginning of the discussion about men coming back to the farms. The fact is that farmers looked after their own unemployed during the depression period. They kept their sons and daughters at home. There was not all the work to be done that they could have done on the farm. They may have worked hard but they could have been done without as was shown during war time, and one of the reasons why four hundred thousand men and women will not go back to farms lies in a fact, which explains many of these things, that I learned while the discussion was on. There was in New Brunswick a family who had lived in that province four generations. First there were two people who came and settled on a one hundred acre farm, and now, four generations later, there are 610 people descended from those two. Those who argue that everyone who leaves the farm ought to go back should consider this fact. I should like to know how they would keep 610 people on that farm. That is the process that has been going on from one generation to another. We are living on family-sized farms. Only two people can live on that farm in the next generation, one of the sons of the farmer and one of his neighbour's daughters. They will raise their family and in the next generation only two can stay on the farm, and so on. As long as the country is divided into family-size farms it is not going to be possible to send all of each generation back to the farm, whether they have been at war or wherever they may have been. We have to keep that in mind.

We must remember that if we are going to make agriculture successful in the west, or in any other part of the country, we must make use of the scientists and others to find new uses for farm products, to convert them into the things that people need elsewhere; and more than anything else we must persuade the people of eastern Canada and the people of Britain that we want some of the eastern

industry in the west. I do not know of any better place for the development of industry in Canada than around the foothills of the Rocky mountains and in the country north of Winnipeg where there is power. I do not know of anything better for the development of our water resources, which have been spoken of. So that we need these scientists, both in the department and outside, to help us to develop these things, and I am going to fight to get as high salaries as we can for them, taking into consideration the fact that every other minister is fighting in the same way in his own department.

Mr. FAIR: I was glad to hear the minister's statement. As I have said on several other occasions, I believe that he and his colleague the Minister of Trade and Commerce are putting up a brave fight for the farmers of Canada—not for the farmers of western Canada but for those of the country as a whole—and I hope they will be successful in pulling the wool from the eyes of their colleagues in the cabinet. We farmers must stick together. I have no degree, but I think that even without a degree a little common horse sense will take one pretty far, and without horse sense, even if you have a degree, you will not get very far.

It is realized now, as it has been for a long time, even though some people will not admit it, that the best potential market industry has in the west is the farming population. I have upstairs a letter which I intended to bring down, written to the *Western Producer* not long ago by a Saskatchewan farmer, showing all the items that have been manufactured in different parts of Canada, mainly in central Canada, and in use on the farms of the west. It goes to show that in practically everything the farmer uses, from the time that the alarm clock rings in the morning to wake him until he has finished separating the milk at night with the Renfrew or some other machine, he is using Ontario-made goods. The minister is on the right track, and I hope he will continue along that line and put up the fight he has made in the past.

I was glad to hear the remarks of the hon. member for North Battleford with regard to scientists. Scientists are needed in agriculture as much as if not more than in any other industry, for various reasons, many of which the hon. gentleman outlined. I might say that the hon. member was speaking what he honestly and truly believes, because his son is qualified to act as district agriculturist for the Alberta government in my constituency, and he is doing a good job too. I am satisfied that he was speaking his mind sincerely. There is one variety of wheat which he left out, however, when he was discussing cereals. It was developed not very far from Ottawa by Ontario people. One of the Manitoba members described that wheat to me some time ago. He said that it had grown normally and after fifty or sixty years had reached maturity. Those who were experimenting with it took it part of the time as a joke—to-day most of us regard it in the same light—and when it came to maturity these people found that there was nothing in it except chaff. The name of that wheat is Renfrew North.

Mr. NICHOLSON: I too welcomed the first part of the minister's statement regarding the classification of salaries of scientific personnel in his department. But I think it was most unfortunate that the minister proceeded to drive a wedge between those who work with their hands and those who are scientific workers in his department. He admitted what many people feared during the thirties when he took the point of view that because farm prices were at such very low levels the salaries of scientific workers in the Department of Agriculture should be kept down. If every department of government had carried that out, there would not be any grounds for complaint. But an examination of the Department of Justice or the Department of Finance or any other department would indicate that judges, for example, were not expected to be kept on an income that would correspond with the income that was going to farmers who were selling eggs at three or four cents a dozen and butter at ten cents a pound. This committee might expect the Minister of Agriculture to insist that personnel in his department should receive remuneration at least comparable with those in other departments of government, and I am sure that has not been the case.

To emphasize the point that I think should be made regarding the contribution which has been made to our life in Canada by the scientific workers, I shall mention two or three names that I picked out at random when the estimates were before the committee a year ago. I asked the minister then how long those particular employees had been with the government. The minister did not have the information, but said offhand, eight or ten years. Here is the name of W. C. Broadfoot. Doctor Broadfoot was one of my classmates at university. He was one of the best hockey players and an excellent rugby player. I think he might have gone into professional athletics and made a very good living, but he was interested in scientific problems. He went to the university of Minnesota, as I recall it, and secured a doctor's degree there. If I remember correctly

he graduated in 1923, twenty-two years ago. So far as I know he has devoted his full time during those years to scientific problems. According to the public accounts he is now getting $2,880, which, in my opinion, is entirely inadequate when one considers the training he had before entering the department and the contribution he has made since.

Here is R. C. Russell in the same salary classification. Mr. Russell was one of my own instructors when I was at university. I think it is twenty-three or twenty-four years since he was doing post-graduate work; but he was an excellent instructor and taught the members of our class the history of rust. So far as I know he has been working for many years on problems associated with rust; and when hon. members consider what Thatcher wheat or any of the other rust-resistant wheats have meant in dollars and cents to the people of this country, to keep a university graduate with all the experience he has had on a salary of $2,880 compared with some of the salaries we pay to personnel in War Assets Corporation or Munitions and Supply or the wartime prices and trade board is demoralizing to say the least to the highly trained personnel who are doing this kind of work.

I think it would have been much better if the minister had left unsaid the last part of his speech, and had concluded by merely saying that so far as he was concerned university graduates in his department are going to have compensation according to their ability, commensurate with the compensation being paid to scientific workers in other parts of government. Could the minister indicate whether these two men I have mentioned in botany and plant pathology, W. C. Broadfoot and R. C. Russell, have been entitled to any increase in salary in the reclassification mentioned?

Mr. GARDINER: Both of the men who have been mentioned have not yet been classified, but they are in the next group to be classified. The men are being taken in groups through the department and a certain group dealt with at one time and a certain group at another, as is necessary in dealing with that kind of thing. These two men are under consideration at the present time and will have their salaries adjusted in line with what I stated in regard to the others.

Now, as to the driving of wedges, I do not know of any better wedge-driver with whom I have come in contact since I have been in public life than the member for Mackenzie. Instead of driving wedges I was simply saying that all our people have to be dealt with on the same level in accordance with the work they are doing. There is no wedge-driving in that. The wedge-driving would be if you got one group out of line with another; and I am suggesting that it is wedge-driving when you take a man who has a university degree and compare him with a man who is a competent plumber or something else, and say merely because the one man has a university degree and the other is a plumber that the man with the university degree should get more. That is the real wedge-driving that I have heard going on for some considerable time.

Mr. NICHOLSON: I did not say anything about a plumber.

Mr. GARDINER: No, but you said I was driving wedges. I can tell you that you drove more wedges in the few minutes that you were on your feet than I did in the time I was speaking. The situation is that we need all classes of men in a department, and any wedges which my hon. friend attempts to drive by misstating what I said, by saying that back in some other period, we kept salaries down is contrary to the facts. We did not do any such thing. From the time we came into office in 1935 we raised the salaries.

Mr. NICHOLSON: And kept men temporary for years.

Mr. GARDINER: There have been men on the temporary staff here because of regulations which existed. A man is sometimes called a temporary for twenty years. The fact that he is a temporary does not mean that his pay is less; it means that he is not on the list of those who will get superannuated until he goes on to the permanent staff.

Mr. NICHOLSON: That is keeping wages down.

Mr. GARDINER: That is a regulation which has been here for a long time. Only a certain percentage of those in each group are raised up to the—

Mr. NICHOLSON: The minister had a very large percentage of the total personnel.

Mr. GARDINER: Not very many in our department.

Mr. NICHOLSON: There were a few years ago.

Mr. GARDINER: We have temporaries, of course, who are employed during the summer months at the experimental farms. They are temporaries because of the fact that they work only during part of the year, and their

wages are regulated partly by what farmers are able to pay in those districts. Those men are doing farm work.

Mr. NICHOLSON: The minister had temporaries in his own office.

Mr. GARDINER: In our department as there are temporaries in every department. Ours is not any different from any other.

Mr. NICHOLSON: The minister's is the worst.

Mr. GARDINER: Ours is not the worst. I should like my hon. friend to tell us when we raised the wages of judges. Simply to take two or three departments, name them, and say that one department does this and another department does that, does not help. The civil service commission controls the payments in all departments. Their chief job is to see that the payments for similar work in one department is exactly the same as it is in another. That is not my job at all; that is the job of the civil service commission. They take the men who are scientists in our department and men who are scientists in other departments; they classify them, and they see that men in one classification in my department are paid exactly the same as men in the same classification in another department. If they make a mistake on that, we ask them for a reclassification, and we keep battling away until we get ours on the same standard as they are in any other department. That is the plan followed. Simply to get up and say that in one department they are doing this and in another department they are doing that is only saying that the civil service commission, which was set up by this house, not by any department, is not doing its job as it was intended it should do it, and I am not prepared to say that that is the case. I am prepared to say that it has a big job to do, and that it may reclassify the employees of the agriculture department now and may not reclassify the employees of the other departments until later. As a matter of fact that is the case. I think I can say that the Department of Agriculture is farther along the way—I am assured that that is true—in the reclassification upwards of salaries than any other department of government as a result of the ruling made on April 1. No longer ago than the day before yesterday I sat in with the representatives of the civil service who are interested in this particular point and discussed with them everything that has been discussed here this afternoon. Most of the illustrations that have been given today were mentioned then, and time after time I was told that the Department of Agriculture was further advanced than any other department in this matter of reclassification. By that I do not mean anything detrimental to the other departments. The department which applies is selected and gone through with.

Mr. CASTLEDEN: Agriculture was the worst, was it?

Mr. GARDINER: It is the best at the moment, and it was never the worst. It has been well toward the top all the way through. So when my hon. friend gets up and follows his old custom of mentioning some particular hardship somebody is suffering, and bases an argument on that, I am afraid he will have to pick on some other department than agriculture.

Item agreed to.

Science Service—

9. Agricultural chemistry, $125,965.

Mr. ZAPLITNY: Would the minister give us some idea of what is involved in this item? Let us have a little detail on it, please.

Mr. GARDINER: The division of chemistry is responsible for the investigation of soils, fertilizers, animal nutrition, plant chemistry and foods. Chemical analyses are made for projects conducted by other divisions of the science and experimental farm services. Analyses are made in connection with the administration of the Meat and Canned Foods Act and the Maple Sugar Industry Act. The central laboratory is situated at Ottawa, and regional laboratories are maintained at the dominion experimental stations at Kentville, Nova Scotia, and Summerland, British Columbia.

Item agreed to.

Science Service—

10. Entomology, $610,045.

Mr. FRASER: What is the department doing in regard to peaches throughout this country? For the last two years we have had worms in our peaches which we never had before, to my knowledge, and if this goes on for another year I believe our whole peach crop will be ruined, because there will be no sale for it. This year people bought peaches for $1.25 a basket, peaches which looked perfectly good but when they got home they found they could not put any of them down for the winter.

Mr. GARDINER: Of course as my hon. friend knows the method of treating fruit

trees is principally by spraying them several times a year. This has been a very difficult season to use spray effectively.

Mr. FRASER: Last year was not.

Mr. GARDINER: Perhaps that was not so much the case last year, but these diseases, whether they affect fruit or grain or anything else, start one year and then you find the condition worse each succeeding year, particularly, if weather conditions assist the pest. For example, I think in this house only the other day I heard someone discussing small cherries, and saying this disease had started back in 1932 but it was not until recently that people had begun to realize it might take their whole crop. The same thing happens in connection with peaches and other fruits. We have a station in the Niagara peninsula where we are studying these problems all the time and trying to deal with them. In spite of what we have been doing, however, we were unable to deal satisfactorily with many of the calamities that hit the fruit industry in Ontario and elsewhere this year. I have not been in the Niagara peninsula since that trouble developed, but I have been around Trenton and elsewhere and have gone into the orchards; and I am very much concerned about what the situation is going to be next year.

Mr. FRASER: Those would be apples, around Trenton.

Mr. GARDINER: Yes, but the same weather conditions that affected the apple trees affected other fruits as well. The warm spell in the early season brought the trees along to a point at which it was dangerous to have them so early in the spring.

Mr. FRASER: That affected the apples this year, because the bees were not around at the time the blossoms were out.

Mr. GARDINER: Yes. Then they lost their leaves. They leafed again, and the second leaves were taken off by a fungus. Then the trees leafed a third time. Anyone driving along the roads of Ontario this fall could notice that the trees looked black. The leaves were very small; and on going through the orchards it could be seen that on about one-third of the trees the third leaves had died. The question at the moment is whether or not those trees are dead, and probably we will not know definitely until on towards spring. That has hit the fruit industry pretty well all through. I would not like to say that much of what has happened in Ontario this year in regard to peaches or anything else could have been avoided; I think the weather had a great deal to do with it. Perhaps people trying to market their product in spite of the fact it was of low grade did place upon the market peaches which would have been better withheld, for the sake of the long-range policy of selling peaches from Ontario orchards.

Mr. FRASER. The fruit farmers may have placed those peaches on the market without knowing they had worms in them, because there might be only a pin prick on a peach to indicate the worm inside, and a farmer could not go over every peach and find out if it had worms. As I said before, I have never seen peaches as bad as they have been in the last two years, and I think it must have been something entirely different from what the minister has said because it is getting worse each year. There is another subject on which I would like some information. How about the budworm? I understand the minister has handed that problem over to one of the other departments.

Mr. GARDINER: No, I believe we are keeping control of it.

Mr. FRASER: I thought some $300,000 or $400,000 had been given to another department to deal with this problem.

Mr. GARDINER: I think I said at an earlier stage that money was voted to the Department of Reconstruction, but it does not necessarily follow that the money will be spent by that department.

Mr. FRASER: You handle that?

Mr. GARDINER: We make application to them for the money when required, and we handle it; it is just a matter of getting the money from them.

The present spruce budworm outbreak extends from the eastern boundary of Manitoba to the St. Maurice valley in the province of Quebec. An area of approximately 260,000 square miles is involved. The same outbreak has spread also during the last year from Canada into the United States, where it covers some 12,000 square miles in the state of New York and a considerable area in the state of Vermont. To all appearances, this outbreak is more than likely to spread into the maritime provinces within the next four or five years. The areas of heaviest infestation in eastern Canada are in the vicinity of lake Nipigon, the Mississagi district, Algonquin Park and an area immediately north of this near lake Abitibi, lake Temiskaming and the Coulonge river watershed. Over some 25,000 square miles practically all the balsam and between 50 and 60 per cent of the white spruce has been completely destroyed. An additional

area of 45,000 square miles is in immediate danger of total destruction. Approximately 180,000 square miles are now lightly infested.

Intensive studies of the outbreak are in progress in all the affected regions. New developments in connection with spread of the outbreak are being closely followed through the dominion forest insect survey. Studies in control methods have been undertaken by the dominion government and the provincial governments. Three distinct experiments in chemical control by the distribution of D.D.T. from aeroplanes were attempted in 1945. Preliminary tests of the effectiveness of various dosages were made in the early spring in Algonquin park on six 10-acre plots. More elaborate experiments of the same nature, covering an area of approximately 2,000 acres in the Kabonga region of the province of Quebec, have yielded considerable information with regard to the effectiveness of aeroplane spraying. The largest undertaking of this kind consisted in the spraying of some 100,000 acres in the Nipigon district.

Mr. ROSS (Souris): What cooperation has taken place between the federal and the provincial departments? Where does the Department of Reconstruction enter the picture? This is a serious matter in several large areas, and great acreages of forests might be completely lost.

Mr. GARDINER: On September 14, 1945, a coordinating organization known as the forest insect control board was established by order in council under the Department of Reconstruction and Supply. It will be the duty of the board to take all possible steps, both separately and in cooperation with the provinces and forest industry, to control forest insect outbreaks, particularly the spruce budworm. I understand that the very best of cooperation is being established between the department here and the provincial departments in carrying this out.

Mr. FRASER: What effect has D.D.T. had on persons and birds in that district?

Mr. GARDINER: I understand that there are no serious effects on either human beings or birds.

Item agreed to.

12. Experimental farms service administration, $63,205.

Mrs. STRUM: How many seasonal workers are employed at the experimental farm at Indian Head; for what period are they employed and at what hourly rate? How many hours a day do they work? Will the minister's answer also apply to the forestry farm? Is any transportation provided between the town of Indian Head and the experimental farm? Is any arrangement made for meals while at work on the farm?

Mr. GARDINER: I am afraid I cannot give the detail at the moment. Perhaps the item might be allowed to stand.

Item stands.

13. Central experimental farm, $728,935.

Mr. MOORE: Horticulture is becoming important in western Canada. Where is the expenditure being made in the development of this branch?

Mr. GARDINER: About $80,000 is being spent in the prairie provinces, most of it at Morden experimental farm.

Item agreed to.

12. Experimental farms service administration, $63,205.

Mr. GARDINER: To return to item 12; about 15 of the men at Indian Head are employed seasonally, for the summer months, and about twenty the year round. Then, in answer to the question as to the period in which they are employed, it would be correct to say that in most cases they are employed for about seven months. The hourly rate of pay is from thirty-two cents an hour plus bonus, to forty-four cents.

Mrs. STRUM: What does the bonus amount to?

Mr. GARDINER: About seven cents an hour. These persons are employed for about ten hours a day, and the information is about the same for the forestry farm. Replying to the question respecting transportation, I have no information about any transportation provided between Indian Head and the farm. As a matter of fact the farm is just across the road from the town.

Mrs. STRUM: The forestry farm is not.

Mr. GARDINER: It is farther out. There is no regular bus service supplied. I imagine one of the farm conveyances would be used to take them in under certain conditions. I believe most employees stay there for the greater part of the time.

Respecting meals, I understand a boarding house is provided on the forestry farm and on the other farm for those who are there continuously. However those who engage in temporary work bring their lunches with them, and have their other meals at home.

Mr. SENN: I believe this item deals with a most important branch of the Department of Agriculture, one which has been and is doing good work throughout Canada. I should, however, like to take a moment or two to make some suggestions respecting experimental farms.

Much has been done by different boards set up to increase production throughout Canada to meet contracts with Great Britain. We are sending large quantities of bacon, beef, cheese, eggs and seeds to the people of Great Britain and Europe, but I am afraid that not enough has been done to see that we retain those markets. The minister may not agree with me in this. I know he has a contract with Great Britain for certain lines of farm products, up to the end of 1946. However, even at this time other countries in Europe from which Great Britain received her supplies in other days are now entering the British market.

I would speak particularly for a moment or two upon our bacon market over there. All hon. members will agree that our shipments of bacon overseas during the war have brought great benefit to the Canadian people in general and our farmers in particular. There are two main things that must be looked after if we are not going to lose our market in England for bacon as we did after the last war. The first, of course, is maintenance of the quality of our bacon. Then we must keep up the continuity of supply. This has been mentioned so often that it is not necessary for me to elaborate on it. If we are to maintain our market we must see that those two things are carried into effect.

I doubt if the reputation of Canadian bacon has been increased very much during the past four or five years. We are sending over to England some sixteen different grades of bacon, and we have been doing this for some time. What we have sent has not always been of the best and it has not always gone over in continuous supply. Denmark was a large producer of bacon and sent considerable quantities to Great Britain in days gone by, and that country is again entering the market. In Denmark they have a system that is far in advance of ours in producing good quality bacon. There is a good deal of government supervision and control over the production of hogs and bacon, particularly bacon that is to go to England. The control over production is rigid; there is control over marketing and over quality; there is control as to what proportion of fat and lean there shall be; there is control over the size of the carcass and the shape of the sides are controlled. As I said before, I do not believe the reputation of our bacon in England has increased much during the war years.

Moreover, I do not believe the quality of our hogs has improved during the war years. Every select hog produced in this country receives a bonus of $4, and if I am correctly informed the production of select hogs has increased only from thirty-three to thirty-seven per cent during the war. That is not a very large increase considering the bonus which is paid. I believe hog producers should take a leaf out of the book of the dairy industry. In the dairy industry they use good sires and dams, and I believe this is done largely in the production of hogs. But in spite of all that has been done, we find that while there may be hogs of good conformation, there are other hogs with some malformation which makes it impossible for them to be brought to maturity. A hog may have a rupture or other malformation.

Then the dairy industry has what is known as a record of performance. An animal may be a good type and of good conformation, but it may not be a good producer. Something should be done to see that we produce hogs of good type and of good conformation which are also good producers. We see in the papers many advertisements about the use of feed. Some people say that you can produce a pound of pork with six pounds of grain; others say you need only five pounds, and some get as low as three and a half pounds. We should have hogs which are not only of good conformation and good type but which make rapid gains in growth. Producers throughout the country are doing a great deal to improve our hogs in every way, but they cannot do everything. They are not always wealthy men, and they cannot afford to weed out hogs which are not the best type or which may have some defect or malformation.

I believe the time has come when our experimental services should set up some kinds of stations to increase these particular qualities in our hogs. At the time of the Winnipeg convention there was inserted in the agricultural platform of the party to which I belong a clause reading as follows:

> To set up a swine study superstation with sufficient facilities and personnel for an exhaustive study of measures for the improvement of the Canadian bacon hog and of means to retain after the war our present quota of bacon exports.

That is something which should be done by the experimental farms branch. It will have to be done by some government agency because private interests cannot afford to do

it. I make that proposition to the minister and to the government because I believe it is a sound one. I believe it would be of real assistance to the hog industry in the Dominion of Canada.

I should like to make another suggestion. This may not meet with the approval of the committee, but I think it is worth while. In Denmark they have breeding stations; the farmer does not raise his own little pigs; they are raised in breeding stations under strict government supervision and control. That may seem visionary at the present time and it may be that the farmers of Canada would prefer to breed their own little pigs, but I would point out that twenty-five years ago there were very few chick hatcheries in the Dominion of Canada. To-day there are very few chicks raised in any other way, because the people producing poultry and eggs buy their chicks from the chick hatcheries which are under inspection and supervision. I believe the time has come at least to make an experiment in that direction.

I believe little pigs could be raised to better advantage in breeding stations which would be under supervision and control and where the conditions would be better for the breeding and selection of pigs. It is said that from twenty-five to thirty per cent of our little pigs perish before they grow up, before they are of any great age. That sort of thing does not occur any more in the chick hatcheries. The mortality rate of small chicks in chick hatcheries is very small and I think the same results could be obtained if we had breeding stations for hogs. The small pigs would get better care and they would be less liable to disease; they would get a better diet and, if the stations were properly equipped and the personnel properly qualified, it would go a long way to producing a more uniform type of hog throughout the Dominion of Canada.

There is another reason which I think is just as important. At certain periods of the year we have large runs of hogs coming on to the market, so much so that it is almost impossible for the abattoirs to handle them. At other seasons of the year there are only small runs coming on to the market and the abattoirs cannot keep busy. If breeding stations were established throughout the country I believe it would tend to keep a uniform supply of hogs coming on to the market at all seasons of the year. I suggest that the packers themselves would be very well advised to experiment with this thing to see how it would work out, because after all the packers are just as much interested as the farmers are. We need the packers to process our animals; at the same time the packers need the farmers to raise the animals; and if the packers could, by means of an experimental breeding station, demonstrate that they could raise more and better hogs, and that they could distribute those hogs over the year, it would be a great advantage to the packers as well as to the farmers. I leave these suggestions with the minister because I believe they are worth considering.

Item agreed to.

13. Central experimental farm, $728,935.

Mr. CASE: In looking over the details of the expenditures, one item about which I should like to ask the minister is that of rents, $2,560. What are the rents related to in connection with the central experimental farm? Another question which the minister might answer at this time is this: since there must be some revenue from the central experimental farm, where is it shown, or is it shown at all?

Mr. GARDINER: Three hundred acres of the central experimental farm here are rented from the Caldwell estate. That is the land for which we are paying rent.

Mr. CASE: It comes to $2,560?

Mr. GARDINER: Yes; that is the total amount.

Mr. CASE: Is that on a long-term lease? Would it not be better to buy the land rather than to continue to pay rent? It must be well improved land if 300 acres are worth that amount of rent.

Mr. GARDINER: We have had it rented for fifteen years. At the present time it is on an annual rental. I may say there has been discussion as to whether we would purchase it or whether we would go on renting it. While those discussions have been going on, the land is on a yearly rental.

Mr. CASE: The other question was about any revenue coming in from the farm; where is it accounted for, or is it accounted for?

Mr. GARDINER: The amount which we obtain by way of revenue is found in the auditor general's report. There is a revenue from the farm, but, as will be understood, it is not sufficient to pay the cost of running it.

Mrs. STRUM: I am sure we were all glad this afternoon to hear that the minister values the work of people who work with their hands, and his remark that the work of the scientist would be greatly hampered without that of the ordinary day labourer. In the

light of the statement he gave us about farm wages I hope he will consider the revision upwards of these wages. There is a great disparity between these scales and the wages paid by the ordinary farmer. I myself live on a farm; we hired a boy this fall for $100 a month and gave him his board and room. These people work as casual labourers: they have to maintain a home, carry their lunch pail, and perhaps provide their own transportation—we are not sure of that—and they have to provide all that from these very small wages. I am sure the minister will agree that all these wages should be revised to bring them into line with the wages paid by farmers who are not supported by the resources of the treasury of this country.

Mr. ROSS (Souris): May I ask the hon. member, was it just during the harvest rush that she hired this boy for one month?

Mrs. STRUM: No. We paid as high as $7 a day for day labour during the harvest, and we pay $100 a month for people like this boy, who are working for seven months in the year.

Mr. ROSS (Souris): What about the summer months?

Mrs. STRUM: If these men were hired by a farmer he would have to pay them, board them and give them housing. These people work for less than $4 a day, even including the cost of living bonus, and out of that they must support a family, maintain a home and provide their own meals. I am sure the minister does not want to see that condition continue.

Mr. GARDINER: I may say that when I came into the department the hourly pay at Indian Head was, I believe, twenty-eight cents; it now averages forty-two cents including the bonus, so that there has been some increase; and in the present supplementaries which are being considered, and which have not yet reached the house, we are asking for sufficient to make another increase in that payment. That will answer the question whether we think there should be some increase. We rather think there should be.

Mr. FRASER: How many hours a day do they work?

Mr. GARDINER: About ten.

Mr. WRIGHT: What specialized projects are being carried on at the experimental farm here in Ottawa, or is any specialized work being done?

Mr. GARDINER: I have not before me the list of projects that are being carried out. If that question were put on the order paper I could get a list of them and have them put on *Hansard*.

Mr. CASE: How many acres are there in the experimental farm?

Mr. GARDINER: The government-owned land is 869 acres, and we have this rented land which I spoke of a few moments ago. We have about 1,800 acres at South March, which is about twelve miles away from the chief farm; that is being operated—

Mr. CASE: Rented?

Mr. GARDINER: —in cooperation with the department of munitions.

Mr. FRASER: Is it owned by the government?

Mr. GARDINER: Yes, it is owned by the government.

Item agreed to.

14. Branch farms and stations and illustration stations, $1,531,740.

Mr. BENTLEY: A little while ago a question on the order paper was answered, that the dominion experimental services were interested in the airport at Swift Current. I am not saying that they wanted to buy it, but they were interested. Does that "interest" mean, if it is carried to its fruition, that that station will be added to the farm at Swift Current for this kind of work?

Mr. GARDINER: Is the hon. member speaking of the Wymark station?

Mr. BENTLEY: It does not specify Wymark or St. Aldwyn or Swift Current proper.

Mr. GARDINER: The Wymark station has been transferred and is being connected up with the experimental farm.

Mr. BENTLEY: Are you still interested in the air school?

Mr. GARDINER: No; I understand not.

Mr. McKAY: Will the minister indicate what plan is being followed in the way of rendering assistance to these experimental sub-stations and illustration stations which we have all through the country? I wish the minister would state by way of information what inducement is being held out to farmers to devote time and study and effort in the operation of these stations; how much supervision there is, if any, and what is the basis followed; what qualifications are required in

the appointment or selection of farmers for the operation of these stations; if the costs of the operation of these units are in any way connected with the cost of the main stations; if they are, how they are deduced and in what way they are computed.

Mr. GARDINER: As regards the illustration stations, which we have around the country, we pay the farmer a rental of $5 an acre for the acreage which is under supervision. Then we allow him to sell the product. He operates under instructions and supervision, but he sells the product as though he were not and he receives $5 an acre rental in addition. That is constantly under supervision, and my experience is that men go from the department to these stations and have the farmers in from around the district, giving them instructions and telling them what the results of experiments are.

Mr. McKAY: Are they confined to the main experimental unit to which they are attached?

Mr. GARDINER: The supervisor is located at the nearest experimental farm and someone goes out under his direction and does the work. It covers pretty well all western Canada.

Mr. McKAY: I was anxious to know what method was followed in the appointments. I am not complaining; but what is the method that is followed in appointing farmers for that important work of experimental farming? Are there any special qualifications?

Mr. GARDINER: Several principles have to be considered in making the selection. The first, of course, is the soil condition. If a farm is selected in a particular soil area it is unnecessary to take another within the same soil area. It is necessary to have it located as nearly in the centre of any particular soil area as possible, and we have to consider whether the farmer himself will put up with it. Some farmers do not want to be bothered with it. Others take an interest in it. We try to find men who are interested in the work. There are many qualifications of that kind. Most of the men are known only to those engaged in that kind of work in the community. We naturally refer to men operating from Indian Head farm, for example, questions as to whether they think the land is suitable or the individual operating the farm under their direction.

Mr. HARKNESS: There is a decrease in the amount required for the central experimental farm and branch farms. This would suggest that a decrease in the amount of experimental work to be done is contemplated. If that is so, what is the reason for cutting down the amount of experimental work?

Mr. GARDINER: What is noted as a decrease there is explained by the fact that the estimate of last year included supplementaries. The expenditure provided for in these estimates does not include supplementaries. We hope to bring in a supplementary which will increase wages by six cents. I do not know whether we shall get six cents or some part of it, but if it is voted it will be added to these estimates. We do not think the estimates will be decreased after we have added the supplementaries.

Mr. WRIGHT: Has the minister found it difficult to get suitable men to operate illustration stations at present rates of remuneration? These stations serve a very useful purpose in the different communities and I know of one in my own area which the man said he could not operate on the present basis. Does that obtain over a large area, or are these men mostly satisfied with present contracts?

Mr. GARDINER: We have very little difficulty in securing men who are prepared to take on the work. I do not know whether it is because they feel that they are sufficiently well paid for it or whether it is largely because of the kind of men we have and the kind we are looking for. We are looking for the man who is interested in the work himself, and some of these men would take it on whether they were paid or not, because of the advantage which they personally derive from it. Their neighbours also benefit from that work. We have had no great difficulty in securing men at the present rate. Occasionally a man comes and says, "I don't want to be bothered with it any longer", and I do not know whether it is a matter of wages. I do not know whether the man my hon. friend is thinking about is one of these. I know of a case in his community where a man did not want to take on the work because conditions in his family had changed. At one time he had sons and subsequently not so many, and he thought it better to give up the work.

Mr. WRIGHT: I wish to compliment these men on the illustration stations they are conducting. They are doing a good job in the community, and very often their success is due to the personal interest they take in that type of work rather than to any question of remuneration. They indirectly obtain much valuable information that serves them in good stead on their own farms. These men are serving a very useful purpose and the department is to be congratulated on this type of

work, especially the educational features. Each year there is a field day at the station and the farmers from the district come in and observe what is being done. It is a good opportunity for the distribution of pamphlets and other literature. In that way the work of the experimental farms is carried right through to the man on the land who is doing the work.

Mr. MARSHALL: It is quite unfair to make a comparison between the estimates for 1944-45 and those for 1945-46. A true comparison would be between actual expenditures in the previous year with the estimates that are now before us. Unfortunately, we have not been furnished with a copy of the auditor general's report for last year, so that I would ask the minister to be good enough, on all other items that come before the committee, to give us the actual expenditure in connection with each item in order that we may compare the amount that is asked for this year with the amount that was actually spent last year. In connection with item 14, what amount was actually spent out of the $1,593,276 asked for last year?

Mr. GARDINER: The experimental farms branch has spent practically all the money that has been appropriated to it each year. The only reason the auditor general's report has not been distributed is that the printing is not yet completed. The amount unspent out of the total of $1,593,000 was between $30,000 and $40,000. I have not the exact figure.

Mr. MARSHALL: Would it be possible for the minister, in connection with all future votes, to give us the actual expenditure that was made up to the end of the fiscal year that ended March 31, 1945? I could not get a copy of the auditor general's report. A copy was filed with the Clerk here, but someone has it; I could not get my hands on it. Would the minister be good enough to give us those figures as he goes from one vote to the next in his department?

Mr. GARDINER: I do not think there is a record on which I can lay my hands this afternoon. I understand that the votes are not made up in a way that it can be compiled easily. It can be compiled over a period of days and brought down if an order for return were asked for along that line, but I am doubtful that we can produce it here any nearer than what I gave a moment ago. The gentleman who is associated with the different divisions can give what it is within a few thousand dollars. For the benefit of hon. members may I indicate what really happens. We do our best to spend in an effective way the money that is voted. We start out at the beginning of the year with that idea in mind; when we get along to the point where we feel that we probably cannot spend it in the manner in which it was originally voted exactly as it was voted, so far as the regulations permit of it, we go to the treasury board for permission to transfer it from one thing to another, and in that way we spend very close to the amount which is voted in the department each year. The only exceptions were years such as I mentioned a few moments ago when we got into the war. At that time every effort was made to cut down expenditures all along the line. While we had $13,000,000 voted we spent only $11,000,000. That would happen only in a year of that kind. Ordinarily we spend very close to the amount that is voted, and we usually come along for supplementaries on a considerable number of items. I do not think there has been a year in the ten years since I have been here that I have not asked for supplementary votes to take care of what we need in the way I suggest.

Mr. MARSHALL: I quite understand that. I think the gentleman in front of the minister has the information and should be able to give us exactly the amount spent on this programme. I have the auditor general's report for 1944. If we could get the report for the year ended March 31, 1945, we might be able to get the information, but unfortunately that report is not yet available. It is now November and we should have had the report some months ago. Would it be possible for the minister to give us the total amount spent in each branch of his department? Take the production services branch, would it be possible for the minister to tell us at the appropriate time the amount that was actually spent in that branch out of the $3,661,684?

Mr. GARDINER: Yes, I think that amount could be obtained, and before I am in the committee again with my estimates I may be able to get those amounts and bring them down.

Mr. TOWNLEY-SMITH: Fruit growing has received a good deal of attention in Saskatchewan in the last few years. With the right kind of encouragement I think the province could be made self-supporting as far as small fruits are concerned. I refer particularly to apples, crab-apples, plums, apricots, and, of course, bush fruit. Would the minister be inclined to consider setting up an experimental station for the testing of fruit trees similar to the one operating at the present

time at Morden in Manitoba, which is doing such good work? The station should preferably be in the northern part of Saskatchewan.

Mr. GARDINER: The experimental station at Morden, as I suggested a few moments ago, does a very considerable part of the work. We are also carrying on work at Indian Head, Swift Current and at Scott; and we did carry on work in cooperation with Seager Wheeler in Rosthern for a considerable time. I understand that work is still being carried on there. The hon. member for Melfort may know the location. I think there is an experimental station in his area where some experimental work is being done. I think we are doing work at Beaver lodge, which is farther north up towards the Alberta-British Columbia boundary. I quite agree with what has been said, that we should encourage the growing of small fruits, not only apples and plums, but berries of different kinds. Raspberries produce abundantly in the section of Saskatchewan from which I come and can be produced in many other places.

Mr. McMASTER: I was interested in knowing how many different branches of experimental farms there were, but I found the answer in a voluminous bluebook. Can the minister tell me why the province of Saskatchewan has eight different branches; British Columbia, six, and the rest of the provinces all together about the same number. I can understand British Columbia's interest because the minister from British Columbia has so far carried most of the estimates; but I wonder whether the Minister of Agriculture, who is an old Ontario boy, would explain why Saskatchewan has so many branches.

Mr. MACKENZIE: I want to thank my hon. friend for his kind remarks.

Mr. GARDINER: The answer as between Saskatchewan and British Columbia is, of course, very easily given. Probably I had better not say this because I may have a long discussion, but I shall take a chance on it. The agricultural areas of British Columbia are limited because of the nature of the province. It is a mountainous province, and the number of stations required there is not as great as in a province like Saskatchewan where the only industry carried on to any extent is farming.

An hon. MEMBER: And politics.

Mr. GARDINER: My hon. friend back here says "politics". Well, even farming is more important there than politics.

[Mr. Townley-Smith.]

An hon. MEMBER: You do not get your bread and butter in that way.

Mr. ROSS (Souris): Some of them get it.

Mr. GARDINER: Some of the stations we have in Saskatchewan are there largely because of what has been brought out in some of the discussions we have had during the last few days. There has been quite a difference of opinion as to whether or not it is a good place to live in. Personally I prefer to live there to anywhere else in Canada. But one of the reasons why I am interested in living there is that it is a little difficult to make a living, and I rather enjoy a good fight, even against climate.

The experimental stations which we have throughout Saskatchewan are there for the purpose of teaching people how to live in an area which some people think we should not have opened up at all. Personally, I should like to say this with regard to that. We had quite a discussion to-day about the Palliser triangle. There are a million people living there. It is all very well to say that they should never have been taken there, but the city of Regina, the city of Saskatoon and the city of Calgary are within that area, and all the farming areas that are located tributary to it are in that area.

Mr. SMITH (Calgary West): Not Calgary.

Mr. GARDINER: The hon. member had better examine his maps. I have had to draw a line around that area for the purposes of the Prairie Farms Rehabilitation Act. The reason there is P.F.R.A. work out there is that it is in the Palliser triangle. If you draw a line from Morden in Manitoba, straight west to Lloydminster; then another line straight from Lloydminster to the foothills west of Calgary, and then go to the boundary line you have the Palliser triangle inside of that to the south. There are a million people living there, and with all due respect to those who think they should not have been put there I should like to know just where you could put a million people if you took them out of that area. I should like to know where else you could plump them down and have them do any better than they are doing at present if you took them out of that area.

Some people have said they have moved back from the west, and others have said they have moved west. That is because of what we like and do not like in the way of climate and in the way of making our living. Out there we have illustration stations largely because of what was said by one hon. member a few minutes ago, that there was a time when they could not grow wheat in the dis-

trict in which he lives; but they grow wheat there now because of the activities of some of these people who have been carrying on experiments. In the district in which I live it is not many years ago that they could not grow wheat, though I live just north of the Qu'Appelle valley. They had to grow oats and raise live stock; but to-day they grow wheat almost exclusively. Those conditions were changed not because the weather changed or because the soil changed, but because somebody carried on experiments and discovered wheat that could be produced in a short season. Not only did they carry on experiments; some breeding was done which made it possible to get wheat which could be used in those areas. The tests are made in regard to that breeding by taking the wheat from the experimental farm to the illustration stations and trying it under those soil conditions. If it will produce in a certain length of time, or if it is free of rust attacks during certain seasons, then we continue to grow that type of wheat there. That is the real reason why the stations are located at different points all over western Canada, not only in Saskatchewan but throughout Manitoba and Alberta. More of them are in Saskatchewan than in any other province because, as some hon. members opposite have been trying to demonstrate for some days, we think we have more problems than the other provinces.

Mr. STOKES: Before this item passes, I should like to come back to Ontario for a little while. Would the minister tell us something about the number of illustration stations in Ontario? I am thinking particularly of a newly projected station just west of the town of Trenton, along lake Ontario. I should like to know what kind of work it is going to do, what the staff will be, and so on.

Mr. GARDINER: It is really a small experimental farm that has been established at Trenton. The staff will not be large; that is the permanent staff, but we will send men there from the central experimental farm here to do a considerable portion of the work. A skeleton staff will be there all the time operating that farm.

Mr. STOKES: What is the nature of the work to be carried out there? Is it to be purely in connection with the apple growing industry, or is it to render a general service?

Mr. GARDINER: The work is experimenting in the best methods of building and maintaining orchards, treating apple and other fruit trees with spray, and the best methods of producing vegetables in that district. I was at that farm within the last three months, and was pleased to see the development that has taken place.

Mr. STOKES: We are grateful to see some move made in regard to growing apples.

Mr. BARRETT: While we are on this item I should like to put in a word for the dominion experimental substation at Delhi. Mr. Stinson, who is in charge there, is doing a very good job in experimental work in connection with tobacco. I know during the war he was handicapped by lack of help; now he would like to make some extensions to his plant, so that I just want to draw this matter to the attention of the department in the hope that he will be given every consideration.

Mr. GARDINER: I am pleased to have that statement with regard to the Delhi farm. I understand that the two men who were employed there as assistants before the war and who have been overseas are returning to the farm, so that we hope it will operate with greater efficiency in future than has been possible during the war.

Mr. BRACKEN: Will the minister state whether any experimental or research work along forestry lines is being carried on under the experimental farms branch?

Mr. GARDINER: Yes; we have the forestry nursery stations at Indian Head and Saskatoon, with which I am sure the leader of the opposition is quite familiar. These stations supply forestry plants for all four provinces.

Mr. BRACKEN: Formerly they were under another department, were they not?

Mr. GARDINER: I understand that at one time they were under the Department of the Interior, but that was before my time.

Mr. BRACKEN: I am asking this question because, as I remember the remarks of the Minister of Reconstruction the other day on another matter, he indicated that certain research work along forestry lines was being undertaken by that department. This may not be a matter I should discuss now; I am not particularly anxious to do so, but I want to know when it might be discussed. I am wondering, though, since forestry work is already being done in one or two other places, why research work in forestry should be placed under still another department. I do not ask that much time be taken on the point now, but perhaps the minister could say a word about it.

Mr. GARDINER: I understand that the work really is to be done under the Department of Mines and Resources, which is the continuation of the old interior department. That work is in connection with natural forests. The work we are doing at the two forestry farms is reproducing trees which will grow well in different localities, and distributing those trees, particularly to farmers. That work is done by the Department of Agriculture, while the other work, related to the natural forests, is carried on by the Department of Mines and Resources. They will get their money for the special work that is to be done during the reconstruction period from the reconstruction vote. We will supply men who will cooperate with them in some of the work, but really the work will be carried on by the Department of Mines and Resources.

Mr. BRACKEN: Those whom you might call research men, then, would be in the Department of Mines and Resources rather than in the Department of Agriculture?

Mr. GARDINER: We do the work in connection with breeding plants; we do the research work in connection with diseases of plants and in connection with attacks made by insects upon plants, through our entomological branch. All that work is done by our research men, but they work in cooperation with the others.

Mr. ZAPLITNY: A short time ago the hon. member for Swift Current raised a question I should like to pursue a little; that is, the possibility of using airports that have been declared surplus for experimental stations. As the minister probably knows, at Dauphin we have two very fine airports. It is possible that one may be used for commercial purposes, but at least one will be declared surplus. Has the department taken into consideration the possibility of using these airports that have been declared surplus for experimental stations, or anything of that sort? I might point out that both the Dauphin airports are built on some of the finest land in Manitoba; they have fine buildings, water supply, electricity, and are close to town. Either one would make a fine experimental station. We have tried to get the Manitoba government interested in starting an agricultural college at one of these airports, but they have decided against it, so that I hope the dominion department will be able to make some use of these facilities.

Mr. BRACKEN: If I may revert to the answer given by the minister a few minutes ago with respect to research in forestry, I was not aware that his department was doing as much in the way of research along forestry lines as apparently is being done. Could the minister give the committee a general idea as to why any research is being carried out by the Department of Reconstruction, when the Department of Agriculture apparently has men who can do it?

Mr. GARDINER: I do not like to be too specific in the matter, but I do not think it is the intention of the Department of Reconstruction actually to do any of this work. The principle, as I understand it, is this, that during the war we have been voting considerable sums of money for war purposes. If I wanted any of that money to develop something having to do with the war—possibly the greater production of hogs needed for food—I would have to go to the Minister of Finance who had charge of the fund and ask for a part of that money, through treasury board, to carry on the work. But that work was not carried out by the department which had control of the funds. They examined into the necessity for it, and if they thought it was necessary for the performance of part of the war effort the money would be turned over to the department in question carrying on the activity.

My understanding is that the Department of Reconstruction is going to take similar procedure in respect of a very considerable sum of money which may be voted by the house. Parliament will vote a sum of money. Then, for example, I would say that some irrigation work must be carried on in connection with research. This would be something outside and beyond anything provided by the civil estimates to my department. If I can convince them that the work I have suggested is important enough to make a sum of money available, we would then bring in a supplementary estimate which would propose to spend that money in the Department of Agriculture.

I think it would be also true to say that the Department of Mines and Resources would have to go to the Department of Reconstruction. The Department of Reconstruction would have the final say as to whether that money is to be used in a certain way, rather than by the Department of Agriculture, or somewhere else. But once the money is supplied for the work, our officials and those of the Department of Mines and Resources will carry it out.

For example, in connection with a dam required to promote irrigation, I understand that even after we have persuaded the Department of Reconstruction that we need the money and that the project is a good one,

it may say, "But you have not the proper engineering skill in your department to do this work." We would then say, "Whom do you recommend as engineer?" Or we might say, "If you have engineers elsewhere who you believe can do this work, who are they?" In this way we would cooperate in getting the work done. The work will be carried out by whatever department or branch has been accustomed to carrying it out in the past. In this instance it would be Mines and Resources, and Agriculture.

Mr. BRACKEN: I can understand how engineering work might be handled in that way. But with a branch of forestry in the Department of Mines and Resources, and with an experimental farms branch in the Department of Agriculture, in which there are experimental and research men, I cannot understand why another department—a new one—should be undertaking work which already is being done in one or two other departments? At the moment I am not criticizing; I am only seeking to understand why such duplication is necessary.

Mr. ZAPLITNY: May I have an answer to the question I asked a minute ago?

Mr. GARDINER: Up to this time no consideration has been given to using the airport at Dauphin. I do not know whether any consideration will be given to it or not.

Item agreed to.

15. **Production service administration, $35,445**

Mr. ROSS (Souris): In the war appropriation estimates for the Department of Agriculture, as they are shown at page 552 of *Hansard*, there is a vote for subsidies amounting to $27,111,749 to producers of food products. May I ask about that item at this point?

Mr. GARDINER: Subsidies are paid to bring about greater production, and to that extent the item could be discussed now.

Mr. ROSS (Souris): Would the minister give the committee a breakdown? What amount has been spent under this item on different agricultural products?

Mr. BRACKEN: Perhaps I might be permitted to interject a brief observation at this point. I notice that, as we are reaching another branch of the work of the department, the minister is changing advisers. I should like to associate myself with those who have complimented the minister and his department upon the type of work which has been done across Canada in the last thirty or forty or fifty years by the experimental farms branch. Anyone who is familiar with that service particularly in recent years, must realize that it has been a wonderful investment, one which has returned to this country manyfold the expenditures made in connection with it. I commend the whole service from top to bottom, and in this respect would include the minister as well.

Mr. SENN: I believe it is understood that certain subsidies are given to increase production and others are given to offset the price ceiling. Would the minister make a full statement regarding marketing as well as production?

Mr. BRACKEN: May I add a word in support of the hon. member for Haldimand. Could we have a general statement which would give the full picture of subsidies administered by the minister's department? When we reach other departments we can get similar statements from them.

Mr. GARDINER: There is a lengthy list, but I could begin to give it.

Mr. ROSS (Souris): I believe the hon. member for Haldimand was referirng to the fact that large items are spent by the Minister of Agriculture and other large items by the Minister of Finance. Is this true?

Mr. GARDINER: Some subsidies known as consumer subsidies are paid to cut down the cost of living. Then other subsidies are paid for the purpose of getting greater production, and consist in increased payments to producers. I believe that information can be supplied from the figures I have before me. All are listed together in the information given me, but I believe when going through them they could be separated.

Mr. BRACKEN: Is there any prepared document giving that information?

Mr. GARDINER: The document I have gives it pretty well.

Mr. BRACKEN: Have we had that document?

Mr. GARDINER: I doubt if you have, but it can be had. I have here the details of estimated expenditures for the fiscal year 1945-46, the one we are now in. For the agricultural food board the sum of $21,334 is given for administration. That is the amount already granted. The additional amount required is $40,695, making a total requirement for 1945-46 of $62,029. That is for administration.

Then follow subsidies on food products. The subsidy on milk for butter, fluid milk and cheese concentrates for 1944 was $4,500,000, and for this year, $4,500,000. The subsidy on milk for 1945: amount already granted $22,000,000; amount required, $23,000,000; total, $45,000,000. Subsidy to producers of fruits for jam and canned raspberries: 1945, $200,000 already granted, $400,000 still required, or $600,000 in all. Subsidies to producers of fruits for jam and canned raspberries, 1944, $83,333; and for this year it is $83,333. Subsidy to producers of tomatoes, corn, peas and beans: $200,000 already granted; $2,550,000 required, or a total in all of $2,750,000. Subsidy to producers of tomatoes, corn, peas and beans, 1944, $22,916,000. Subsidy to producers of white and yellow eyed beans: $100,000 already granted; $1,100,000 additional amount required, making a total of $1,200,000. Subsidy on milk used in the manufacture of lactose, $5,500. The total amount already granted, which includes some grants prior to this year, is $27,111,749. The total amount required to March 31, 1946, is $27,050,000. Total amount required—it says here for 1945-46 but I think that is the total down to the end of 1945-46, according to what I have been reading—is $54,161,749.

Mr. BRACKEN: Would the Minister of Agriculture have this information put in form and then place it on *Hansard* to-morrow the way it is given, because it is a little difficult to follow?

Mr. GARDINER: I could have a table made up and bring it in when we start the estimates again and ask to have it placed on *Hansard*. I take it that what is wanted is a total of subsidies paid right through the war period.

Mr. BRACKEN: Yes.

Mr. GARDINER: Would the hon. member like that divided into producer subsidies and consumer subsidies?

Mr. BRACKEN: All subsidies administered by the minister's department.

Mr. GARDINER: That would be only producer subsidies.

Mr. BRACKEN: When we come to other departments we can get the subsidies paid by them and then have the whole picture.

Mr. McCULLOUGH (Assiniboia): I should like to know if the annual dominion-provincial production conference which was organized some years ago and which is representative of dominion and provincial departments of agriculture and farm organizations is to meet to make an all-out effort to cooperate in the production of food. I think it is essential that this conference should meet and that the techniques and cooperation which are provided be continued in the post-war period.

Mr. GARDINER: The conference is to be held on Monday, Tuesday and Wednesday of next week. This will be the first meeting after the war, and it is our intention to continue to hold them as long as we can secure the cooperation of the provinces and the farm organizations. Therefore I think they will continue right on through the years. We believe they are helpful and serve a good purpose.

I would call the attention of the leader of the opposition to the fact that a return is to brought down in answer to a question asked by the hon. member for York East (Mr. McGregor) on October 7. The hon. member asked what amount had been paid in subsidies by the government from September 1, 1939, to September 15, 1945, and on what products were subsidies paid during that period and how much on each. This return I think could properly be put on *Hansard*, although it might be well to bring it up to date. It deals not only with the subsidies we have been dealing with but also with freight subsidies which work into the production of farm products. All kinds of subsidies are given and my hon. friend could very easily take out those that he has in mind.

Mr. BRACKEN: That seems a good suggestion. If there is any item omitted in that return, perhaps the minister would see that it too is included on *Hansard*.

Mr. GARDINER: I think the part of the return which I have is an answer to those matters which concern agriculture, and it covers other subsidies which we have not discussed to-day.

Mr. WRIGHT: I hold in my hand the proposals of the government of Canada to the dominion-provincial conference, and on page 9 I find the following:

> To eliminate war-time subsidies related to the stabilization policy when inflationary pressures begin to ease.

What, if any, agricultural products would come under that clause? There must be some subsidies being paid by the Department of Agriculture which would come under that classification.

Mr. GARDINER: There will come a time, I do not know just how soon or how late, when we will transfer from the policy we have been following during the war to the policy provided under the legislation to establish floor prices which we passed at the last

regular session. Under that the Department of Agriculture is provided with $200,000,000 to be used as a circulating fund to do during the transitional period following the war what we were doing under the War Measures Act during the war, that is, to carry on in principle the same kind of thing. When the time comes to discontinue the payment of subsidies under the war measure, then the board that has to do with the other measure will come into operation. Whatever conditions will have to be met, I anticipate, if it is necessary to use that fund, we will use it. The plan under which it will work is one of two ways. Either we will say to the people who are new in the business, whether co-operatives or persons in private business, "Go ahead and market the products," and if it is marketed at a price which is as high as or higher than we consider a reasonable floor, it will not be necessary to use any of the $200,000,000 by way of assistance. But if it is necessary to market the product at a lower return than that, then we will say to these parties, "Go ahead and market the product at whatever you can get for it and you will be paid the difference between what you get and the floor price. In other words, you can proceed to pay the farmer the floor price and any difference between that and what you actually get for it will be refunded out of this fund." That is a subsidy, but it will not continue under the plan which has been followed during war time; it will be continued under the floor prices measure. Does that answer the question?

Mr. WRIGHT: It does not answer as to the specific products which will come under it.

Mr. GARDINER: I should have said that the $200,000,000 is provided for all products excepting grain.

Mr. WRIGHT: Does that include barley, oats, flax or rye, or just wheat?

Mr. GARDINER: No; it leaves all the grain to the wheat board. The board which is set up for handling farm products under what we have come to call the floor prices measure has $200,000,000 for everything but grain. At the time the bill was discussed the government announced as a policy that similar provision of funds will be made to the wheat board when the time comes that that provision is required; a similar provision will be made to supply funds to the wheat board to do the same thing in relation to grain. In other words, the $200,000,000 is to operate outside of grain. It can be understood that we have had experiences in the past when it would have required perhaps the whole $200,000,000 to handle grain. That was not considered a sufficient sum to take grain in, and it was provided at the time as part of the government's policy that if it became necessary, in order to maintain the proper floor level of grain, sufficient funds with which to do it would be made available to the wheat board.

Mr. WRIGHT: Can we take it from the minister's remarks that it will be the policy of the government to see that, either under present subsidies or the floor price legislation, the prices of agricultural products are maintained at present levels as long as production costs remain at their levels as of the present time?

Mr. GARDINER: I would not want to say definitely that on every single farm product that would necessarily carry through, but I would say that that is the general principle underlying the policy. There may be some products—I am not prepared to say at the moment—to which we gave special consideration during war time because we required production for a special purpose during the war and may not require it for the same purpose during peace time, for instance, some of the oils which we required and of which we promoted the production because they could not be obtained at that time from the East Indies; it may not be advisable, all things considered, to try to persuade farmers to produce such products during peace time.

Mr. WRIGHT: In that connection, if that is the policy of the government I cannot understand what has taken place with respect to the production of bacon in this country. The minister through the policies he has instituted has certainly caused the production of bacon to decrease greatly. He gave his policy in the house not very long ago, when he stated that as far as the production of bacon in western Canada was concerned, and I quote his words as reported in *Hansard* of September 24, at page 408:

> This simply means that a farmer in the west must make a decision, and must have an argument with himself as to whether it pays best to feed barley or to sell it, and that is exactly the position in which we wanted him.

It seems to me that the production of hogs and bacon is an important part of our economy. It is something in which there is and has been a profit. It is an article which is needed. Yet the minister, through various types of legislation and the control of the price of grain, has reduced the profit on the production of that product, especially in western Canada, to a point where it is uneconomic at the present time. I have come from

what I believe is the largest hog-producing district in Saskatchewan. More hogs have been raised in the Carrot river valley than anywhere else in Saskatchewan and, probably, in the three western provinces, but a serious situation exists there at the present time. From observation I am sure there has been a reduction of production there of at least forty per cent; as yet the trend has not been stopped, and I am just wondering what steps, if any, the minister is taking to arrest that decline or to get people back to the production in western Canada of this important product. I believe, given natural conditions, there is no other place in the world where pork can be produced cheaper than in western Canada. We grow the grain, and the hogs are raised on the farms where the grain is grown, so that the only freight which has to be paid is the freight on the finished product. But the policy which the government has adopted, of making it practically uneconomic to produce hogs there, is certainly creating a situation which I think should be remedied.

Mr. GARDINER: I wish to take just a moment or two, since it is six o'clock. The present position is that there is a reduction of fifteen per cent in the production of meat in Canada this year as compared with last year.

Mr. WRIGHT: I was referring to hogs.

Mr. GARDINER: Grain is needed for one purpose just as much as for the other. If you are going to finish beef you finish it largely with grain.

Mr. WRIGHT: May I just point out to the minister—

Mr. GARDINER: I ask the hon. member to wait a moment if he wants a reply; if not, I will sit down. The real reduction in meat in Canada is fifteen per cent, and it is to a large extent the same farmers who feed hogs who also feed cattle. Some farmers feed hogs and do not feed cattle; some feed cattle and do not feed hogs; but, generally speaking, the hogs and cattle are both fed on the family-sized farms across Canada; they are not fed on the bigger ranches. About ten per cent only of the beef is fed there; the great proportion is fed on the small farms. The general situation is that you cannot have at this time more hogs in Canada than you have now. My hon. friends keep getting up and saying that the government has some policy which has resulted in there being fewer hogs. The government has not anything of the kind, and the government policy with regard to it has had very little to do with the matter, either when we had a big increase or a considerable drop. I can remember when the opposition, sitting where they are now although there were not so many of them, used to tell us that we were taking credit for what providence had done. I said at that time that I would much rather be with providence than against it. While we do not take all the credit for increasing the production, may I point out that if our hon. friends thought increased production should follow the good weather of 1942, they should, in accordance with that same idea, agree that when the production of grain is not so great, we cannot have as high a production of live stock. Let me put on the record the figures for the carryover of oats at the end of the year. From 1935 to 1939 the average carryover was 35,000,000 bushels at the end of the crop year. The average from 1940 to 1944 was 85,000,000 bushels. Even after we had fed greater numbers of live stock we still had a carryover of 85,000,000 bushels. For the year 1944-45, ended July last, the carryover was 98,000,000 bushels, after we had fed more live stock and exported grain. For 1945-46 we estimate that it will be 46,000,000 bushels, and for 1946-47 it is estimated that it will be 25,000,000 bushels. Our production of live stock goes up and down with the production of grain, and the production of grain goes up and down with the weather, as everyone knows who has been on a farm; particularly is that so where grain growing is the main activity.

With regard to barley, the situation is much the same. The carryover at the end of the year, for the period from 1935 to 1939, was 9,000,000 bushels; from 1940 to 1944 it was 33,000,000 bushels; for 1944-45 it was 29,000,000 bushels; and for 1945-46 it is estimated at 15,000,000 bushels. It is estimated that we may have an increase in barley because of the increased acreage in 1946-47.

The policy of the government has been to study these figures, to encourage the production of feed grain and to estimate what is going to happen on the basis of grain production. When hon. members in the early part of the war were getting up continually and saying that next year we would have a decrease in production we kept continually saying, "No; we are not." The only reason we had for that statement was that our statisticians were able to assure us that there was such a condition prevailing on the land across Canada that we would have an increased production of feed grain, and as we had an increased production of feed grain the farmers would feed more live stock. In order to make sure that we would have enough we paid $4 an acre to take land out of wheat and put it into feed

grain and summer fallow for the purpose of increasing grain production. That was our policy and we got wheat acreage down from 28,000,000 acres to 17,000,000 acres and summer fallow acreage up by 6,000,000 acres, while oats and barley acreage was up. In 1942 we produced twice as much feed grain as in any other year.

I am quite prepared to agree with hon. members who point out that at that time the weather had a lot to do with the matter, but the weather has had a lot to do with cutting down production since. Hon. members have been telling us for three years that we have had a drought on the boundary line between Saskatchewan and Alberta.

Mr. BURTON: You did not raise hogs there.

Mr. GARDINER: We raised hogs there in 1942-43. My hon. friend was sitting in the legislature when the money was voted to take hogs into that part of the country, and a great part of our increased production came from that dried-out area as well as from other areas where there was an increase. With the drought of 1943 some of these men went out of hogs. With the drought of 1944 more went out of hogs, and with the drought of this year still more have gone out of hogs. Live stock is still there, with the result that one member asked me this afternoon how we would provide feed for the live stock in view of the fact that with the early coming of winter live stock cannot be fed in that section of the country at present.

The problem has always been one, first, for the provincial governments, and when they have not enough grain in their own province to move into dried-out areas within their own boundary lines they have come to us and asked us to provide grain out of some other province. We have cooperated with the governments in the freezing of grain in those areas, and it is the freezing of grain in those areas to complete the feeding of hogs that has made it possible for the farmers to produce the numbers coming from there now. The method of freezing grain there was simply to tell the farmers to sell that grain for feeding hogs instead of selling it to make beer. We said, "You will get the same price for grain to feed hogs as you would have got for grain for brewing purposes." Because we did that we are getting higher production than otherwise. I wish to repeat that much of the reduction is due to the fact that we have not had very favourable weather in the last two or three years. Our grain production is down.

Mr. BURTON: The minister will recall that on different occasions in this house I pointed out that from a sow that went over the butcher's block you would not raise a litter of pigs.

Mr. GARDINER: That is quite true; no sow that goes over the butcher's block will raise a litter of pigs. But my hon. friend knows, as I know, that a contented sow feeds much more easily than one which is not contented, and there are many sows that go over the block which were not intended to raise litters of pigs. One cannot take statistics with regard to sows that go over the block and base conclusions upon it. The basis of feeding all live stock is grain, and the policy which the government intends to lay before the provinces next Monday is the policy of the war years of producing more feed grain in order that we may get more hogs and cattle. Without more feed grain we cannot finish even the hogs and cattle we now have.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, November 27, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and on the amendment to the amendment of Mr. Coldwell.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, when eleven o'clock came last night I was just about to sum up what I had been trying to say in the budget debate. I had advanced certain principles which I thought should be embodied in a national budget that would be adequate to meet the economic conditions of our time. In my concluding remarks I wish to advance the idea that the time has come when the Canadian people will have to make a great decision, and that decision will be the matter of deciding the framework within which we intend to develop democracy.

Last night I tried to show that it is not possible to develop a true democracy within the framework of capitalism or so-called free

enterprise. The profit motive itself is entirely undemocratic. The relationships which the conflicts in the industrial field produce between the employer and the employee are undemocratic. The relationship which exists to-day between the great monopolies and the farming industry is undemocratic. The profit motive is undemocratic because it cannot be universalized. You can universalize the ballot to every person of a certain age; that is democratic. You cannot universalize profit because it is not possible for everyone to make profit. It is only possible for a privileged few to make profits, and they must be made at the expense of the great majority of the people. Therefore the relationships which the present system leaves amongst people is entirely democratic.

These are some of the things to which we must give a great deal more attention than we have hitherto been accustomed to do. I suggest that the great democratic ideal which this country held throughout the years of war should be the objective in time of peace. It is true that in the war years our democratic ideals were more or less negative. We were in a struggle to retain that measure of democracy which we had achieved, and that itself was worth fighting for, but it was negative. The time has come for us to make a positive effort to build a true and real democracy in this country. With regard to the budget in that respect I would suggest to the minister that the budget should be prepared for at least a five-year period instead of from year to year, thus giving the government an opportunity to carry out its own policy. As I understand it, this policy is to entrust the affairs of the nation to private enterprise, and when private enterprise breaks down, as everybody believes it will break down, then the government is going to enter into fairly extensive public expenditures to take up the slack which will result from failures of private enterprise. If that is to be done, and if we are to be protected from the swings from booms to slumps, then a five-year period would be the better basis of a budget, and would leave the government a better opportunity to protect itself and to protect the country from the failures of private enterprise.

I wish to make just one more observation in relation to War Assets Corporation and the surplus goods in their hands. In particular, I desire to make a remark about the surplus goods which could be used for educational purposes. Such goods have already been paid for by the Canadian people. I deplore the idea of passing these goods into the hands of the manufacturers, and then having them sell them again to the Canadian public. All goods which can be used in public institutions, such as our educational institutions, should be given to these schools and colleges absolutely free. The same idea applies to medical institutions, hospitals, and so forth, and also to materials which were used in dramatics. They could be distributed also to communities to be used in the interests of art and for the recreation of the general public.

Then we have a great demand from farmers and communities for equipment which is now being declared surplus. For instance, the people of Dawson Creek want to purchase a road-grader from the R.C.A.F. I have not been able to have that done for them. The government refuses to consider their application; the chances are that the road-graders there will be sent in to the control of War Assets Corporation, shipped out of the country, and sold for a song to the big interests, and these people will never have a chance to purchase it at all. This may not have much to do with the budget, but I suggest to the government that they give consideration to what I have said in that regard.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, I had not intended to say anything on the budget, and even now I rise merely to make a few comments in order to clarify the stand of this group on the two amendments which are before the house.

As the house is well aware, only two amendments may be moved on the budget. Therefore we in this group find ourselves at this time in the position of being unable to move an amendment. Consequently we have to take a definite stand on the amendments that are now before the house. First of all, I wish to refer to the amendment moved by the C.C.F. I should like to refer to page 2565 of *Hansard* and quote what the hon. member for Rosetown-Biggar (Mr. Coldwell) had to say with reference to the amendment moved by the Conservative party. I quote as follows:

> . . . I am going to move an amendment; for although we of the C.C.F. could vote for the words of the amendment, we cannot vote for what we believe to be the substance of the speech which introduced it or what lies behind the words of the amendment.

No doubt the leader of the C.C.F. party was perfectly justified in taking that attitude; but since he has done so in reference to the Conservative amendment, I am sure he will not object to the members of this group applying the same sort of reasoning to his own amendment. If we take the C.C.F. amendment and apply to it that kind of reasoning, I want to ask the house just exactly what we have. I am satisfied that if you asked every

hon. member to say exactly what the C.C.F. amendment means, under that sort of reasoning, probably you would get as many different answers as there are members. I would not hesitate to say that this amendment not only denotes but connotes complete socialization of industry in progressive stages. I should like to read the first part of the amendment; that is the only part to which I intend to refer. It is found on page 2566 of *Hansard*:

That the amendment be amended by adding to paragraph (a) the words, "which require the use of our national credit in terms of public need . . ."

I should like to pause there for a moment, because it is interesting to note these words. We in this group have often used that expression in reference to certain national affairs; and invariably in the past when we used that phrase the C.C.F., when moving an amendment, have moved to strike out those words and substitute in their place "nationalization of the chartered banks." So that it is quite interesting at this time to note that they no longer advocate nationalization of the chartered banks but rather advocate the use of the national credit.

Mr. COLDWELL: Yes, we do advocate the nationalization of the banks as a means of using the national credit.

Mr. QUELCH: In the past they have not been satisfied to leave it at that but found it necessary to put in their amendments the words "nationalization of the chartered banks." In this case they have not found it necessary to do so.

Mr. COLDWELL: You cannot move the same thing twice in one session.

Mr. QUELCH: That has not been moved this session.

Mr. COLDWELL: Yes, it has.

Mr. QUELCH: I now proceed with the amendment:

". . . to make possible a large-scale investment programme, the public reconversion of war industries for peace-time needs, the public development of new industries, of scientific research and of our natural resources."

You will note, Mr. Speaker, in the amendment the word "public"; "the public reconversion of war industries for peace-time needs, the public development of new industries, of scientific research and of our natural resources," so that I think everyone will agree that this amendment at least must mean that war industries changed over to the production of peace-time goods will be nationalized or socialized or publicly owned or however you like to put it, and also that this will apply to all new industries, scientific research and natural resources. That is the conclusion to which one would come on merely reading the amendment; but if we apply to it the reasoning of the hon. member for Rosetown-Biggar and read between the lines, then I say we get a totally different interpretation. I think the best place to go for an interpretation of what it really means is to the annual convention of the party held in Montreal last fall. I hold in my hand a quotation from the Montreal *Gazette* dated November 30, 1944. There in a reference to consideration of what was apparently an election manifesto, and I quote:

The original section submitted to the convention and which drew opposition from delegates Harold Winch, C.C.F. house leader in the British Columbia legislature, and convention chairman Colin Cameron, of Courtenay, B.C., urged:

"The socialization and democratic control, under either public or cooperative ownership, of key industries which are monopolistic in operation, in order to free the Canadian economy from the domination and restrictive practices of monopoly control and to make possible national planning for maximum production."

Mr. Lewis said he did not take second place to Mr. Winch and Mr. Cameron in advocating ultimate complete socialism, but that "at the present time I am concerned with winning an election."

"We are now a strong political force in Canada," he said, "and we are on the eve of winning power. We must think in responsible terms as if we were in power."

A motion by Mr. K. Han, a C.C.F. candidate in West York, to have the section replaced by a section of the Regina manifesto was defeated by an overwhelming majority of the delegates after he stated that Mr. Lewis wanted "power at any cost," and that the present motion had been drafted for the sake of political expediency.

Mr. COLDWELL: I rise to a question of privilege. As the leader of the C.C.F., I wish to say that this report was denied as inaccurate. No such thing was said by Mr. Lewis at that convention.

Mr. QUELCH: Well, Mr. Speaker, it is very strange but these days practically every time a report is quoted in the press the C.C.F. deny it.

Mr. GILLIS: Why go to the Tory press for your authority?

Mr. QUELCH: I have in my room a similar quotation from a newspaper which certainly does not belong to the Tory press.

Mr. GILLIS: We will give you some official documents if you wish information.

Mr. QUELCH: I will give you another quotation instead, then; but before leaving that one I wish to say that personally I do not for a moment doubt that it is correct. They may want to put a different interpre-

tation on what has been said, but I think the meat of the thing is there, that they did not think it wise to advocate at this time complete socialization; they wanted to soft-pedal things just before the election. I can honestly say that to-day I do not know what the C.C.F. stands for.

An hon. MEMBER: Who does?

Mr. QUELCH: Let me give an example. A few years ago in my constituency quite a movement was on foot to try to get co-operation between the C.C.F. and other progressive forces. I suggested that the C.C.F. stood only for the socialization of monopolistic institutions.

The SPEAKER: Order. I should like to remind hon. gentlemen that when an hon. member has the floor no interruption may take place without his consent.

Mr. QUELCH: Since there was quite a bit of noise in the chamber perhaps I had better repeat what I just said. I was saying that in my constituency a few years ago there was a good deal of interest in regard to the possibilities of cooperation between progressive groups. Speaking at a meeting, I stated that as far as the C.C.F. were concerned they only believed in the socialization of monopolistic institutions. A C.C.F. supporter in the back of the hall got up and demanded that I withdraw that statement. He said it was an absolute misinterpretation of the C.C.F. stand, that they stood for absolute socialization of all industry. You find that attitude in many places, especially in the west, even if that is not the attitude in the east. But where there is smoke there is fire, and I suppose there must be some reason for this dispatch from the Montreal convention. I should not think the press entirely imagined it; there must have been some reason for making a statement of that kind.

However, Mr. Speaker, let us go to western Canada. I should like to go to Calgary instead of Montreal because I think Calgary is a more progressive city; and perhaps the C.C.F. will be more satisfied with this quotation. It is dated November 11, 1943, and appeared in the Calgary *Herald*, referring to a speech made there by Mr. Winch. I am not going to quote the whole speech; I wish to quote only that part relative as to whether or not the C.C.F. stands for full socialism, or pink socialism or red socialism or whatever it may be. So that I am going to quote only that part; I am not going to quote the rest of it; I am sure the C.C.F. would take great exception to it:

> Mr. Winch declared that if and when his party assumes power at Ottawa it will institute socialism immediately.

That seems pretty definite and I do not think it has ever been denied. So again I say that if we use the reasoning toward the C.C.F. amendment as suggested by the leader of the C.C.F. party in connection with the Progressive Conservative amendment, then we are bound to come to the conclusion that this amendment means the socialization of all industry in Canada—maybe not to-morrow, maybe gradually and in stages, so much this year and so much next year. But I think most hon. members will agree the last general election showed clearly that the people of Canada were turning thumbs down on socialism at this time. If there is any doubt about that so far as some parts of Canada are concerned, certainly there can be no doubt as far as Alberta is concerned. The people of that province have turned thumbs down doubly in so far as the C.C.F. programme is concerned, first at the provincial election and then at the federal one.

I should like to say a few words about the amendment offered by the Progressive Conservative party, and I shall do as was suggested by the leader of the C.C.F., namely, follow the same line of reasoning as they followed. But before leaving the C.C.F. amendment, I might add that in view of the fact that it definitely does stand for the complete socialization of industry, this group will be voting against it.

So far as the Progressive Conservative amendment is concerned, I would turn to page 1302 of *Hansard* and read the amendment as it appears on that page:

> The house regrets:
>
> (a) That no effective plan has been proposed to ensure full production and employment;
>
> (b) That no satisfactory policy has been advanced for the elimination of extravagant governmental expenditures.

Just exactly what is the stand of the Progressive Conservative party, so far as governmental expenditures are concerned? If we would turn to page 1296 of *Hansard* we would get a pretty good idea where they stand in this regard. This is what we find:

> So far as expenditure is concerned we must make up our minds, based on the best estimate we can make of the national income, how much of this income can be safely taken by the state; and having made up our minds on this, we must then make a heroic effort to keep our expenditure within that amount.

That is to say, we must first of all decide upon the amount of money we can obtain

from the people by taxation, and then curtail our expenditures down to the amount of money we obtain. In other words, it is a proposal that we return to the pre-war financial policy of the Liberal government, and attempt to balance the budget. It is the same old policy of belt-tightening that we had in the thirties.

This group has always taken a definite stand against that kind of policy, and therefore we will find it necessary to vote against the Progressive Conservative amendment.

Since the government apparently proposes to continue its policy in regard to debt finance we will also be voting against the main motion. So that we will be voting against all three—the two amendments and the main motion before the house.

If we had been in a position to move an amendment, all we would have found it necessary to do would be to strike out the word "public" from the two places in which it occurs in the amendment offered by the C.C.F. party. I refer to the word "public" where it appears before the words "reconversion" and "development". But the C.C.F. party inserted that word for a definite reason, namely, so that we might possibly be embarrassed in voting against the remainder of the amendment to the amendment.

Mr. COLDWELL: We put it there because we believe in it.

Mr. GILLIS: That is our policy.

Mr. QUELCH: The group to which I belong believes in a pay-as-you-go policy. That is the stand we have taken consistently ever since we came here in 1935. Our stand has always been that to the extent that taxation fails to meet government expenditures, national money should be utilized. In this way the people of Canada may be given the highest standard of living of which the country is capable, without increasing our public debt.

During the war it will be remembered that no financial restrictions were allowed to impede our war effort. Unfortunately, however, already there are signs which show that our standard of living in the future is to be governed by certain artificial monetary limitations. That is why we are opposing the main motion before the house.

Mr. W. ROSS THATCHER (Moose Jaw): Mr. Speaker, it is now almost three months since I first entered this chamber as member for the federal constituency of Moose Jaw. The current budget materially affects the well-being of my constituents and the people of Saskatchewan generally. Therefore, before it is passed I should like to make a few observations.

Speaking in parliament last September 20 the hon. member for Inverness-Richmond (Mr. McGarry) made a plea with which I am entirely in accord. Addressing the government he said:

> Do not forget that you cannot have absolute peace in Canada while there is one section which is discriminated against.

I would suggest that the Minister of Finance (Mr. Ilsley) has apparently overlooked that admonition in the preparation of his budget. Once again, it seems to me, my province is a forgotten unit. In the past, one federal government after another has overlooked the vital needs of Saskatchewan. The present administration, unless it alters some of its major policies, will perpetuate serious economic injustices.

To-day, despite what the hon. member for Renfrew North (Mr. Warren) said last evening, there is a high degree of resentment in western Canada over the fact that westerners have not yet been given economic equality with the people of central Canada. They are in fact being discriminated against in an economic way. If their grievances are not rectified, then sooner or later I believe the harmony of confederation may be disrupted.

The economic problems of the maritime provinces are similar to those we have on the prairies. I listened with interest some weeks ago to the hon. member for Queens (Mr. McLure) voice some of those grievances. Perhaps if all hon. members from the west and all from the maritimes, regardless of party affiliation, could get together for a few days we might be able to persuade the the administration that we are serious when we say that there is something wrong in our respective sections, and that we would like something to be done about those wrongs.

The first grievance in Saskatchewan for forty years has been the Canadian tariff structure. In times of depression and prosperity alike, the dead-weight of the tariff has borne more heavily upon my province, the one least able to bear it, than on any other province in Canada. Citizens of Saskatchewan, indeed citizens of Canada generally are indignant when they compare the prices of many articles in the United States with the prices of the same articles in Canada.

For years the government have been committed to a policy of freer trade. They have taken numerous steps in that direction. Yet the hard fact remains that the people of Western Canada are still paying exorbitant prices for hundreds of articles which they obtain from the United States.

In order to illustrate that point, with the permission of the house I should like to table

a record of the tariff on ten articles as taken from the customs tariff and amendments of January 20, 1944. May I do that, Mr. Speaker?

Mr. SPEAKER: Has the hon. gentleman unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. THATCHER: The table is as follows:

		General	U.S. Trade Agreement
555	Clothing, wearing apparel et cetera made from wool or similar animal fibres..	40	32½
568	Knitted garments, knitted underwear, knitted goods	45	35
611a	Boots, shoes, slippers	40	30
438a	Automobiles and trucks....	27½	17½
618b	Rubber tires — all kinds vehicles	35	25
415b	Washing machines	35	25
445d	Radios	30	..
415a	Electric refrigerators	40	25
431b	Tools, such as wrenches, screw drivers, chisels, vises,hammers, et cetera .	35	27½
427c	Machinery for dairying purposes	35	15

I happen to be in the hardware business. On August 24 of this year, my company purchased some wrenches for farm use from a firm in Chicago, Illinois. The original cost in Chicago of those wrenches was $60.75. In order to bring that merchandise into Moose Jaw the following charges had to be paid: duty, war exchange tax, sales tax, brokerage charges, and the difference on Canadian money. Those charges totalled $40.06, or 66·5 per cent of the original cost. Hon. members can see how adversely our cost of living is affected by the tariff.

We resent the tariff because it is purely and simply a form of taxation imposed by certain interests, for the most part in central Canada, on the rest of the people. It gives those interests the power to tax others to such a degree that, in many cases, of every dollar spent by a maritimer or a westerner, twenty-five cents is a direct tribute to the industrialist of central Canada.

For years our people have been compelled to purchase their necessities for the most part in a high-cost protected market. They have had no alternative. The tariff has virtually bonused the industry of central Canada.

Westerners compare such bonusing with the treatment which agriculture, their chief industry, has received. During the world depression when prices of farm products dropped to unbelievably low levels, our farmers for the most part were forced to accept those competitive world prices. With the outbreak of war, when food became scarcer prices began to go up. It looked as though at long last they might reach a reasonable level. However, before they were allowed to reach that level, in most cases they were frozen by the administration. In other words, the western farmer for almost all his products has been and still is denied competitive world prices. When world markets were low for the most part he was given no aid. Yet now, when world markets are high, he is actually prevented by government policy from taking advantage of those high prices.

In order to save time I should like to place another table on *Hansard*. This is a release by the Department of Agriculture covering competitive prices at St. Paul, Minnesota, and Winnipeg, Manitoba.

Mr. SPEAKER: I would direct the attention of the hon. member to the fact that the privilege of placing material on the record is granted by the unanimous consent of the house and usually to members of the government. This practice has never been recommended in this house in the past. Of course, if the hon. gentleman has the unanimous consent of the house I will grant the privilege, but if he has not I cannot.

Some hon. MEMBERS: Read it.

Mr. THATCHER: This table shows the comparative prices as of September 1, 1945, as compiled by the Department of Agriculture market information service. It shows live stock prices, low and high, for St. Paul and Winnipeg. The table is as follows:

	St. Paul Low	St. Paul High	Winnipeg Low	Winnipeg High
Steers, choice	$16 50	$17 50	$12 00	$12 00
Good, steers	14 25	16 50	10 50	11 25
Heifers, choice	15 50	17 00	11 00	11 50
Good, heifers	13 25	15 50	9 50	10 50
Cows, good	10 75	13 25	7 50	8 25

I think that will be sufficient to establish what I am trying to point out. This report shows that United States live stock prices are as much as forty-five per cent higher than similar Canadian prices. Western farmers are indignant over the government's continued refusal to allow them to take advantage of this higher market.

It is the same story with wheat. Hon. members will remember what happened on the floor of this house not very many weeks ago. The government suddenly announced one afternoon that the export price of wheat, No. 1 northern, basis Fort William, would have a ceiling of $1.55 from that time forward. The world price of wheat is approximately $2 and there is every indication that it may go higher, which means that every

time a farmer in western Canada sells a bushel of wheat he is penalized approximately forty-five cents in hard cash.

We in Saskatchewan resent this policy. We feel that the government is playing Santa Claus with our money without our consent. If the national interest; if the interest of Canada as a whole, demands that wheat be sold to the people of Europe at forty-five cents less than world market prices, then the people of Canada as a whole should finance that difference and not the farmers of the west who can least afford to, and who have had no say in the making of the gift. The crux of the issue is this: While the industry of central Canada has been highly protected for years, virtually bonused by the tariff, the chief industry in my province, agriculture, not only has received no protection, but has actually been penalized by government action. We can neither buy our necessities in the United States markets, where we can purchase them cheaper, nor can we sell our agricultural products in the United States, where we could obtain much more. I suggest that that is scarcely economic justice; rather it seems to me to be economic discrimination.

I strongly criticize the current budget for its treatment of the tariff question. It has failed completely to alleviate the present hardships caused by the tariff. Indeed originally, it actually attempted to increase them. Higher tariffs were put on several items. The fact that public pressure later caused the government to withdraw those increases does not alter its original intention. The government did not withdraw the tariff on diesel engines. I understand that that tariff was put on by order in council, without any discussion by the tariff board, and certainly without any discussion in this house. In view of the professed trade policy of the government, westerners find it hard to understand its actions.

In countless public utterances, both in and out of parliament, the Prime Minister (Mr. Mackenzie King) and numerous of his cabinet ministers have declared their intention of working toward freer trade and lower tariffs. Permit me to quote some of their statements. Our Prime Minister is reported in *Maclean's* magazine of February 1, 1945, as having stated:

> The Liberal party stands for the removal of barriers to trade, and is opposed to the principle of protection, which is really a levy on consumers in Canada as well as on all export industries for the benefit of protected industries . . .
>
> What the government favours is the progressive removal, in association with other nations, of tariff and other restrictive devices for protecting particular industries.

The Minister of National Health and Welfare (Mr. Claxton) is reported as having said at a foreign trade convention in New York on October 26, 1943:

> I find myself more and more attached to the approach of a ceiling on tariffs, no ceiling on trade, a ceiling on all trade restrictions.

The Minister of Reconstruction (Mr. Howe), in a white paper of the government on reconstruction, tabled in this house last April, stated, among other things:

> Nor is the contraction of Canadian imports any part of the government's employment policy.

In short the government has been committed by numerous statements of cabinet ministers to the rejection of a high tariff policy. Yet in the current budget there is no attempt to translate these lofty words into concrete facts. The same government which has been preaching free trade for many years; the same government which only three years ago signed a document with the United States subscribing to the policy of lowering tariff barriers, now, in its first budget, actually attempted to raise the tariff in several instances.

The protective tariff has developed in central Canada a large industrial empire, but I would suggest that in doing so it has often proved harmful to the other provinces.

For many years protectionists have used the argument that the tariff was needed to protect "baby industries" while they are making a beginning. We feel that it is about time the "baby industries" grew up and stood on their feet to meet outside competition.

In years past speakers from all major parties, representing the western constituencies, have spoken in favour of lower tariffs—and I include in that category the Prime Minister and the ministers of agriculture. The people in the outlying parts of the country cannot and will not continue to bonus eastern industry at such heavy cost. Tariff reduction is a matter of national urgency. Let the government take action while there is yet time.

Perhaps the second major grievance of my province is the inequitable railway rate structure. In 1937, according to a submission of the Saskatchewan government to the Sirois commission, local railway rates in the west ranged from forty-six to seventy per cent higher than in central Canada. They have not materially altered since that time. From the beginning of settlement this high cost of transport has hindered the development of the prairies, and if it is not soon lowered it will plague the post-war planners. Permit me to illustrate this point with some figures.

The freight rate for 100 pounds of lumber moving from Megantic, Quebec, to Ingersoll, Ontario, a distance of 596 miles, is 24 cents;

yet the freight rate on 100 pounds of lumber moving from Golden, British Columbia, to my own city of Moose Jaw, Saskatchewan, also a distance of 596 miles, is 40½ cents. In like manner the freight rate on 100 pounds of canned goods from Hamilton, Ontario, to a point in New Brunswick 800 miles away is 61½ cents; yet the freight rate from Fort William to Moose Jaw, a distance of 818 miles, on 100 pounds of canned goods is $1.04. The average rate on butter per 100 pounds in carloads from stations in Ontario and Quebec to Montreal is about 60 cents; yet butter from Moose Jaw, to reach the Toronto and Montreal market in carloads, must pay $2.05 per 100 pounds. These differences are not isolated cases. Hundreds more could be easily quoted. They are typical of the freight situation as it exists to-day in Canada.

Besides such inequalities in the general rate structure, there are certain special discriminations which have long caused heart-burnings in the western provinces. One of these is the "water-compelled" rates from eastern Canada to points on the British Columbia coast, caused by the competition of ships going through the Panama canal.

These "water-compelled" rates often mean that it costs more to ship goods from eastern Canada to many points on the prairies than it does to ship them from the east to points on the Pacific coast. As was pointed out this morning by the hon. member for Lethbridge (Mr. Blackmore), the cost of sending 100 pounds of barbed wire from Montreal to Calgary is $1.98; yet the cost of sending 100 pounds of barbed wire from Montreal to Vancouver is only 95 cents, even though the latter is a thousand mile longer trip.

Mr. BLACKMORE: It should be 75 cents.

Mr. THATCHER: I believe it was changed some weeks ago, and it is now 95 cents. Similarly, the cost of sending 100 pounds of paint from Montreal to Calgary is $1.98; yet the cost of sending 100 pounds of paint from Montreal to Vancouver is only $1.50. The prairie provinces are obliged to pay higher freight charges in order that the railways may give British Columbia coastal points rates competitive with water transport. I am not saying that the rates to British Columbia are too low; we think they are the right ones; but we also think points on the prairies should have the advantage of the same rates.

The government should take action to prevent the railroads from charging higher rates to intermediate inland points than they charge to coastal points. Such a ruling, I might say, has existed in the United States since 1914, and the result is reflected in a much more equitable distribution of industry throughout the western states.

Confederation originally, I believe, was meant to be an association of provinces equal in every respect. Confederation in fact has given the provinces political equality, but I do not believe that so far it has given us economic equality, and I suggest that the railway rate structure of this country is a glaring example of that failure. We in Saskatchewan are forced to pay higher freight rates than other parts of the country. Our standard of living is adversely affected in proportion to the difference. In addition, the higher freight rates are one of the chief reasons for Saskatchewan's lack of industrial growth. New industries are handicapped from the beginning, in meeting eastern competition, by the excessive rates. The Canadian railway rate structure makes extremely difficult industrial development except in one section of the country, a strip of territory lying between Montreal and Windsor. If confederation is to mean true economic equality for Saskatchewan, freight rates in the west must come down to the level of those in central Canada. Piecemeal adjustments will not suffice.

The people of Saskatchewan will also be disappointed that the administration has not seen fit to embark on any major irrigation projects at the present time. Year after year, great quantites of good water go to Hudson bay, from the prairies. Just a few million dollars spent putting it on our rich lands would pay dividends many times over.

The three factors which I have briefly touched upon—high tariffs, high freight rates, and lack of irrigation—have all contributed to make Saskatchewan a province almost without industries.

In 1942, a war year, in the whole province only 9,800 persons were engaged in manufacturing. Compare this with the number of persons employed in manufacturing industries in some of the other provinces.

Ontario	540,000
Quebec	400,000
British Columbia	90,000
Manitoba	37,000

In 1939, only 1·81 per cent of all Canadian industrial production took place in my province. Our whole economy has been tied to the production of wheat, and the income of the province is subject to the vagaries of weather, and to the violent fluctuations of world prices.

Saskatchewan will probably always remain primarily agricultural, and yet the establishment and development of secondary industries would go a long way toward stabilizing our economy. The major problem facing this

country to-day is the provision of jobs for hundreds of thousands of returning servicemen. Saskatchewan wants to play her part in providing some of these jobs; yet in order to do so she must have a large growth of her industrial capacity.

The Saskatchewan government has realized that fact and has taken some steps to remedy the situation. It has built a woollen mill in Moose Jaw, a shoe factory in Regina, and a brick plant at Estevan, as well as several fish filleting plants. But these industries, while they are certainly a step in the right direction, are only a start. If Saskatchewan is to have any substantial industrial growth, the basic factors which work against that development must be removed.

No one in this house can blame the people of the west for seeking relief from these twin burdens of the tariff and high freight rates. This is not a western problem alone; it is a Canadian problem. History has always shown, I believe, that when the west is prosperous the rest of Canada is prosperous. If this government by its policies sentences the prairies to remain tied to a strictly wheat economy, I suggest that all the people of this nation face another economic tragedy.

I appeal to the federal government: first, to establish parity between the Canadian and the United States dollar; second, to take action to bring freight rates prevailing in the western provinces down to the level of Ontario rates; third, to begin large scale irrigation programmes in western Canada as part of post-war rehabilitation plans; fourth, to bring about drastic tariff reforms.

To-day, as never before, every nation appears to be standing at the cross-roads. Trade rivalries are already chilling the friendships that existed between allied nations during the war. The world to-day is crying for leadership, and as one of the world's foremost trading nations Canada, I suggest, is well equipped to give that leadership. Tariff changes cannot be brought about if each nation waits for the other to make the first move. I believe that the federal government should immediately, or as soon as possible, make proposals to the United States and to all the nations of the British commonwealth to slash drastically trade barriers between their respective countries. If such proposals were successful other nations could later be included. Canada should give leadership in promoting freer trade. If these steps are taken by the administration I am sure that at long last the west will receive economic justice, and, moreover that the people of Canada will emerge a more united nation. I am sure also that if such steps are taken this country will be a better place in which to live.

Mr. JOSEPH IRENEE HAMEL (St. Maurice-Laflèche) (Translation): Mr. Speaker, on the occasion of the budget debate, I should like to make a few remarks upon some problems which, to my mind, are important. I shall cover three points: 1. The present taxation system. 2. Unemployment. 3. The army.

1. As regards the present taxation system, may I say that the Income Tax Act, as it now stands, provides that an employer must deduct at the source 95 per cent of the income tax payable by his employee. The tax is calculated not on the income for the whole year, but on what was earned during a given pay period, that is one week, two weeks or one month, according to the method of payment followed by the employer.

In my humble opinion such a system entails two very serious points of discrimination:

(a) While in theory the employer retains but 95 per cent of the tax payable by his employee, it is found in practice that by the end of the year he has retained much more than what the employee actually owed. It is easy to understand how this can happen.

An employee may earn $40 for one week, while drawing only $20 the following week, and losing a full week's salary afterwards. It might be argued that a readjustment is made at the end of the year. I say that statistics show that no such readjustment takes place.

During 1943-44 the government had to refund in 930,471 cases taxes that had wrongly been deducted at the source. In 1944-45 they had to make 1,041,264 refunds. The income tax is already so high and weighs heavily enough on the men in the lower salary brackets that no one should go as far as deducting more than they have to pay. When a legislation harms but a small number of people, it can be said that it is a necessary evil and that it is in the public interest, but when the harm is done to more than one million people, it behooves the government to rectify such a system. It should be noted that the huge number of 1,041,264 includes but the refunds which have actually been made by the income tax collector, but the number of justified applications submitted by ratepayers perhaps reaches two million, although no official figures are available.

Without vouching for its accuracy, I venture to suggest this figure which is based on the many complaints I have received from taxpayers in my constituency of Saint-Maurice-Laflèche.

(b) The second unfair feature of the present system concerns all taxpayers since it entails heavy and useless expense on the part of the treasury. The figures speak for themselves. Last year, the government refunded over one million dollars. This means that the income

tax collector received over one million letters, that a corresponding number of files were brought out and checked, that over one million cheques were printed and as many envelopes addressed or at least sealed.

Supposing that one man spends half an hour on each case, this means that the government must occupy 300 employees at refunding amounts collected in excess. By taking $1,800 as the average annual salary of such an employee, I find that these refunds cost the treasury anywhere from $500,000 to $600,000 a year. These figures, Mr. Speaker, are no indication of the trouble or expense to which the taxpayer has been put nor of the various calls he may have had to make, nor do they give any idea of the hardship inflicted on small wage earners by this unfair deduction which is refunded only two or three years later.

Mr. Speaker, among the various ways of improving on this situation, I shall insist on the following:

1. Forsake the method of deduction at the source, as far as the small wage earner is concerned.

2. Allow him at the beginning of the year to draw up an estimate of his earnings and to authorize his employer to deduct the amount he thinks will be expected of him, letting him make any required adjustment at the end of the year.

3. Collect only 50 per cent instead of deducting 95 per cent at the source.

To my mind these three somewhat radical methods would greatly help in removing the rank injustice actually inflicted on small wage earners.

Now I should like to say a word in regard to unemployment which threatens our country and more particularly my own constituency. Two war plants have closed down, one at La Tuque, almost a year ago, and the other at Shawinigan. The workers of Shawinigan, Grand'Mère and La Tuque are greatly affected by this shut-down. If those plants cannot be used by large industries, I suggest that they be turned over to the municipal corporations which, in cooperation with the chambers of commerce, will find some means of using them in the interests of small industries. Action along those lines has already been taken at Granby and in the wonderful town of Grand'-Mère and the results were conclusive.

However, as unemployment is a basic economic problem among other problems which are perhaps just as fundamental, I do not propose to discuss it further to-night.

Finally, Mr. Speaker, I wish to say a word in regard to demobilization and deserters.

[Mr. Hamel.]

The war in Europe has ended over six months ago and the war with Japan almost four months ago, and a large number of young men are still held in military camps where they are wasting their time. Eight out of ten service men whom I have met have stated that they do absolutely nothing useful in the army.

A large number have requested their discharge but they were told that they did not have enough points. I suggest that this policy be dropped and that the request of all those young men who apply for their discharge be granted immediately. I say, Mr. Speaker, all those who request their discharge, for I would not advocate a policy which would throw into the streets hundreds of thousands of men who to-morrow might swell the ranks of the unemployed.

But when a soldier wishes to be demobilized and take his chances on life and the future, we have no right to deprive him of that opportunity. I would also add that the present reestablishment policy is unfair to the returned man who has complied with the legislation of his country. In my humble opinion, the problem of reestablishment is the same for all, no matter where they may have served. With the exception of those who have been wounded or have laid down their lives, and for whom I would be satisfied with asking for more generous allowances, the sane and fair basis for computing the reestablishment grants should be mainly the length of service. The financial losses of our soldiers are not determined by the place where they have served but by the length of their stay in the army. Whether I have mounted guard on the water front at Vancouver or on the shores of England, after four years of absence, I would naturally have lost my pre-war business; the loss of salary due to my leaving a job would be the same no matter what theatre of war I may have been sent to. The financial losses being similar, the reestablishment grants should be identical.

I now conclude, Mr. Speaker. In the course of the present session the case of the deserters has been mentioned time and again. Answers to various questions seem to indicate that the greatest number of them are to be found in the province of Quebec. This fact is no surprise to me, on the contrary, I wonder why there have not been more of them. Mr. Speaker, if the ordinary criminal is entitled to claim for his defence justifying excuses and extenuating circumstances, I hope that the same right will not be denied these young people who, in most cases, are merely the victims of mistakes made by certain public

men and, I might say, more especially by the party in power. I shall not undertake to remind the house of the various political movements launched in Quebec from 1919 to the present time. I shall be content to point out that from 1919 to 1939 the Liberal party have shown a tremendous zeal in promoting, in our province, a current of thought opposed to militarism and participation. Even in 1938, the French-Canadian members of the Liberal cabinet promised the electors of Lotbinière and another Montreal constituency, St. Henri, I believe, that our country would abstain completely from any participation in a foreign war. And I say without fear of contradiction, that the advantage secured by the Liberal party over their Conservative opponents, in Quebec, is almost solely due to this stand against participation. I must also state that at that time, the military policy of the C.C.F. party was the same.

The hon. member for Rosetown-Biggar (Mr. Coldwell) stated:

> In the event of war, Canada's maximum contribution would be supplying of foodstuffs and material and under no circumstances would conscription be instituted to provide an expeditionary force overseas.

Even in the 1940 election, after Canada had declared war, it was claimed that participation would be kept on a voluntary basis.

I wish to quote a statement made by the leader of the Conservative party, who at that time was the Hon. Mr. Manion. I take this quotation from the March 5, 1940 issue of *Le Devoir*. Here is what the Hon. Mr. Manion had to say during that election campaign, on article 3 of his platform:

> To my mind, conscription has failed in the last war because it resulted in the mobilization of 10,000 men only out of a total of over half a million and it caused disunion in this country.
>
> For the above-mentioned reason, that is because conscription is not necessary in this war and because it is the duty of a public man to maintain our national unity, as I have stated on other occasions, I am entirely opposed to conscription. I made that clear on March 30 last, that is a year ago, in the House of Commons, and in the press, even before Mr. Mackenzie King and Mr. Lapointe had made their statements against conscription.
>
> I have publicly expressed that view in this election campaign long before my arrival in the province of Quebec . . .

And now let us hear what the Right Hon. Ernest Lapointe said at that time. I want it clearly understood, Mr. Speaker, that all political parties did their utmost to foster in the province of Quebec an antiparticipation and anticonscription spirit and that the army deserters have been sadly deluded, as I will establish in a moment. On March 25, the Right Hon. Ernest Lapointe spoke as follows:

> Canada has voluntarily entered this war as a sovereign nation and will voluntarily continue the struggle . . .
>
> The formidable battle which the liberal party has always waged against a compulsory system of enrolment has brought about a change of heart among the Conservatives in parliament and elsewhere in the country.
>
> It is up to the people to decide whether they will place their trust in these last-minute converts . . .

The Right Hon. Mr. Lapointe was claiming that he had turned the Conservatives against conscription.

> . . . or in those who have always advocated the same policy and opposed a compulsory system of enrolment.
>
> I solemnly declared in the House of Commons that not only would I refuse to be a member of a government that might enact conscription, but that I would oppose any government that tried to pass such a piece of legislation. I am still of the same mind and have expressed a similar opinion all over Canada.

Mr. Speaker, those words uttered by the various political leaders were spread by all the speakers of the various political parties, and they were quoted by the newspapers in all provinces. Eventually conscription was imposed.

In conclusion, Mr. Speaker, I do not hesitate to say in view of those facts that those young men who have been reluctant to report and even those who have deserted were the victims of a mistake. There might be differences of opinion as to whether the mistake occurred at the time it was promised that conscription would not be resorted to or when this promise was broken. But I believe that it will be recognized that a mistake has been made. And due to this mistake, some young men are now serving sentences of several months' detention and their wives and children are suffering hardships. The provincial or municipal authorities may be compelled to provide for a large number of those families in distress.

Accordingly, Mr. Speaker, I deem it my duty to ask the government to grant, as soon as possible, an amnesty to all deserters to enable them to make a fresh start.

The house divided on the amendment to the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Archibald	Dorion
Argue	Gillis
Bentley	Irvine
Bowerman	Jaenicke
Burton	Knight
Campbell	McCuaig
Castleden	McCullough
Coldwell	(Assiniboia)

MacInnis
McKay
Moore
Nicholson
Probe
Rose
Stewart
(Winnipeg North)
Strum, Mrs.
Thatcher
Townley-Smith
Wright
Zaplitny—27.

NAYS

Messrs:

Adamson
Arsenault
Aylesworth
Baker
Barrett
Beaudoin
Belzile
Benidickson
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Black (Yukon)
Blackmore
Blair
Blanchette
Boivin
Bonnier
Boucher
Bourget
Bradette
Bradshaw
Breithaupt
Brooks
Brown
Cardiff
Cardin
Case
Casselman
Chevrier
Church
Claxton
Cleaver
Cloutier
Cockeram
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Croll
Cruickshank
Dechene
Denis
Desmond
Diefenbaker
Dionne (Beauce)
Douglas
Dubois
Emmerson
Eudes
Fair
Farquhar
Ferguson
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fraser
Garièpy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gingues
Gladstone
Glen
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Green
Hansell
Harkness
Harris (Danforth)
Harris (Grey-Bruce)
Hazen
Healy
Henderson
Hlynka
Hodgson
Homuth
Howe
Ilsley
Jackman
Jaques
Jean
Johnston
Jutras
Kidd
King, Mackenzie
Kirk
Kuhl
Lacombe
Lafontaine
Lalonde
Langlois
Lapalme
Laurendeau
Leger
Lennard
Little
Lockhart
Low
McCann
McCulloch (Pictou)
Macdonald (Brantford City)
McDonald (Pontiac)
Macdonnell (Muskoka-Ontario)
McGarry
McIlraith
McIvor
Mackenzie
MacLean
McLure
McMaster
Maloney
Marier
Marquis
Marshall
Martin
Matthews (Brandon)
Maybank
Mayhew
Menary
Merritt
Michaud
Mitchell
Mullins
Mutch
Parent
Pearkes
Quelch
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Bruce)
Robinson (Simcoe East)
Ross (Hamilton East)
Ross (St. Paul's)
Ross (Souris)
Rowe
St. Laurent
Senn
Shaw
Sinclair (Ontario)
Sinnott
Skey
Smith (Calgary West)
Smith (York North)
Stephenson
Stuart (Charlotte)
Stirling
Tremblay
Tucker
Tustin
Viau
Warren
Webb
Weir
White (Hastings-Peterborough)
Whitman
Winters
Wylie—162.

Mr. ISNOR: I was paired with the hon. member for Colchester-Hants (Mr. Stanfield). Had I voted I would have voted against the amendment to the amendment.

Mr. BRUCE: I was paired with the hon. member for York-Sunbury (Mr. Bridges). Had I voted I would have voted against the amendment to the amendment.

Mr. FULTON: I was paired with the hon. member for Montmagny-L'Islet (Mr. Lesage). Had I voted I would have voted against the amendment to the amendment.

Mr. STOKES: I was paired with the hon. member for Chambly-Rouville (Mr. Pinard). Had I voted I would have voted against the amendment to the amendment.

Mr. BLACK (Cumberland): I was paired with the junior hon. member for Halifax (Mr. Macdonald). Had I voted I would have voted against the amendment to the amendment.

Mr. BRYCE: I was paired with the hon. member for Portage la Prairie (Mr. Leader). Had I voted I would have voted for the amendment to the amendment.

Mr. DANIEL: I was paired with the hon. member for Parry Sound (Mr. McDonald). Had I voted I would have voted against the amendment to the amendment.

Mr. POULIOT: I was paired with the hon. member for Edmonton East (Mr. Ashby). Had I voted I would have voted against the amendment to the amendment.

Mr. HERRIDGE: I was paired with the hon. member for Vancouver North (Mr. Sinclair). Had I voted I would have voted for the amendment to the amendment.

Mr. MacNAUGHT: I was paired with the hon. member for Elgin (Mr. Coyle). Had I voted I would have voted against the amendment to the amendment.

The house divided on the amendment (Mr. Macdonnell, Muskoka-Ontario) which was negatived on the following division:

YEAS

Messrs:

Adamson
Aylesworth
Barrett
Black (Yukon)
Blair
Boucher
Bradshaw
Brooks
Cardiff
Case
Casselman
Church
Cockeram
Desmond
Diefenbaker
Ferguson
Fleming
Fraser
Green
Hamel
Harkness
Harris (Danforth)
Hazen
Henderson
Hodgson
Homuth
Jackman
Kidd
Lennard
Lockhart
Macdonnell (Muskoka-Ontario)
McLure
McMaster
Menary
Merritt
Pearkes
Raymond (Beauharnois-Laprairie)
Robinson (Bruce)
Ross (St. Paul's)
Rowe
Senn
Skey
Stephenson
Stirling
Tustin
Webb
White (Hastings-Peterborough)—47.

NAYS

Messrs:

Archibald
Argue
Arsenault
Baker
Beaudoin
Belzile
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blackmore
Blanchette
Boivin
Bonnier
Bourget
Bowerman
Bradette
Breithaupt
Brown
Bryce
Burton
Campbell
Cardin
Castleden
Chevrier
Claxton
Cleaver
Cloutier
Coldwell
Coté (Matapedia-Matane)
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Croll
Cruickshank
Dechene
Denis
Dionne (Beauce)
Dorion
Douglas
Dubois
Emmerson
Eudes
Fair
Farquhar
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gillis
Gingues
Gladstone
Glen
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Hansell
Harris (Grey-Bruce)
Herridge
Hlynka
Howe
Ilsley
Irvine
Jaenicke
Jaques
Jean
Johnston
Jutras
Kirk
Knight
Kuhl
LaCroix
Lafontaine
Lalonde
Langlois
Lapalme
Laurendeau
Leger
Low
McCann
McCuaig
McCulloch (Pictou)
McCullough (Assiniboia)
Macdonald (Brantford City)
McDonald (Pontiac)
McGarry
McIlraith
MacInnis
McIvor
McKay
Mackenzie
MacLean
Maloney
Marier
Marquis
Marshall
Martin
Matthews (Brandon)
Maybank
Mayhew
Michaud
Mitchell
Moore
Mullins
Mutch
Nicholson
Parent
Probe
Quelch
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Simcoe East)
Rose
Ross (Hamilton East)
St. Laurent
Shaw
Sinclair (Ontario)
Sinclair (Vancouver North)
Sinnott
Smith (York North)
Stewart (Winnipeg North)
Stuart (Charlotte)
Strum, Mrs.
Thatcher
Townley-Smith
Tremblay
Tucker
Viau
Warren
Weir
Whitman
Winters
Wright
Wylie
Zaplitny—141.

Mr. MACKENZIE KING: I was paired with the leader of the opposition (Mr. Bracken). Had I not been paired I would have voted against the amendment.

Mr. LITTLE: I was paired with the hon. member for Lambton West (Mr. Murphy). Had I voted, I would have voted against the amendment.

Mr. ISNOR: I was paired with he hon. member for Colchester-Hants (Mr. Stanfield). Had I voted I would have voted against the amendment.

Mr. GARIEPY: I was paired with the hon. member for Victoria-Carleton (Mr. Hatfield). Had I voted I would have voted against the amendment.

Mr. POULIOT: I was paired with the hon. member for Edmonton East (Mr. Ashby). Had I not been paired I would have voted against the amendment.

Mr. MacNAUGHT: I was paired with the hon. member for Elgin (Mr. Coyle). Had I voted, I would have voted against the amendment.

Mr. HEALY: I was paired with the hon. member for Brant (Mr. Charlton). Had I voted, I would have voted against the amendment.

Mr. SMITH (Calgary West): I was paired with the Minister of Trade and Commerce (Mr. MacKinnon). Had I voted, I would have voted for the amendment.

Mr. ROSS (Souris): I was paired with the Minister of Agriculture (Mr. Gardiner). Had I voted, I would have voted for the amendment.

Mr. BRUCE: I was paired with the hon. member for York-Sunbury (Mr. Bridges). Had I voted, I would have voted for the amendment.

Mr. DANIEL: I was paired with the hon. member for Parry Sound (Mr. McDonald). Had I voted, I would have voted for the amendment.

Mr. STOKES: I was paired with the hon. member for Chambly-Rouville (Mr. Pinard). Had I voted, I would have voted for the amendment.

Mr. FULTON: I was paired with the hon. member for Montmagny-L'Islet (Mr. Lesage). Had I voted, I would have voted for the amendment.

Mr. BLACK (Cumberland): I was paired with the junior hon. member for Halifax (Mr. Macdonald). Had I voted, I would have voted for the amendment.

Main motion (Mr. Ilsley) agreed to on division.

WAYS AND MEANS

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

INCOME WAR TAX ACT

Resolved that it is expedient to amend the Income War Tax Act, and to provide

1. That for 1945 and subsequent taxation years the capital element in contractual annuities be exempt from tax.

Mr. JACKMAN: May I congratulate the minister and the government on the fact that at last they have seen the wisdom and the equity of separating the capital element from the income element in annuity payments. I should like also to tender my thanks to the commission that sat on taxation of annuities and family corporations. Mr. William C. Ives, retired Chief Justice of the Supreme Court of Alberta; Doctor D. A. MacGibbon of Winnipeg, and Mr. M. W. Mackenzie, formerly of Montreal and now Deputy Minister of Trade and Commerce, constituted that commission, and I believe they did an excellent job on the question of annuities and family corporations.

[Mr. Healey.]

The situation is one that should have been taken up years ago. The injustice under it cried for relief for many years, but the minister and the Department of National Revenue felt that they were so burdened with work that they could not find a satisfactory solution and at last they arrived at the happy thought of appointing a royal commission on the subject. All I have to say is that a royal commission could as easily have been appointed many years previously and much less injustice would have been done many of our citizens.

Under the same caption comes resolution 2 which I will not discuss just now, but will the minister clarify the situation in regard to government annuities? At the present time government annuities taken out before a certain date are free from income tax on both capital and the income element.

Some years ago the government prevented holders of contracts that called for less than the maximum amount of $1,200 a year from increasing the amount to $1,200, which was their understanding of their right prior to that time. I believe that now, if the holder of a contract that calls for $1,200 at some future date wishes, not to enlarge his contract—because he already has a maximum—but to mature the contract at an earlier date, and he was given the understanding by the government agent—whether of the Department of Labour or of the Department of Finance is not of great concern—he could mature the contract at an earlier date and have it tax free. I see nothing in the report of the Ives commission or in the bare bones of the resolution which would throw any light on that matter and I would ask the minister to clarify it if he can.

Hon. J. L. ILSLEY (Minister of Finance): That is a technical question for me to answer without a little notice. I shall just have to read the question and try to answer it later. I do not know that I need to say anything more about it now. I think that it is the best way to deal with it.

Mr. JACKMAN: All I can say is that the Department of National Revenue in its arbitrary manner, which perhaps it cannot help unless it gets greater clarification of the law which this house passes, rules one way at one time, and subsequently on the same set of circumstances rules another way. Nobody knows where he stands on this matter, and before the budget resolutions are through I hope that the minister, with the assistance of his experts and his colleague, will be able to give a ruling to the people who are interested in this matter.

The CHAIRMAN: Shall resolution 1 carry?

Mr. JACKMAN: No; stand.

Mr. ILSLEY: Has the hon. gentleman's question anything at all to do with the resolution? Is it not a separate matter entirely on which he wants information?

Mr. JACKMAN: No, most definitely not. If the minister would read the resolution he would see that it states:

That for 1945 and subsequent taxation years the capital element in contractual annuities be exempt from tax.

Mr. ILSLEY: Yes.

Mr. JACKMAN: What I wish to know is whether or not those government annuities, which are cognate to this resolution—they are contractual annuities—will be free of tax as to both elements of capital and income. I refer to those taken out before a certain date, as the government advertised.

The CHAIRMAN: I understand that resolution 1 carries, and that the minister will make a further statement on the resolution at a later sitting of the committee.

Mr. CASE: Before resolution 1 carries I should like to know by what formula they determine the capital element in contractual annuities which will be exempt from taxation. If there is no change at all, how is the capital element determined? What index is used to determine the capital element in a contractual annuity?

Mr. ILSLEY: That is, of course, a difficult question. This is what hon. gentlemen were advocating for years. I do not know that they realized the difficulties of separating capital from interest. I can assure the committee that I have learned quite a lot about the question in the last few months. The definition of the capital element in an annuity will be dealt with when we are on the bill. I can deal with the way in which the capital element is defined as distinct from the interest element in the annuity when the bill is before the house.

Now, with regard to the question asked by the hon. member for Rosedale, he asked whether annuities which have been advertised as being exempt are to be wholly exempt. Is that the question? The exemption of annuities is covered by law and that law has not changed.

Mr. JACKMAN: Surely the minister is not suggesting that dominion government annuities which are entirely tax free up to $1,200 are to be taxed as to interest element?

Mr. ILSLEY: I did not say that. I want to get the hon. gentleman's question clear. Is it that annuities which have been advertised as entirely free from income tax are to be free? Is that not the question? Whether they are free of income tax as to both capital and interest depends upon the exemption in the law, which has not changed at all and is not being changed by this.

Mr. JACKMAN: This whole matter of dominion government annuities is one, which, I may say, I was quite shocked about when the minister virtually broke the word of the dominion government in regard to them. The matter needs clarification at the present time. The annuities are sold by the Department of Labour, and certain representations were always made in connection with them. One was that if you took out an annuity for no matter how small the amount you could always enlarge it up to $1,200, which was the maximum, to look after your old age. The government realized that some of those contracts were improvident, particularly when taxes became very high, and they said that even though it may have been represented to you that you could enlarge it, you could not enlarge it for any more than you actually stipulated for at the time. That was the first breaking of the government's word.

Mr. COLDWELL: Is that correct?

Mr. ILSLEY: That is entirely incorrect.

Mr. JACKMAN: The Department of Labour did not do so, but the Department of Finance did, and you must look upon the action not only of Labour but of Finance before you find out where you are going to stand, because if the Department of Labour sells them with that understanding, namely, that the income from those annuities will be free of tax and then the law is changed by the Department of Finance, then, of course, you have two departments of the same organization working at cross-purposes, and if one will not assume the responsibility for the other we have certainly come to a very sorry state of affairs.

Mr. ILSLEY: The hon. gentleman says that I have broken the word of the Dominion of Canada. I deny that.

Mr. JACKMAN: The minister admitted it before.

Mr. ILSLEY: I deny it most emphatically, and with a very great deal of resentment. The condition with regard to annuities was this. They were free of taxes up until June, 1940. There was no undertaking that they would always be tax free. On the other hand, what we did say was this: we recognized that if a person had parted with his money and paid for an annuity thinking that it would be tax free—

Mr. JACKMAN: Why did he think so?

Mr. FRASER: A government agency said so.

Mr. ILSLEY: Just wait until I finish. We recognized that if he parted with his money and paid for an annuity we should say that the annuity which he bought with the money he had parted with up to that time should be tax free; that we carried through. But there are all kinds of people all over the country who paid a dollar and bought an annuity, which gave them the option to increase it up to $1,200, and they just sat back waiting until a more convenient time would come, or it would be more opportune for them to put some more money into that annuity and get it. Now there was no promise whatever by the government on the statute books, none whatever—

Mr. JACKMAN: Not on the statute books.

Mr. ILSLEY: Just let the hon. gentleman contain himself in peace until I finish. There was no promise on the statute books to say that the annuity that they bought with money which they advanced later, after annuities became taxable, would be tax free. The hon. gentleman seems to think that some salesman of the Department of Labour may have gone out and said—

Mr. JACKMAN: I do not think; I know.

Mr. ILSLEY: —"you put up five dollars and get an option on an annuity; annuities are tax free at the present time, and so if you will put your $5 in, then in five or ten years' time you can put some more money in and you will get an annuity that is tax free." If the tax law changes in the meantime that is not breaking the word of anybody; that is not breaking the word of the dominion government.

Mr. JACKMAN: I was trained in business. In business it is considered breaking one's word if one does not live up to one's contract. All the minister has said shows how improvident the contract was. On the other hand the government did allow people to pay in $5 or $50 and obtain a piece of paper. The understanding given, not by a casual salesman but as a regular policy, I suppose in thousands of cases across the country, was that you could take out an annuity for as little as you liked and always enlarge it up to $1,200, the maximum amount allowed, whenever you could afford to do so. That was not merely always understood; that is what they were told. It is true it is not in the statute, nor is it on this piece of paper you get evidencing your contract; but it was most definitely understood by the Department of Labour and proclaimed by their agents, who, I say, are agents of the government. The government cannot deny what one department does and at the same time take advantage of it on the other hand. There is no doubt that many people who felt they had a right have had that right taken away from them. I forgive the government, if you like, for having committed that moral breach of contract, which people certainly consider it to have been. What I am asking is, where do people stand to-day with this change that is to be made in the tax law? In the report of the Ives commission the page or two dealing with government annuities does not cover the point specifically, as to whether the government will continue to live up to its contract, as I put it. Surely there is a contract between the government and the holders of these annuities taken out before a certain date, that such annuities will be tax free. I am asking whether or not the government intends to live up to the well understood provisions of the government annuity legislation.

Mr. ILSLEY: I always understood that was covered by the law, and it is for the hon. gentleman to interpret the law as much as it is for me to give him an interpretation here.

Mr. JACKMAN: What section of the act is that?

Mr. ILSLEY: Just a moment. The hon. gentleman has been very free to-night in hurling accusations against the government of having broken its word, and I am not going to let him slip off on this other tack without talking to him just a little bit more. I have never heard in this house such a slim case for such a serious accusation as the hon. member has made to-night. He started by saying that we gave a promise that if persons bought annuity contracts they could enlarge or increase them, and that then we refused to go through with it.

Mr. JACKMAN: That is right.

Mr. ILSLEY: That is not correct; there is not a shadow of foundation for that statement.

Mr. JACKMAN: That the agents of the government approached people and sold them government annuities telling them that at any time in the future they could enlarge them to $1,200 and, receive all the benefits they received under their $10 contract.

Mr. ILSLEY: Now my hon. friend is adding words. What he said before was that we went back upon our promise to permit persons to increase their contracts.

Mr. JACKMAN: That is enlarging it.

Some hon. MEMBERS: No, he did not.

Mr. ILSLEY: I will leave it to the hon. member for Rosetown-Biggar, for it was at that point he made an interjection.

Mr. COLDWELL: I interjected the question, was that correct?

Mr. ILSLEY: The hon. member for Rosetown-Biggar was shocked; he asked if that was correct, and I said that there was absolutely no truth in it. The hon. member for Rosedale did not mean to say it, but he said it. What he did mean was that some agent said, "If you buy these annuities, they are tax free and you need not pay for them in full. You can pay as little as $5 or $1, if you like, and years from now you can put in some more money and that also will be tax free." In the meantime we changed the law, so that these annuities will be taxable; but where is the equity? The man has not parted with a cent. He has not denied himself the opportunity of making an alternative investment by putting his money into this annuity. Under the law as it stood at that time he could increase his annuity holding, and it would be tax free; that was his right, if he cared to exercise it. He leaves that; he does not exercise that option, because that is all it was, until after the law has been changed. Then the annuity he takes out after the change in the law is taxable. So that he has no equity at all, and under such conditions I am most surprised that the hon. member should talk about the government of Canada breaking its word.

Mr. JACKMAN: Not only that, but I think if I go back three or four years, before this became a heated issue, I could find where the minister admitted it; certainly I have always carried that impression in my mind, and I will see if I cannot check it. I do not say for a moment that the individual has been greatly prejudiced.

Mr. ILSLEY: I should say not.

Mr. JACKMAN: That is, not as far as anything he had himself is concerned; but he thought he had this right because the agent told him he had. Let me tell the committee exactly what happened. An agent came to an individual and said, "You can take out a government annuity, which is tax free. Put in $100, if you like." The man said, "Well, I will take one out for $100, until I am ready to enlarge it." He might just as easily have said, "I will take one for $1,200, the maximum, and here is my $100 for this year." It all depended on whether the man stipulated $1,200 or whether he said $100, thinking he always had the right to enlarge it. Subsequently the government takes away the option to enlarge it on the same favourable terms. There is no doubt that many people who have these contracts have felt the effect of this change, as I have explained it to the minister. All I can say to him again is that while he may not like the strength of my assertion that I consider it to have been a breach of contract, no business organization that valued its name would allow its agents to make statements over a period of years, on the strength of which people purchased these annuity contracts, and then change the terms of the option.

Mr. ILSLEY: No business company has the right to impose taxation. Their agents do not go around promising that their employer will never impose any taxation, or never change the taxation laws; and I am doubtful whether any agents of ours ever did that.

Mr. FERGUSON: Certainly in connection with annuities sold by the government over a period of years the sellers of the annuities have definitely left the impression with their clients, the people of Canada, that if they participated to a degree in an annuity, the maximum they could purchase would be $1,200. There is no doubt about that. If the minister has had any discussions on annuities over the last few years, that must have been one of the salient features brought to his attention at that time. People believed it was a sort of savings account which definitely was not taxable. That was a great feature of the annuity, and that impression was left in the minds of the people.

The hon. member for Rosedale is simply saying this. When the heads of substantial corporations are confronted with a similar

situation, where there is the shadow of a doubt in favour of the customer, they first convince themselves of the facts of the case. That is common practice among the larger corporations on the north American continent and in other parts of the world. Then, when those facts have been substantiated and it is shown that their representatives have created an impression that has been acted upon by those purchasing a commodity, they do everything in their power to keep their good name and live up to the understanding. If the government find it necessary to pass a new law, I do not think they are in any different position from that of a private corporation. They cannot say, "We must forget all the implications that were left when these gratuities were sold, because there is a new law which governs everything and implications do not amount to anything; good will on behalf of the government does not amount to anything. We are entirely different from any other corporation that wants to stay in business." If that is the attitude of this government the result will be the same; they will last just as long as any corporation lasts that does not live up to the word of its representatives.

Mr. McMASTER: I should like to ask the minister if there is any particular significance in the word "contractual." After all, an annuity is an annuity. Is a contractual annuity something different? I believe that in the old income tax act there were certain annuities in connection with which some differentiation was made for taxation purposes.

Mr. ILSLEY: There are other than contractual annuities. The annuities dealt with in the next resolution, annuities received under the provisions of a will or trust, are different.

Mr. McMASTER: I do not think that is a real annuity.

Mr. ILSLEY: Yes, it is.

Mr. McMASTER: Is there any annuity that is exempted from this, and that is not covered by contractual? If so, what are they?

Mr. ILSLEY: Any annual payment is an annuity. In my own mind the two classes of annuities—and I think these are the only two classes of any importance—are the annuities one buys, or contractual annuities, and annuities payable under a will or a trust document. You do not buy them. They are not contractual annuities. There may be other forms of annuities besides those, but I cannot think of them.

Mr. CASE: Before we pass this resolution I consider it important that we should discuss pretty well the capital element in annuities.

[Mr. Ferguson.]

I look upon annuities as one of the greatest sources of economic security a government can provide for its citizens. Any advantages they enjoy indeed react finally to the benefit of the nation, inasmuch as those people are not likely to become charges upon the public or the taxpayers.

I recognize, of course, that there are many forms of annuities, and I recognize, too, what the minister has said that it may be difficult to arrive at. But in determining its course in connection with this resolution the government must have had the advantage of studying the report of certain officers and authorities, and also the benefit of having seen the report of the royal commission.

There are annuities for certain definite and specific terms of years—ten, fifteen or twenty years. There are annuities which provide for specific periods, and for life. There are annuities which provide for life only.

I have listened to discussion with respect to what the hon. member for Rosedale has had to say. That is to say, I have had something to do with men who might make promises, or lead customers to believe certain things in good faith at the time. In the main, if this commission's report results in annuities being put on a sound actuarial basis, it will be a great advantage to the nation; because annuities have been sold in the past which were not really actuarily sound, and many wealthy people have gained advantage from buying them. By doing so, they have escaped a certain element of taxation. But unless the contract itself states specifically that they are exempt from taxation, I do not think, myself, that the government should be charged with a breach of contract.

I know that if one were to purchase with $5 or $10 an option to purchase or to increase the annuity to $1,200 a year, particularly at the rates at which they were one time sold, he would have a terrific advantage. But now that we have arrived at this stage there should be some clause written into an annuities contract so that a purchaser of an annuity will have that degree of security, and know exactly where he is at.

I can understand where someone might plan to retire, and consider that $100 a month would be sufficient to meet his retirement requirements. Then at a later date, because the law might change, and that annuity becomes subject to taxation at a greater rate, of course the amount he has provided for his advanced years might be inadequate. Therefore, rather than be too critical of what has taken place in the past—and we might possibly be somewhat critical—I am more inclined to approach this problem from what

it provides now. I think the minister should be able to tell us what factor to use in determining the capital element in contractual annuities, because, after all, annuities are more or less amortized. There is an element of interest, and one must know on what basis the interest is computed so as to return the capital sum, in relation to the number of years the annuitant is expected to live. This should not be a difficult task, whether there is a sliding scale of guaranteed annuities for a certain specific term of years, or a sliding scale to provide for a life annuity, or annuities that guarantee a capital return, and so on.

Therefore I feel that whatever we do now should be done with the thought that we will restore a measure of confidence to those people who might anticipate purchasing annuities. I believe that the more people who buy annuities, the better it will be for this country. As I have already said, they will never be charges on the national, in any sense of the word, but will have laid by out of their best earning years sufficient funds properly amortized to provide for the remainder of their lives. That is what I think should be clarified now—what we propose to do in the future. That is to say, shall we write into an annuity a particular amount that is subject to taxation, or otherwise, so that the purchaser of an annuity henceforth will know exactly what he has in his possession, and what its capital value will be.

Mr. COLDWELL: To a degree I find myself in sympathy with the remarks made by the hon. member for Grey North. I think government annuities could be covered on a different basis from some other savings effected and investments made. I believe it is an inducement to a young man or a young woman to begin saving early in life to take care of old age, and it is very often the means of relieving a community of a liability which that community would have to assume.

If we take the figures advanced by life insurance companies we find that a very large percentage of our people who reach the age of sixty-five years are dependent upon relatives, friends, or charity, and I think government annuities should be widely advertised and should have behind them the best possible salesmanship. The government should offer every inducement to young people to begin annuities early in life. That, I believe, is what the hon. member for Grey North had in mind.

So far as the annuity in question is concerned, I know that last year my own daughter bought a government annuity. She was informed when she bought this annuity which was payable in later years at $50 a month, that if she felt at some time she could increase it to $1,200 a year, such would be permitted under the contract she was signing. That, I understand, is the situation.

Mr. ILSLEY: Yes.

Mr. COLDWELL: That was why I offered my interjection when the hon. member for Rosedale was speaking: "Is that correct?" I had a hand in getting my daughter started on this particular annuity.

Mr. JACKMAN: You can increase it.

Mr. COLDWELL: Yes, right up to $100.

Mr. JACKMAN: You can increase it on the same terms as you have taken the original contract. What I am complaining about is that you cannot increase the old contract, because of the change in the income tax law. The old portion of the contract originally bought is tax free, while the new portion is not tax free. If the minister will look at section 5 of the Income War Tax Act, and particularly paragraph (k), he will see evidence of the great trouble the government went to cancel all those contractual rights in this connection.

Mr. COLDWELL: I understand that quite well. But let us look at the two cases. You have one young person who buys an annuity, and who decides to put in, we will say $10 a month for a number of years regularly. But it seems to me that the hon. member for Rosedale is arguing from an entirely different point of view. Someone at some period decides, "Well, I can put in $5 now, and get a favourable contract payable at 50, at the end of the number of years hence I can then put in a lump sum on the basis of the contract I made ten or twelve years ago."

Mr. JACKMAN: That is right.

Mr. COLDWELL: Let us take, for example, an insurance policy. I know, from experience, when I bought an insurance policy and contracted to pay a given amount each year for a number of years that I have had the experience in trying to buy a similar policy—and not because of age, but because of a variation in the policy itself a few years later—of finding a very different sort of policy presented to me. I think that was overlooked in the remarks of my hon. friend.

I do not want to enter into any argument between the hon. member for Rosedale and the minister; that is their argument and I am not going to inject myself into it because I sometimes find that a person who does that finds himself in difficulty. The more favour-

able the conditions for the purchase of annuities are made, the more encouragement that is given to people, particularly young people, to take an annuity early in life, the better it will be for our society. Second, the money paid for government annuities becomes available to the dominion. Although different in the contractual sense, it is in the same category as an investment in victory bonds. There may be two entirely different contracts but ultimately they have the same effect: the government gets the use of a certain sum of money. When that is spread over a long period of time it seems to me it is a valuable thing.

If the persons who buy these annuities realize that they are helping themselves, that they are assisting the country and that they have behind those annuities something which no corporation can possibly give them, that is, all the assets of the Dominion of Canada and the guarantee of this nation that at a certain period of time the annuity will bring them in a certain benefit, they will probably buy more annuities. I should like to see the government go into this a little more strongly. I know it was years before I knew anything about government annuities. I only wish I had known about them twenty-five or thirty years ago. If I had I would not have sunk my money in insurance; I would have bought an annuity which would have given me a better and safer return than any insurance policy could give. I should like to see the government give every inducement, including exemptions where payments are made over a period of years and with certain regularity.

Mr. JACKMAN: I should like to try to bring this matter to a head. First, may I say to the hon. member for Rosetown-Biggar that his daughter's annuity, which would have been wholly taxable under the old law when she began to benefit will, when the present section goes through, be taxable only as to the income element in it and not as to the capital element. She is going to have a better annuity than she had prior to the passing of this amendment. When he can check on it I should like the minister to tell us the effect of this change in the income tax act on the government annuities outstanding at the present time. The only tax-free feature they have is contained in the income tax act and you must read your contract and the income tax act to know where you stand. As he says, no one can forecast what the income tax law will be. I suggest that the Department of Labour should not sell them on that basis, unless the Department of Finance is willing to adhere to the representations of the Department of Labour.

In connection with annuities taken out since the deadline date of June 25, 1940, what is the situation in regard to the capital element and the income element as far as income taxation is concerned? What concerns me chiefly are annuities taken out before the 1940 deadline. They are supposed to be, and always have been tax free under the income tax act, both as to the income element and as to the capital element. Does that remain so?

Mr. ILSLEY: Yes.

Mr. JACKMAN: Then, as to annuities taken out before 1940 which have not been fully paid for but which have in them the maximum amount of $1,200, could such an annuity be matured immediately and what is the situation in regard to annuity payments under them? Will they be taxable, taxable in part or entirely tax free?

Mr. COLDWELL: I do not wish to be misunderstood. I think these should be tax free up to $1,200, as the hon. member suggests.

Mr. McMASTER: If the capital element is not taxed nobody need worry about taxation, because the capital element is the greater part of the annuity. You do not need to worry about income tax on the income element of an annuity.

Mr. CASE: It would be the larger element in the early years, but in later years the income element becomes quite a feature.

Mr. McMASTER: I wish to congratulate the hon. member for Rosetown-Biggar. I had occasion to congratulate his colleague, the hon. member for Cape Breton South, about building a house, and now I want to congratulate the hon. member upon his foresight. I have listened to some of the resolutions introduced by his party to pay at forty or fifty years old age pensions amounting to $60 a month, but he cannot be very optimistic or he would not be interested in annuities.

Mr. COLDWELL: I contend that there should be no means test for an old age pension, and I think young people should be encouraged to build up a further addition which would be free of taxes.

Mr. McMASTER: I am congratulating the hon. member for Rosetown-Biggar, because I think both he and the hon. member for Cape Breton South have expressed their real feel-

ings. I think they really believe in individual incentive and they are not altogether optimistic about their other ideas.

Mr. COLDWELL: We want to restore individual incentive.

Mr. FRASER: The minister did not answer the question asked by the hon. member for Rosedale about annuities taken out before June, 1940. Are they exempt from taxation at the present time?

Mr. ILSLEY: They continue to be exempt.

Mr. FRASER: Up to $1,200, or is there any limit?

Mr. ILSLEY: Oh, yes, there is.

Mr. FRASER: They continue to be exempt?

Mr. ILSLEY: Yes.

Mr. COCKERAM: Some of these are being paid on an anuual basis and payments will continue to be made for years to come. Would such annuities be free of income tax?

Mr. ILSLEY: If the contract was entered into before June, 1940, the annuity is free of income tax.

Mr. JACKMAN: That is how simple it seems to the individual.

Mr. ILSLEY: That is, an annuity that was purchased then.

Mr. COCKERAM: I do not mean an annuity that has been purchased outright; I mean one which is being paid for on the instalment plan over a period of years and where the benefits will not accrue to the purchaser for possibly ten, fifteen or twenty years. When such an annuity is paid up, will the money they receive be free from income tax?

Mr. ILSLEY: The point is all covered by section 5 (k) of the Income War Tax Act, and hon. gentlemen should read that. What is exempt from income tax is the income arising from any annuity contract entered into prior to the 25th day of June, 1940, to the extent provided by section 3 of chapter 24 of the statutes of 1930 and section 6 of chapter 43 of the statutes of 1932. That is the limitation of amount of annuity, $1,200, I believe; provided that such exemption shall not extend to that portion of the income which exceeds the amount of the annuity actually specified in the contract before the 25th day of June, 1940, where such excess amount arises by reason of any option or contractual right to enlarge the annuity income by the payment of additional sums or premiums unless such additional sums or premiums have actually been paid before the said date.

Mr. COCKERAM: That is what I was getting at, that these payments will be paid over a period of years, and I wish to know whether or not at the completion of the contract these annuities will be free of income tax. The official should know that, but I do not think it is clear in the resolution.

Mr. JACKMAN: I think they are.

Mr. ILSLEY: It is perfectly clear from this. What makes me nervous is that I cannot follow the questions which are being asked. If I say "yes" or "no", here I am on record and it is quoted against me later if I have misapprehended a question. But just take that section 5 (k)—.

Mr. JACKMAN: It is going to stand; it is not going to be changed?

Mr. ILSLEY: Oh, yes, that is not being changed.

Mr. JACKMAN: What I want to know, under this new section, is this. The hon. member for York South simply raised the question, if he had a contract before 1940 and continues to pay his annual instalments, will the annuity payments under the contract be free of tax when he starts getting them, say in 1955 or 1960? The question I put carries the point oue step farther. The individual who holds such a contract, paying on the instalment plan, thinks he has a contractual right, not to enlarge it, because he already has $1,200, but to mature the revenue. The department has ruled one way and then the other; a certain group of people have acted on those rulings, and they are in a hiatus and do not know where they stand. That cannot be denied. I have run across several such cases in my own business. I wish to know if a person, having purchased prior to 1940 and made his payments year by year, and now being in a position to pay up the contract in its entirety so that he gets the $1,200 maturing immediately, will have that $1,200 free of tax under the provisions of section 5 (k), or is he to be subject to unknown departmental rulings which waver from day to day?

Mr. ILSLEY: I do not know.

Mr. JACKMAN: Surely that is a reasonable question. I wish to know what the section means. This whole question of annuities has been a troublesome one, and when you get a section of this kind, and you cannot get anything definite from the law of the land what are subject to departmental rulings, you do not know where you stand. I wish to know what the minister actually believes this section 5(k) to mean. It talks about your not being able to enlarge. If you mature the

contract you have the right to pay up; there is no doubt about that. If you mature it immediately, what is to be the effect of the contract with regard to income tax?

Mr. ILSLEY: Has the hon. gentleman any particular case or cases in mind; because he has referred to income tax rulings?

Mr. JACKMAN: I do not wish to be personal but I have many cases in mind.

Mr. ILSLEY: If the hon. gentleman will state one case I will get a ruling on it from the Department of National Revenue. But I cannot give a ruling on these hypotheses.

Mr. JACKMAN: The law should be clear or we should change it, so that we shall know these things.

Mr. ILSLEY: I wish to point out that we are not talking on the point here at all. The resolution is talking about freeing the capital element in taxable annuities from income tax, and the hon. gentleman is trying to get from me a ruling with regard to annuities which are not subject to income tax.

Mr. JACKMAN: That is just it; I should like to know if they are not subject to income tax. There is no question about it; you pay your money and get your annuity, but they are subject in part to income tax under a ruling of the deputy commissioner of taxation.

Mr. ILSLEY: The hon. gentleman had better give me the case and the parties involved and I will take it up with the deputy minister and get his ruling. That is the way to get at this thing, not in abstract or general terms from me on the floor of the house.

Mr. JACKMAN: I object to the minister making that statement. This section 1 talks about the capital element in contractual annuities being exempt from tax. It is a "bare-bones" resolution. How do we know what it will be when the bill comes down? Is section 5(k) to be amended? I wish to know how the contractual annuities as set forth there, which include dominion government annuities, are to be dealt with.

The CHAIRMAN: Does resolution 1 carry?

Mr. JACKMAN: No; stand.

The CHAIRMAN: Carried?

Mr. JACKMAN: Stand.

Mr. COLDWELL: Could the hon. member for Rosedale, without mentioning names—he does not want to be personal—put a hypothetical case and let the item stand until we get the ruling on that hypothetical case? I think the point he makes, as I understand it, is one in which all hon. members may be interested, and it would be well to give it to the house rather than to an individual member of the house, because the question may arise, particularly after this discussion, and many hon. members may have to answer it. I think it would be well if the hon. member would give a hypothetical case, leaving out the names, have the item stand, and let the minister have his colleague of the Department of National Revenue bring down a statement on it. Apparently we shall argue all evening unless something of that sort is done.

Resolution stands.

2. That for 1945 and subsequent taxation years annual or periodic payments received under the provisions of a will or trust be considered taxable income to the extent only that they are paid or deemed to be paid out of the income of the estate or trust.

Mr. COCKERAM: I should like to ask the minister a question which, I think, comes back to the other section; it is this. A great many people have life insurance, and in order to protect their families they give them annuities from those policies. I would take it that under this section they would not get the benefit of calling that an annuity, but I should like to know.

Mr. ILSLEY: These will be contractual annuities. An annuity bought under an insurance contract is a contractual annuity and therefore only the interest element in it is taxable.

Mr. COCKERAM: I do not think it is very clear in this section.

Mr. CASE: Even if it is arranged by the assured, the minister is saying now that that is a contractual annuity, if he makes provision with the insurance company to pay the proceeds of his insurance to beneficiaries for a period of years?

Mr. ILSLEY: Yes.

Mr. CASE: Can he make that provision in his will?

Mr. COCKERAM: Not under this.

Mr. ILSLEY: Can he dispose of his insurance moneys by his will—is that the question?

Mr. CASE: And enjoy the benefits of the taxation provision?

Mr. ILSLEY: It does not make any difference. It is either a contractual annuity or it is not. If it is a contractual annuity it is cov-

ered by resolution 1, and if it is an annuity under a will or a trust it is covered by resolution 2. The treatment may be different to some extent, but at least the transaction is covered by one or other of the two resolutions.

Mr. CASE: In other words, the department make no differentiation. In Ontario, for purposes of the succession duty, a person may provide, so long as he arranges matters with the insurance company, during his lifetime incomes for his beneficiaries up to $200 a month which are free from succession duty. That part of his estate is set aside to provide for these annuities and is exempt entirely from taxation, but it must be done during the person's lifetime.

The CHAIRMAN: Order. The hon. member is referring to succession duties; we are dealing with income tax.

Mr. CASE: I am using that as an illustration. There is a difference and that is why I introduced the will element. The department here says that it is a contractual obligation or contractual annuity if it is provided for in his will, and yet that does not become effective during his lifetime, whereas if he made provision before it would.

Mr. HAZEN: If he provides in his will to make these payments to his wife or daughter as the case may be, the policy must be payable to his estate. It is payable to his estate and by will he directs disposal in such and such a way.

Mr. ILSLEY: I should say that in that case, if the lump sum is payable to the estate of the insured, he disposes of that by will in such a way as to give an annuity to his wife and that is certainly an annuity that comes into existence under a will.

Resolution agreed to.

3. That the income of all approved superannuation or pension funds or plans in 1946 and subsequent taxation years be exempt from tax in the hands of the trustees.

Mr. McMASTER: May I direct the minister's attention to a section in the income tax Act which is unfair and which could be remedied in this resolution. No base is allowed in computing income where the income of an estate is kept in hand for a certain number of years. Suppose an estate earns only $500. That is kept in the estate for eight or ten years and the child comes of age, and in that case there is a tax of thirty-nine per cent; that is, thirty per cent graduated and nine per cent normal, which makes it worse. Instead of seven per cent it is nine per cent. It is unfair that thirty-nine per cent should be taken of an estate where the income is only $500 or $600. It is hardly worth while investing the money; it might as well be left in the bank because there is such a large amount taken out.

Mr. ILSLEY: The hon. gentleman is making representations with regard to section 11 of the Income War Tax Act which relates to taxation of income from estates and trusts, and he is submitting that there should be an exemption of $660 or something like that.

Mr. McMASTER: Is it section 11?

Mr. ILSLEY: Not of the resolution, but section 11 of the Income War Tax Act relating to income accumulating in trust.

Mr. McMASTER: That is it, yes, subsection 2.

Mr. ILSLEY: The point the hon. gentleman makes is that there should be an exemption as if it were an individual who was being taxed.

Mr. McMASTER: Yes.

Mr. ILSLEY: Is not the idea an exemption to provide some minimum source of income for an individual?

Mr. McMASTER: That is possibly the case. They cannot take everything in taxes, I suppose, but the fact is that it is necessarily only a small estate that will be affected. The larger estates will not feel it in the same way. Suppose it is a small estate with an income of $300. That $300 will pay a tax of thirty-nine per cent and that does not seem fair.

Mr. ILSLEY: It is merely taxing the income of a trust. It is accumulating in trust for the benefit of unascertained persons or persons with contingent interests, and there is no good case for exemption.

Mr. McMASTER: The department, I believe, has ruled that anyone is an unascertained person if you cannot be sure who will get it. If you say that a certain person will receive it at the age of twenty-one, if you cannot be sure that that person will get it he is unascertained.

Progress reported.

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

Thursday, November 29, 1945.

The house met at eleven o'clock.

REPORTS OF COMMITTEES

BANKING AND COMMERCE

Second report of the standing committee on banking and commerce.—Mr. Cleaver.

Mr. HUGHES CLEAVER (Halton) moved that the first report of the standing committee on banking and commerce presented to the house on November 28, be now concurred in.

Motion agreed to.

RAILWAYS, CANALS AND TELEGRAPH LINES

Mr. L. O. BREITHAUPT (Waterloo North) presented the first report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Motion agreed to.

POSTAL SERVICE

PARCELS FOR TRANSMISSION TO POLAND

Hon. ERNEST BERTRAND (Postmaster General): I am pleased to inform the house that we have been able to make arrangements for the acceptance of gift parcels for dispatch to Poland. The usual eleven pound weight limit will apply for these parcels, and they may be sent under the same conditions as at present covering parcel post services from Canada to other countries on the continent to which such services have been resumed.

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs—for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to grant authority to accept on behalf of Canada and to carry out the obligations of Canada under the articles of agreement for an international monetary fund and an international bank for reconstruction and development prepared by the united nations monetary and financial conference held at Bretton Woods in July, 1944; to authorize the payment of the subscriptions required from Canada out of unappropriated moneys in the consolidated revenue fund to an amount not exceeding seven hundred million dollars; and to authorize the borrowing under the provisions of the Consolidated Revenue and Audit Act, 1931, of sums not exceeding seven hundred million dollars.

[Mr. McMaster.]

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

Motion agreed to.

EXPORT CREDITS INSURANCE ACT

INCREASE IN AMOUNT OF LOANS AND VALUE OF SECURITIES HELD UNDER SECTION 22

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs—for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to provide by amendment to The Export Credits Insurance Act that the aggregate amount of loans made and outstanding at any time and the value of securities purchased or acquired and held at any one time under section twenty-two of the said Act shall be increased from one hundred million dollars ($100,000,000) to seven hundred and fifty million dollars ($750,000,000).

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

Motion agreed to.

ALBERTA TAXATION AGREEMENT

PROVISION FOR PAYMENT OF INCREASED COMPENSATION AND SUBSIDY

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs—for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to authorize the Minister of Finance, with the approval of the governor in council to enter into an agreement with the province of Alberta to pay the province increased amounts by way of compensation and subsidy over the amounts agreed to be so paid under an agreement entered into with the province, dated March 30, 1942.

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

Motion agreed to.

CROWN CORPORATIONS

QUESTION AS TO CONTROL BY CIVIL SERVICE COMMISSION OR TREASURY BOARD

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I have a question that I had wished to direct to the Minister of Finance. In

his absence probably the Minster of Veterans Affairs would take note of it, and it might be answered later in the day. A few days ago, I think on Tuesday last, it was revealed that one crown corporation was entirely free of control by the civil service commission or the treasury board in the employment and appointment of its officials. May I ask the minister if this situation applies as well to other crown corporations or agencies, and if so, what ones?

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I shall be glad to direct the question to the attention of my colleague and it will be answered at eight o'clock this evening.

[*Later:*]

Hon. J. L. ILSLEY (Minister of Finance): I understand that a question was asked, either to-day or yesterday, and an intimation was given that I might answer it later to-day. By consent of the house I shall give the answer now. The leader of the opposition (Mr. Bracken) said:

> A few days ago, I think on Tuesday last, it was revealed that one crown corporation was entirely free of control by the civil service commission or the treasury board in the employment and appointment of its officials. May I ask the minister if this situation applies as well to other crown corporations or agencies, and if so, what ones?

The rule is fairly general, if not entirely so, that appointments of employees of what are called crown corporations are not made by the civil service commission nor is their remuneration fixed by the treasury board. An example would be the Canadian National Railways and another would be the Bank of Canada. However, I have here a list, which I believe is complete, of the crown corporations and agencies to which this rule applies. They are:

Allied War Supplies Corporation.
Bank of Canada.
Canadian Arsenals Limited.
Canadian Broadcasting Corporation.
Canadian National Railways.
Canadian National (West Indies) Steamships.
Canadian Wheat Board.
Canadian Wool Board Limited.
Canadian Prices Stabilization Corporation Limited.
Custodian of Enemy Property.
Eldorado Mining and Refining.
Export Credits Insurance Corporation.
Federal Aircraft Limited.
Federal District Commission.
Fisheries Research Board of Canada.
National Battlefields Commission.
National Harbours Board.
National Railways Munitions Limited.
Park Steamship Company Limited.
Polymer Corporation Limited.
Research Enterprises Limited.
Small Arms Limited.
Turbo Research Limited.
Veterans Housing Project (Ottawa) Limited.
Veterans Housing Project (Toronto) Limited.
Wartime Food Corporation Limited.
Wartime Housing Limited.
Wartime Shipbuilding Limited.
War Supplies Limited.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO VACANCIES ON COMMISSION

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to direct a question to the Minister of Labour. Are the positions of two of the commissioners on the unemployment insurance commission vacant? How long have they been vacant, and how does the commission carry on or function with only one commissioner?

Hon. HUMPHREY MITCHELL (Minister of Labour): I think I can answer that question, but my hon. friend did not give me notice of it. As he has indicated, there are at the moment two vacancies on the unemployment insurance commission. The matter of filling those vacancies is under advisement. Let me go a step further. As hon. members of this house know, we had the tremendous job of mobilizing man-power during the war years. To carry that out, the direction was given to the Minister of Labour, and I can assure this house that that big organization will function just as efficiently as it did during the war years. Make no mistake about that, commissioners or no commissioners.

Mr. COLDWELL: May I ask the minister a supplementary question?

Some hon. MEMBERS: Order.

Mr. COLDWELL: Has the treasury board at any time refused to pay the salary of Mr. Tallon, the employees' representative on the board?

Mr. MITCHELL: My hon. friend will have to ask the treasury board that question; I cannot answer for it.

Mr. COLDWELL: How is the commission functioning? Is the minister doing the work of the commission now, if the commission is not in existence?

Mr. MITCHELL: That, Mr. Speaker, is not altogether correct; I am cooperating with the commission.

Mr. GILLIS: There is no commission.

Mr. MITCHELL: Yes, there is.

Mr. COLDWELL: Does the minister not know whether the treasury board has refused to pay Mr. Tallon? Surely he can answer that question.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. MITCHELL: I should like to say this to my hon. friend: I have a big enough job of my own without running the treasury board.

Mr. COLDWELL: This is a question on the orders of the day, and it should be answered. May I just ask this supplementary question? Will the Minister of Veterans Affairs take note of the question I asked with reference to the treasury board, and have the question answered later to-day?

Mr. MACKENZIE: I shall be glad to take notice of my hon. friend's question, and an answer will probably be given to-morrow.

SS. "QUEEN ELIZABETH"

INQUIRY AS TO THE FUTURE DOCKINGS—INTERVIEW GIVEN BY MAJOR-GENERAL YOUNG

On the orders of the day:

Mr. GORDON B. ISNOR (Halifax): Having already brought the matter to the attention of more than one of the members of the government, including the Acting Minister of National Defence, I wish to direct an inquiry to the government in respect to the reported interview given by Major-General Hugh Young concerning future dockings of the troopship *Queen Elizabeth* at New York instead of at Halifax.

Some hon. MEMBERS: Order.

Mr. ISNOR: As the Acting Minister of National Defence is familiar with the statement of Major-General Young as published in the Ottawa *Citizen*, and with reference to the ridiculous contention that Halifax is not a safe place at which to dock the *Queen Elizabeth* in winter time—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman. His observations are completely out of order.

Mr. ISNOR: Mr. Speaker, I am just going to—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order. I am sorry to interrupt. An hon. member's question should be urgent, brief and to the point; and he should not quote from a newspaper. I would ask the hon. gentleman to resume his seat and put his question on the order paper.

Mr. ISNOR: May I ask the question in this way. Will the Acting Minister of National Defence be good enough to make a statement in reference to the matter to which I referred?

Hon. COLIN GIBSON (Minister of National Defence for Air): The hon. member gave me notice of this question. I understand that the Minister of National Defence, who has been away, is returning to Ottawa to-day, and I shall ask him to make a statement.

LABOUR CONDITIONS

STRIKE AT BROWN'S BAKERY, TORONTO

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I should like to know from the Minister of Labour if he will take any action in view of the scarcity of bread caused by the strike at Brown's Bakery, which is on Eastern Avenue, Toronto, in my constituency. Perhaps he will see if he can bring the parties together.

Hon. HUMPHREY MITCHELL (Minister of Labour): I shall be glad to take note of my hon. friend's question and request.

Mr. CHURCH: The minister might also take some appropriate action. If he does, I will call him Humphrey the Peacemaker.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Mr. R. W. MAYHEW (Parliamentary Secretary to the Minister of Finance) moved the second reading of bill No. 178, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1945, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railways Company.

Mr. JOHN BRACKEN (Leader of the Opposition): Surely we shall have a statement from the minister.

Mr. MAYHEW: I made a brief statement on this matter when it was in the resolution stage. I do not know whether hon. members wish me to repeat it or not. Any information they want can be given on second reading or when we are in committee of the whole.

Motion agreed to and bill read the second time.

Mr. SPEAKER: Mr. Mayhew moves that I do now leave the chair for the house to resolve itself into committee of the whole on the said bill.

Mr. IRVINE: What are we adopting? We do not know what it is about.

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

Some hon. MEMBERS: No.

Mr. IRVINE: On division.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Short title.

Mr. FRASER: Will the minister tell us what the net revenue was last year?

Mr. MAYHEW: The cash surplus was $23,026,924.35.

Mr. FRASER: That is the net?

Mr. MAYHEW: That is the net cash surplus of the Canadian National Railways.

Mr. COCKERAM: That is for the year ended March 31?

Mr. MAYHEW: That is for the calendar year 1944.

Mr. CHURCH: Part of the bill relates to betterments of the system. What percentage of those betterments are related to the lines within Canada and how much of this expenditure, amounting to $15,000,000, is to be made in the United States on American affiliations? Although repairs are very badly needed in Canada, it would seem that a great deal of work is to be done on subsidiaries in the United States, where, of course, they have betterments which we in this country have not got at all.

Mr. CHEVRIER: The expenditures on betterments for lines in the United States out of the $15,000,000 referred to by my hon. friend are as follows: Grand Trunk Western Railroad Company, $1,529,246; Central Vermont Railway, Incorporated, $203,045. The rest of the money is for betterments in Canada.

Section agreed to.

On section 2—Power to issue securities for capital expenditures.

Mr. COCKERAM: I understood that during the war years both the C.N.R. and the C.P.R. have been allowed to place certain sums of money aside for betterments and for reestablishment of their systems. How much money is standing in the Canadian National treasury for that purpose? We are being asked here, as I understand, for an additional $15,000,000.

Mr. MAYHEW: The development maintenance fund in the Canadian National Railways is $34,000,000.

Mr. COCKERAM: And an additional $15,000,000 is required on top of that?

Mr. MAYHEW: No; one is capital and the other is maintenance. I think there is a little confusion in the minds of some people. The net cash surpluses of the railway automatically go into the sinking fund of the railway, so that we actually are only giving them back a portion of what they have already paid to the government. What they have done is done out of depreciation. This amount does not increase the capital indebtedness of the Canadian National Railways. As a matter of fact there will still be a reduction of $1,977,000; their net debt will be less by that amount.

Mr. COCKERAM: Have the surpluses which have been built up over the period of the war years been used for retiring funded indebtedness or the indebtedness standing on the books of the company?

Mr. MAYHEW: That has been used to pay off loans which they received from the government.

Mr. CHURCH: I should like to ask the minister a question under this section. I am not in favour of the present system of financing this particular road and its subsidiaries and other affiliations, aided by many bills passed during this war, and even during this session. In view of the vast earnings which this system is making on land, on the sea and in the air, would it not be possible to pay out of income some of these expenditures which are charged up to capital? In the ordinary public ownership ventures, such as the cheap power furnished in Ontario, many of the improvements are charged to income, and come directly from it. If this railway is to operate at cost, and if it is to run on a commercial basis, well and good. But I can tell the house that these two principles are not being carried out at the present time. Why are many of these expenditures for improvements not paid for out of income? Why is it all charged up to capital with heavy refunding charges? I find it difficult to read the auditor's report, and I cannot get this information from the various pamphlets and booklets that are given an ordinary member of parliament. I cannot find any connection between the owership of this railway, which is a public venture, and the principles I have mentioned. If it is going to be a public ownership venture, then let it be a real public

ownership venture, with the operational costs of the road placed on a commercial basis and the road run from the commercial aspect.

When we look at the cheap light and power in Ontario, a venture which has been a great success, we see the way they meet many betterments and some capital expenditures out of income. What is done in connection with this railway makes but a sorry comparison, loaded up as it is with all sorts of ventures which should never have been entered into. I refer to subsidiaries in the United States, and other capital outlays that never should have been made. Then there is the steamship line running to Port Dalhousie, and many other subsidiary ventures. They are all mixed up together. This system of expenditures and finance bears heavily upon the taxpayers, but they will have to pay for it. We are all wrong in such financing, and it seems to me the system of financing should be overhauled from top to bottom, and in the years to come we should have some way of meeting many of these expenditures out of income instead of charging them up to capital and having them refunded from year to year. I would ask for an explanation from the parliamentary assistant.

Mr. MAYHEW: I think I have already made an explanation. Probably the hon. member did not hear it, or I may not have understood his question. At any rate the amount provided by parliament to meet capital expenditures shall not be diverted to cover deficits in operation, unless with express authority from parliament. We are coming to parliament now for that authority.

Mr. CHURCH: You did not give any answer whatever.

Mr. McLURE: I see the Minister of Transport in his seat, and I should like to direct some observations to him. When this matter was first introduced the hon. members for Cape Breton South and Cumberland spoke in connection with it. On that occasion I forgot to mention this matter, and now that so much money is being voted I should like to find out whether part of it will be used to pay for the new steamer to be used in the ferry service between Borden and Tormentine. At the present time the service between those points could scarcely be called a service at all so far as the farmers are concerned. If the money is voted will it facilitate this matter, or have the effect of the steamer being made available any sooner?

Mr. CHEVRIER: None of this money has anything to do with the new steamer now being constructed for the Prince Edward Island car ferry. That will be voted under another estimate for the Department of Transport which I hope will be reached some time to-day or perhaps to-morrow. I shall be glad to discuss it then.

Mr. McLURE: I would ask the minister to prepare a statement to be presented when we reach that matter and to indicate definitely when we may expect to have the steamer.

Mr. BLACK (Cumberland): Could we have a detailed statement from the parliamentary assistant of the items which make up this appropriation of $15,008,000 for additions and betterments? There has been considerable complaint from the maritime provinces, especially in respect of local railway service, about the antiquated rolling stock operated on those lines and also to some extent on the main line of the Canadian National Railways. There is a very general feeling that the maritime provinces are getting the dregs of obsolete rolling stock from other parts of Canada.

Will the Minister of Transport indicate to the committee in what form the appropriation will be made for the building of the causeway or bridge over the strait of Canso? The people in eastern Canada take it for granted that this public work will be undertaken in the coming season. It was approved by the former premier of Nova Scotia, the Honourable A. S. MacMillan. He quoted the Minister of Munitions and Supply (Mr. Howe) as having approved it. The present premier of Nova Scotia has given his approval, and has given the people of that province to understand he will proceed with the work. Similar approval was given by all the candidates in the eastern part of Nova Scotia who took part in the two recent elections. I should like to learn from the parliamentary assistant whether a special vote will be offered in his estimates, and if not, whether one will be placed in the estimates of the Minister of Transport, the Minister of Reconstruction, or the Minister of Public Works. I repeat that we take it for granted that such appropriation will be made so as to meet the requirements of the people in that part of Canada, and also to fulfil the undertaking given to the people of Nova Scotia.

Mr. CHEVRIER: This question was discussed the other evening by the hon. member, when we were at the resolution stage. I said at that time, and I repeat now, that when the estimates for the Department of Transport are up for discussion either the Minister of Reconstruction or myself will be in a position to make a statement concerning the project

at Canso. It is my understanding that the funds for the construction of that project, if approved, will be voted by the Department of Reconstruction and that the work will be done by the Department of Transport. I do not wish to say anything further about the project at this time, because it is not a matter which would properly come under any discussions flowing from this bill. When my estimates are before the committee a statement will be made.

Mr. HAZEN: The parliamentary assistant said a few minutes ago that the cash surplus for last year was $23,600,000. I call the matter to his attention, because I think he has made a mistake. The figure is $23,027,000, and should be corrected.

Mr. CHEVRIER: Does the hon. member say it should be $27,000,000?

Mr. HAZEN: No, $23,027,000.

Mr. CHEVRIER: That is what was read out.

Mr. HAZEN: I understood the parliamentary assistant to say $23,600,000.

Mr. MAYHEW: The figure is $23,026,924.35.

Mr. HAZEN: That is not what Mr. Vaughan's annual report says. It gives the figure as $23,027,000. Is that correct.

Mr. MAYHEW: Well, the difference is only a few dollars.

Mr. BLACK (Cumberland): Would the parliamentary assistant give the details of the appropriation of $15,800,000 asked for additions and betterments?

Mr. MAYHEW: It would take a rather voluminous report to answer that question in detail, but if the hon. member will turn to page 175 of the report of the committee on railways and shipping he will get a fairly good idea. I can give him the amounts by regions, which are:

Atlantic region	$ 1,331,350
Central region	6,009,624
Western region	2,963,779
Grand Trunk Pacific	1,529,246
Montreal terminal construction	100,000
Prince Edward car ferry terminal	10,000
Subsidiary companies	281,097
Additions, betterments and equipment	2,600,854
	$15,028,995

Mr. BLACK (Cumberland): What is the $10,000 being voted for in connection with the Prince Edward Island ferry terminal? As I understand it, this is a capital expenditure, and I should like to know why we are being asked to approve a capital expenditure for a sum as small as $10,000. Could we have also the particulars of the larger items which go to make up the one million odd in connection with the Atlantic region?

Mr. CHEVRIER: This is working capital provided for the railway to the end of the calendar year. There will be an item in the transport estimates covering the operations of the car ferry and its deficit.

Mr. BLACK (Cumberland): I cannot understand why we should be asked to provide moneys at this time as working capital for the operation of the Prince Edward Island ferry.

Mr. CHEVRIER: I cannot give the hon. gentleman any further details now, but if he wants them I shall be glad to give them to him when my estimates are before the committee.

Mr. ROSS (St. Paul's): Would any of this have to do with grade separations in the city of Toronto? There is some work in connection with level crossings that is very badly needed, and I understand some of it has been approved.

Mr. CHEVRIER: None of this would have to do with grade separation.

Mr. ROSS (St. Paul's): Is it proposed to go on with that work? I understand some of it has been approved.

Mr. CHEVRIER: I shall be glad to reply to my hon. friend on my estimates.

Mr. KIDD: Is there any amount provided for a new station at Kingston?

Mr. CHEVRIER: No.

Mr. KIDD: When the local suburban train was taken off, as well as the early morning train to Toronto, there was a definite understanding that a new station would be built at Kingston. That promise has not yet been fulfilled. I want to urge as strongly as I can that something be done, now that the war is over and you are looking for means of providing employment. I have just been talking to Kingston by telephone and there is a snowstorm on now. At the noon hour there will be four trains pulling in, two from Montreal, two from Toronto and Chicago to Montreal. Any passengers from the rear coaches will be dumped off in the rain and snow. I repeat that there is an obligation on the minister's department to build this new station as soon as possible.

Mr. CHEVRIER: None of these expenditures is for a new station anywhere. They cover capital expenditures already made and

those that will be made until the end of this calendar year. I know the condition at Kingston fairly well, because I have been there many times. I know it is as the hon. member has described it, and I shall be glad to bring the representations he has made to the attention of the board of directors of the Canadian National Railways.

Mr. HARKNESS: At the end of 1944 there was a net surplus over reserves and capital expenditures of $23,000,000. The fact that we are being asked to provide the sum set forth here would seem to indicate that it is expected there will be a deficit. If not, why is it necessary to vote this money rather than have it taken out of the earnings of the railway?

Mr. MAYHEW: I think I have answered that question twice already. The Canadian National does not operate as a business concern operates. A business concern would take this money out of its earnings, but when Canadian National Railways has a profit it immediately goes back into consolidated revenue. Then when they want to get money to go ahead with betterments they must come before this house.

Mr. FRASER: Does the Canadian National pay any income tax to the government?

Mr. BERTRAND (Laurier): It pays more than income tax; it pays everything it receives.

Mr. MAYHEW: It pays back everything it makes.

Mr. BRACKEN: Section 5 of the bill which deals with power to aid other companies reads:

> The National company may aid and assist, in any manner, any other or others of the said companies and railways—

According to section 2 these powers would apply to any company or railway comprised in the Canadian National Railways. Could the minister give us a list of the companies and railways included in the Canadian National Railways system?

Mr. MAYHEW: I would refer the leader of the opposition to the annual report of the Canadian National Railways, which shows ninety odd subsidiaries. These could be placed on *Hansard*, but they can be found in the report which I presume is on the hon. member's desk.

[Mr. Chevrier.]

Mr. BRACKEN: I would not ask that it be put on *Hansard*.

Section agreed to.

Sections 3 to 8 inclusive agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF PUBLIC WORKS

247. Departmental administration, $196,195.

Mr. FRASER: Throughout the country the government has certain properties on which it intends or at one time did intend to erect a public building. Lately I have heard that War Assets Corporation is selling some of these lands. Is that true?

Hon. ALPHONSE FOURNIER (Minister of Public Works): No. At certain times when we have lands that we do not foresee any use for we have them declared surplus and transferred to War Assets, but speaking from memory I cannot recall one specific case. Before War Assets Corporation was set up, when we had surplus lands, we dealt directly with people and asked for tenders for these lands, but there have been very few cases in the last few years. I cannot at the moment recall a specific instance.

Mr. FRASER: I do not think War Assets Corporation should have the selling of any of the lands of the government, because if they sell them as they have sold other things, God help the people of Canada.

Mr. FOURNIER (Hull): My hon. friend will admit that that is a matter of opinion.

Mr. FRASER: It is not only my opinion but that of a great number of people across the country. I know that people have written in to me asking about certain lands.

Mr. FOURNIER (Hull): If my hon. friend will give me a case I will get all the information I can about it.

Mr. FRASER: I will do that, because I do hope that War Assets is not selling these government lands. I do hope that any such lands that are sold will be sold by tender and not by War Assets.

Mr. NICHOLSON: Would the minister make a statement regarding his plans for the future? Has he a five-year or a four-year plan? What amount of construction can be expected under the department in the immediate post-war years?

Mr. FOURNIER (Hull): The present estimates were drawn up in December, 1944, and January, 1945. It will be recalled that at the last session of the last parliament we had the same estimates brought back before us. At that time we were right in the war, although of course preparing for the post-war period. These estimates do not deal with any post-war projects. They are the regular estimates of the department for the maintenance and repair of the public works we have, and even then not to the full extent required. Hon. members will recall that during the war years the estimates of the department were kept down to the lowest level. In the next fiscal year we shall have to attend to the repairing of nearly every building we have in Canada, because they have been neglected to a certain extent, and my recommendation to the government is for increased amounts in the next estimates so that government property all over the country can be maintained in a good state of repair. Many requests have come from every part of Canada for new buildings, wharves, breakwaters, and all kinds of public works coming under this department. We have our architects and engineers making surveys all over the country, and we have been receiving requests from all over the country. I could not mention any specific cases now; I can only say that they are under consideration and that at the next session I hope to have an increased amount of money to spend on public works throughout the country.

Mr. NICHOLSON: Is the staff of the department back to pre-war levels, or is it being increased? I imagine that on paper at least a good deal of work is being done in preparation for the next few years, and it seems to me that a fairly large staff would be necessary even now to do this preliminary work.

Mr. FOURNIER (Hull): The number on the staff is perhaps a little lower than it was before the war, or at about the same level, but we are trying to get the services of a good many engineers and architects on a temporary basis. We are having a little trouble in getting qualified technical men because they are not so much interested now in becoming civil servants because of the openings in private enterprise. But we are taking on engineers and architects every month, or trying to get them, to help the regular staff prepare the plans for next year.

Mr. BURTON: I can understand the position of the minister in connection with these estimates. The greater part of the money to be voted has already been spent and all that remains is to finish up the year's business. I would ask him to enlarge a little upon the statement he has just made. Throughout the country from coast to coast the government's public buildings have been perhaps not neglected but allowed to take second place in the plans of the ministry. It would help us to get the full picture if the minister would go on to tell us, though not in detail, of the plans he has for next year and subsequent years. These estimates really deal with something that is past; we are interested also in the future.

Mr. FOURNIER (Hull): I believe requests are coming in from nearly every riding in the country for further repairs to buildings or for the erection of new public buildings. I cannot give details with regard to this town or that city in which it is requested that a building be put up. Most of our buildings are for post office and customs and for other departments. We have to get requests from those department, because they are the ones who must justify the putting up of buildings. The intention is to come back to pre-war conditions in public works and make the necessary expenditures so that our public works shall be in as good condition to serve the public as they were before the war.

Mr. FERGUSON: Will the minister give the number of employees who have been taken on in his department since June 11, 1945, and the names of those employees?

Mr. FOURNIER (Hull): That is a large order. We have in the department a little over 5,000 employees who are permanent, temporary or seasonal. In the fall we take on a good many firemen for the different buildings, and these would have come on since June 11. I am trying to see what the hon. member is looking for. There has not been any large increase in public buildings since the elections; I did not have the money to pay for them. I am limited by my estimates. Personally I should like to see more employees in the department, but I have not the funds. If the hon. member will read these estimates through he will see that they compare with the war years. There is only a difference of some $276 thousand as compared with 1944-45. There may be some extra employees, but I cannot give them from memory.

Mr. FERGUSON: I would ask the minister to prepare a statement showing the number of employees taken on since June 11 in his department, and giving the names of those employees. That is not a large order. In the minister's own words, he has not expanded a

great deal. The order is therefore not a large one for any well-run department and I would like to get that information.

Mr. FOURNIER (Hull): We will get these names and the dates of appointments. Most of these appointments are made to replace employees retiring or dying—

Mr. FERGUSON: That is all I want, sir.

Mr. FOURNIER (Hull): —and the civil service makes the appointments, except for temporary works or in the case of prevailing-rate employees. I will have the information prepared.

Mr. FERGUSON: Thank you.

Mr. FAIR: Does the department intend to provide better buildings for civil service staff after the war is over? I have in mind some of the old wrecks of buildings that are being used by different departments. Is it the intention to use some of the temporary buildings, which seem to be much better than some of those at present occupied? Or is it the intention to sell the old buildings? One of the buildings I have in mind particularly is the old horse-stable on Green island which houses the bureau of statistics. These people are dealing mainly with figures all the time, and it is important that they should have proper accommodation. Judging from the outside of the building, I do not think there is any ventilation system. It should have been done away with years ago. The same may be said of many other buildings that are being used by government departments. A few days ago I heard that provision is being made to clear down that old horse-stable and put up another building to house the staff there.

Mr. FOURNIER (Hull): On Green island we have part of the film board staff and the statistical branch of trade and commerce. We are actually preparing plans for the erection of a new film board building. As to the site, we are waiting for a report from Mr. Greber, who is planning the national capital, and the moment we have a site that will fit into the plan for a special kind of film board building we shall be ready to put up that building and clear out the buildings on Green island.

Mr. MARSHALL: I would ask the minister the same type of question I asked the Minister of Agriculture yesterday. I do not think it is fair to compare the estimate of the previous year with the estimate this year. I would ask him to give, on each vote as the votes appear on page 33, the actual amount that was spent during the particular year. Referring to item 247, which we are now considering, the minister asked for $191,595 in 1944-45; I should like to know how much he actually spent in that fiscal year. Will the minister from time to time, as he comes to the various items and without having to be asked for the information, give the amount actually spent in connection with each vote? Take number 247.

Mr. FOURNIER (Hull): On vote 247 the estimate in 1944-45 was $191,595; the actual expenditures were $185,989.50. The actual estimate for 1945-46 is $196,195, an increase of $4,600 over the preceding year. This increase comprises: statutory increases $1,065; cost of living bonus, $1,300; travelling expenses, $1,500; miscellaneous adjustments, $735; making the difference of $4,600.

Mr. MARSHALL: The picture as it presents itself now is entirely different from that shown in the estimates. Of the $191,000, $185,000 is the amount actually spent. We are now asking for $196,000 and instead of an increase of $4,000 roughly the increase is $11,000. I should like to get the same picture in connection with each of these estimates from beginning to end.

Mr. FOURNIER (Hull): I will have that done.

Mr. MARSHALL: Am I not correct in that?

Mr. FOURNIER (Hull): The hon. member is right. The estimate sometimes is not all expended during the year. It will be found that we have revotes of amounts voted in the preceding year. There is a difference of about eight or nine thousand dollars between the amount voted in 1944-45 and the amount expended. That can be easily accounted for by saying that somebody in the personnel retired and was not immediately replaced. The salary during that lapsed period would not be paid. Or certain works may have been undertaken and were not completed; therefore the amount was not paid. I believe there is a justification for every case of the kind we have in the estimates.

Mr. MARSHALL: I am not quarrelling with that at all. I realize that there is justification for anything that is not spent or an amount that may be overspent. But it is totally unfair to compare an estimate of one year with an estimate of the next year, because of the fact that an estimate may be inflated to a very large degree. In this case it is inflated to the extent of $11,000.

Mr. HERRIDGE: I wish to direct the attention of the minister to the situation as it exists on some of the lakes in Kootenay West.

The minister will realize that for some years there has been a restricted programme of expenditures in that district. I am not criticizing that so far as the past is concerned, but I do wish to bring to his attention the fact that on the lakes many people are in isolated places without roads and are dependent upon water transportation. I urge upon the minister that in the future he give these people every consideration by providing wharf facilities where it is possible or convenient so to do.

Then there is the question of dredging. In recent years the dredging programme has been restricted until now navigation is difficult between the upper and lower Arrow lakes. Steamers going through there at low water almost touch bottom; in fact they have to be very careful when coming into the low water area. Navigation into the northern end of the lake, where the Columbia enters the Arrow lake, is extremely difficult. I would ask that the minister have the whole matter investigated and these conditions corrected.

May I now say a word with reference to the question of the removal of snags. Years ago the department periodically removed snags from the low water areas and close to the docking points so that navigation was reasonably safe at night. I would ask the minister to have the question of the removal of snags on the upper and lower Arrow lakes investigated. There is one other matter, the question of erosion, which has been a constant problem to the Department of Public Works. I refer particularly to the channel between the two lakes. Because the work has not been done in recent years, erosion has taken place in certain areas, I would ask the minister to give that consideration.

Mr. FOURNIER (Hull): I understand the position up there in Kootenay. We have the snagboat, and we have this dredge, the *Samson*. The hon. member will find these items mentioned in the estimates. We do a great deal along that line. The intention of the department is to undertake this work in the next year and complete the work which has not been completed in the past.

The hon. member made one request for British Columbia which I received from all parts of the country. I cannot give any other answer than to say that during the war years, and because of the war effort, we did not receive, and we did not ask parliament for, larger votes.

Mr. CASE: I should like to pursue a little further the general administration as it affects the staff, and inquire as to the general policy. I understood the minister to say when he replied to the hon. member for Simcoe North, that those who were taken on in his department were largely replacements. Is the policy of the department one of promotions? Does the department advertise open competitions? Perhaps I may give a specific instance. I understand that one of the senior officials of his department has about reached the retirement age. How would his position be filled? Would it be by competition or promotion?

Mr. FOURNIER (Hull): When there is a vacancy in my department, as in other departments, we send in a request to the civil service commission. They advertise. If it is a senior position, it goes by promotion. It is advertised in the department; a board examines the qualifications, service, seniority, and so forth, and we take on the man who is appointed by the civil service commission.

Mr. GILLIS: I think the minister knows—if he does not, his departmental officials do—that for some years I have discussed with his department the matter of repairs to the wharf at Glace Bay, Nova Scotia, and a breakwater at Port Morien. The reason I have pursued these two problems year after year is that in the Morien case it directly affects the livelihood of a village of about twelve or fifteen hundred people. It is the only industry on that coast. I was assured by both Public Works and Reconstruction that the breakwater at Morien was a post-war project and would be proceeded with in the post-war period. I notice that the estimates make no mention of it, and certainly there is no item in Reconstruction that anticipates anything being done as far as the breakwater there is concerned.

Glace Bay harbour is a very important one, because the sword-fishing industry is largely concentrated there. For the last six or eight months I have wired and written both Fisheries and Public Works with regard to the condition of that harbour. Vote 283, which deals with that matter, makes no mention of that harbour or of any appropriation in regard to it. Neither is there any mention of it in the war estimates or civil estimates of Reconstruction. I think that the least the people affected in both these communities could expect is a definite answer that something is going to be done. We should like to know if anything is anticipated. These people have a right to know so that they can make their arrangements accordingly. I was convinced last year that the matter was left in abeyance pending the termination of the war, but that in the immediate post-war period the Glace Bay harbour and Morien breakwater would

be major projects for that area, and that things were going to be done. I cannot find any item anywhere which indicates that the government intends to do anything with respect to these two points. The story is well known to Public Works; I am not going to elaborate it, but I should like to know from the minister whether he has anything in mind.

Mr. FOURNIER (Hull): When I first spoke to the committee I explained that those estimates were prepared in December 1944 and January 1945. We were then right in the midst of the war. The war concluded in May and August, but we still have those same estimates before the house, and as an hon. member remarked, we have spent most of this money, because five-twelfths were voted at one time and one-sixth or two-twelfths at another time. These are estimates which are prepared as I am preparing actual estimates which will be presented at the ensuing session. We prepare them in November, December and January. Now, I would not want to undertake at this time, a discussion of those two projects, Glace Bay harbour and the Port Morien breakwater, but we are having reports prepared by our engineers. I do not think that the hon. member would ask me on these estimates for a definite statement as to the intentions of the department in respect of the new estimates which will come up in February or March of next year, but he may be sure that we are studying and considering those post-war projects. They are post-war projects; do not ask me on these present estimates, which were prepared before the end of the war, for any post-war works. I do not think I could give an answer which would satisfy the hon. member.

Mr. GILLIS: I appreciate the minister's difficulty. If he carries on the same system year after year he is going to be in the same position in 1949. It is not the fault of the people affected that the estimates are handled in that way. You are running on to the end of 1945 with these estimates, and as far as these communities are concerned they can anticipate nothing by the end of 1945. Remember, you have two industries tied up there, with the means of livelihood for the communities. While you prepared those estimates last August, do not forget that the members of this house were sitting at home for three or four months when they could have been here doing business and dealing with these estimates. It is not our fault that we were away. The condition at these two points is serious. I could mention a dozen more cases, but I do not think there is the same urgency in respect of them as there is in these two particular matters, where action is badly needed and should be taken now. The Minister of Reconstruction, who is handling post-war projects, has prepared his reconstruction estimates, and there is not an item in them dealing with these matters. Evidently they are forgotten, so far as those who can sit down and write the necessary appropriattions into the estimates are concerned.

We leave here in December. My message to these two sections of the country where there is an urgent problem is, "Nothing is to be done for 1945." We shall come back here next summer, and, you say, the money available under these estimates is all spent. You will start preparing the next estimates in December or January, and by the time they pass through the house all the money will—again—be spent and there still will not be any appropriation.

Mr. FOURNIER (Hull): That is not the way at all.

Mr. GILLIS: That is exactly the way you put it just now. As I said before, I am not concerned about money for projects such as new buildings; I realize that one can get around to those things any time. But where the means of livelihood is directly affected the situation is different. Your department should not have to begin now to study the Glace Bay harbour or the Port Morien breakwater, because you have been dealing with it for the last ten years, throwing a few planks around.

Mr. FOURNIER (Hull): Then you have not been convincing in the past.

Mr. GILLIS: I was not here except during the war, and you always have the alibi, "There is a war on."

Mr. MACKENZIE: Mr. Chairman, I must protest against a procedure which is growing up, and regarding which my own colleagues are as reprehensible as anybody else, of hon. members speaking across the floor to each other. Every question should be addressed to the committee through the Chair.

Mr. GILLIS: That is quite true, but I cannot very well blame the present chairman of this committee for the inactivity of the Department of Transport; and while I realize it may not be exactly in order, it is natural, I think, to talk to the person concerned.

Mr. CHEVRIER: Does the hon. gentleman mean the Department of Transport?

The CHAIRMAN: The Minister of Veterans Affairs is correct. The procedure, as we all know, is to address all questions to the chairman, and all remarks which are delivered

by any member of the committee should be addressed to the chairman. I agree with what the Minister of Veterans Affairs has said, that sometimes his own colleagues are just as guilty in this respect as are other members of the committee.

Mr. GILLIS: Thank you, Mr. Chairman. I realize that, so I am going to talk direct to you now, and through you to the minister. Mr. Chairman, what I was endeavouring to do was to point out to the minister that despite the fact that for the past six years certain definite commitments have been made verbally to people in the community I represent in this House of Commons, with regard to certain improvements to harbour and breakwater facilities which directly affect the means of livelihood of a large number of people, I am rather disappointed, in looking over the public works department estimates, that, regardless of all these promises that in the post-war period these necessary improvements would be undertaken, there is no item in the estimates providing the money to bring about the necessary improvements. Secondly, in checking over the reconstruction estimates for the immediate post-war period, as these were supposed to be post-war projects, I still find not an item there to provide the necessary funds. I should like to find out through you, Mr. Chairman, if the people of the communities affected can expect any relief in the immediate future in the very urgent matter of improving their means of livelihood, as regards repairs to the harbour in Glace Bay, Nova Scotia, and the breakwater at Port Morien. I should like to be able to go home and tell the people of these two communities that the alibi offered by the government through the war years, namely that they were fighting a war, concentrating upon that, and spending all their money on it, was legitimate, but now that the war is over the promises made are going to be kept; that while the minister, maybe through an oversight on the part of his officials, had failed to include in the estimates any reference to these projects, he at least would take the matter up with the Department of Reconstruction, because Public Works is the department which will do that work, although Reconstruction may have to provide the funds. I should like at least an assurance from someone that as soon as they can get around to it the promises made during the war period with respect to these two particular projects will be carried out.

Mr. FOURNIER (Hull): Mr. Chairman, I would not impute any motives to an hon. member speaking in the committee. The hon. member who has just taken his seat is speaking of post-war public works, and I have explained that these estimates do not contain any post-war items. We just admit that. These estimates were prepared for March 31, 1945, to March 31, 1946. We were here presenting these estimates last spring while the war was on, and five-twelfths of the amount was voted at that time. Now we are just completing the fiscal year. This does not comprise the post-war projects or works which we have, or which the hon. member has, in mind.

Mr. GILLIS: But fisheries won't wait for estimates.

Mr. FOURNIER (Hull): The policy we followed of not proceeding in war time with extended public works projects was admitted by everybody, even by the hon. member. My estimates would not have passed this house if there had been an increase in them during the war. Everybody understood that we were in the war and were putting everything into it and that the ordinary public services had to wait until after the war.

As to the suggestion that a promise was made, if the hon. member will look up the estimates for the fiscal years 1943-44 and 1944-45 he will find there was no promise by the Minister of Public Works. The estimates went through in about twenty minutes each time; I did not even have to discuss them; they were unanimously agreed to, I believe, because the policy was the right one. My difficulty to-day is that I am getting into that period which is post-war, yet I am dealing with the ordinary civil estimates. If the hon. member has been patient so long on behalf of Glace Bay and Port Morien, he may be patient a little longer. He has been waiting, he says, ten years for those works, and I have been here only three, so I can take only three-tenths of the blame.

Mr. GILLIS: The problem is becoming worse every year.

Mr. FOURNIER (Hull): I could ask perhaps fifty members in the house to stand up, and they would make the same speech the hon. member has made.

Mr. McIVOR: I am going to make one now.

Mr. FOURNIER (Hull): I may have to make a speech that way, and I do not contradict what the hon. member has said. I may not agree with everything he has said, but I really do not think this is the right time to discuss post-war projects. I would

not be prepared to discuss them in detail, because I have not the details here. I am ready to discuss every item of ordinary estimates, and I think it is only fair to my officials to confine the discussion to those items. To assume that my officials were negligent would not, I suggest, be a fair assumption.

Mr. GILLIS: I did not say that. I said there was an oversight.

Mr. FOURNIER (Hull): Well, there was no oversight on the part of the officials of the Department of Public Works. They knew their position and they followed the policy handed down to them not only by the government but by parliament of that time.

The CHAIRMAN: The minister has stated that these estimates do not include post-war estimates, and has made the suggestion that post-war projects should be considered when the items for another department are before the committee.

Mr. GILLIS: The Department of Reconstruction is in here too, but there is practically no vote.

The CHAIRMAN: The Department of Reconstruction will come up later, but it is not now before the committee. I would remind hon. members that we now have before us the estimates for the Department of Public Works, and that those estimates do not include any post-war projects. Therefore I suggest that what is not intended by the estimates should not be discussed. However, I am in the hands of the committee.

Mr. DIEFENBAKER: Surely we have the right to know now what the plans are with respect to public works being used as an adjunct to the general improvement of conditions, and the assurance that there will be jobs during the transition period through which we are now passing. When this matter was discussed last year the minister pointed out, and quite properly, that we were in the midst of war. When reference was made to the white paper issued by the government, dealing with the question of employment after the war, the answer given at that time, and accepted by the opposition, was that then was not the time or the occasion to discuss post-war employment as applied to public works. I do not raise any objection to your ruling, sir, but I think it is only fair and proper to point out that now that the war is over—officially or otherwise—we should have from the government, through the Minister of Public Works, a statement outlining generally the plans of his department. When the Minister of Reconstruction is before us, and a matter of public works is raised, we receive the answer that the matter is one for the Minister of Public Works. When we now approach the Minister of Public Works to ascertain what he is going to do with reference to this matter, the implication we must draw from his remarks is that it should come under some other department.

Mr. FOURNIER (Hull): No; I wish to correct the hon. member—not under another department. It will be under this department, when the next estimates are prepared. These are not new estimates; they were prepared during the war and are a continuation of the estimates, seven-twelfths of which were voted in April last, for the fiscal year from April, 1945, to the end of March, 1946.

The hon. member is asking for a simple statement as to post-war projects. I cannot say: Yes, we are going to build a post office in such and such a place or a breakwater in some other place. I would have to cover the whole Dominion of Canada. What I may say in my statement is that it is the intention of the government to keep in good repair—better than during the war years—all the public works in Canada, and to undertake post-war works which will be prepared in my department, but submitted to the Department of Reconstruction, according to the conditions in the part of the country in which those projects will be executed. The remainder will be prepared in the Department of Public Works with the staff at our disposal. The Department of Reconstruction will draw up surveys of their own and will try to give us direction as to what works should be proceeded with at a specified time. I believe that is about all I can say.

Mr. DIEFENBAKER: I cannot accept the minister's explanation at all. Men are coming back from overseas; others are being discharged from industry. They are taking new jobs. One of the means whereby jobs will be assured, according to the plans of the government as outlined in white papers, and according to other documents issued with such abandon by some departments, will be in the initiation of public works and they must be commenced not after March, 1946, but now. Certainly plans must have been made by this time. Surely the Department of Public Works is in a position to place before the committee something of its plans.

I direct my attention to my own province of Saskatchewan, which is going to have a good deal of unemployment—let there be no mistake about that. Those who left Saskat-

chewan during the war are beginning to come back. They will not all be absorbed on the farms. Already there is unemployment in some of the cities. One of the means of meeting the problem is a public works programme, not without regard to cost or to utility, a programme to operate in cooperation with private and government enterprise, so as to assure jobs rather than a return to the dole. When I look at the estimates I find that the total amount to be expended in Saskatchewan is the sum of $40,000. If I am not right in that, I am sure the minister will correct me.

Mr. FOURNIER (Hull): That is the amount under the architects branch.

Mr. DIEFENBAKER: What else is there? I find items for dredging in Manitoba, Saskatchewan and Alberta. There is not much dredging in Saskatchewan—certainly not of the kind covered by the Department of Public Works. Then there is an expenditure for telegraph and telephone, but that is merely the upkeep of existing utilities, it is not in the nature of a public work designed to assure employment.

Mr. NICHOLSON: What about harbours and rivers, as shown at page 38 of the estimates?

Mr. DIEFENBAKER: That is the item upon which I intend to make some observations. If the Department of Public Works intends to operate in conjunction with the Department of Reconstruction and the Department of Labour in an effort to secure jobs for the unemployed, to develop public works that will be self-paying and of benefit to the areas in which they are established, this is one expenditure that very well might be made in the province of Saskatchewan.

Almost in the exact centre of Saskatchewan is Long lake or Last Mountain lake, the greatest natural reservoir that we have in the province. It is a fine fishing lake; last year there was exported from the catch from this lake between five and six hundred thousand pounds of fish; it is also a summer resort lake. But it is receding year by year. Whereas in 1904 it was one of the navigable lakes in the province, to-day it has diminished to such an extent that if something is not done, in twenty or twenty-five years this great reservoir will be dried up.

Between 1898 and 1904 the wheat being transported from central Saskatchewan into southern Saskatchewan and then on to the markets of Winnipeg passed over this lake on barges. The prairie farm rehabilitation scheme is engaged in the digging of dugouts and the maintenance of necessary reservoirs for water, but upon the Department of Public Works primarily rests the responsibility for the preservation of Saskatchewan's greatest natural reservoir. Looking over a return that was brought down I find that the Qu'Appelle river, which adjoins this lake and must necessarily be the means whereby it is preserved, passed into the hands of the dominion in 1898 because its waters had not been disposed of prior thereto. In 1938 the Department of Public Works purchased the dam facilities that were constructed at Craven on the northern rim of the Qu'Appelle river.

Unless something is done to raise the level of this lake—the best fishing lake in central Saskatchewan, a lake which comprises the greatest bird sanctuary in the province,—its very existence will be in danger. This lake is the most valuable water reservoir along the Qu'Appelle valley and something should be done to provide for tapping the reserve waters of the south Saskatchewan river in June and July of each year and diverting those waters down the Qu'Appelle into Long lake, thus raising the level of the lake.

There may be fifty members, as the minister has said, who are looking for post offices or other buildings, but I doubt if there is any place in the dominion where expenditure of money would give greater dividends in enjoyment, the preservation of an agricultural area and the conservation of bird life than the utilization of the waters of the Saskatchewan by diversion through the Qu'Appelle valley. By doing this, not only will the lake be preserved but irrigation areas will be opened up along the river valley and jobs will be provided.

This is one of the few areas in Saskatchewan where irrigation has been used. A number of soldiers of the first war have already established themselves in small farm projects made possible by such irrigation work as has been done. I understand that the total project would cost some $2,000,000. I realize that that is a large amount, but its expenditure would provide jobs for the unemployed of our province; it would provide work over a considerable period of time—it will take some two years to complete the job—for farmers during their spare time. It would assure the preservation of this lake which is so necessary to the future of our province and the continuance of agriculture in the adjacent areas.

I ask the minister if this is not just the type of work that the post-war plans of the government actually comprehend. Is it not just the kind of public project that is being done in the United States? I look at the

Washington Congressional reports containing the plans of the United States government for the building of public works that will be self-liquidating and pay dividends in happiness and enjoyment, and at the same time provide employment, and then I compare those plans with the plans of this government in November, 1945. If members are to carry out their responsibilities, now is the time to place before the minister projects within the competence of his department which will provide jobs for our unemployed. If we deal with all the subjects we have been dealing with in this parliament and do not assure jobs, we are building for the most terrible crash that has ever taken place in this country. We are building for the separation of province and province, for disunion and for the setting of class against class.

I do not want to see the government building public works that cannot be justified, merely going through the form of entering upon some construction or initiating some work for no other reason than to provide jobs. The Department of Public Works should assure jobs by public works properly planned to the end that as far as possible they will be self-liquidating. Those jobs should use raw materials and labour to as large an extent as possible during the transition period through which we are passing and which may continue for some two years. The government should step in wherever necessary and construct public works which will assure employment.

I think it is the duty of the minister, and I say this with the greatest deference, to place before this house and the country at this time the plans of his department. Surveys have been made. Everybody is making surveys. But parliament cannot find out what is in those surveys. I say to the minister through you, Mr. Chairman: Take parliament into your confidence and place before us generally your plans—not just generalities, not something ephemeral, not something that we cannot put our teeth into. Let us know your plans for each province or generally for each area, and let us in a spirit of cooperation try to work together with you to the end that we place before you proposals that we believe to be necessary in the national or provincial interest. On our part we shall do our best to assist the department in facing this problem, which I say without reserve has not been faced yet. We have white papers and papers of every other colour, but when we ask the government what it is going to do, each minister says: Go to the other minister, because that particular matter comes under him. The Minister of Public Works, I understand, is on the committee that deals with these matters. Let him tell us now what is being done and what the plans are, so that when we go back to our constituencies we can say: Well, there is a minister who was able to place his plans concretely before parliament. The minister laughs. But if he has not those plans, we are in for a very serious condition of affairs. If he has them, surely we have the right to know now what they are.

The CHAIRMAN: I hope that members of the committee did not misunderstand the remarks I made prior to the speech of the hon. member for Lake Centre. What the committee discusses on the item "departmental administration" is for the committee itself to decide. It has, however, been agreed that under the first item a general discussion is in order, and my suggestion was that each member would not propose some specific public work required in his constituency because the minister in his remarks stated that there was no provision in these estimates for specific public works in the different constituencies. It was not my suggestion that there should not be a general discussion on the question of public works and what public works were best for the community, but I do think that hon. members should not at this time discuss specific public works in their own community, for the reason that the minister has not included them in these estimates and such appropriations could not be passed now. As I say, I am in the hands of the committee; I am not attempting to dictate to the committee what shall or shall not be discussed. But the minister did state that estimates for specific projects were not included and that they should not be discussed at this time.

Mr. FOURNIER (Hull): Mr. Chairman, I feel inclined to agree with very many of the things which the hon. member for Lake Centre has said, and his dissertation on public works in Saskatchewan was most interesting. I believe there is something in what he said about that project for Long lake and the Qu'Appelle river. I have to repeat that there is nothing in these estimates for these works, but they are kept in mind. I am not telling the hon. member that some other minister is responsible. I have never said that since I have been sitting in this house. I take responsibility for everything that goes on in my department. But if hon. members followed my speech I am sure they will not find reason in it to justify the gloomy picture that the hon. member drew of conditions in the near future.

Everything in this country does not depend on public works. If you look at the amount of my estimates you will find that they amount to $16 million. The hon. member is now proposing that we go into a two million dollar project, so I think it will be realized that the welfare of our country is not solely dependent on public works. They are a part of our national economy, and can be of help. But if anyone has in mind that the ills of our country can be cured by putting up public buildings or even self-liquidating projects such as the hon. member has mentioned, I must say that my experience has been that it is not done that way. I have seen moneys voted by parliament in the last fifteen years for public works to cure unemployment; far be it from me to say that those projects were wrong at that time, but the results were not very good. This whole question has to be studied, keeping in mind labour conditions, the work of the Department of Reconstruction and private enterprise. We must try to do our share, of course, and personally I am convinced that we shall have to study projects in every province.

The hon. member started out in light vein and said that Saskatchewan was getting $40,000 for public works. I point out that maintenance and repairs of public works there come under the architects' branch; that is, the estimates for harbours, breakwaters, and so forth, and I am quite willing to consider any requests for such work. But surely there are very few harbours and rivers and ports in Saskatchewan. There are not many places there where we can build breakwaters, although there may be a few; but in that respect you cannot compare Saskatchewan with Nova Scotia.

Mr. DIEFENBAKER: I was not suggesting that. I said that they were navigable rivers under your authority.

Mr. FOURNIER (Hull): I am not ready to go over the Navigable Waters Protection Act with the hon. member without having it here and making a study of it, but if my recollection of the act is correct the only jurisdiction this department has over navigable rivers is to remove any impediment to navigation. That is the main jurisdiction we have. I understand that many of these matters are contained in the brief which the dominion government submitted to the provinces, and I hope that some understanding will be arrived at with the provinces.

Once more may I say that these estimates are war-time estimates, prepared when we were right in the war and presented to the house in April last and voted to a large extent, and what I am trying to do to-day is to get authority to take care of the remaining four or five months of this fiscal year. I do not say that this is all the public works that we will have; there may be supplementary estimates. I am pleased that this discussion on public works has taken place, because we have been the unknown department for so long and now we are getting prominence in the House of Commons.

Mr. BRACKEN: Don't let that lake out there go dry.

Mr. CASSELMAN: Is the minister aware of the fact that in my district there are eight towns and villages, every one of which requires a public building?

Mr. FOURNIER (Hull): I have requests for public works in every constituency in Canada. I do not know whether they are all justified. I agree with the hon. member for Lake Centre that we should not erect buildings just for the sake of building them. They must have some utility, and the cost must also be considered.

At one o'clock the committee took recess.

After Recess

The committee resumed at three o'clock.

Mr. DIEFENBAKER: I do not want to press unnecessarily the request I made before recess, but I still feel that the minister owes the committee an explanation in regard to the general plan to meet unemployment. He said this morning that he was not one of those who would have criticized a plan for public works at the time, but an experience of fifteen years in the house has taught him that public works are no cure for unemployment. At least that is the interpretation I placed on his words. I do not disagree with him in that regard, but public works are a necessary adjunct to any scheme to tide over the employment situation during difficult days.

I did not have the white paper on employment and income before me this morning. I find that it contains the plans of the government in this regard, set forth as generally though not particularized. On page 15 of the report presented in April, 1945, after setting out the various plans that the government has in mind for the encouragement of private investment after the war and the extension of consumer demand and the development of an expanding economy, it says:

Accordingly as an appropriate policy for this period the dominion proposes to press ahead with the planning of its own deferred works and invites provinces and municipalities to do the same. In addition, the dominion government will give consideration to methods of stimulating provincial and municipal governments to carry out necessary surveys and draw the plans for useful public projects in defined categories to be executed when they are needed, to stabilize employment, probably some time after the Japanese war is ended. Further, the dominion government proposes to press ahead as rapidly as possible with surveys, aerial and other mapping and explorations on the results of which a new and forward-looking agreed programme for the development and conservation of natural resources must be built.

I call attention to those words "forward-looking agreed programme." They indicate that even in April last the government had a "forward-looking programme" agreed upon. The document goes on:

Then the dominion will undertake its own deferred projects in those localities in which the decline of war contracts or other circumstances have made available labour, which can be employed on such projects and for which the locality gives promise of permanent employment. The government will invite provincial and municipal governments to cooperate in following similar programmes.

When I brought the Last Mountain lake project to the attention of the minister I did so because it is recognized that if the undertaking in Saskatchewan is developed it will mean that a very considerable area will be available for irrigation. It will mean that this lake will be preserved for its fishing economy and as a bird sanctuary and also as a necessary reservoir for moisture. It is a project that will be worth while. I did not put it before the minister as the only project there might be in Saskatchewan, but as one which should be in accord with what the government intends to do with a view to assuring employment. The minister is fully conversant with the general plan for assuring jobs; that plan was known to the government in April last, and the reason I am making these remarks is that we have heard so much about two jobs growing where one grew before. That is the statement of one of the ministers, translated into simple every-day language. I should like to hear of one of these post-war projects that will assure the growing of one job where none grew before, because Saskatchewan people are coming back from the coast and from overseas and already there is a lag in employment in that province.

From time to time the member for Davenport has brought other projects to the attention of the government, and this type of project combines in itself the very elements mentioned in the white paper as the proper ones to be considered when the government is deciding upon a project for the prevention of surplus unemployment.

The minister does not need to go into details. I do not ask what amount of construction he will do in each province, because he cannot answer that. But what are the projects which the government will enter into so that it may, by these projects, cooperate with enterprise and assure the relief of any prospective unemployment? He says that my view of things in the next months or years is not the proper one, that I picture a doleful situation in employment. Well, all I know is that in the evidence given before the United States congress, one of the outstanding economic leaders there said that unless something is done in the setting up immediately of public works in that country, there will be, I believe he said, four million unemployed within the next year. In this country we generally follow similar economic trends. If we are faced with a like problem, if it is found that private industry cannot secure jobs or assure jobs, then what are the government's plans for public works?

So long as all controls remain on private industry, so long as a price ceiling is maintained—and I am not arguing against it—in the face of higher cost of production which the manufacturer or the industrialist must meet, private industry cannot develop or expand, because of the fear that there will be no compensation for the extra effort. Further, in the transitional period—and I am supported by the evidence given before the various committees of the United States congress—public works have a definite place. In the United States, if I understand the position correctly, several billion dollars of public works are about to be undertaken in order to assure that during this period of transition from war activities to peace industry the slack in employment will be taken up by public investment.

Mr. PROBE: May I ask the hon. member for Lake Centre this question: Is he now arguing on behalf of public enterprise, or public enterprise during the transition period, or more assistance to private enterprise? I cannot quite follow him.

The CHAIRMAN: Order. The hon. member for Lake Centre might like to answer the question, but I must remind the hon. member for Regina City that we are now discussing public works. I think the question would be out of order at this time.

Mr. GILLIS: I should like to say a few words at this point. Does the minister want to answer?

Mr. FOURNIER (Hull): It will take me only a few minutes. I am pleased that on so many points I agree with the hon. member for Lake Centre. He seems to approve the white paper and the principles laid down in it.

Mr. DIEFENBAKER: Yes; it was copied from the British and United States investigations.

Mr. FOURNIER (Hull): That puts us on the same floor, and we can discuss this matter of planning. Public works has jurisdiction in two or three spheres. The general plan is that we are to expand our works in every one of these fields—buildings, breakwaters and so on. We are going to try to come to some agreement with the provinces in the development of natural resources. I have not before me the proposals to the provinces, but we shall be interested in every work which can help private enterprise to continue on its same level, or on a reasonable level. Where I agree for the most part with the hon. member for Lake Centre is that he admits public works are not a cure for unemployment, they may be a help. In an economy where the national revenue is some nine billion dollars and we have a public works programme of fifty millions or a hundred millions, it would be only a drop in the bucket to boost the standard of living or give purchasing power to the population. Hon. members do not want me to go into details.

This morning the hon. member for Cape Breton South spoke of Glace Bay. I am coming back to that. During the lunch hour I found that in the 1946-47 estimates there is an item prepared for that, but that is a post-war project which has been considered. It is ready. But do not ask me to bring in those estimates which were prepared last January, and which are continuing estimates of war-time administration, post-war projects. I do not think that would be fair, and what I am now saying applies equally to all of Canada. We could discuss that for a day or two, but generally I would not be able to give much more information than I am giving right now, I shall certainly, however, answer any question hon. members wish to ask when any estimate is before the committee.

Mr. GILLIS: I know that the committee wants to get along and finish up the estimates, but I am not going to apologize for one minute at this time for joining with the hon. member for Lake Centre in the arguments he has made. I think perhaps the hon. member for Lake Centre has occupied the time of committee to-day to a greater advantage than he has at any other time since I came into the house. I have in mind, Mr. Chairman, the fact that I sat on the reconstruction committee for some two and a half years. The object of that committee was to find post-war employment. We called in representatives of industry and finance from one end of Canada to the other, and the provincial governments were called in to place before the committee the public works projects they had in mind in their respective provinces, so that the government might start immediately to plan for the post-war period. It was emphasized in that committee time and time again that in the transition from war to peace the greatest medium for taking the first shock of returning service personnel and war workers being laid off would be the public works projects that might immediately be put into operation in each province in order to create employment during the period of the re-tooling of industrial machines for other means of production.

During the two years that I sat on that committee I did not think I was wasting my time. I heard the provincial premiers laying out immediate post-war plans and indicating what they were prepared to do. As there was at that time an interdepartmental committee handling the problem for the federal government, I thought that each department of government that had to do with public works projects would have its plans ready. The fact of the matter is that the minister comes before the committee—I am not blaming him; I am criticizing government policy, or lack of government policy—and tells us that they have no programme ready.

We went to considerable expense in bringing people from one end of the country to the other to have those plans prepared. The excuse cannot be given that the government did not know and that they are still probing the problem. The problem was set out pretty well to that reconstruction committee. Evidently it never got beyond the committee stage.

The minister says there is no possible chance of solving the whole problem with public works projects. I will admit that; but I also want to bring to the minister's attention the fact that there is no other programme in the maritime provinces. There is no war industry there, and very few were created during the war—only about one per cent. Those that were created there folded up in the past several months. Industries that were in Nova Scotia

for years were syphoned off immediately upon the cessation of hostilities, and a serious unemployment situation has developed in that province. That applies to the maritime provinces generally. It is worse than it was in 1939. If the only department of government that has some money to spend to create employment in the province says that nothing is to be done until the 1946-47 estimates are brought down, that is a simple and plain statement that so far as Nova Scotia, New Brunswick and Prince Edward Island are concerned there are no plans whatsoever for employment, and we are going back exactly to where we were in 1939.

I have talked to the Minister of Reconstruction about reconverting war industries there. He has no plans. I say to the Minister of Public Works that in the field of public works there are many projects that could be got ready immediately. I mentioned two this morning. I picked them out because of their urgency, and also because I was led to believe that in the 1945-46 estimates there would be an appropriation for the purpose of doing something about the two specific matters I mentioned this morning. But from the broad general picture, as I see it now, the only hope we have in the maritime provinces is to get some public works projects started until such time as private enterprise, which has the machine of production in its hand at the present time, is prepared to make up its mind whether it is worth while investing money in the creation of industry in those provinces. We have no other hope, and we have not that hope now until 1946-47. In the meantime the two projects which I spoke about this morning are left untouched. Seven hundred boats go in and out of Glace Bay harbour during the fishing season. You could not get into it last year, and if it is left until next year the chances are you will not be able to do anything about it. The same situation applies to the breakwater at Port Morien. The upkeep of the community depends upon it. I could give the minister a long list but I did not want to do that this morning. The hon. member for Lake Centre has insisted this afternoon that something should be done. If the minister is not prepared to tell us what the department has in mind in each province, can we not have it by way of supplementary estimates? I appreciate the fact that the present estimates were drafted months ago and that the money has been spent. That is quite all right. I am prepared to let these estimates go through without any further discussion if the minister will say: I am going to consult the Minister of Reconstruction and also that interdepartmental committee which is supposed to be handling the recommendations of the reconstruction committee; I am going to find out what they are prepared to do in the way of getting urgent public works projects started across Canada as laid down by the various provincial ministers to that reconstruction committee, and, having selected half a dozen projects in each province, which means the creation of employment, I am ready to come in later this session with supplementary estimates and make a start on this rehabilitation of the country of which we have talked for five years. If the minister will do that, I do not wish to discuss this any further. I know he cannot do anything on the set-up he has before him now, but I insist that it is the obligation not only of the minister but of the whole government to tell us definitely, as a matter of public policy, what they are prepared to do in the immediate future with respect to getting these urgent public works projects started, in order to create employment in the transition period.

[Mr. Gillis.]

Mr. HANSELL: I have been listening for the last hour or two to this debate in respect to post-war public works, and, so far as I can see, we are mixed up a little bit on this matter; I am, anyway. I think we are asking the wrong minister these questions. About a year ago a reconstruction committee was set up. It went into a fairly extensive investigation as to post-war reconstruction and, partly as a result of its activities, a department of reconstruction was set up or is now in process of being set up. I never visualized the present Department of Public Works as being the department responsible for post-war reconstruction, although I agree that the minister should have something in mind as to what his department is going to do next year or the year after.

The hon. member who has just taken his seat says that the minister should tell the committee now, for it is his responsibility to do this and do that and do the other in order to find employment. Now, when did it ever become the business or responsibility of the Department of Public Works to find employment for people? That is a question which I think we should continually put before hon. members of this house and the people of Canada. We do not build post offices because we want to give men work; we build post offices because we have no post offices. We do not build wharves for the purpose of creating employment; we build wharves because we need wharves. I say that the purpose of the government is not to find employment, but so to legislate that the people of this country shall have economic security at

the very highest level that our productive capacity is able to provide. That is the purpose of government.

I can quite understand the minister saying it is no use to ask him what he is going to do next year or the following year, because I know how the department is handled; at least he can correct me if I am mistaken. Departmental officials gather around some table and get their heads together and say: What are we going to do next year? Well, the member for so and so wants a post office; he is a Liberal, we will put up a post office for him. And the member for so and so wants a post office; well, what party does he belong to? So eventually he winds up the work for the year, and that is his programme: so many post offices, so many wharves, so many other public works. Then he goes to the treasury board—and that is the nigger in the woodpile. He goes to them cap in hand, makes a humble obeisance to them, and says: Gentlemen, I want so much money this year to run my department. The members of the board take out their pencils and do a little figuring. Regarding themselves as the custodians of the people's money they scale the figures down, and the poor minister is left to get along with whatever the treasury board care to say he is to have. I should like to ask the minister a question along this line, and he can answer it later. I am afraid he will have to be very careful how he answers it, because it has to do with the relationship between his department and the treasury board, and of course he will have to be very polite to the treasury board or they will scale him down a little more next year. I should like to ask him if my diagnosis of his procedure is correct.

Mr. FOURNIER (Hull): The hon. member is all wrong.

Mr. HANSELL: I should like to ask him if a happy relationship exists between himself and the treasury board. I should like him to answer that, because when we are discussing grants of money for public works under this department we are just talking peanuts. I want to know whether the treasury board is not penny wise and pound foolish. Look at the measures on the order paper. Here is one, standing in the name of the Minister of Finance, which calls for an appropriation of $700,000,000. That is a lot of money. Another order requires an appropriation in the neighbourhood of $750,000,000. That, also, is a lot of money. It is to provide other countries with funds wherewith to buy what we have to sell. I can never figure that one out, but I may not discuss that subject on this measure. It seems to me that when you ask for a few billions you are apt to get it, but if you ask for enough to put up a post office here or something else there, the board can figure in those terms, because they are at just about the level where they are able to do a little figuring.

Of course we in this corner of the house look at things rather differently. I am glad we do, because, you know, money is worth nothing at all unless it is spent. Our Social Credit philosophy is one of spending, and that one has when he spends. I am willing to vote any appropriation for which the minister may ask. The only thing I ask when voting money is that he shall spend it without wasting it. That is all I am concerned about. And when treasury board or some other responsible persons find they are spending so much that they have to tax so much more, then I just hope that they will tax so much, and the people will holler and shout so loudly Canada will wake up to the fact that the present policy of government financing is strangling them. Those of us in this group can shout our heads off about government finance, but the government will move only when the people begin to learn that they are being strangled by this system of taxation and debt.

I should like to ask another question of somewhat lesser importance. What is the process followed in respect to the management of public buildings? It does not matter which one the minister may have in mind. Let us say a public building is on some corner or some back street. Is there a superintendent who looks after the building? If the minister replies that there is, then I am perfectly certain that the superintendents of some of our public buildings do not look after them very well. I have passed government buildings and have said to myself; Well, if that is a picture of government ownership, I want none of it. If private industry kept its buildings as some of our public buildings are kept, it would not be in business very long. It is about time the Minister of Veterans Affairs saw to it that the windows in the Daly building were cleaned. One of these days he will not be able to see out.

Mr. MACKENZIE: And the hon. member will not be able to see in.

Mr. HANSELL: Maybe they do not want anyone to look in.

Mr. FRASER: There is no light in that department at all.

Mr. HANSELL: Sometimes I have wondered if buildings like that have janitors.

I have a further point. When the minister brings in estimates in which he includes amounts for repairs to certain buildings, what happens when buildings have to have repairs after the estimate has been passed? In private business, if a stairway breaks down the management will realize that in order to do business a new staircase must be put in and they will go ahead and do it. What is the process when that happens in a public building? Do they have to wait for a year until treasury board discovers that they need some new stairs?

Mr. FRASER: They just step things up a little.

Mr. HANSELL: Do the superintendents of these buildings have a sort of contingent fund to do this, that and the other thing? Looking at some of the signs in these public buildings one is inclined to say: What boy in grade II printed that? I suppose the minister has no money to send out to have a little sign painted, so he has to ask some school boy to write signs in pen and ink. Words may be spelled wrong, the S's turned the wrong way, and all that kind of thing. Perhaps the minister would answer one or two of these questions.

The building in which we are housed is a very fine one, and spotlessly clean—except, of course, when I go into some of the member's rooms; that is a little different. But the hallways are spotlessly clean, and we like to bring visitors here so that they may see the building. I am quite certain, however that if someone from another country visited some of the offices in the east block—the Department of External Affairs, for instance—he would think the whole government was on the bread-line.

Mr. FRASER: He would think they were in the morgue.

Mr. HANSELL: I think a good fire over in the east block would be a good thing for this country. It would clean the inside out and put a new inside in. That is the way I look at some of these things. I guess I have said enough.

Mr. FOURNIER (Hull): Mr. Chairman, the discussion on my estimates started out on a high plane. Questions were asked about the general plan for public works all through the country; it was suggested we should try to find ways to relieve unemployment wherever it showed up, and I followed that discussion with keen interest. The only thought that came to my mind when hon. members were speaking about planning was this: Do they realize that planning for public works means that we have to make out a list of specific projects extending from one ocean to the other? Now, I could probably give the committee some information as to projects for Nova Scotia, New Brunswick and going on out to Vancouver—

Mr. REID: And New Westminster.

Mr. FOURNIER (Hull): Yes, and New Westminster. I could probably give information about projects for buildings, works and harbours, along the St. Lawrence and on the two coasts. That would be a general plan. But I can assure hon. members that every day we are studying and preparing those plans. The only question is as to the time at which a discussion of such plans should properly take place. I shall not repeat what I said before, that these estimates were voted in part in the month of April, and I am now asking that a vote be passed to conclude the requirements for the fiscal year.

The hon. member for Cape Breton South has asked if we are to have supplementary estimates. Certainly we shall have a certain amount. But the timing of works is of great importance. If the department were asked to carry out some project in January or February along the coast of Nova Scotia, I do not think we could do it. We have to time our works properly. We start as early as possible in the spring and continue as late as possible in the fall. But the hon. member wants us to begin right away.

Mr. GILLIS: We have been waiting for ten years.

Mr. FOURNIER (Hull): Oh, no.

Mr. GILLIS: It is time to get started.

Mr. FOURNIER (Hull): Do not speak about the past ten years. In my department are officials who have had experience in these matters, and who know the right time to go ahead with them. There are certain times in the year when some works cannot be carried out, and I hope the hon. member will not insist that we begin next week on certain works in some parts of Canada. We have plans. The ordinary estimates will come up, and we shall have supplementary estimates at the end of this session. Then there will be estimates probably in February, during the next session. We shall have works in the different provinces. I cannot give stated amounts, because those amounts might be over or below what I have in mind.

This discussion was followed by the speech of the hon. member for Macleod, who has a sense of humour well known in the house. He

has told us of the way in which he believes the Department of Public Works votes money, and he says that if Mr. So-and-so is a Liberal member, he has a great chance to have public works in his riding. But if the hon. member will look up the estimates he will find that there is more money spent in constituencies represented by members of the opposition than in those represented by members on the government side of the house.

Mr. McIVOR: I agree with that.

Mr. FOURNIER (Hull): My officials are not Liberals or members of the opposition; they are civil servants. I do not think they have any political affiliations. They are loyal to their minister, and they try to do their best for the people with the amount of money they have at their disposal.

Mr. HANSELL: I withdraw.

Mr. FOURNIER (Hull): I thank you on behalf of my officials.

Mr. IRVINE: You are describing Alberta's method.

Mr. FOURNIER (Hull): I will describe the set-up. Canada is divided into twelve districts. In each district there is a resident architect and a resident engineer. These men have their own staffs. They have full knowledge of the different public works in their district, their state of repair, the cost of maintenance, and so on. They make reports to headquarters in Ottawa. They advance every reason they can to get appropriations to repair, build or maintain public works. That is the ordinary procedure. As a general rule, members go to the resident engineer or the resident architect to present their plans. They then come to us and we decide. We generally follow the advice given by the architect or engineer. If you know of one engineer or one architect from Halifax to Vancouver who is derelict in his duty, I should like to have his name. They are doing a wonderful job. They are considering every request that is made. They are technical men who act as my advisers.

We do not spend much money. I am thinking of what was spent during the war. I can remember standing up in the house and asking for $100,000,000 for public works in Canada, but who was ready to support the Minister of Public Works on that occasion? Not one single member. We pared down our expenses to the bone, if you will pardon the expression, because requests for the war effort were so urgent and compulsory that we tried to forget our own lives here in Canada in order to try to save what we were fighting for. That was the position of my department, and we continued in that way until the end of the war.

Under this new policy I am going to do my utmost to see that needed public works are constructed, not fancy public works that are not needed. I think that is the duty of the officials and of the minister. We are the custodians of the money. You may laugh at the treasury board, but I want to tell you that I have sat on that board. You ask if that board studies the expenditure of the people's money. Yes, they do, from one dollar up. Previously I did not know the procedure that was followed, but now I know it is the best guarantee you can have that the people's money will be properly spent. They do not spend money unless there is justification for the expenditure.

That does not always fit in with what we have in mind as to public works. We think that public works should be built when they help a community to expand its activities, when they help a private enterprise to expand its activities. I have in mind right now the construction of a wharf that was started at Westview on the British Columbia coast. Why did we do that during war time? We did it because an industry at Powell River was willing to spend between $13,000,000 and $14,000,000. We thought we should be ready to spend from $200,000 to $300,000 to help put up the wharf, to do some dredging, and so on.

Mr. SINCLAIR: When are you going to complete the harbour there?

Mr. FOURNIER (Hull): That may be coming, but I am not making any promises. I just want to tell hon. members what we have in mind, and we are going to follow that up to the limit. I should like to continue this discussion for days. I hope that after hearing this, hon. members will not be so ready to ridicule men who have been working for the government for years and doing the best they can under the circumstances.

Mr. GILLIS: The Minister of Reconstruction made it clear that his department would only be a coordinating department and would carry on no public works. Does the minister anticipate putting through post-war projects that would come under his department without reference to Reconstruction?

Mr. FOURNIER (Hull): I could not do it.

Mr. GILLIS: Then no one is going to do it.

Mr. FOURNIER (Hull): That is not the way it is done. The Department of Reconstruction was set up to coordinate govern-

mental activities in the post-war period. If I understand the act, their staff is not to undertake the execution of public works; they are working on the reconversion of war industries into peace-time industries. Public works generally and the ordinary programme of maintenance have nothing to do with the Department of Reconstruction. Any projects started with a view to creating employment or any assistance given to the construction of provincial works would come under the Department of Reconstruction so far as the timing is concerned. Plans and specifications for post-war projects are prepared and then sent to the Department of Reconstruction for advice as to timing. It might be wise to start a project in Toronto, either this winter or in the spring, because of the unemployment situation, whereas in other places there might be a shortage of man-power and it might be better to wait. They will be our advisers. If my understanding is correct, the plans for public works will be carried on by the Department of Public Works.

Mr. FERGUSON: We representatives of the people have come here in the belief that we would get information from our associates in Ottawa, particularly from the ministers. Parliament has been in session since September 6, 1945, and the people of Canada want to know what is going to happen, not only in the years to come but in the days and weeks to come. They want some notice from the cabinet ministers as to what they may expect in the immediate future. Conditions in Canada to-day are not such that time can be wasted, particularly when you consider the money that is to be spent by the minister's department on post-war projects.

Apparently the minister has not seen fit to give the people of Canada any idea of what they may expect from his department. In 1944 the minister acknowledged receipt of a letter urging improvements in Collingwood harbour. These improvements were necessary in order to reduce by $1.40 per ton the cost of coal to the consumer in the Collingwood vicinity. The minister's department is not working very closely with the Minister of Reconstruction, because the Minister of Reconstruction informed this house the other day that he believed there was sufficient work to keep the shipyards at Collingwood and other yards throughout Canada busy for about eighteen months. The Collingwood shipyards were asking that improvements be made to the harbour because it is not in fit condition to permit an extensive shipbuilding programme. The minister's two engineers last year drew this extensive plan for the harbour of Collingwood, and I have copies of a great deal of correspondence—this is only one-tenth of it—between the minister and his engineers. I was warned by the defeated Liberal candidate in my riding not to mention this matter in the house; but on the 6th day of June, 1945—and it will be remembered that the federal election was on June 11—after that gentleman had been in power for eleven years, without ever mentioning to me up to that time improvements in our harbour, he did say, and it was well published in the newspapers, that approximately $4 million was to be spent on Collingwood harbour—a small item of $4 million! The hon. member for Lake Centre asked for only $2 million, but the defeated Liberal candidate promised on June 6, 1945 that the dominion government would probably spend $4 million on that one trivial item in the town of Collingwood.

After the election I was told not to mention this matter or nothing would be spent. The matter would still have to be left in the hands of the defeated Liberal candidate, as this government was still in power. My answer to that was this. I am the representative of the people of Simcoe county, and if they need public works and I can prove it, I defy any government to withhold those public works from those people. I do not need anybody to intercede, and if anyone does, we will let the people of Canada decide whether everybody is to be treated alike by the government. I have confidence enough in the people of this country to believe that when public works are necessary for the general benefit of the people of Canada, wherever they may be required, the people will see to it that those works are carried out by this government. Until I find out differently, that is my opinion, and if I do find out differently, the people of Canada will know about it.

I cannot understand why the minister up to this late date has given no intimation regarding the expenditures that are to be made on public works when this particular work has been urged upon him repeatedly by our town and our board of trade, especially in view of the fact that the Liberal candidate in my constituency declared before the election that $4 million would be spent on this work. The people of Canada want to know, and they have a right to know, what is to be done. In my opinion it was not good judgment for the minister to get up here and say we cannot discuss anything but past expenditures.

Mr. FOURNIER (Hull): I never said such a thing.

Mr. FERGUSON: Pardon me if I am wrong, but I understood the minister to

intimate that we should stick to the appropriations he is asking the committee to pass. The people of Canada want to know what the minister's plans are for the future, and they are entitled to know. But the minister asks us to approve past expenditure without giving us any intimation as to what is to be done in the future. I think he owes it to the people of Canada to give them some idea as to what the department is going to do for the general benefit of Canada.

Mr. HAZEN: The Minister of Public Works referred this afternoon to New Brunswick. I should like to take this opportunity to bring to his attention certain works that are necessary for the improvement of the facilities at the port of Saint John, New Brunswick. The port of Saint John is one of two ports facing on the Atlantic that remain open throughout the year. It plays an important part in the export business of Canada. The minister a few minutes ago said that he proposed to spend money on public works where it is necessary to help communities, but I would point out to him that these expenditures are asked for not merely to help the community but to be of benefit to the dominion as a whole.

The port of Saint John has modern up-to-date facilities for handling freight. It has some of the best longshoremen in the world. But it requires further facilities. This matter has already been brought to the attention of the minister by the mayor and council of the city of Saint John and also by the Saint John board of trade. I do not propose to take up the time of the committee or the minister's time this afternoon by reading from that report, but there are two or three recommendations in it to which I would refer briefly.

One is in connection with passenger facilities at that port. We have, as I say, modern freight facilities, but we have no modern passenger facilities. Those facilities were destroyed by fire some years ago and have not been rebuilt. Customs and immigration sheds should be provided. The board of trade of the city of Saint John understood that plans for these sheds and buildings had been made some time ago, but they recently discovered that no plans had yet been made. I suggest to the minister that steps be taken to have the plans prepared immediately and the work undertaken as soon as possible.

I wish to refer also to a wharf on the east side of the harbour, known as the McLeod Pettingill wharf. Plans were made prior to the war to rebuild this wharf but owing to the war coming on this construction was held up. I hope if it comes within his jurisdiction that the minister will give attention to the rebuilding of that wharf now that the war is over.

Then there is a wharf at the head of the harbour known as the Long wharf. Recommendations have been made that it be reconstructed and I would ask that steps be taken to have that done at the earliest possible date. There are other facilities to which I could refer but these are the three most important; the others are contained in the statements that have been forwarded to the government by the board of trade and by the mayor and city council of the city of Saint John.

There is one other matter. It has not to do with the port of Saint John; it has to do with some of the fishing villages along the shore of the bay of Fundy in the county of Saint John. No repairs have been made since prior to the war to the wharves and breakwaters in some of these villages. The result has been that they have fallen into disrepair and in consequence the commercial fishermen who live in these villages and use these wharves and breakwaters are placed at a very serious disadvantage. I ask the minister to look into these needed repairs, particularly to the wharf or breakwater at a village called Chance Harbour. This matter, I believe, has already been brought to the attention of the minister. Recently I received a letter from one of the fishermen in that community advising me that, the breakwater being so far gone, they had found it necessary this autumn or early winter to make a temporary breakwater to protect their fishing boats. The wharf at Lorneville is also badly in need of rebuilding.

Since these matters were brought to the minister's attention I would point out that there has been a very bad storm in the bay of Fundy so that these wharves and breakwaters, which were in a bad state of repair, have now been damaged to a greater extent with the result that work is urgently needed on them at the earliest possible moment.

In addition to the wharves and breakwaters I have mentioned, work is needed in Dipper Harbour in St. John county. There is urgent need for dredging in that locality. There is a considerable lobster fishing business in that harbour. The lobsters are brought in by boat and truck to Dipper Harbour and when they get there they are put in what the fishermen call cars, which are large crates that float in the water inside the breakwater. What has happened is this. The harbour has started to fill up, and at low tide, instead of these large crates that contain the lobsters

floating, they rest on the bottom of the harbour, the top of the crate being exposed, with the result that some of the lobsters are killed. That of course is a great loss to the men engaged in this form of fishing. I hope the minister will give attention at the earliest possible moment to remedying that condition.

Mr. SHAW: I have looked through the estimates in an attempt to find some vote under which one may discuss rentals for government offices, but I have not been able to find one.

Mr. FOURNIER (Hull): The hon. member might look at 245 and 249.

Mr. SHAW: My discussion may go to the point where I may challenge certain policies with respect to rentals and advocate government ownership of those buildings, and I want to be sure that I shall not be deprived of an opportunity.

Mr. ISNOR: I support the representations made by the member for St. John-Albert with regard to the eastern ports. He has made an exceptionally good case for the port of Saint John. I have already placed on record my views with regard to Halifax, and I will not take up further time in that connection. I concur in what the hon. gentleman has said about the fishermen. I do not look upon this as an expenditure, but rather as an investment on the part of the country. When I suggest that the Public Works department should favourably consider the requests made for needed breakwaters and wharves in the fishing districts of the maritimes, I am urging what is really an investment, because, unless the fishermen have these breakwaters, they are unable to do their work properly and to bring home the catch that adds to the wealth of the country.

The member for Calgary West the other evening drew, so to speak, a triangle of labour, capital and the public. In this matter I would point out that we have again a triangular situation involving production, export trade, public works and finance. These elements enter into the picture. Unless you have production you cannot have new markets and it is necessary, if we are to have production, to give the fishermen needed protection in the form of breakwaters so that they can go out and fish and bring back their product, adequately protected against the hazards which they have to face. May I say to the Minister of Public Works that when requests come from the maritime provinces they are for needed works. We do not make requests otherwise, and I would ask him to give them his favourable consideration. They should not be looked upon as unnecessary expenditures but rather as investments for the good of the country as a whole, and especially, of course, for our part of the dominion.

Mr. McLURE: As this seems to be rather a maritime field day, and as other provinces down east have spoken, I do not care to see Prince Edward Island left out in the cold. In going through the estimates before the house I was looking for a revote of a considerable amount for Charlottetown harbour improvements. This is not something new that is being brought to the attention of the minister, because Charlottetown harbour improvements have been promised for many years. A start was made on them in 1913 and nothing else was done until 1941 when a vote went through this house for $250,000 to begin improvements there.

At one time we had a royal commission—it was appointed in 1926 under the chairmanship of Sir Andrew Rae Duncan—to look into harbour improvements and other matters connected with the maritime provinces. I will mention only the part of the inquiry that related to Charlottetown. The Duncan commission was appointed by a Liberal government. It brought in a recommendation, No. 18, urging the absolute necessity, from the point of view of Prince Edward Island transportation, for certain harbour improvements. This had been neglected, but in 1941, as I have said, a vote went through this house of $250,000 which was supposedly to be used as a start on harbour improvements in the port of Charlottetown. Material was brought to Charlottetown—lumber, steel and machinery—and harbour improvements began. All of a sudden the construction company received the command to halt, and did it so quickly that some of the piles that were half driven were left there, I suppose, to show where work might start again at some future day. Then, as if by magic, all the materials disappeared. After tracing it we found that it had landed in one of the upper provinces of Canada to be used in war construction. We had no objection to their getting a wharf up there, but we do take objection to our part not being carried out.

What I want to say to the minister is that if this revote to take care of harbour improvements in Charlottetown is in the supplementary estimates—and I hope it is, because it has been definitely promised to us that it would be in the estimates of this year, if not in the estimates now tabled, then in the supplementary estimates—I shall feel much happier.

I wish to say a little more with reference to improvements to the Charlottetown harbour. Another thing we have been promised for the last forty years is a ferry service. Engineers have gone over it time and again. In 1913 a start was made to build a marine railway slip—it is sometimes called a dry dock, but we have called it a marine railway slip. In 1913 the Borden government purchased a site for it and did some work on it, but when the war broke out in 1914 the whole thing was dropped. In later years we have been agitating for it, and it was promised by both parties in the last election that this would be a real project in the harbour improvement of our port on the island. What would that mean to us? To begin with it is part of the agreement under which we entered confederation. We were promised that we should have proper communication with the mainland. One thing essential to our transportation is to have a place in our province where we can repair our own ships instead of having to send them up to the St. Lawrence. One of our finest ships was lost on the way up there for improvements. If she could have been repaired and overhauled on the island we would not have lost the S.S. *Charlottetown*.

When properly built this marine railway slip will employ at least three hundred men annually just to repair our own ships. These figures are taken from the blue-book which gives the expenditures that have been made annually on the repair of our ships over a period of years. Besides, there are all the local boats which could be repaired as well as the boats that we might get from outside points if we had a proper harbour. I bring this to the attention of the Minister of Public Works so that even if he has not his post-war programme all ready he must see that this one is in it. When we come to some other items in the estimates we shall couple with it one of the things that has been definitely promised by both political parties. Of course they always make promises before an election, but we are going to hold them to it this time. Besides this marine slip we are going to ask for the building of a new bridge across the North river which will be known as the Brighton bridge. This bridge will give us a definite road and highway over the shortest route from Charlottetown to Borden. This is a matter that I shall take up with the Minister of Reconstruction or the Minister of Transport.

With reference to the harbour improvements, I believe I am right when I say that a vote in the neighbourhood of a quarter of a million dollars was put through the house in 1940 for this purpose. I know that materials were bought and construction companies employed to do the work. We were promised that it was only a beginning, and that the harbour would be definitely improved to carry out the recommendations of the Andrew Rae Duncan commission of 1926. Can the minister tell me whether it is in the estimates?

Mr. FOURNIER (Hull): I am sorry, but I shall have to disappoint my hon. friend to a certain extent. That item will not be in the supplementary estimates of this year; but I am told that it is in the ordinary estimates for next year. I did not quite follow the hon. member with regard to Charlottetown harbour. I believe that money was voted in 1940.

Mr. McLURE: Yes.

Mr. FOURNIER (Hull): A contract was awarded, and then public works had their holiday during the war time. The contract was cancelled and the materials which were purchased were sent to Saint John and Sydney, I believe, to help works which we had there and which had become necessary on account of the war. But we have never lost sight of the improvement of Charlottetown harbour. I am glad to see that both parties on the island agree on this.

Mr. McLURE: The work was really started.

Mr. FOURNIER (Hull): It will be continued next year.

Mr. McLURE: The minister can give us an assurance now that it will start next spring?

Mr. FOURNIER (Hull): I am speaking for the department. I have an estimate ready to be brought down for the improvements in Charlottetown harbour next season.

Mr. McLURE: With regard to the vote for the improvements in this harbour, why should we lose out on it? Why do we have to wait? The money was voted. Why should the minister not be able to say to us that this work will go ahead next spring?

Mr. FOURNIER (Hull): Time has lapsed. We could not use that money after the end of the fiscal year. We have to have a new vote for the next season.

Mr. ARCHIBALD: I should like to say a few words about the condition which we face in Skeena. It is somewhat similar to that of hon. members from the east coast. The fishermen there lack facilities. I know the Department of Public Works have plans, and I think that they work in cooperation with the Department of Fisheries. Would the Department of Public Works tell us just what steps they intend to take to do some of this work up at

Squadaree, Langara, Massett and so forth, so that the fishermen may know what to expect in the forthcoming season?

Mr. FOURNIER (Hull): Actually we have an item for New Massett. It reads as follows: "Wharf reconstruction, revote, $47,700." It will be found at page 38 of the estimates.

Mr. ARCHIBALD: That is for tying up boats in the coastal trade; it has nothing to do with the fishing industry.

Mr. FOURNIER (Hull): I am told it works both ways. When we come to that item I shall have a note, if the hon. member wishes any information.

Mr. JACKMAN: The minister ably described how jealously the Department of Public Works guards public money, and how the whole of Canada is divided into twelve sections with an architect and engineer's office in each. Can he explain to the committee exactly how his department will coordinate with the Department of Reconstruction and Supply? In the bill setting up the department, the old Munitions and Supply Act was changed in order that the Minister of Reconstruction might be empowered to enter into construction contracts, and it then went on to define the various projects. When the bill was before the house the Minister of Reconstruction said he was not in the construction business, but neither is the Minister of Public Works. I presume that both departments will let contracts. It would seem to me, from the description the minister gave a few minutes ago, that his department is in so good a position, with its engineers and architects experienced in the erection of public buildings—or "projects", as the Minister of Reconstruction calls them—that many of these projects which will be undertaken in the future could perhaps better be carried out in the Department of Public Works than through setting up a new department of reconstruction which, in turn, will require to have its architects and engineers in various parts of Canada if it is to do an efficient job, thus duplicating services which we already have, at considerable cost to the taxpayer.

Mr. FOURNIER (Hull): I do not think that the Department of Reconstruction will have a staff which could be compared to the staff of the Department of Public Works. They may have a certain number of architects or engineers as their advisers. But Public Works has the set-up to study public works projects, prepare plans and specifications, ask for tenders, and, if the work is to be done at a comparatively small cost, call for local tenders. I do not believe the Department of Reconstruction will have the same set-up as that of public works. Our projects of building and other public works will be continued through our own organization.

Mr. JACKMAN: I am not quarrelling with the work of the Department of Public Works, but here under reconstruction and supply we have set up a department which is empowered to enter into contracts for buildings, aerodromes, airports, dockyards, roads, defence fortifications, et cetera, and enterprises for industry or reconstruction.

Mr. FOURNIER (Hull): May I interrupt the hon. gentleman? Nearly every project or work he has mentioned would not come under public works. There may be some that would, but the works he mentions do not. The building of aerodromes never came under my department. We have no jurisdiction in that field.

Mr. JACKMAN: No, but this is a new department which is being set up, although in a small sense it is a carry-over of the old munitions and supply department. If our construction is to take place under this new department, contracts will be called for, and obviously the department must have its engineers and architects to see whether those contracts are properly designed to meet the needs and to be economical in their operation. Inasmuch as the minister's department has been engaged in public works over the years, why cannot his department more efficiently and more economically carry on these proposed new construction enterprises, particularly as the Minister of Reconstruction and Supply said that he hoped his department would liquidate itself within four or five years and he would find himself without a job? If temporary works of the kind are to be undertaken in order to create employment, why cannot that temporary job be put under Public Works rather than in a new department, at great cost to the public?

Mr. FOURNIER (Hull): As I understand it, they have started to use our organization. That is so to the extent that we know about these works. Any extra work I would not know about, but I know they will use our architects and engineers in their projects; they have been doing so in the preliminary steps.

Mr. JACKMAN: If I may caution the minister, Mr. Chairman, I think he will find that, perhaps because of the personality who will be in charge of reconstruction and supply, gradually the power and the responsibility

will gravitate to the new man and be taken away from the old. I do not know any reason why, if the Department of Public Works is efficiently administered by a capable minister to-day, that department should not do the building. I may cite, as an illustration of what I have in mind, the Department of Transport, which also was under one of the ministers and had under its jurisdiction the Trans-Canada Air Lines. But T.C.A. was retained by the present Minister of Munitions and Supply when he gave up the Department of Transport and was continued by him under munitions and supply, for reasons which he gave at the time—that there was a big job in the construction of aerodromes, et cetera; and while he is no longer constructing aerodromes he still maintains that organization. I suggest to the Minister of Public Works that he had better be on his guard or he will find the Minister of Reconstruction and Supply trenching on his preserves and taking his engineers and architects, or he will find that the Department of Public Works becoming a mere shell and the Department of Reconstruction and Supply doing the main work. The situation should perhaps be the reverse. The minister has already a good operating department capable of doing this work,—which, again, as the Minister of Reconstruction has said, will be temporary work under his department. That would obviate the necessity of a duplication of architects, engineers and the rest, and the work could be more efficiently and economically carried on.

Mr. DIEFENBAKER: I do not want to be persistent in this, but I think we have the right to ask the minister to give us some statement in regard to the plans of his department for the providing of employment by public works as ancillary to private enterprise, particularly during the period of transition. My information is that a committee of the cabinet has had before it in the last few months a general plan, that a survey has been made of the dominion, city by city, setting out what the prospective unemployment will be during the transition period. It would be improper for me to say that I have seen such a plan, but I know that one exists and that there has been worked out by the experts a division as between private enterprise and public projects in the solution of the prospective unemployment problem.

So far as we are concerned we know there are plans—plans, plans and plans—but when you ask the ministers where the jobs are going to be, there is not a job in sight. There are promises of jobs, but never a concrete example of the type of work which is to be undertaken. I ask the minister whether he has not been consulted by, say, the Minister of Reconstruction or by the Minister of Labour, and given some indication as to how many jobs his department through the construction of public works will be asked to provide. How many is private enterprise going to provide? What is the surplus which may not reasonably be expected to be provided with jobs? What kinds of the public works does the government intend to undertake—not two years from now but immediately; for, in the words of the white paper, these public works have been planned and are described as part of a forward-looking and agreed programme. They have been decided upon, but try as we will, it seems impossible to extract this information. I do not know why. There should not be anything secret about it. There is no need of hiding it away; it does not have to be put under lock and key. If there are plans, let us know what they are; what distribution of moneys is to be made; what provinces in general are to receive it; whether it is to be used in the development of water powers, irrigation projects or the erection of public buildings. These are things which the minister must have information about. The file, as I remember it, is a very large one. It represents the activities of a large number of experts over a long period of time. It is in the possession of the government, and the minister must have a copy. We do not ask him to go into any unnecessary detail; but can he not answer this one question: What is expected to be the degree of unemployment within one year? That has been anticipated. Statistics have been prepared estimating it. I believe with reasonable certitude that the number can be given in advance.

Mr. FOURNIER (Hull): Would the hon. member give me his estimate? That would be helpful to the country.

Mr. DIEFENBAKER: Well, now, after all, mine is guess work. This is the product of the work of the experts in the ivory tower. They have been working at this and have made either plans and estimates. Surely it is not for me to do so. How can I contemplate whether there will be unemployment, and how much?

But the government has the record. It knows how many men will be reabsorbed in manufacturing, and what manufucturing concerns and industries are going to expand. It knows the anticipated number who will be unemployed, even though physically employable. Those are the people for whom public works projects are designed so as to assist in tiding over the transitional period.

I have studied this report on employment and income. I have studied reports from the United States, the national planning board scheme and the British scheme. They all, with one accord, set forth their plans in generalities. The United States planning board has gone somewhat farther than that and has actually indicated the numbers that will be absorbed generally through improvement in export trade, by increase in private investment, by expansion in consumption demand, and by public investment in other various ways, whereby improvement may be secured and maintained.

I am not asking this in any critical sense or to embarrass the minister. But he is the minister in charge of the department which will be charged with a tremendous responsibility. The report indicates that public works will not solve unemployment. But public works properly applied and divided throughout the country as a whole can operate as a cushion during the period of transition, and can take up the lag when men are being transferred from war-time to peace-time industry, and when there is a lagging behind in peace-time industry.

I do not think I am unfair when I press this matter. We have not been able to secure this information. I am not asking anything unreasonable when I direct the minister's attention to the certainty that what he anticipates will actually occur. But we are asking him to place the committee in a position where it may know that the government has more than plans. If all the government has is some plans in white papers, and in the minds of some experts, and if there is nothing in the mind of the practical minister to translate such plans into action, then I say they are worthless. They are just plans, and not jobs.

What the people of Canada want is not plans, but the assurance of jobs based upon those plans. I am not going to press the matter further. If the minister says he does not know, then the answer is perfectly clear. He is the Minister of the Department of Public Works. If he does not know, then all I can say is that we must accept his answer, and it simply means that the public works plans are contained in white papers, but that as yet they have not yet been translated into actualities or into plans which will culminate in the development of public expenditures.

Mr. MacINNIS: I was considerably impressed by the statement of the hon. member for Lake Centre in the forenoon session. I believe he had some good proposals. I doubt very much, however, if most of the discussion we have had on this point is really in order. I believe we shall have to accept the statement of the Minister of Public Works to the effect that these estimates were prepared prior to the beginning of the year and during a time when the country was at war. He has said that they were prepared to meet a condition which prevailed when we were at war. I am not, however, absolving him altogether from the obligation to bring in supplementary estimates to deal with certain projects which were delayed during those years and which, now that the war is over, might be discussed appropriately. But I feel convinced that we are not dealing with the larger programme in the proper place.

We have set up a Department of Reconstruction. The white paper was issued by that department, and we should hold the Minister of Reconstruction responsible for the programme to be carried on in the period of transition. When that department is before us, and before parliament prorogues we should insist upon having some concrete proposals to meet a situation of unemployment we are now convinced, and I think even the Minister of Reconstruction is convinced, we shall have in this country before spring. But I do not believe that this matter can be discussed properly at a time when we have before us the routine estimates for the Department of Public Works.

Mr. FOURNIER (Hull): I cannot let the hon. member for Lake Centre build up a case based upon guesswork—those were the words he used—for the future. He has envisaged our country as one in which there will be a great deal of unemployment from one end to the other. When I asked him to give his own estimate of unemployment for the next six months or a year he replied that that would be only guesswork. But on that guesswork he builds up a case in which he seeks to prove that the Department of Public Works should have one of those programmes or plans in which we would explain how we would take care of unemployment in the country.

If one follows my way of reasoning, then all the arguments he has made up to now have not been based upon facts. He turns to the minister and asks, "Does the minister know anything about this? If he does not know let him say so, and I shall sit down." Then, later on he will tell the minister, "You do not know what is going on, or what will take place." In French we have the expression: "La manière la plus habile de prendre son homme;" or, translated: "That is the way you can hang anybody." One will make up a case, and will then say, "It is up to you, if you do not know."

But I will tell the hon. member one thing I do know, as Minister of Public Works. I know what my powers are, and I know what the jurisdiction of the Department of Public Works is. If the hon. member will turn to section 9 of the Public Works Act he will see that this department has power over certain dams, hydraulic works, the construction and repair of harbours—not including harbours coming under the national harbours board—piers and works for improving the navigation of any water, and the vessels, dredges, scows, tools, implements and machinery for the improvement of navigation.

If we take that as the power, then our plans are prepared for the next year to increase our activities to quite an extent. We will increase those activities where they will prove useful for the community in the improvement of business in each section and in order to relieve unemployment if it exists. That is the plan we have in public works, which is only a small part of the reconstruction plan or programme to try to maintain employment in the country and create as high a standard of living as possible.

If you read section 9 you will see exactly what powers and jurisdiction we have in public works. We are going to exercise all those powers and develop the works that are under our control. I have estimates amounting to about $16,000,000 in a budget of four billions and a half, and I do not think hon. members should expect me to be able to give them all the information they want. I am ready to tell my story, and the other parts can be told by the other ministers. As a member of the government I can tell the hon. member for Lake Centre that we in our department are prepared to go ahead according to our jurisdiction and power; but we do not intend to spend money uselessly.

Mr. LOCKHART: I gather that no expenditures are to be made for new works, but that expenditures will be made simply for the maintenance of works and so on. Would the minister explain the machinery? Suppose a small post office or a building for public services is desired in a community. Would that request go through the Post Office Department and then come to public works with their recommendation?

Mr. FOURNIER (Hull): I may receive a request from the Postmaster General that because of the revenue of an office the construction of a post office would be justified. Then I would have the resident architect make a report on the situation. If it were favourable, we would proceed with our plans and specifications. The same would apply to customs and excise.

Mr. LOCKHART: The original request would go to the appropriate department?

Mr. FOURNIER (Hull): Absolutely. Public works does not go out and just put up buildings; we do not go around trying to impose buildings on communities. The building must be needed and justified by the revenue of the office. In many places the income from the office does not justify a capital expenditure.

Mr. ISNOR: There are two questions I should like to ask. First, does the minister's department initiate expenditures on public projects such as breakwaters?

Mr. FOURNIER (Hull): Yes.

Mr. ISNOR: That being so, I wish to make a few remarks but I shall be as brief as possible. I was told I was out of order this morning when I introduced a matter in reference to the port of Halifax having to do with the transfer of the *Queen Elizabeth* from the port of Halifax to the port of New York. I feel I am justified in bringing up this matter under this item.

Mr. FOURNIER (Hull): The question was asked on the orders of the day and I understand that the Minister of National Defence is to make a statement, perhaps to-day.

Mr. ISNOR: I do not wish to hold up these estimates but I want to place the case of Halifax before the government in such a way that it will recognize our claim. It is not Halifax alone that is affected; this concerns our whole nation. We certainly do not want the *Queen Elizabeth* or any other ships carrying troops from England to a United States port when we have fine ports on the Atlantic coast, such as Halifax, Saint John and others. I think it is due to our men who went overseas to fight for the good name of Canada and in the interests of freedom throughout the world to have them brought back to Canadian ports when they are being returned. With all due respect to what the minister has to say, I think he should look into this matter from the point of view of his department.

I think the late Sir Samuel Cunard, the founder of the Cunard line, would turn in his grave if he read the statement which appeared in last evening's papers to the effect that Halifax was not a safe port for the *Queen Elizabeth* or any other ship. I have photographs here showing hundreds of ships that assembled in the port of Halifax during the war. I have here one showing the *Queen*

Elizabeth sailing into the harbour of Halifax under her own steam in what would appear to be the safest possible manner. I have one showing the *Queen Elizabeth* at the pier in Halifax and it would appear to any one that she was as safe there as a bug in a rug.

There is misunderstanding somewhere. This is of importance not only to Halifax but to the whole dominion, and an investigation should be carried on as soon as possible. This is an opportune time to bring up this matter. If a breakwater is required, or if the present outer breakwater needs to be extended or increased in height, then it is up to the Department of Public Works to investigate and make the extensions, if needed. I asked the minister if these things were initiated by his department and he said they were. That is why I am now bringing this matter to his attention.

I do not wish to prolong this discussion because I believe I have accomplished my purpose in bringing this matter to the attention of the Minister of Public Works. I am glad to see the Minister of Transport in his seat because the national harbours board is under his jurisdiction. I hope that action will be taken so that in the future we shall have no such statements as appeared in the papers last evening.

Item agreed to.

Chief architect's branch—
248. Branch administration, $223,725.

The CHAIRMAN: I would remind hon. members that we are now on specific items and that the discussion must be relevant to the item before the committee.

Item agreed to.

Chief architect's branch—
249. Ottawa—maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, et cetera, $2,900,117.

Mr. SHAW: During the war the Department of Public Works found it necessary to rent space in certain premises at Red Deer, Alberta. The Department of Veterans Affairs have in one building quarters for which a rental of $3,216 a year is paid. I am not quarreling with the amount of rent paid, nor am I quarreling with the person to whom the rent is paid. The wartime prices and trade board also have quarters rented at $300 a year, and the unemployment insurance commission have offices there for which they pay a rental of $2,280 a year. I am not quarreling with the amounts at all, but they make a grand total of $6,156 which is being paid in rent at Red Deer by this government every year. That covers the Department of Veterans Affairs, the unemployment insurance commission and the wartime prices and trade board. Over a period of ten years it will mean that the department will pay out in rent in that city $61,560, provided that the same premises are held and that all these branches of the government continue to function, which I assume they will do. Certainly the Department of Veterans Affairs, the unemployment insurance commission, and for some time at least the wartime prices and trade board, will continue to operate offices there. During the war we recognized that it would be improper for us to urge the Department of Public Works or the government to construct a public building at Red Deer rather than to pay those rents, but now that the war is over, the people of Red Deer and many organizations in the city, including the board of trade, would consider it very poor business for the government to continue paying that amount of rent a year. Let me repeat, it will amount to more than $61,000 in the next ten years. We consider that in a progressive city like Red Deer we should have a public building. We believe that one could be built for less than the amount of money which the government will be paying out in rents there during the next ten years. I would urge that the minister and his department give serious consideration to this suggestion. It will be good business.

Let me add, more particularly since the Postmaster General is here, that the people of Red Deer do not want to see the post office or the customs put in that new building if it is constructed. I say that for this reason, that the post office building at Red Deer has deteriorated badly. It is an old building and most inadequate. The previous Postmaster General recognized this three years ago when he found it necessary to ask for money to make certain renovations in the present post office. That building at Red Deer cannot possibly serve the needs of the people of that city in spite of the very best efforts of the staff in the post office and in the customs office. They simply cannot give a satisfactory service to the people of the city in their present quarters. We do not want the post office in a new public building because experience has shown—and the Postmaster General will bear me out in this—that when branches of government departments are located in a building along with the post office and customs, eventually the post office is jammed right down into one corner. Calgary would be a wonderful example of that.

Let me repeat. We consider that it is good business to give early consideration to a public building for Red Deer. Second, we believe

that the Minister of Public Works should look with approval upon any recommendation which may come from the Postmaster General for a post office at Red Deer. I shall solicit the support of the Minister of Veterans Affairs in this matter for this reason: His department has a substantial number of small holdings near Red Deer, and there is not sufficient part-time employment there to enable the veterans to pay for these holdings. So that this project of a public building and a post office would work in the interests of the Minister of Veterans Affairs by providing work for these men. I am not asking the Minister of Public Works to answer me at the moment, but I do wish that he would take note of what I have said and have his engineer report on the matter, if he has not already done so, because we believe that our claim is wholly and completely legitimate.

Mr. STEWART (Winnipeg North): I should like to speak on a subject that is of importance and interest to every member of the house. We in this group have repeatedly brought to the attention of the government the survey that was made by the welfare council of Toronto, which found that the minimum wage on which one could keep an average family of five living decently and adequately was $1,757.60. Let us consider the salaries that are paid to men who are working in the government buildings at Ottawa. There is one foreman at $1,320; twelve foremen, part time, at $600; cleaners and helpers, nineteen at $1,140 and three at $1,020; twenty-eight part-time cleaners at $500. Many of them are married men with families, and most of them are ex-service men because I see a great number of them wearing buttons. How can they live and bring up a family on $1,200 a year? We complain about industry not paying decent wages, but the fact is that industry is taking a lead from the parliament of Canada. We in this house owe a debt of gratitude to the cleaners, foremen and janitors for their kindness and courtesy to us members, for they make life very much easier for all of us. I know cleaners who go to work in the early morning hours and work not just eight but sometimes ten hours, and occasionally twelve hours a day, with no extra pay. The only bonus they get is the cost of living bonus, which in all probability will be cancelled when P.C. 1003 goes. The only hope for these men is, I think, organization. I should like to see them in a trade union, and that is one of the questions I wish to ask the minister. Would these cleaners, foremen and janitors be allowed to enter a union? And is the minister prepared to see that they are given decent rates of pay over and above what they are now getting?

Mr. FOURNIER (Hull): No one more than I should like to see these cleaners, helpers and elevator men receive higher compensation, but my personal opinion is that I have nothing to do with fixing the salaries of these classes of workers, who come under the civil service commission. They are all classified, and any member who has attended the meetings of civil service committees knows how complicated are these classifications and salary rates. I would be most favourable to increasing everybody's purchasing power and raising his or her standard of living. I am really in sympathy with these workers, but I do not think I am the one who can raise the salaries of these civil servants. That is one more thing that does not come under my purview, although I sympathize with every one of these workers. I happen to live in a town of labouring people, many of whom are my friends. I have listened attentively and sympathetically to what the hon. member has said, but I do not think he is making his request in the right place, although I would favour any such move.

His second question was as to these workers joining a union?

Mr. STEWART (Winnipeg North): These workers have the right to join unions?

Mr. FOURNIER (Hull): I have no objection unless the government changes its policy, and I have always understood that it favoured unions among the labouring classes. If the hon. member lives in Ottawa for any length of time he will see that they have unions, not exactly in the sense of labour unions, but there are four or five different civil service associations. I cannot give the names.

Mr. COLDWELL: They are more or less social organizations.

Mr. FOURNIER (Hull): Yes, but they interview government authorities and the civil service commission with regard to better conditions, wages and so on. I am not an expert in these matters, but in the public works department where there are labouring men there is an association of prevailing rates people who come regularly to see me and chat over their wants, and in the department there is a constant study of conditions of work, increases in wages and so on. I often recommend increases to the labour department where there is a body that sanctions rates of wages, and when a report comes back with their approval I put it

before the treasury board. In the last year there have been, I will not say increases, but readjustments in pay, because we are still living under a condition of stabilized prices and wages which perhaps would hinder large increases in any class.

Mr. COLDWELL: The minister has put his finger on the spot when he refers to the treasury board. Probably the treasury board has more to do with this than the minister or the commission.

Mr. FOURNIER (Hull): Before the hon. member came in I spoke of the treasury board.

Mr. COLDWELL: The question I am about to ask may have been put before; I do not know. One cannot be here all the time these long days. I understand, however, that the department has a list of desirable public works graded under letters A, B, C, D, and so on—projects that may be undertaken in the post-war period for the relief of unemployment.

Mr. FOURNIER (Hull): That matter has been brought up before.

Mr. COLDWELL: I prefaced my remarks by saying that perhaps it had been discussed before. If so, I will not go into it again. As I say, one cannot be here all the time to listen to what goes on.

Mr. STEWART (Winnipeg North): Is it possible for the minister to make representations to see that these workers get better wages and that their hours are reasonable in this building? Ten hours a day is too much.

Mr. FOURNIER (Hull): The employees in the buildings, except the elevator operators who are under the supervision of public works, do not come under the department.

Mr. STEWART (Winnipeg North): They are the ones I am talking about, and also the cleaners.

Mr. FOURNIER (Hull): The cleaners in this building do not come under my department. They are under the Speaker.

Mr. COLDWELL: Then we shall have to raise this question in connection with the House of Commons staff. It should be brought up.

Mr. FRASER: This morning when I shut my window in the Chateau Laurier I was surprised to see, although I should not have been surprised, seeing that I brought the matter up last year, that the window-sill, instead of being white as it was last night, was absolutely black. The soot comes from the Daly building across the street. I understand that there is an oil furnace there. There must be one because I see a 1,000-gallon oil truck practically every other morning unloading at that building. I do not believe the oil-burner in that building functions as it should because no oil-burner that I have ever seen—and I have seen a great number of them—throws out clouds of smoke worse than any train in the country. How the Chateau Laurier management has stood this so long I do not know.

Mr. MACKENZIE: Stood what?

Mr. FRASER: The soot and dirt from the Daly building oil-burner. If that oil-burner were checked by outside engineers from the manufacturers they would tell you that it could not throw out all that dirt as it is doing at the present time.

Mr. FOURNIER (Hull): We have an engineer and fireman in the building. It is an old building and the installation is quite aged. I admit we are having trouble with it, but during the war years I have not seen my way clear to having a new installation, and I do not know whether in the future plans for the capital that building will be taken into consideration. It is more of an eyesore than anything else.

Mr. FRASER: Could there not be installed a soot arrester on the stack? They have them on other buildings.

Another thing I noticed this morning—and I thought it was a waste of time and money—was the snow truck going down the street, probably miles away, to dump snow.

Mr. FOURNIER (Hull): That is under the federal district commission.

Mr. FRASER: As the hon. member for Macleod mentioned, the elevator in the west block quits at five or five-thirty o'clock in the afternoon. The other evening I was there about a quarter to six and I saw a cripple going down three flights of stairs. There should be another man there to relieve the elevator operator so that the hours can be extended, because while people are working in the building the elevators should be running. If a fire ever occurred there, there would have to be an elevator running.

Mr. MACKENZIE: For the past year I have been pressing to have a new veterans building in the city of Ottawa. It is about our first necessity. I agree with much of what the hon. member has said, and I think it is one of the first obligations on the admini-

stration to make plans for the construction of a real veterans administration building in Ottawa similar to the one in Washington.

Mr. FRASER: For the last five years we have been hearing every year of someone breaking or spraining an ankle going down the walk on the east side toward the hotel.

Mr. FOURNIER (Hull): All these lands are under the federal district.

Mr. FRASER: All right; we will bring the matter up at the proper time.

Mr. COLDWELL: With regard to housing, cannot something be done so that before we come back next summer and have to sit in this chamber in the heat, the place will be aired? In the second place, can we not have lights that are decent and that will not ruin our eyes?

An hon. MEMBER: And loudspeakers.

Mr. COLDWELL: Yes, and loudspeakers too, so that we can hear what everyone says.

Mr. FOURNIER (Hull): Every request will be taken into consideration.

Mr. BLAIR: I intended to bring up the question of lighting. Has the minister made any arrangements for improved lighting in the chamber? In the rows at the back here, if you hold up a pencil you will get six or eight shadows from it, and many members have had to go and see about their eyes and get glasses. For a new member to bring this matter up, when the lights have been used for such a long time, may sound peculiar, but this system is antiquated and something should be done about it.

Mr. MARSHALL: Has the government given any consideration to the question of converting a large number of the temporary buildings into permanent buildings so that they will accommodate a great number of departments which are using rented buildings? I think the Department of Public Works have rented somewhere in the neighbourhood of 105 to 110 different buildings throughout the city on which they paid in the year 1943-44 in excess of three quarters of a million dollars rent. I asked the Minister of National Defence for Naval Services what was contemplated with respect to the building on Elgin street. If I recall correctly, he said that it was being turned over to War Assets Corporation. I think that building could be made more permanent and could be used for a large number of different departments. Has the government any policy with respect to this matter?

Mr. FOURNIER (Hull): Up to September there was such a lack of space in the city of Ottawa that instead of giving, say 125 square feet per employee it was brought down to seventy-five feet. We thought at one time after August 15, or September 1 that we would see the defence departments decrease the numbers of their employees. That has taken place to a certain extent, but they were replaced by new departments such as the Department of Veterans Affairs and the Department of National Health and Welfare, which are expanding departments, and we find to-day that we have not too much space for our offices.

As to the future policy of the government with respect to the temporary buildings, I understand that they were built and would be useful for a certain number of years. They will be replaced, as time goes on in this scheme of a national capital, with other permanent public buildings. Did I understand that they were declared as surplus to the department?

Mr. MARSHALL: It was my understanding that the navy had practically abandoned the building and would turn it over.

Mr. FOURNIER (Hull): I am sure that the Department of Veterans Affairs and the Department of National Health and Welfare will be glad the moment they abandon it. They are crowded in. Some of the employees were in halls for a while; they could hardly do their work. I am now trying to get them a little more space. As regards hygienic conditions, when you have people working in that limited space of seventy-five feet, there is far less comfort than if they had 125 feet. I do not see that we can dispense with those temporary buildings in the near future.

Item agreed to.

Chief architect's branch—

250. Maintenance and operation of dominion public buildings and grounds, other than at Ottawa, including rents, repairs, furniture, heating, et cetera, $4,054,216.

Mr. ROSS (St. Paul's): Why this large increase of $271,000? One would naturally think there would be a very large reduction because the war is over. It seems to me that some economy ought to be shown. Why has this increase taken place?

Mr. FOURNIER (Hull): The increase of $271,458 is made up as follows: (1) an increase of $195,605 in salaries caused by an increase of 170 in the number of the staff; (2) an increase of $45,800 in the allotment for materials and supply caused by an increase in the price of coal; (3) an increase of $39,725

in the cost of living bonus owing to the increase in the number of the staff. These three increases total $281,136, which with other adjustments reduces the amount to $271,458.

Mr. ROSS (St. Paul's): What I had in mind was the question of the amount of space which is being used by the various departments. As I say, the war is over and one would think the departments would be cutting down.

Mr. FOURNIER (Hull): My hon. friend knows that this is for the maintenance of buildings outside Ottawa. Unemployment insurance, selective service, veterans affairs and the wartime prices and trade board—I am trying to name a few of the departments—have expanded their activities outside Ottawa. They have offices in nearly every town in the country. We have to provide them with rental and the staff to maintain those places. In the last year the increase in new employees amounted to 170.

Mr. ROSS (St. Paul's): What did the minister say the increase was due to?

Mr. FOURNIER (Hull): This increase is brought about by the increase in the number of employees we need for the maintenance of our outside offices.

Mr. ROSS (St. Paul's): I can understand that, but the minister said that the increase was—

Mr. FOURNIER (Hull): Some of these people work in Toronto.

Mr. ROSS (St. Paul's): The minister said it was caused by the increase in the national selective service. I would not think national selective service would be as large now as it was during the war. It seems to me some reduction should be taking place there.

Mr. FOURNIER (Hull): I shall withdraw selective service and put in veterans affairs instead.

Mr. ROSS (St. Paul's): The wartime prices and trade board and many of those other departments should be cutting down their staffs.

Mr. MACKENZIE: No.

Mr. ROSS (St. Paul's): Yes, I think so. Of course veterans affairs has increased.

Mr. MACKENZIE: May I tell my hon. friend that the greatest problem we have encountered in veterans affairs across Canada is lack of space. Instead of cutting down we shall increase substantially in the next eighteen months. We have been having stenographers and secretaries working in corridors for the last six months. That condition should not prevail among individuals who are looking after the men coming back from the war.

Mr. ROSS (St. Paul's): I am not criticizing veterans affairs, but it seems to me that there are other departments which should be cutting down at the present time, and the veterans affairs department should be moving into the space left vacant by some of those departments. The Department of Munitions and Supply are closing down, and the wartime prices and trade board will be cutting down in a short while.

Mr. ARCHIBALD: I was glad to hear the Minister of Veterans Affairs talking about the maintenance of the health of the workers involved in the various departments. I can recognize that during the war years those departments, because of the war, did not want to spend any more money than they could avoid, but when it comes down to the health of the people involved and it gets serious then something should be done. There is a telegraph office in Hazelton. I am not speaking of Hazelton because Hazelton wants a new building, but the employees in that building are suffering. They have colds continually; snow blows under the doors and through the cracks around the windows; flies enter in the summer. The employees freeze when they are a few feet away from the stove and when they are right near the stove they roast; they have to keep it red hot. Nothing has been done. They have one little piece of bakelite for the top of a desk and that is all they have had in the last two or three years. They are very proud of it; they pat it every time they pass it. I should like to know if the minister plans, and when he plans, to put a new building there for those employees who have worked very hard for the war effort?

Mr. FOURNIER (Hull): This must be a rented building we have in Hazelton. I could not give an answer offhand as to whether or not we contemplate putting up a new building there. I do not know whether we own that building.

Mr. ARCHIBALD: It may be a rented building; I am not certain.

Mr. FOURNIER (Hull): I shall look into the matter and try to give my hon. friend a satisfactory answer.

Mr. TOWNLEY-SMITH: I should like to ask the minister a question concerning a post office building which was started in St. Walburg, Saskatchewan, just before the war. The basement part of the building was finished,

and the job was apparently left at that stage. How much was spent on it? What is the intention with regard to this unfinished building? When may we expect to get it completed?

Mr. FOURNIER (Hull): I understand that this was one of the contracts which were let at the outset of the war and then cancelled. We have contracts like that throughout the country. At the outset of the war people turned their minds to the war and said, "We are not going on putting up these buildings." I am informed that this building will be provided for in the estimates of next year. I would not commit myself, since I have not reviewed this particular case, but I have asked my officials and they say that it is under consideration for the estimates of February or March.

Mr. MOORE: I wish to have some information about the post office at Flin Flon, Manitoba. Flin Flon is a new city in northern Canada. A post office was built there in, I believe, 1930, when the population was about 1,500; to-day it is in the neighbourhood of 10,000, but they have the same post office building, in which approximately five times as much work must be done as was done when it was built. I should like to know whether the people of Flin Flon can expect that in the near future the department will go ahead with the construction of a new post office there.

Mr. FOURNIER (Hull): I will look at the file and see what can be done.

Item agreed to.

Chief architect's branch—

255. Ontario—Dominion public buildings—improvements and repairs, $170,000.

London public building—repointing masonry, painting and repairs (revote $15,000), $25,000.

Ottawa—hydrogenation laboratory for the Department of Mines and Resources (revote), $250,000.

Ottawa—Central Experimental Farm—Water tank and pump house, etc. (revote, $22,000), $35,000; total, $480,000.

Mr. MACKENZIE: There is a request by the hon. member for Davenport to have this stand over, if my colleague would be kind enough to agree.

Mr. BRACKEN: I think he wants to help the minister rather than hinder him.

Item stands.

Chief architect's branch—

257. Dominion public buildings, Saskatchewan—improvements and repairs, $40,000.

Mr. CASTLEDEN: Where is it the intention to spend the $40,000 which is in this item?

Mr. FOURNIER (Hull): This is an annual amount. It is required for improvements and repairs in connection with dominion public buildings in Saskatchewan. The appropriation asked for this service in 1945-46 is the same as was provided for in 1944-45. It is not known in advance what repairs will be required. These buildings have to be maintained in as good condition as possible. This is a general vote, and when we have requests from our architect for repairing some buildings the repairs are made under this vote.

Mr. CASTLEDEN: What was spent last year under this item?

Mr. FOURNIER (Hull): $36,954.04.

Mr. CASTLEDEN: At what places was it spent?

Mr. FOURNIER (Hull): I shall have a statement sent to my hon. friend.

Mr. CASTLEDEN: Thank you very much.

Item agreed to.

Chief architect's branch—

258. Dominion public buildings, Alberta—improvements and repairs, $30,000; Edmonton—postal terminal (revote), $150,000; total, $180,000.

Mr. MARSHALL: I asked the minister some hours ago if he would give us the amount that was actually spent. I do not wish to hold up these estimates, but I would ask him either to send me a statement showing the amount actually spent last year in connection with each one of these votes, or have it placed on *Hansard* later on.

Mr. FOURNIER (Hull): I will get the information and ask the officers of the department to send the hon. member a copy. If I understand correctly, he wants a comparison between the estimate we vote and the actual amount expended during the fiscal year?

Mr. MARSHALL: During the last fiscal year.

Mr. FOURNIER (Hull): The hon. member understands that these are estimates; they are not actual expenditures.

Mr. MARSHALL: I understand that.

Mr. FOURNIER (Hull): We know the expenditures at the end of the fiscal year. I shall have a list sent to my hon. friend.

Mr. MARSHALL: All the information I require is the amount which was actually spent during the last fiscal year in connection with each one of these items.

Mr. FOURNIER (Hull): I shall have that sent to the hon. member.

Mr. BRACKEN: Are we to understand that the minister will give us a total setting out actual expenditures for the last fiscal year which will replace the estimates, as he calls them, in here?

Mr. FOURNIER (Hull): In these estimates we have the estimates which were voted in the last fiscal year and the estimates to be voted for the present fiscal year. I understand that some hon. members want a list of expenditures actually made in the last fiscal year. We shall have a list prepared, and when I come back with my estimates in respect of item 255 I shall have it put on *Hansard*.

Mr. MARSHALL: May I ask the minister, for the sake of eliciting information, how much was actually spent in connection with vote 258 for Alberta during last year? Of the $180,000 shown in the estimates how much was spent?

Mr. FOURNIER (Hull): The actual amount was $19,476.56.

Mr. MARSHALL: Any member of the committee can see that the amount asked for, $180,000, in no way compares with the amount which was actually spent.

Mr. FOURNIER (Hull): I am sorry, we are not on the same item. The estimate was $30,000 under dominion public buildings.

Mr. NICHOLSON: There are two amounts in item 258.

Mr. FOURNIER (Hull): The hon. member refers to the Edmonton postal terminal?

Mr. MARSHALL: Yes.

Mr. FOURNIER (Hull): That will be put up, I understand, by Canadian National Railways, and it is going forward. The only expenditure this year on that work was $9,137.50, but we had to enter into an agreement with Canadian National Railways, who are building this, and from now until the end of March, we believe, the expenditure will go up to $140,000 or $150,000. We have a contract with the C.N.R., and from now to the end of the year we shall probably spend the total amount of the vote.

Mr. MARSHALL: Out of $30,000 the department has spent $19,000; and out of the $150,000, a matter of only five or six or nine thousand dollars has been spent?

Mr. FOURNIER (Hull): We have spent $9,137.50 on the preparation of plans.

Mr. MARSHALL: So that actually out of the $180,000 voted last year the department spent a matter of only $25,000?

[Mr. A. Fournier.]

Mr. FOURNIER (Hull): Right.

Mr. BRACKEN: Will the minister explain the procedure in connection with these items where it is marked "revote"?

Mr. FOURNIER (Hull): We voted in the past fiscal year an amount of, say $50,000; $25,000 was expended in that fiscal year, but the contract is still going on, and we shall need the next $25,000, so that we ask for a revote of that money for the next fiscal year.

Mr. BRACKEN: Does that apply to what are called capital expenditures?

Mr. FOURNIER (Hull): These are for current expenditures. At the end of the fiscal year the vote dies out and we have to revote it at the next session to carry on the work.

Mr. BRACKEN: This practice applies to what one would ordinarily call capital expenditures: is that right?

Mr. FOURNIER (Hull): That is right.

Mr. JOHNSTON: The minister mentioned a moment ago that $25,000 of that estimate was spent in the province of Alberta. Where was it spent?

Mr. FOURNIER (Hull): Does the hon. member want me to send him a list?

Mr. JOHNSTON: How was the $9,000 spent?

Mr. FOURNIER (Hull): The $9,137.50 was paid to the Canadian National Railways for the preparation of plans and specifications. We are undertaking the construction of a postal terminal at Edmonton. The building will be put up by the Canadian National Railways, because I understand that the two buildings are right together. We have an agreement with them whereby they will do the work and we shall have the building. Up to this time we have paid about $9,000.

Mr. JOHNSTON: There will be no further work done until—

Mr. FOURNIER (Hull): That is only the start of it.

Mr. JOHNSTON: Where was the other $16,000 spent?

Mr. FOURNIER (Hull): I shall prepare a list showing the expenditures above $25.

Item agreed to.

Chief architect's branch—

263. Generally—Flags for dominion buidings, $8,000.

Mr. FRASER: Will the flags be union jacks?

Mr. FOURNIER (Hull): Some are union jacks and others are red ensigns. I am not partial in the matter of the flag.

Mr. FRASER: So long as we know it is one or the other, we are satisfied.

Item agreed to.

Chief engineer's branch—
269. Dredging—Maritime provinces, $402,765.

Mr. McLURE: Is there anything in this item for the ferry from Wood Island to Cariboo? Considerable dredging is needed there. During the past season they had to delay their trips, and to cut out the evening trips entirely because of a lack of dredging. The captain of the ship did not wish to take the ferry through the narrow passage when it was not properly dredged. Will dredging be done in the spring?

Mr. FOURNIER (Hull): There is provision for work there to the extent of 26,000 square yards.

Item agreed to.

Chief engineer's branch—
271. Dredging—Manitoba, Saskatchewan and Alberta, $169,160.

Mr. BRYCE: I should like to speak to the minister about dredging in lake Winnipeg and to make suggestions to him as they have been made to me by my constituents. There has been very little dredging in lake Winnipeg during the war years, with the result that it is now in bad condition. I would draw attention particularly to George's island. Perhaps the minister has never been on lake Winnipeg, but I am sure the officers in his department have. They know how quickly a storm will come up in that area, and how one may have to run for shelter. For instance, it is impossible to get in to George's island in the event of a storm. In the interests of safety it will be necessary next summer to have some dredging done.

The same condition applies to Sandy island, where the anchorage is shallow. There is also Little George's island. I was on the lake some time ago, during the summer, and we had to run for shelter when a storm came up. We found at that time that the anchorage was very shallow.

Would the minister be good enough to give me a copy of the cost of living bonus and other paylist items, so far as Manitoba is concerned? I am not in a hurry for it. The minister can send it to me at his convenience.

Mr. FOURNIER (Hull): I shall ask my officials to do that.

Mr. BURTON: How much of this is being spent in Saskatchewan, and at what points?

Mr. FOURNIER (Hull): I have not that break-down with me, but I shall ask my officials to get it by provinces. It is entered for the three provinces, and I do not think it has been broken down. The item is to look after the dredging for the three provinces, and to pay the staffs of the dredges. In salaries and wages we pay $19,410, a cost of living bonus and other paylist items of $5,000, a maintenance and operation charge of $37,750, and we have built a new plant for $105,000.

Mr. MARSHALL: Where is that?

Mr. FOURNIER (Hull): The new plant is to replace the *Red River* dredge on lake Winnipeg. This will be of interest to the hon. member for Selkirk.

Mr. BURTON: The minister can give me the information later.

Mr. FOURNIER (Hull): I shall ask my officials to send it to the hon. member.

Mr. JOHNSTON: Could we have it for the three provinces?

Mr. FOURNIER (Hull): Yes.

Mr. HAZEN: How many dredges does the department own? Do any other government departments own and control dredges?

Mr. FOURNIER (Hull): I would not know what the other departments have. I believe we own all the dredges which are operating for the government. We have some on the Atlantic coast, some in the interior and others on the west coast, and all are numbered.

The information I have shows that we have the dredge *Red River,* and dredges numbered 202 and 205; also the dredge *Winnipegosis,* and the tugs *Baldur, Armenon, Peguis* and *Parkdale.* Then we have coal barges M4, M5, M6 and M7; and hopper mud scows numbered 214, 215, 216, 217, 218 and 219. Those are the craft we own.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of graving docks, locks and dams, etc.
277. Locks and dams, $97,550.

Mr. BRYCE: I should like to say something about the St. Andrews lock. I see in the details that it will cost less money this year than it did last. I know they have been working short-handed on that lock, and in my view that should not be required any longer. This is one government service in which the men are working twelve hours a day, and I do

not think any man should be asked to work as long as that when he is in the government service. If anyone is to set an example, surely it should be a government department, especially if we are going to tell other people to reduce hours of work. We could set a good example here by establishing an eight-hour day on the lock.

Will the minister look into this matter and see if arrangements cannot be made whereby the number who were employed before the war can be employed again? Is there a possibility of establishing an eight-hour day with services like that? I should like the same break-down in connection with this item.

Mr. FOURNIER (Hull): The break-down is:

Permanent staff	$ 7,069
Maintenanace and repairs and operation	27,445
Materials and supplies	2,825
	$37,339

Mr. BRYCE: The item covering cost of living bonus and other paylist items is down about $1,000 as compared with last year. Is that owing to a smaller number of people being employed?

Mr. FOURNIER (Hull): The cost of living bonus is not determined by my department. I cannot give all the details because I did not know this matter was coming up. Civil servants are entitled to a bonus varying from eleven per cent to eighteen per cent, representing the difference in the cost of living from 1939 to 1941 or 1942.

Mr. BRYCE: There is that difference in the one item as compared with last year. If you are working short-handed, I would ask that the staff be brought up to strength.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of roads and bridges—
281. New Westminster bridge, $36,025.

Mr. MacINNIS: I notice that this item is down somewhat from last year.

Mr. FOURNIER (Hull): This amount is required for the maintenance and operation of the old railway bridge over the Fraser river which was taken over from the province of British Columbia under the terms of order in council dated October 4, 1939, effective December 1, 1939. The tolls collected for the passage of trains more than offset all annual costs. Under the terms of the agreement the surplus in ten years is to revert to the province of British Columbia. The hon. member will recall that when the new bridge was taken over the province said they would tear this one down, but later on they transferred the old bridge to the federal government. I am trying to recall certain of the terms of the agreement. I think that after ten years the government would decide either to put in a lift span or to have it torn down. We have four more years to go under the agreement. As I say, the revenue from tolls exceeds the cost of maintenance.

Mr. MacINNIS: You cannot very well tear it down, can you, unless you build another bridge, because the Canadian National and the Canadian Northern both go over that bridge?

Mr. FOURNIER (Hull): We were not considering taking it down; probably something else will be done at the end of ten years.

Item agreed to.

Chief engineer's branch—
Maintenance and operation of roads and bridges—
282. Generally, $70,890.

Mr. ARCHIBALD: I would imagine that the federal government will have considerable road building equipment around Whitehorse which has been used on the Alaska highway. Just south of Whitehorse is the Atlin district which is accessible only by means of aeroplane. This isolation could be overcome if a forty-mile section of road were built. There is no other machinery in there except that under the control of the dominion government. I just wanted to bring this matter to the minister's attention.

Mr. FOURNIER (Hull): We have no machinery in there.

Mr. ARCHIBALD: Who built the Alaska highway?

Mr. FOURNIER (Hull): The United States government.

Item agreed to.

Chief engineer's branch—
Construction, repairs and improvements—harbours and rivers, Prince Edward Island.
284. Harbours and rivers generally—For maintenance of services, no new works to be undertaken, $64,000.
Summerside—repairs to railway wharf (revote $3,000), $20,000—$84,600.

Mr. McLURE: I notice that there is a decrease in this item.

Mr. FOURNIER (Hull): The item of $20,600 in connection with Summerside is to cover repairs to the railway wharf rendered

necessary by the decay of the timbers. Attention is directed to the necessity of this work by the chief engineer.

Mr. CHEVRIER: Are we continuing that this year?

Mr. FOURNIER (Hull): Tenders were called for. All we are asking for is a revote of $3,000.

Item agreed to.

Chief engineer's branch—
Construction, repairs and improvements—harbours and rivers, Ontario.
287. Cobourg — breakwater reconstruction, $65,000.
Rondeau—replacement of harbour protection (revote), $15,000.
Harbours and rivers generally—Fair maintenance of services, no new works to be undertaken, $210,000—$290,000.

Mr. ROBINSON (Bruce): We all realize that the minister has a big job on his hands in connection with harbours and rivers. During the war his staff has been more or less disrupted, but I wish to say that I appreciate the courtesy that has been shown to me any time I have had any business with the Department of Public Works. Bruce county has a long shoreline and we are more or less interested in public works. I am rising to refer to a sad accident that occurred at Southampton when a little boy, three years of age, was killed by a falling boulder. I have in my hand a letter dated November 20, from which I should like to quote as follows:

I know this old dock at Southampton. It is the centre dock and between a fish dock and a new concrete dock. This old dock is the property of the government and is in a very serious state of disrepair. I walked along it a few weeks ago and am surprised that more accidents do not happen. It is dangerous to human life and no one ought to be allowed on it. The government should prevent people from using it or should pull it down. As it is, children and others walk on it and play on it and use it daily and it is a shame.

I would ask the minister to have this matter inquired into and see if this wharf cannot be made safer.

Item agreed to.

Chief engineer's branch—
Construction, repairs and improvements—harbours and rivers, Manitoba.
288. Hnausa—wharf reconstruction, $25,000.
Harbours and rivers generally—For maintenance of services, no new works to be undertaken, $40,000—$65,000.

Mr. BRYCE: Will the minister be able to do anything about the breakwater at Gimli? He was good enough to do some temporary repairs last year.

Mr. FOURNIER (Hull): We did do some work.

Mr. BRYCE: Will the minister give me an assurance that this breakwater will be looked into because it is in bad shape?

Mr. FOURNIER (Hull): Two years ago the hon. member asked for some temporary repairs and I believe that some work was done.

Mr. BRYCE: You spent $300, but that just backed the water up a little more.

Mr. FOURNIER (Hull): I will do my best.

Mr. BRACKEN: I need a little more enlightenment. At the bottom of item 287 appears this statement, "appropriations not required for 1945-46." In the column for that year there is no figure, but for 1944-45, there is $2,500. I should like an explanation from the minister of what all this means.

Mr. FOURNIER (Hull): Appropriations not required for 1945-46 are appropriations which were included in the estimates of the previous year, 1944-45, for which no provision is made in these estimates because the works were completed, and consequently no appropriations are required in 1945-46. This feature is inserted by the Department of Finance in order to show a comparison of the totals of the appropriations for each province for the years 1945-46 and 1944-45.

Mr. BRACKEN: Does the minister understand what all that means?

Mr. FOURNIER (Hull): I understand that the amount was not all expended and recognition is taken of that fact by inserting this note in the estimates, to show that there was an overestimate. Suppose we have estimated $100,000 for a particular work and the work is done for $75,000. That would leave a surplus of $25,000 and the Department of Finance puts this in to show the exact amount that was spent.

Mr. BRACKEN: You have underexpended in most of these items and you do not show this statement in other places.

Item agreed to.

Chief engineer's branch—
Construction, repairs and improvements—harbours and rivers, Saskatchewan, Alberta and Northwest Territories.
289. Fort Norman—wharf, $7,600.
Waterways, wharf, $10,000.
Yellowknife—improvements to navigation (revote $5,450), $7,200.
Harbours and rivers generally—For maintenance services, no new works to be undertaken, $25,000—$49,800.

Mr. BURTON: I notice that the minister has removed the appendix to the east of us, but then he went to work and substituted another one to the northwest of us. I am afraid that Saskatchewan is getting a very small part of these appropriations. I would remind the minister that in the northern part of Saskatchewan we have waters that are worthy of development. The hon. member for Lake Centre was speaking earlier to-day of a lake in southern Saskatchewan, but we have in northern Saskatchewan waters, which, if developed, would prove an asset to the whole country. I would urge the minister and his officials to give consideration to their development when preparing the estimates for another year.

Item agreed to.

Chief engineer's branch—
Construction, repairs and improvements—harbours and rivers, British Columbia and Yukon.
290. New Massett—wharf reconstruction (revote $47,700), $62,000.
Port Alberni assembly wharf—construction of shed (revote), $20,000.
Stewart—wharf repairs (revote), $32,000.
Westview—harbour improvements (revote $95,000), $231,000.
Harbours and rivers generally—For maintenance of services, no new works to be undertaken, $216,000—$561,000.

Mr. GREEN: This item has to do with British Columbia and the Yukon, and I understand that an arrangement was made that any item contained in the war appropriation could be discussed when the civil estimates were under consideration. I would ask the minister to tell the committee the present position with regard to the plans for removing Ripple rock in Seymour narrows on the west coast. There is a war vote of $287,697.

Mr. FOURNIER (Hull): Certain expenditures were incurred in 1943 prior to the instalment of operations by a different method of removing the rock. It is a long story and my hon. friend knows all about it. At the beginning of the war the war committee of the cabinet was asked by the United States admiralty to try to remove that rock so that ships could pass through the narrows without any danger. That was in 1941. We had a vote in the war appropriation and we undertook that work. We tried one method of blasting out the rock and then dredging so that we would have a depth of twenty-nine to thirty-one feet. After a year and a half of trying we had to build a scow and some special equipment to do the work. We tried to anchor the scow down and started the work, but with very little success; in fact, we did not succeed at all, and at one moment we decided to discontinue the operations. Later on we were told that by trying the cable method of stabilizing that scow we could do some drilling and blast out the rock. We tried that method. We did not have the money in the war appropriation but it was allotted by the treasury board to the department and I am now asking that it be confirmed. We kept on drilling until the end of October of this year. We drilled a little over 100 holes at a depth of from five to six feet and we blasted seventy per cent of those holes at that level. We are now up against the difficulty of trying to find a way to dredge this blasted stuff away.

Mr. BRACKEN: Is that parliamentary language?

Mr. FOURNIER (Hull): When we get this done we are still convinced that we shall be able to drill down at another six feet lower and then blast at that level and dredge the stuff away. Three weeks ago my deputy spent some time out on the coast to acquaint himself personally with the circumstances. He is preparing a report which I have not yet to hand, on whether we should continue with this work. Everybody agrees that it would be a fine thing to see that rock out of the way, but it is one terrible job to get it done. This is one experiment we are making; I do not know whether we shall succeed. But the hon. member can rely on my good will. I have done the best I could.

Mr. GREEN: I hope that there is no intention of giving up the attempt to remove the rock. It is a menace to navigation.

Mr. FOURNIER (Hull): There have been many attempts at giving up, but I have not given up yet.

Item agreed to.

Chief engineer's branch—
Telegraph and telephone services, operation and maintenance.
293. Land and cable telegraph lines—lower St. Lawrence and maritime provinces, including working expenses of vessels for cable work, $161,000.

Mr. ZAPLITNY: I see that this vote for telegraph and telephone services, operation and maintenance, applies to Alberta, Saskatchewan, British Columbia, and the next item applies to the maritime provinces. Why are Manitoba and Ontario not included?

Mr. FOURNIER (Hull): In outlying districts on the coast we have our own lines and our own staff. They are in remote districts where no company will undertake to supply a service. We have no such lines in Ontario or Quebec.

Item agreed to.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

WAYS AND MEANS

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

INCOME WAR TAX ACT

The CHAIRMAN: Last night the committee passed resolutions 2 and 3. Resolution 1 stood. Is it the desire of the committee to proceed with 1 or 4?

Mr. ILSLEY: No. 4, please.

That all payments of superannuation or pension to former employees or their dependents in 1946 or subsequent taxation years be taxable income, provided that, where a former employee has not in the past been entitled to a deduction from income in respect of his contribution to an approved fund or plan, only a proportionate part shall be taxable.

Mr. JACKMAN: Will the minister explain what is meant by the word "proportionate"?

Hon. J. L. ILSLEY (Minister of Finance): I will read the explanation of resolutions 3 and 4; resolution 3 is passed but the statement I have covers both. Resolutions 3 and 4 should be considered together since they both are closely related to the revision in tax treatment proposed for certain pension plans, and each is incomplete without the other. At the present time there are in the income tax law two alternative provisions governing taxation of approved pension funds and plans. Under one alternative, contributions made into the plan by employees are allowed up to a limit as deduction from income in the year of contribution and the pension received by the employee after his retirement is taxed as income. Under the other alternative no deduction from income is allowed the employee in the year of his contribution, but the whole of his pension received after his retirement is free from income tax. The first alternative is of more general application than the second and applies automatically in the case of any pension plan that has been approved by the Minister of National Revenue. The second alternative applies in the case of a pension fund or plan administered by a separate trust or corporation established for that purpose which has elected, under the right given by section 5 (1) (h) of the Income War Tax Act, to have the income from its investments exempt from income tax. It is the fact of election under 5 (1) (h) that carries with it the right to a tax-free pension on retirement. Such an election was only of significance in the case of a plan where there was a separate fund holding investments which earned an annual income. The majority of pension plans now in force in Canada are written on a group basis with the government annuities branch or with insurance companies, in which case there is no distinguishable separate fund on which income is earned.

The effect of resolutions 3 and 4 will be to place all pension plans henceforth on a uniform basis. Resolution 3 will do away with the necessity for any plan to elect to have the income from those investments free of tax, since the income of all funds will henceforth be exempt.

Resolution 4 will place all pensioners on an equal basis also by providing that contributions to the funds will be allowed as a deduction from income in the year of contribution, and the pension will be taxable as income of the pensioner in the year of receipt. It will provide, however, that to the extent that a pensioner had accumulated a right to a tax-free pension because of an election by the fund under section 5 (1) (h), that right will be protected to the pensioner and his dependents in future years.

I cannot answer my hon. friend's question at the present time. The formula for apportionment, for fixing the proportionate part will be contained in the bill, and the officials have to discuss it with me before final approval is given to it. There has been a great deal of discussion as to the principle upon which that apportionment should take place and I have to consider two different principles and select the one which I think is most appropriate.

Mr. FRASER: Would that be the life expectancy?

Mr. ILSLEY: No; that has nothing to do with life expectancy.

Mr. FRASER: It would to a certain extent.

Mr. ILSLEY: No. The situation covered by this is illustrated by the pensions which will be received by the employees of a corporation.

Mr. FRASER: For the rest of their lives.

Mr. ILSLEY: Yes. The pension will be a retirement annuity, of course, but employees of certain companies are paying income tax on their entire pay without any deduction of what they put into the pension, in the expectation, which they are justified in having under the law, as I said yesterday, that when they receive their pension it will be entirely free of income tax. Now, then, this changes the law so that the pensions of all will be taxable; but with regard to those who have been paying taxes on their entire income it is obvious that the entire amount of their pen-

sion cannot be taxed because otherwise they would be subject to double taxation; therefore a proportionate amount can be taxed. But the principles upon which that proportion will be fixed are not stated in the resolution; they will be stated in the bill, and I cannot state them at the present time because two or three different plans of apportionment are being considered and I have not yet given my approval to one or the other of them.

Mr. FRASER: The minister does not know when the bill will be ready?

Mr. ILSLEY: I think we shall be ready with the bill when we get through the resolutions. It depends on how soon we shall get through those resolutions. I have not had time this week—

Mr. FRASER: The minister will explain that when we come to the bill.

Mr. ILSLEY: I shall explain that when we get to the bill, and if I may be permitted to refer to another resolution I should like to explain the formula for determination of the capital element in an annuity when I get to the bill. It is drafted; I was looking at it last night, but it is as long, involved and complicated as anything one ever saw, and it may be changed.

Mr. FRASER: Would the ordinary layman understand it?

Mr. ILSLEY: I doubt it; at any rate the members of the committee will not be able to understand it unless they have it before them—

Mr. FRASER: That is what I meant.

Mr. ILSLEY: —in a bill. That is the reason why the best way to treat this legislation is to—

Mr. FRASER: Let it go through and get the bill.

Mr. ILSLEY: Yes, let the resolutions go through; have as much discussion as the committee wants to give them and then distribute the bill and not go on with the bill immediately, but have two or three days to look at it, because it will have some fairly complicated sections in it.

Mr. JACKMAN: I assume that the minister might read resolution 5 in connection with resolutions 3 and 4 which were read. They are really all part of the whole, are they not?

Mr. ILSLEY: They are part of the same general class of cases.

[Mr. Ilsley.]

Mr. JACKMAN: I wonder if I have it right when I read it in this way, that on these approved pensions or annuity plans the interest or income on the fund will not be taxable.

Mr. ILSLEY: That is right.

Mr. JACKMAN: Second, that payments out of the fund will be taxable except in cases where certain funds have already accrued and payments in have not been allowed as tax deductions?

Mr. ILSLEY: That is right.

Mr. JACKMAN: Third, in resolution 5 which we are about to come to, the amounts which the employee and the employer may put in each year amount to $900 each as against $300 in the existing section.

Mr. ILSLEY: That is right.

Mr. JACKMAN: Last year, as I recall it, we made it possible for corporations to contribute up to $300 a year for back years, did we not? Will that be $900 for back years too as a maximum for each year?

Mr. ILSLEY: That is correct, yes.

Mr. JACKMAN: May I go on with resolution 5 as they are all embodied together? It seems to me that in this provision which, on the whole, I would consider generous and more than helpful toward providing for one's old age through contributions both by the individual and by the employer, there is a discrimination against employees in very small companies or against individuals who do not belong to a company which sees fit to set up an employee fund of this kind. They have no means of providing under the same generous terms as have individuals of a large company or an approved plan, and there have been a good many complaints—I am sure some of them have reached the ears of the minister—that the individual who works for a company which has not a plan, and who would like to provide for his old age, cannot take $900 from his income and have it tax free and put it into a fund from which he will eventually derive an annuity which will be taxable. Therefore, if I am right in my assumption, and these people are right in their complaint about discrimination against them because the opportunity is not open to them, I would suggest that the government might consider under the annuity department some method whereby the individual who is not an employee of a large company could contribute under the same right and privileges as the individual is given when he comes under an approved plan. I make that sug-

gestion because undoubtedly at the present time there would seem to be a rather harsh discrimination.

Mr. ILSLEY: I do not know of any way whereby that could be met.

Mr. JACKMAN: In place of the company or the great number of companies having a plan whereby the individual contributes under it, could not the government, under the annuities department, set up a plan whereby individuals could pay into it and receive the same treatment that those employees of individual companies receive? As it is, when a man has $900 taken from his wages and paid into a plan on which he pays no tax it is a great advantage to him over a man who cannot contribute to such a plan. It is obvious under these plans which are approved, does the minister not think? The employer can also contribute $900. Then, under the generous provisions of last year's budget they can contribute $900 each year for a number of previous years.

Mr. ILSLEY: If the employee of that small company were to purchase an annuity, under this legislation that annuity would be largely free from tax; that is, the capital element is free.

Mr. BENTLEY: Would the minister mind talking to us also? The hon. member for Rosedale is not the only one interested.

Mr. ILSLEY: I thought he was the one principally interested, but if there is general interest in this matter I will certainly try to speak louder. The employee of the small company which does not set up a pension plan may buy a government annuity, and he will be taxed on a very small part of that annuity. I do not know whether that entirely eliminates the discrimination, but he has paid a tax before he began to get his money back. It is true he has not been able to deduct the purchase price of his annuity from his income, as the employee of a company with a pension plan can do, but the employee of a company which has a pension plan pays a tax on every bit of his pension when he begins to receive it. In the case of the purchaser of an annuity—and that is the only provision I know of for the employee of a small company which has not a pension plan—under these provisions he is largely free from tax on his annuity, what may be called his pension.

Mr. BENTLEY: And these three resolutions will equalize those two kinds of people who purchase annuities?

Mr. ILSLEY: As far as that is possible. If the hon. gentleman has not read the report of the Ives commission I would recommend that he do so, because it is an able and interesting document which makes a valiant attempt to eliminate discrimination as between those receiving annuities, pension payments and so on. They are not taxed in the same way. The pension is all taxed; everyone's pension is completely taxed. In the case of a contractual annuity, it is largely untaxed. In the case of a person who buys an annuity, that purchase price comes out of taxed income; he pays taxes on it, so to speak, before he buys the annuity. In the case of the employee of the company, he deducts his contribution from his income for tax purposes. One gets the benefit at one end; the other gets it at the other end; but as far as it can be done, in the opinion of this commission the situation is rendered devoid of inequity.

Mr. FAIR: I should like a little information about something I have not heard mentioned so far in this discussion. Take the case of a farmer who has worked until he is sixty years of age. Then he sells his farm, live stock and equipment, pays off the debts he has accumulated during his years of endeavour, and invests the balance in an annuity. Where does he get off? What tax will he have to pay if he receives an annuity of, say $100 a month?

Mr. JACKMAN: Not very much.

Mr. ILSLEY: As the hon. member for Rosedale suggests, the answer is, not very much. He will pay income tax on the interest element, not on the capital element. As I was saying a while ago, if you ask me to state the formula for determining the capital element I can do so only in a very simple case. Take a man, say at the age of sixty-five who bought an annuity for a lump sum. In that case I could pretty well tell what the capital element is; it is the purchase price of the annuity. If he has a life expectation of ten years my understanding of the formula—and I have to go over this before I bring in the bill so that I can speak with greater certainty—is that the purchase price will be spread over the ten years, and it will be considered that one-tenth of that purchase price each year will be capital, that the balance will be interest, and he will be taxed on that interest.

Mr. FAIR: Then tell me if I have it straight. If a farmer pays $15,000 in a lump sum—this is just by way of illustration—in

full payment of an annuity amounting to, say $100 a month, what will be the tax each year?

Mr. ILSLEY: In the first place you will have to determine his expectation of life.

Mr. FAIR: Well, suppose he is sixty-five years of age and expects to live another ten years.

Mr. ILSLEY: Then he has paid entirely too much for his annuity, has he not?

Mr. FAIR: I knew the minister was pretty greedy in collecting money, and I wanted to set it high enough that there would not be any argument.

Mr. ILSLEY: If you had such an impossible situation as that the man would not be getting any interest at all. He has paid $15,000 for the annuity and in theory he is going to live for ten years. That means that in order to get back his capital, without any interest at all, he should get back $1,500 a year, but under this hypothesis he is getting only $1,200, so that I would say he was an improvident farmer.

Mr. FAIR: Then, say a farmer aged fifty-five pays $17,000 for his annuity and expects to live twenty years. Perhaps that would be a better basis. What would be his annual tax payments?

Mr. ILSLEY: What I say is subject to correction, because this formula is not finally settled, but it will appear in the bill. My expectation—not of life but of how that would be dealt with—is that he would get back $850 a year in capital. He paid $17,000 for the annuity, and he has an expectation of life of twenty years. That is $850 a year for twenty years, making a total of $17,000. So to the extent that his annuity in any year exceeded $850, that excess would be taxed, because that would be interest, not capital.

Mr. FAIR: Then, if he did not have any other income than his annuity, he would not pay any income tax?

Mr. ILSLEY: I do not know what the interest element worked out to. It was less than the exemption for a single man, was it? If so, he would not pay any tax.

Mr. BENTLEY: If the interest element did not work out to more than the exemption for a single man he would not pay any tax?

Mr. ILSLEY: Not if that was his only income?

Mr. McMASTER: The minister is taking the average over the year, and making the interest the same.

Mr. ILSLEY: That is the intention. That applies each year as long as he lives, no matter whether his real life corresponds with his life expectancy or not. But I must say I put the most simple case, one of great simplicity to the committee. That is not the kind of annuity which is sold in most cases. There are all kinds, they are bought in all kinds of ways.

Mr. McMASTER: What about a guaranteed life arrangement?

Mr. ILSLEY: Oh, please do not ask me about that. All I can do, as I say, is to put the bill before the house and let the hon. members study it.

Mr. CASE: Is not the real force of the argument in favour of having annuities tax free, simply because, as the minister said, in the ordinary course of events a man pays income tax on the funds he eventually pays in.

Mr. ILSLEY: Correct.

Mr. CASE: Therefore we can properly contend that there is a duplication of taxation. For that reason I say that the government should give consideration to making annuities tax free within certain limits—$750 a year, $1,000 a year, or $1,200 a year. What I was thinking about is the prospective purchaser of an annuity knowing definitely at the time he makes the purchase what it will yield, and that it would not be subject to a change in law. It should be a contractual obligation on the part of the government.

Mr. ILSLEY: I do not think any government can possibly do that. An attempt to bind future parliaments in respect of taxation is something that cannot or should not be done. We changed the taxation in 1940, but we were entering the greatest war in history, and one did not know when a national emergency might arise which would necessitate severe taxation.

Mr. CASE: I think, in fairness, that principle would have to be accepted. You could not bind a future government.

Mr. ILSLEY: Correct.

Mr. JACKMAN: I made a suggestion to the minister in regard to the government's setting up some scheme whereby people could buy an annuity, pay into it, and receive $900 deduction from their tax, as they do when they are employees of large corporations. The minister gave a reason why the present amendment worked in favour of the man who bought an outside annuity, inasmuch as when he receives payment only the income part will be taxable, and not the capital part also.

But I point out that I think the reason he advances as to why there is a tendency to equalization in those two disparities is a specious one, because the wage-earner, though being allowed to deduct his $900 a year now, has a real saving because he has income tax to pay. But when he receives the annuity he will likely be receiving so little money—and the suggestion is that the employee will be receiving about half of his annual wage—when he retires and receives the annuity income he will not be in any income tax bracket at all, even though the provision is that he will be taxed on the full amount.

I think the minister will agree that in the great majority of cases the ordinary individual will not be in any tax bracket at all. For this reason I think the answer the minister gave when he tried to dispel the disparity in respect of the man who contributes under the plan is a specious one. I believe the government would be following its present acceptance of the principle of letting a person provide for old age if it were now to bring down a further addition to the legislation respecting the change made last year in allowing contributions under the plan to be larger and also retroactive. This would be good, socially, and would be acceptable to all parties in the house.

Mr. ILSLEY: It is just a question how far the government ought to go. It is a good idea to encourage people to do something for themselves. I think pension funds and plans are extended—and properly so—to industry. Let us give them our blessing and help them to expand.

Mr. JACKMAN: It is just a suggestion.

Mr. ILSLEY: I have not given it any study. It is a suggestion which can be given consideration.

The CHAIRMAN: Shall resolutions 1, 4, 5 and 6 carry?

Mr. JACKMAN: Was it not resolutions 2, 3, 4 and 5?

The CHAIRMAN: I understood the minister to say that he would have to bring down the bill before he could discuss resolution 1 effectively.

Mr. ILSLEY: There were two points in connection with resolution 7. The first was as to how to define capital, and I said that that had better stand. I have gone some distance already, and that is about as far as it would be profitable to go. A second question was asked last night by the hon. member for Rosedale. The answer is a technical one. Does the hon. member want it on the record?

Mr. JACKMAN: Yes.

Mr. ILSLEY: The first question asked was this:

If a person purchased an annuity before the 25th June, 1940, whereby he would receive an annuity commencing at age sixty-five, having regard to the amount paid prior to the said date, can he, after the 25th June, 1940, pay a larger sum than originally contracted for and thereby receive a larger annuity at the commencement date and have the larger annuity exempt from tax?

The answer is: Under the amendment of 1940 the increased annuity, or enlargement of the annuity originally contracted for, would become subject to tax.

The second question is: If the holder of the annuity purchased it prior to the 25th June, 1940, and then subsequently to that date advanced the date of maturity and paid the required amount, as demanded by the annuities branch, would the annuity received at the advanced date be subject to tax in whole or in part?

The answer to the second question is: The ruling of the Department of National Revenue is to preserve to the annuitant all rights that he had in respect of his pre-25th June, 1940 contract so far as it could be matured earlier without the payment of any additional sum, so that if the date of maturity were advanced and because an additional sum was paid the same amount of annual annuity would be paid as and from the earlier date, then the difference between the preserved pre-25th June, 1940 rights and the amount that he would receive as an annual annuity, arising out of the additional payment, would be subject to tax.

To state it in figures for clarity—if the pre-25th June, 1940 contract entitled him to $1,200 per annum commencing when he was sixty-five years of age, and payment were accelerated by five years, and he was to receive thereby, without payment of further moneys, $900 per annum from age sixty, that annuity would be free of tax; but if, after June 25, 1940, he paid an additional sum of money which entitled him to $1,200 per annum from age sixty, then the difference between $900 and $1,200 would be annual taxable income to him for the rest of his life.

Mr. JACKMAN: The minister has answered my observations. But this in my opinion is a distinct breach of contract. Section 5 (k) was the section in question, and I doubt very

much whether under the present legislation the exchequer court would uphold the ruling of the commissioner of taxation.

If the minister wishes to know it, I shall not let this matter go by easily, because I think that in 1940 the minister permitted a breach of good faith on the part of the dominion government when annuitants were not allowed to enlarge a contract under the right which had been most specifically promised to them by agents of the government. It was so stated in the literature of the Department of Labour issued in connection with the sale of these government annuities. The minister quarreled with my statement last night that there had been a breach of contract on the part of the dominion government; but in 1940, when the debate on the budget was up, I mentioned this cancellation of the option right. An option right is just as valuable as any other intangible right. I said at that time, as reported at page 1480 of *Hansard* of that year:

I am not holding a brief for any person who pays in a nominal sum in order to obtain a larger annuity later on—

It may have been an improvident contract on the part of the government, but if a person makes an improvident contract he has to live up to it under the law unless he happens to be a sovereign body, such as the government. I continued:

—but the fact is that government agents did tell these people that if they took out small contracts they had the right to increase them up to a maximum of $1,200.

There was never any question about that. I have checked and rechecked. Other hon. members will bear me out when I say that the right was given to the holders of these contracts, even though it might be for a nominal amount. At that time the minister said:

I admit that has been taken away.

He was admitting taking something away from a person.

Mr. ILSLEY: I do not admit it now, whether I admitted it then or not. I apparently misunderstood the hon. gentleman at that time because the right to increase was never taken away.

Mr. JACKMAN: The right to increase under the same favourable terms as those given. What was the use of increasing the contract if you had not the same terms? Of course you could increase it to $1,200 if you wanted to, but not under the original terms that you were promised. You were told that you could enlarge the contract under the same terms, and that right was taken away. Section 5 (k), which deals definitely with that, says:

Provided that such exemption shall not extend to that portion of the income which exceeds the amount of the annuity actually specified in the contract before the twenty-fifth day of June, 1940, where such excess amount arises by reason of any option or contractual right to enlarge the annuity income by the payment of additional sums or premiums, unless such additional sums or premiums have actually been paid before the said date.

Mr. ILSLEY: Parliament did not say in that section that they were taking away any option or contractual right, nor did they take away any option or contractual right. Moreover, they left untaxed all annuities that were bought or contracted to be bought before June 25, 1940.

Mr. JACKMAN: You have given me another ruling which takes away a further right. Take a contract for $1,200 which was entered into before 1940. So much was paid in and the payments were kept up. It was to be a tax-free contract for $1,200, and now you say to the committee to-night—there is the amount designated as an enlargement to bring the entire contract to maturity—that it will be taxable. If the minister has ever taken the trouble to look at the application form for a government annuity he will find that they were sold somewhat on this basis; I am referring to the period prior to 1940. The agent would visit you and state, "You can take out a contract for any amount not exceeding $1,200; if you take it out for a smaller amount you may enlarge that contract at any time." It was definitely stated in the annuity contract that the income derived from the contract is exempt from dominion government income tax. That is what was stated in the contract signed by the Minister of Labour.

The agent would approach you and would tell you, "If you will put down some money on one of these contracts you will be able to pay it off at any time you please under any plan you like." There were certain restrictions as to the guaranteed type of annuity. But in 1940 the tax-free option was taken away. I do not raise that point particularly, because I realize that if a man took a contract after that date and paid out so much money, while it was a breach of a contract, we could not do very much about it.

But when you come and say to the person who has an annuity for the full $1,200 and wishes to make it immediate under the terms of the contract which has a Dominion of Canada seal on it, that that will be an entirely different contract, you are committing a breach. In the old days it made very little difference

to the minister whether it was tax-free or taxable, because even a single person had an exemption of $1,200. If he had a tax-free annuity, that would probably absorb the complete amount. But when taxes rose, then the Minister of Finance looked into these matters, and he thrust aside all rights of individuals who held these contracts and said that they would not be able to get what they were told in writing they would get. Now they must abide by his decision even though it greatly changes the nature of the original contract.

Mr. ILSLEY: My case is just this: Every annuity that any one bought or agreed to buy before June 25, 1940, is free of income tax. That is my simple case. But annuities upon which a person got an option but which he did not care to take up, were taxed as from June 25, 1940. The taxing of them was no breach of contract or breach of faith on the part of this government. On the contrary, had we left the law so that option holders could exercise their options and have their annuities free of income tax while new purchasers would have to pay income tax on their annuities, we would have been committing unjustifiable discrimination.

Mr. JACKMAN: There is no use in labouring the matter at too great length. I do not know whether the minister thoroughly understands me or not. If he were a holder of one of these contracts, as many citizens are, I think he would put an entirely different interpretation on it. I have given him the case of people who have taken out these contracts for $1,200 before 1940.

Mr. ILSLEY: At what age?

Mr. JACKMAN: Any age you like; sixty years if you wish.

Mr. ILSLEY: Sixty-five years was the case I took.

Mr. JACKMAN: This was simply a savings deposit with the government with the right to take out a Dominion of Canada annuity. The very application stated that the applicant would be granted an annuity of a certain amount or such other annuity as his payments might purchase. There was nothing very definite in the contract. It made little difference whether you took out a $100 or a $1,200 contract. That is what the agent would tell you because you had the right to enlarge it if you wished. As I said before, even a person who took out the $1,200 maximum annuity in 1940 is now, by a ruling which I think is not valid in law, told that his contract is changed. It is not an enlargement of the contract; he stipulated for the full amount of $1,200 and now he wants to pay that up. Some people will have paid a fair amount by means of annual instalments and now they might wish to pay up the balance on their contracts. But the government now comes in with a new ruling as to income tax. I can only say that if the government continues to advertise itself in this way as a breaker of contracts, I am very sorry for the future of the finances of this country.

Mr. SMITH (Calgary West): May I ask one question which applies only to the last answer given by the minister? Perhaps I did not understand him correctly, but I thought he made some moral distinction between the breach of a contract in the nature of an option and the breach of a contract which had finished its stipulations and covered the whole territory. Did I understand the minister correctly?

Mr. ILSLEY: That is correct.

Mr. SMITH (Calgary West): You see no moral difference?

Mr. ILSLEY: I certainly see a moral difference.

Mr. SMITH (Calgary West): Let us assume that I have agreed to buy a piece of property from you for $10,000 and I have paid you $100 because that would be all I would have at the moment. I then obtain an option for one year. You can see no difference in some third party, in this case the government, coming in and making a stipulation with respect to that, even though I had paid you the whole $10,000 in cash? That is the legal view which I think is simple. So where is the distinction between the government breaching a contract by way of taxation and breaching a contract which had not been completed? I cannot find the difference.

Mr. ILSLEY: You cannot deal with these matters in the abstract. You are running from annuities to real estate and you are not specifying the kind of change that the government makes in the situation, so that I cannot argue from one to the other. But take the case of annuities that I put. I have said it a dozen times. It seems to me that there is a great difference between the government going in and taxing an annuity which a man has agreed to buy, has either paid for or agreed to take and pay for, and an annuity which he has never agreed to take at all. The government has agreed to enlarge his annuity later if he wishes to pay the money for it. But the government has never agreed not to tax the additional annuity that he takes later. The government has not agreed

to refrain from taxing that. The man is out nothing. He has not paid any money; he is not denied the opportunity of investing his money elsewhere, and surely it is limiting the powers of parliament unduly to say that if you change your system from non-taxation of annuities to taxation of annuities you can only tax annuities which are purchased after the date of the change and not annuities which were bought on option and taken out before the date was changed. I think there is a great difference.

Mr. SMITH (Calgary West): May I endeavour to make myself plainer. We will leave out real estate. Say that I have a contract of insurance, which comes perhaps a little closer to annuities than anything else. Suppose I have taken out a contract of insurance with a company or with the government, for they are all in the same position, and under that contract of insurance I also have the option, as many insurance contracts have, permitting me in a given length of time to accept certain advantages which are open to me by the contract of insurance. If the insurance company came along to me and said, "We are not going to honour that option except on new terms that we impose", what is the difference between that and the government adding conditions to the exercise of my option? With respect, I do not see the difference. I would be very glad to be shown it, but at present I cannot see it. Perhaps it is my fault; I do not know.

Mr. ILSLEY: I do not think there is any implied term at all binding the government or parliament that taxation would not be imposed after a certain date.

Mr. SMITH (Calgary West): Is the minister suggesting that there is a difference between a contract with the government and a contract with an insurance company?

Mr. ILSLEY: No.

Mr. SMITH (Calgary West): If there is, it is time that we quit selling annuities.

Mr. ILSLEY: No. I consider that the government carried out its contract completely.

Mr. SMITH (Calgary West): With respect, I know the minister thinks so; but I was trying to find the parallel, if there may be one, and I think there is. The minister has not explained my difficulty. That may be my fault.

Mr. ILSLEY: I do not know whether it is worth while to carry this on, but will my hon. friend point out to me in what respect the government broke its contract? The government agreed by these contracts that the person who bought the annuity would have the option of enlarging his annuity.

Mr. JACKMAN: Under what terms?

Mr. ILSLEY: Under what terms? The terms had nothing to do with taxation. Read the contract through. I will take all this back if any of my hon. friends can bring me in, not something they heard that somebody said, but a contract and show where we have broken a single clause of that contract. That is the difference between the case put by me and the other two cases put by the hon. member for Calgary West. He was putting a case where the insurance company were breaking their contract. They agreed to give the purchaser certain privileges which later they denied him. They broke their contract. But show me where the government has broken its contract.

Mr. SMITH (Calgary West): Am I wrong in saying that an option between two parties involves one of the parties doing certain things on certain terms? I always understood that.

Mr. ILSLEY: Certainly. That is your insurance company case.

Mr. SMITH (Calgary West): If my simple understanding of this is wrong I should like to know. The government signed a document and gave me the right to do certain things within a certain time.

Mr. ILSLEY: That is right.

Mr. SMITH (Calgary West): That is a contract.

Mr. ILSLEY: That is correct.

Mr. SMITH (Calgary West): I think we shall go that far together.

Mr. ILSLEY: That is right.

Mr. SMITH (Calgary West): Then when I find that you as the grantor of the option have, by way of taxation, disturbed those terms—

Mr. ILSLEY: What terms?

Mr. SMITH (Calgary West): The terms upon which I might increase my position, the option part of it, if you wish. Am I quite wrong in assuming that to be the fact?

Mr. ILSLEY: The act does not prevent anybody from enlarging his annuity. That was the only contractual term that is applicable.

Mr. COLDWELL: I think we should get this untangled because it is very important. Is it not a fact that when I put $100 into a government annuity at a certain date it is estimated that that $100 by maturity will have earned a certain annuity, and every multiple of $100 that I put in is a separate deposit which earns a separate part of an annuity which may total $1,200, let us say, at the end of a given time? In other words, I am not making a deposit which is in the nature of an option to do something at some future date. But I can put in another $100, or $50, or $500, or $1,000 when I have it, and from the date on which I deposit these further sums that money will give me at the age of sixty, we will say, an annuity of $500, $600, $1,000, $1,200, as the case may be. In other words, is this not in reality a separate deposit, with the deposits being made not regularly, perhaps rather irregularly, so that at a certain time a certain annual sum will be available to me as earnings from that deposit? Are these not separate transactions? That is the point that was running through my mind when the argument was taking place, namely, that I am not buying an option but making a deposit which will guarantee me a certain return called an annuity, and my aggregate deposits may earn me, let us say, $1,200 when I have reached the age of sixty or sixty-five, as the case may be.

Mr. ILSLEY: That is the ordinary case of purchasing an annuity. The purchase price is not paid all at once. In most cases it is paid by instalments. But that is not the case I am talking about. I am talking about the purchaser who perhaps paid the government one dollar in 1930.

Mr. COLDWELL: Yes, but the minister has not got my point. If I put in one dollar in 1930 that dollar in 1960 will have earned me very little.

Mr. ILSLEY: That is right.

Mr. COLDWELL: Perhaps I do not put anything more in until 1940 and then I put in $10,000. That $10,000 will earn me something up to the time of maturity. But as I see it, the dollar I put in did not entitle me to a return of any particular sum other than on the dollar I put in 1930.

Mr. ILSLEY: That is right.

Mr. COLDWELL: If in the meantime I make a deposit under different conditions, then I have to abide by the conditions imposed at the time I make the deposit. That is the point. Is that not the argument?

Mr. ILSLEY: Yes.

Mr. COLDWELL: I can understand that, but I cannot understand the argument put forward by the hon. member for Rosedale, that you are buying an option, because it is a different thing from real estate, which was used as an analogy. I buy an option on real estate for one year and if I do not take it up at the end of the year I lose the deposit; but in this case I preserve my deposit and get an annuity on the deposit, and no more, until I make another deposit on which I earn something.

Mr. KNIGHT: Do I understand that one has the privilege of increasing the annuity according to contract, but increases it subject to the taxation conditions imposed at the time the increase is made?

Mr. ILSLEY: Yes.

Mr. KNIGHT: That is perfectly reasonable and it seems to me to make good sense, but I cannot understand the argument advanced from the Conservative benches. It does not make sense.

Mr. JACKMAN: If I can still throw some light on this matter I will try to do so, because what the minister has said does not budge me one iota from my position which I believe to be fundamentally right. If anyone in business attempted to do what the minister suggests can be done I would not negotiate with him at all because it would not be worth while. We cannot live in such a world. Let me read to the committee from one of these application forms for the purchase of a deferred annuity. This is one I found on my desk this morning. I do not think there is any marked change from those used some years ago. I quote:

I desire to purchase under plan . . .

One or 2.

. . . and agree to pay the authorized monthly, quarterly, half-yearly, yearly or single premium . . .

Of so many dollars.

. . . reserving, however, the right to complete the purchase under the contract by the payment of sums of varying amounts . . .

Put in what you like, when you like.

. . . or by such other method as may be authorized and approved by the government—

I presume that if the government wish to have regularity in the payments they can specify it.

—and with the understanding that such an annuity will in any event be granted to the annuitant as the total purchase money with interest thereon at 4 per cent per annum, compounded yearly, will purchase at the rates in effect at the date of this application, the annuity not to exceed $1,200.

May I suggest to the minister that if he insists on the provision which he now proposes, he amend section 5 (k) and declare that not only can those annuities prior to 1940 not be enlarged but that they can not be matured tax free earlier than stated in the contract, because I have no confidence, speaking from the little legal background that I have, in the ruling of the deputy minister.

Mr. ILSLEY: Maturing it earlier than originally intended is enlarging the annuity.

Mr. JACKMAN: Enlarging it means making the amount larger, though it is a legal question. I suggest, however, that the minister had better make it plain so as to save the taxpayers legal expenses.

Mr. ILSLEY: If I get an annuity of $1,200 beginning at fifty-five years of age, it is an enlargement of an annuity of $1,200 beginning at sixty-five years.

Resolutions 1 and 4 agreed to.

5. That the limitations on deductions for contributions in 1946 or subsequent taxation years by an employer or an employee to a superannuation or pension fund or plan be increased to $900, and that the percentage limitation in respect of the employer's contribution be removed.

Resolution agreed to.

6. That the exemptions and deductions for 1946 and subsequent taxation years in respect of a superannuation or pension fund or plan be conditional upon the continuing approval of the fund or plan by the Minister of National Revenue.

Mr. SMITH (Calgary West): I was wondering whether this was the resolution under which one might speak of business superannuation and pension funds. It provides exemptions and deductions for 1946 and subsequent taxation years conditional upon the continuing approval of the fund or plan by the Minister of National Revenue. I should think this would be the relevant resolution.

Mr. ILSLEY: Yes.

Mr. SMITH (Calgary West): Occasionally we make bad friends in this world and sometimes they come back to thank us, but I wish to speak about bank pension funds. I want to know first whether or not the minister has some approval or disapproval of pension funds set up in banks. I gather he would have under this particular resolution.

Mr. ILSLEY: They must be approved like other pension funds.

Mr. SMITH (Calgary West): I should think so. Therefore what I have to say about bank pension funds is appropriate here. When we get our new allowance through I shall not need to borrow from banks, but at the moment I do owe some of them. There was a report in the newspapers, either yesterday or to-day, with reference to salaries paid in banks. In my view—and I am supposed to be one of the fifty big shots who nominated our leader—salaries paid by Canadian banks are completely disgraceful. I go farther than that and point out that the answer to that is said to be that persons employed in banks have security in old age. That is the answer which is given.

In the first place, in no banks that I know of is there any pension fund applicable to women, although we know that Canadian banks have been largely operated by women since the last war. I can speak with authority with regard to only one bank, the name of which I will not mention, and my experience goes back seven or eight years. The pension fund in that bank is something which I do not think the minister, busy as he is, if he had an opportunity of looking into it, would approve. They say that these small salaries are small because the banks look after their employees in later life. Living in the place where the hon. member for Regina City (Mr. Probe) comes from, and which the member for Rosetown-Biggar knows, a bank clerk in the nineteen hundreds was the only fellow with a pair of white pants and a tennis racquet, and that was the only reason we knew he was a bank clerk. He was getting $9 a week. What happened is this. They have maintained that position. I quite confess that being a bank clerk does not mean nearly as much socially as it did when Regina was a town of 2,537 people and there was no decrease by deaths; in other words, the births just kept the thing even for a long time. But the last bank pension scheme I had occasion to look at some years ago had this provision: The employee paid in a certain amount of money; the bank added a certain amount of money which is usual in pension schemes; but if that employee were discharged he received from the bank one-half of the amount of money he himself had paid in, without interest. I know it startles people, but it is there. I know that the thing is usual. I speak of one bank which I know. They have another provision which is that persons receiving pensions from banks do so in the sole, entire and uncontrolled discretion of a certain board. In other words, granted that I am a manager and I have reached the age of sixty-five, I retire. They can take that pension away from me. I have signed a contract that that may hap-

pen; everybody does when he works for this bank, and it is one of the biggest in Canada. I hope I am not out of order—

Mr. MacINNIS: Based on regimentation, I suppose.

Mr. SMITH (Calgary West): I do not know what my hon. friend means by that. I shall tell him what I think of regimentation if he wants to take time out.

Mr. MacINNIS: I thought that was it.

Mr. SMITH (Calgary West): Let me go back to what I was speaking about a moment ago. I see here that the minister is given discretion; I am glad he has it. I am not opposing the idea for a moment. Take the Canadian Pacific Railway company; it is entirely different. The man who pays into that fund is entitled to have the money of right; not only what he has paid in but a proportion of what the company has paid in. I am simply speaking of Canadian banks, and it does seem to me that the department, the minister, or the Minister of National Revenue, or someone, should look into those contracts, because the things I speak of were true up to six years ago. I am sure of that and I have never heard of its being changed from that date. I inquired of other banks; they did not show me their little book, but I was given to understand that they are pretty much on the same basis.

Mr. NICHOLSON: In support of what the hon. member for Calgary West has said, may I say that within the last week a similar case was brought to my attention where a bank accountant with over eighteen years' service in the bank left because the economic return did not enable him to support his family. His complaint is the same as that mentioned by the hon. member. He has contributed all those years, and although he left with a very good record he is denied the right to get back the amount of money he has paid in. In this particular bank that regulation still prevails.

Resolution agreed to.

7. That a payment on or after October 13, 1945, to an employee in respect of loss of office be deemed to be income of such employee over a period of five years.

Mr. JACKMAN: May I ask the minister just how he hits on the period of five years in connection with these payments which a person receives as compensation for loss of a job? May I read from the Ives report:

There does not appear to be any particular reasoning behind the choice of five years over which the payment may be spread; rather it appears to be an arbitrary decision which recognizes the inequity which would result if the total payment was considered as income in one year.

May I suggest to the minister that when he is answering, consideration might be given to enlarging this period perhaps to seven or to ten years or on a life expectancy basis.

Mr. ILSLEY: It seems to me we discussed this matter of life expectancy one other year, and there are certain objections to it which do not occur to me now. The period of five years was selected as a reasonable length of time, and the Ives commission did not take any exception to it at all; I think they endorsed it. The hon. gentleman is suggesting that it should be longer than five years; that is all.

Mr. JACKMAN: May I illustrate a hypothetical case? Suppose a man loses his position through the merging of a company, or for other reasons, and the firm is quite willing that he should receive a lump sum as compensation for the loss of his job. That man is more likely than not to be pretty well up in years. It may be that he will find difficulty in obtaining suitable employment, particularly if he is an executive officer. It may be very difficult to get a job of a similar nature with another company, and this lump sum is supposed to look after him as best it can for a considerable period, perhaps for the rest of his life. That is why I suggest that a longer period than five years is more equitable. The shorter the period, the higher the burden of taxation, because the more income will come in for taxation purposes in each year. If it were spread over ten years the revenue department will get less but the man will receive greater equity. I think the ideal way is to give the man a life expectancy. It may be ten years; it may be twenty-five years, in which case the purpose for which the lump sum was given to him by his former employer is carried out, since it is given to him because he has lost his job and may not easily find another means of livelihood.

Mr. McMASTER: Suppose the man died in the first year; what would happen?

Mr. ILSLEY: He would collect only on the one year; that is all.

Mr. COCKERAM: What has been the practice in cases like that? Are there departmental rulings?

Mr. ILSLEY: Formerly the practice was to tax it all in one year, because it was regarded as income and is income except for this provision.

Mr. COCKERAM: There have been specific cases which the department has handled. Have people come to the minister, and has he or his officials made the necessary arrangements? What has been the practice in the past?

Mr. ILSLEY: It is the Department of National Revenue; I do not know, I am sure.

Mr. COCKERAM: Some people who have been let out of war industries are in that position.

Mr. ILSLEY: I do not know; I do not remember any cases. At any rate it was regarded as a hardship to tax it all in one year. Therefore, in one of the budgets when the taxes got high we changed it so that he would only have to pay income tax of one-fifth the first year and one-fifth the second year, and so on for a period of five years. I think it has met with reasonable acceptance.

Mr. McMASTER: Was there not a case before the exchequer court a few years ago in which the sum of $100,000 was paid to one of the heads of a department? I forget the result, but my recollection is that it was decided it was not taxable. I do not know whether I agreed with that decision or not.

Mr. ILSLEY: I do not know what the case is.

Mr. McMASTER: I could look it up and let the minister know.

Mr. ILSLEY: There was the Judge Fullerton case, in which it was held to be capital and not income, and not taxable at all.

Mr. STEWART (Winnipeg North): Has this not happened before, that payment for the loss of a job has been regarded by the Department of National Revenue as capital, but the company which paid it was not allowed to charge off that amount against profits? Either the company had to pay tax or the recipient had to pay; in the case I know of the company has paid the income tax on the total amount, and the person who received it did not pay any taxation, because it was regarded as a capital sum.

Mr. ILSLEY: The effect of this resolution is to place lump-sum payments made for loss of office on the same basis for purposes of taxation as lump-sum payments in general made to an employee at the time of his retirement from employment. The courts have interpreted the present law as excluding from the ambit of taxation so-called payment for loss of office, while other lump-sum payments on retirement from office are subject to tax. The royal commission asserted in its report that the distinction made was somewhat artificial, and that if the present interpretation were allowed to stand, by the simple expedient of entering into an agreement with an employee worded in a certain way, all lump-sum payments on retirement could be given the guise of payments for loss of office and thus escape taxation.

The resolution proposes, therefore, that such payments for loss of office be made subject to taxation by a definitive amendment to the law, and that where paid in a lump sum they be taxed in the same manner as other similar lump-sum payments are now taxed; that is, over a period of five years. Apparently what I said a few minutes ago in reply to some question was incorrect; that is, that these would be income, but I was thinking about lump-sum payments made in consideration of past services. They would be income, I believe, and I think we spread those over five years under an income tax amendment made a few years ago. This is a proposal to do the same with these payments, for the reasons stated.

Mr. JACKMAN: I can only say to the minister that I think there is a good deal of equity in my suggestion. If the man is big enough and important enough the company will see that funds are placed with a trust company so that his income will be paid to him for ten or twenty years or more. If he is a small man, a salesman or something like that who will receive only a few thousand dollars, he will be taxed at a very high rate, because that amount would be spread over five years while he may have to live on it for twenty years. I think the minister should either increase the number of years over which the income is spread or adopt the principle of life expectancy, so that substantial justice would be done.

Mr. ILSLEY: As a rule these are not large sums. The small man the hon. gentleman is talking about gets a small sum; when it is divided by five it does not amount to a great deal, so that it does not worry him at all in the matter of taxation.

Mr. JACKMAN: But the rates are pretty high on small incomes.

Resolution agreed to.

8. That, in lieu of the taxes otherwise payable by shareholders of a private closely-held company in respect of earned surplus accumulated by the company from the beginning of its 1917 fiscal period to the end of its 1939 fiscal period, the company be allowed to elect to pay a tax equal to the aggregate of the taxes calculated in respect of the allocable portion of each shareholder determined in accordance with the following table:—

On the first $25,000, or any portion thereof, 15 per cent,

$3,750 on an allocable portion of $25,000 and 18 per cent on the amount by which the portion exceeds $25,000 and does not exceed $50,000,

$8,250 on an allocable portion of $50,000 and 21 per cent on the amount by which the portion exceeds $50,000 and does not exceed $100,000,

$18,750 on an allocable portion of $100,000 and 24 per cent on the amount by which the portion exceeds $100,000 and does not exceed $200,000,

$42,750 on an allocable portion of $200,000 and 27 per cent on the amount by which the portion exceeds $200,000 and does not exceed $300,000,

$69,750 on an allocable portion of $300,000 and 30 per cent on the amount by which the portion exceeds $300,000 and does not exceed $400,000,

$99,750 on an allocable portion of $400,000 and 33 per cent on the amount by which the portion exceeds $400,000.

Mr. JACKMAN: Would the minister explain this resolution?

Mr. ILSLEY: It will be recalled that the second part of the reference to the royal commission on the taxation of annuities and family corporations was to consider the problem encountered by closely-held companies on the death of a principal shareholder, the main part of whose estate was composed of his holdings in the company. In order to provide funds for the payment of succession duties on the estate of such a shareholder it is normally necessary to declare a dividend from the earned surplus of the company; and under existing arrangements this dividend is subject to taxation in full at the present high rates of personal income tax, which reach a level of sixty, seventy, eighty or a higher percentage in many cases, and encroach so heavily on the dividend that little is left for payment of the succession duties, for which purpose the dividend has been declared.

The recommendation of the royal commission to meet this problem was that in respect of earned surplus accumulated between 1917 and 1939 a schedule of rates should be applied approximating the rates that would have been imposed had the surplus been withdrawn in those years. This schedule of rates is embodied in resolution 8. It is proposed to give any closely-held company coming within the definition which will be set forth in the amendment to the law the right to pay a tax on an amount of its present earned surplus equal to its 1939 earned surplus in accordance with the rates set forth in this schedule and in this manner discharge on behalf of its shareholders the income tax liability on such earned surplus. Resolution 9 sets forth the time limit within which such companies must elect to pay the prescribed tax, and the manner in which such tax may be paid.

Mr. JACKMAN: The minister has said that the type of company which will be allowed to take advantage of this new provision will be defined. I consider it important that the public know exactly what that type will be. I will not ask the minister for the precise legal wording, but a number of people have inquired already whether or not their companies would be eligible under this provision, and the minister should at least give the committee some idea as to whether it is to be a strictly private company within the terms of the dominion Companies Act or whether it is to apply to companies where we know hardship exists, where a man had a charter taken out under the Companies Act and built up a company in a small community, into which company he ploughed back his earnings. I believe there are to be some limitations on the number of shareholders, and so on, but the minister should give the committee some idea of what is in his mind so that members of the committee may perhaps put forth what ideas they have in their minds.

Mr. ILSLEY: My intention is to propose a definition of a private company which will be something like this:

"Private company" means a company the number of whose shareholders has not at any time since the 29th day of April, 1941, been more than fifty, not including persons who are in the employment of the company, or who having been formerly in the employment of the company were while in that employment and have continued after the termination of that employment to be shareholders of the company, two or more persons holding one or more shares jointly being considered as a single shareholder for the purposes of this paragraph.

That is a fairly comprehensive definition; it is not limited to private companies as defined by the Companies Act, because it would not do to confine it to that.

Mr. JACKMAN: It would be a fairly broad definition.

Mr. ILSLEY: Yes, it is.

Mr. McMASTER: I notice that companies themselves are allowed to take advantage of it, if they get any benefit from it. There is nothing that allows the income tax branch to force the making of these payments.

Mr. ILSLEY: No.

Mr. McMASTER: Is there any reason why the exact amount of income tax could not be computed from the annual statements of these companies?

Mr. ILSLEY: It would be impossible. The annual statements of the companies would not be of any help. The figure we try to

arrive at is the amount of tax which would have been payable by the individual shareholders, had the earnings of the company been distributed from year to year, instead of accumulative. That would depend upon so many factors. It would depend upon their total incomes, and upon the rates for the various years; and it would be impossible to do it, especially when some of these surpluses have been accumulated for forty or fifty years. To go away back would be an impossible task.

Mr. McMASTER: I do not think it would apply to any surplus which accumulated before 1917, when the Income War Tax Act was brought in.

Mr. ILSLEY: No, but I referred to surpluses which have accumulated for forty or fifty years.

Mr. McMASTER: It would not be taxable.

Mr. ILSLEY: The question is to determine what part of it has accumulated since 1917, and what part before 1917. If there has been a depletion and restoration, what rules would one apply?

Mr. JACKMAN: What is to be the treatment of the surplus which accumulated before 1917? Why do you have a deadline there? I realize that was the date of the introduction of the income tax legislation, but why does the minister place a deadline at 1917? How will you distribute your pre-1917 surplus?

Mr. ILSLEY: We propose to leave the treatment of the pre-1917 surplus exactly where it is at the present time.

Mr. JACKMAN: How is that?

Mr. ILSLEY: I do not know whether I can go through it all or not, but it goes something like this: If it is paid out in dividends, the dividends are wholly taxable. If the company is wound up and there is distribution of earned surplus, the part accumulated prior to 1917 is free of income tax. That is only the beginning of the story; there are some other qualifications as well.

Mr. JACKMAN: There was no deadline date given in some previous year to get that surplus out? A company prior to 1917 has a surplus, and it may pay it out in the form of dividends, and have those dividends tax free?

Mr. ILSLEY: Pre-1917?

Mr. JACKMAN: Yes.

Mr. ILSLEY: If it pays that out in the form of dividends, the dividends are taxable.

Mr. JACKMAN: That is what this legislation is aimed at—to get rid of taxation.

[Mr. Ilsley.]

Mr. ILSLEY: Not all taxation.

Mr. JACKMAN: No, not all taxation; but if companies are to be given the right to distribute post-1917 income under certain terms which give substantial justice, they can distribute this surplus in the form of dividends—or how is it to be distributed?

Mr. ILSLEY: On winding up, it is free—the pre-1917 surplus on winding up each year of taxation. They always have been free. If they are paid out in dividends they are taxable, and always have been. We were dealing with the problem covering the period between 1917 and 1939.

Mr. JACKMAN: Apparently there is one provision already on winding up that allows that money to be distributed tax free, because there was no income tax in those days. What are you going to do with distribution which is made of the post-1917 surplus under this legislation? What are you going to call it? Will it be called a dividend?

Mr. ILSLEY: It will be a dividend.

Mr. JACKMAN: If there is any equity in allowing a post-1917 surplus to be distributed as dividends, and have it taxable under this special resolution, why do you not at least include the pre-1917 surplus? It has more equity attached to it, because there was no income tax whatsoever at that time.

Mr. ILSLEY: I shall have to get an answer to that question. We did consider it but I have forgotten the circumstances. The whole thing from 1917 to 1939 has to come out. Part of it cannot come out, but it seems to me what we considered was whether there should be an option to take it all out, and we decided just to cover the period of the income tax.

Mr. JACKMAN: Under this legislation must it be all earned surplus?

Mr. ILSLEY: I was wrong in that answer; I am sorry.

Mr. McMASTER: I should like to know whether profits which have been accumulated during the past years under the act as it stood last year and the year before, were declared non-taxable as profits.

Mr. ILSLEY: I did not catch the question.

Mr. McMASTER: The point I make is that it is not necessary to declare a dividend and pay money over to be taxable. I am asking this: Were they not actually taxable last year? Should not the amount of profits made last year have been taxable, and income tax paid on it?

Mr. ILSLEY: The corporation income tax was paid on it.

Mr. McMASTER: But no other.

Mr. ILSLEY: The individual income tax was not paid on it, because the individual never got it.

Mr. COCKERAM: Has the minister estimated the amount of taxation he will get under this resolution?

Mr. ILSLEY: No estimate has been made, and I do not think one is possible.

Mr. JACKMAN: I suggest that this resolution should stand until the minister finds a reason for not including the pre-1917 income.

Mr. ILSLEY: Very well, let it stand. Or, would it be agreeable to pass the resolution, if I undertake to give consideration to the point before the bill is introduced? Would that be satisfactory?

Mr. JACKMAN: I presume that is all right. I had an example here that I thought I would put to the minister. It was given to me as an actual case. Earned profits between 1917 and 1939 amounted to $38,000. The company took off a capital loss of $8,000, which it was allowed to do, and showed an earned surplus of $30,000. Then it realized a capital profit of $5,000 in a subsequent period, and it had an earned surplus on January, 1917, of $5,000. Apparently I shall have to leave that in abeyance. Does the section apply to the $38,000 less the $8,000 for capital losses, which would make it $30,000, or does it apply to the $40,000, which is made up of the $5,000 earned surplus in 1917 and the amount of the earned surplus accrued during 1917 to 1939, plus the capital profit realized of $5,000? Perhaps the minister would let me have the answer when he gives the other information.

Resolution agreed to.

9. That the provision contemplated by resolution 8 be applicable only if the company elect on or before December 31, 1947, and that the tax be payable in four annual instalments, the first one being due on December 31, 1947, with interest at 4 per centum per annum on each instalment from December 31, 1946, until due and thereafter until paid at 7 per centum per annum.

Resolution agreed to.

10. That for 1944 and subsequent taxation years the provision for deductions of unusual medical expenses be extended in the event of the death of the taxpayer either in the taxation year or subsequently to include expenses incurred and paid either by him or by his estate in a 12-month period commencing in the taxation year.

Mr. JACKMAN: I think the minister should be congratulated on having included this resolution because it has been needed for a long time.

Mr. HARKNESS: I should like to draw the attention of the minister to those people who suffer from diabetes. I have received representations from many of them. Probably everyone knows that the majority of such people are dependent for their lives upon the continual use of insulin. I should think that if there is any such thing as an unusual medical expense it would be the expense incurred by these people; yet I understand that the departmental officials will not so consider it for income tax purposes. I should like to ask the minister if that is still the situation and, if so, if he will give consideration to including this under the heading of unusual medical expenses. The amount of money these people must spend annually for insulin runs up to a considerable sum in most cases.

Mr. ILSLEY: You cannot break the rule for one particular drug, or perhaps I should say one particular pharmaceutical product. A long list of drugs would have to be compiled as being eligible as medical expenses when bought from druggists rather than through a doctor. We have never felt that we could do that. This matter has been up in other sessions. Last year it was argued that we ought to do something and we reduced the five per cent to four per cent. That did not help the druggists very much, but it helped the person who was incurring the expense. That was brought in as a sort of alternative to a compilation of a long list of pharmaceutical preparations and drugs.

Mr. HARKNESS: I do not think the minister can argue that insulin should be considered as being in the same class as other drugs. It is certainly a very special case. The lives of a large number of people depend upon taking this drug regularly, if you want to call it a drug. The minister's argument is simply one of difficulty of administration. Because it is going to be a bit difficult to differentiate between this preparation and drugs generally, because it may make a little more work for some people in the department, he says it cannot be done. I do not think that is a good enough excuse. There are probably more people dependent upon the use of insulin than upon any other preparation of that kind. Relief from taxation for the cost of purchasing insulin is long overdue and administrative difficulties should not be allowed to stand in the way.

Mr. JACKMAN: I think the hon. member for Calgary East has made out a good case. This is simply another example of difficulty of administration being allowed to interfere with the redress of an injustice. No doubt many of these people spend a considerable amount of their income upon insulin in order to keep alive. There may be some other drugs or remedies which are just as essential as insulin, but here is a case where relief should be given. Simply because it may create a little more difficulty in administration should not be taken as a reason for permitting injustice or hardship to be imposed upon a certain class of people. Let us make this an exception if necessary. Practically every year since I first came here I have heard the minister complain that he could not do this or that because of administrative difficulties, and yet eventually he was forced to see the injustice of the case and he did the right thing, but only after pressure on the part of the opposition. Hon. members who are members of the medical profession will probably know how much it costs a person who is suffering from diabetes to purchase insulin. The terms of this resolution state that people who have to spend extra amounts on medical supplies are to get relief. Let us apply this to insulin and exclude the others for the time being. Perhaps in another year some other case will be shown to have as much merit as this one. In the meantime let us do what justice we can.

Mr. McCANN: The contention of hon. members that the cost of insulin should be allowed as a deduction is not opposed on the ground of administrative difficulties. There would be no more administrative difficulty in the case of one drug than in the case of another, but why one particular drug rather than another should be picked out I cannot understand. I could give many examples of drugs which people must purchase in order to remain alive. For instance, people suffering from pernicious anaemia must take liver extract continuously. Then there are certain classes of people to which this would be almost an encouragement to continue the use of drugs. I refer to drug addicts, and there are very many of them. I cannot see that the hon. gentlemen who appear to know so much about the medical profession have made out a case for insulin over and above any other drug used in the treatment of disease.

Mr. HARKNESS: I rather object to the minister's remark that I pretend to know anything about the medical profession. I do not so pretend. But I do know that large numbers of people require insulin. I understand also that there is no other drug upon which so many people are dependent for their lives. I certainly think this is something that should be put in a class by itself, and not as it is represented here, just one drug among many.

Mr. GLADSTONE: Would the Minister of National Revenue indicate whether a patient would secure the insulin from a medical practitioner or from a laboratory the same as liver extract is obtained? It is not obtained from the drug store.

Mr. McCANN: I think the hon. gentleman is mistaken. It is procurable and purchasable at any drug store after the physician has indicated that it is to be used by the patient. One prescription in that regard is being filled continuously when the needs of the patient are known, so that it is not just purchased over the counter as one would purchase aspirin, quinine or drugs of that type. The patient who uses insulin gets a prescription for it from a qualified physician and that prescription is honoured by being refilled until it is countermanded by the physician who has indicated that its use is no longer necessary. In some of the provinces insulin has been distributed entirely free of charge, but that I understand has been discontinued. Certain people who are indigent and cannot pay for it are able to get it on the recommendation of the clerk of the municipality and a physician. In such cases it is distributed free by the province.

An hon. MEMBER: In some provinces only?

Mr. McCANN: Yes.

Mr. McKAY: Would the minister clarify the term "unusual medical expenses"? Does it include hospitalization? "Medical expenses", if strictly applied might be limited to medical doctors' fees and would not necessarily include hospital or clinical treatment or even dental treatment.

Mr. ILSLEY: The definition of "unusual medical expenses" is found in section 5(1)(n) of the Income War Tax Act. It is a long definition. Would the hon. gentleman like me to read it?

Mr. McKAY: I am not so much concerned about that as I am about getting an outline so that we shall know just what it includes.

Mr. ILSLEY: It is:

(n) that portion of medical expenses in excess of four per centum of the income of the taxpayer incurred and paid within the taxation period or incurred and paid within a twelve-month period ending in the taxation period and not included in the calculation of a deduction for medical expenses under this act for a pre-

vious taxation period, if payment is made to a medical practitioner, dentist or nurse qualified to practise under the laws of the place where the expenses are incurred or a public or licensed private hospital in respect of a birth in the family of, illness of or operation upon the taxpayer or his spouse or any dependent in respect of whom he may make a deduction from his normal tax under rule five of section one of paragraph A of the first schedule to this act.

That is just the beginning of it.

Mr. McKAY: I cannot see any reason why insulin does not come under that. If insulin is given by medical order, it would definitely come under that definition.

Mr. ILSLEY: If it is included in a doctor's bill and the doctor gets paid for it, it does come within it; but that is not always the case.

Mr. JACKMAN: The Minister of National Revenue directed some remarks to me which were taken by my hon. friend as directed to him. The minister said that presumably I know something about medicine. I know nothing of it. But now that we have a member of the medical profession as head of the Department of National Revenue I hope that we shall get justice in this matter. The minister let the cat out of the bag when he said that some provinces distribute insulin free to these suffering people because of the expense incurred in purchasing it. Surely the purchase of insulin, if it amounts to something considerable each year—and the minister will know much better about that than I do—so that it becomes a financial burden on these people, properly comes under this section; and all the other drugs he mentioned, about which I know nothing and he knows a great deal, would perhaps be able to be put under the section another year. Let us do what justice we can to-night, not next year. Let us get something done here in this legislation by including the payment for insulin as one of the legitimate medical expenses allowed under the act.

Resolution agreed to.

11. That the requirement to deduct 7 per cent tax at source on payment of interest, dividends or royalties be discontinued after December 31, 1945.

Mr. FRASER: Is it contemplated that this seven per cent tax, the normal tax, will be eliminated altogether by this legislation?

Mr. ILSLEY: No. This resolution does not change the weight of taxation or the liability to taxation at all. It is merely an administrative change.

Resolution agreed to.

12. That for 1946 and subsequent taxation years the exemption of the service pay and allowances of members of the Canadian naval, military and air forces while on active service in Canada or anywhere in the western hemisphere whose duties are of such a character as are required normally to be performed afloat or in aircraft be rescinded.

Mr. COCKERAM: Would the minister explain this?

Mr. ILSLEY: This resolution withdraws in respect of 1946 and later years the complete exemption from income tax granted service personnel in the western hemisphere whose duties are normally performed in aircraft or afloat. Complete exemption was granted such personnel because of the risk to life involved in large scale training programmes, particularly to aircraft instructors, and also because of the risk to life from enemy action, particularly in the coastal regions.

The end of hostilities has brought the cessation of both enemy action and of the training programmes, and it is not justifiable that personnel whose duties continue to be performed in aircraft or afloat should be more favourably treated than other service personnel in the western hemisphere. Such personnel will, of course, be eligible for the tax concessions now granted all service personnel in the western hemisphere.

Mr. COCKERAM: What are those concessions?

Mr. ILSLEY: It is a complicated matter, but the way it is usually described is a $1,600 exemption for single persons and $2,100 for married. That is a very loose and general way of stating it, and the concessions do not apply as you get into the ranks of the higher paid officers receiving above a certain level of pay. They are taxed just as civilians are in Canada. But the lower paid ranks, lieutenants, captains, and so on, up to a certain rank, are taxed more lightly than civilians.

Mrs. STRUM: Would the minister explain the inclusion of the words, "in the western hemisphere"?

Mr. ILSLEY: Outside the western hemisphere service personnel were free of taxation and still are.

Resolution agreed to.

13. That for 1946 and subsequent taxation years the exemption of one-third of the remuneration paid to the civilian officers or employees of the Royal Air Force transport command whose duties are of such a character as are required normally to be performed in aircraft be rescinded.

Mr. ILSLEY: The present law grants exemption from tax in respect of one-third of the remuneration of civilian officers and

employees of the air force transport command in recognition of the great risk from enemy action encountered by such men in performing their duties over the Atlantic during the period of hostilities. With the end of the war the risk from enemy action has ceased, and it is proposed therefore that the exemption granted in recognition of this risk shall be withdrawn as from the end of the present year.

Mr. COCKERAM: How long did they have that exemption—right through the war?

Mr. ILSLEY: It was introduced in 1943.

Mr. GREEN: Does the minister not think it would be fair to maintain it as long as the transport command is in operation?

Mr. ILSLEY: Not without discrimination against Trans-Canada employees flying over the ocean, and others. I do not think you can treat people differently under identical conditions.

Mr. GREEN: Are the transport command men flying under the same conditions as the Trans-Canada Air Lines men? Do the Trans-Canada men fly on regular schedules and routes, whereas the others do not?

Mr. ILSLEY: I did not think there was any difference in risk now between the two.

Mr. QUELCH: These men do not benefit under the rehabilitation programmes provided for the armed services and I think this advantage should be continued. As regards the Trans-Canada men. do they not come under some form of pension? Is there not some pension for Trans-Canada pilots?

Mr. ILSLEY: I do not know of any pension to employees of Trans-Canada. They may have a pension fund or scheme. Is the hon. gentleman talking about a disability pension?

Mr. QUELCH: Yes, disability pension or loss of life.

Mr. ILSLEY: I do not know about that.

Mr. QUELCH: These particular men do not participate in the benefits provided for members of the armed forces and if they are killed, unless they have taken out special civilian life insurance, their dependents are not cared for. I think we should continue to give them this concession.

Mr. ILSLEY: If the other group have higher pension rights you will find that this group has higher pay. As a matter of fact, their pay is very high.

Mr. COCKERAM: The men who have been in the transport command have, in my opinion, been discriminated against. It is true they got high pay for doing an extremely hazardous job, but they have none of the benefits that people in less hazardous occupations have enjoyed. There was discrimination in income tax from the start of the war. If there is one group of people to whom consideration should be given it is this group of men. Some were killed on service and their wives to-day are penniless. That is a situation which does not reflect credit either on Canada or on the minister.

Resolution agreed to.

14. That the exemption of limited dividend housing corporations be broadened to include institutional housing corporations and institutional holding companies as defined by the National Housing Act, 1944.

Mr. COCKERAM: Will the minister explain?

Mr. ILSLEY: This resolution extends the exemption granted last year in respect to the income of limited dividend housing corporations to institutional housing corporations and institutional holding companies as defined by the National Housing Act, 1944. By order in council passed some time last summer the list of limited dividend housing corporations was extended, or at least provision was made for setting up institutional housing corporations and institutional holding companies under the National Housing Act, and there is the same reason for freeing them from income tax or excess profits tax as there is in the case of limited dividend housing corporations.

Resolution agreed to.

15. That a special tax be imposed equal to 100 per cent of the profits made by persons who between January 31, 1945, and August 7, 1945, purchased bonds or debentures of or guaranteed by the province of Alberta which were outstanding on January 31, 1945, and were included in the debt reorganization proposal of the provincial government, dated July 16, 1945, such profits to be the difference between the purchase price and the selling price of the bonds or debentures, if sold by such purchasers, or the difference between the purchase price and the total value of rights accruing to the purchasers on implementation of the provincial government conversion plan, as the case may be.

Mr. ILSLEY: In connection with plans worked out last spring for repayment of Alberta bonds, the government undertook to recommend a tax of 100 per cent of profits made through the purchase of such bonds in order to forestall speculative gains on the part of those who might trade in them. The tax will apply to any profits made on Alberta bonds purchased between January 31, 1945, and August 7, 1945, by which latter date the

full terms of offer of the Alberta government had been made known, and time had been given for full publicity.

Mr. JACKMAN: On what day did the minister make the announcement that profits between January 31, 1945, and August 7, 1945, would be taxable at the rate of 100 per cent? Was it not retroactive from the time he made the statement?

Mr. ILSLEY: Yes. It was made after January 31; I do not know the exact date.

Mr. JACKMAN: I have no particular disagreement with this resolution, except that I could not allow it to pass without commenting upon the importation into our whole tax system of a principle to which we have not given cognizance before either here or in Great Britain, namely, the taxation of capital profits. There were, however, in this case certain extenuating circumstances. The minister did not make his statement until after the deadline date of January 31, and that is an infringement, if you like, of the rights of certain people. There was no secret about the matter. Everyone knew the refunding was under negotiation, but the minister in a wave of righteousness, if I may so describe it, made this exceptional ruling. It would be interesting to see how it will be possible to enforce this particular provision, which is a most unusual one. I do not disagree with it, but in the circumstances it was hardly necessary. As I say, it does import into the taxation system something to which I do not think the minister wishes to give general recognition.

Resolution agreed to.

16. That the right of a corporation whose principal business is the production, refining, or marketing of petroleum or petroleum products to deduct 40 per centum of the exploration costs and drilling costs of oil wells which prove to be unproductive be extended to wells spudded in before the thirty-first day of December, 1946.

Mr. McKAY: How is the productivity of wells determined? I have seen accounts of wells that had been capped, and no one knew whether they had been producing oil or not. They were in the exploratory stage at one time and were then capped. Is that a means of getting by the payment of income tax, or is there a method of checking to see whether they are productive?

Mr. SMITH (Calgary West): Would the minister take resolutions 16 to 20 inclusive, which cover the oil well situation, and let us know what differences there are in the present legislation and what is contemplated under this resolution? With respect, Mr. Chairman, I think, if that were done, we would really know what we are talking about, and it would cover the question which the hon. member over here had in his mind.

Mr. ILSLEY: There is no change as far as the oil industry is concerned. I think all these resolutions deal with oil and natural gas; it is just an extension of the present legislation.

Mr. SMITH (Calgary West): We are dealing with resolution 20.

Mr. ILSLEY: That is right; it is just an extension of the present legislation for a further period.

Mr. SMITH (Calgary West): This resolution is of interest to those of us who live in Alberta, and it has prospective interest, I am sure, to my hon. friends from Saskatchewan. I am asking the minister to give further consideration to one aspect of the picture. May I also say that I came down to see him in a private capacity some years ago. By that I mean that I was acting for a number of people and my trip was 100 per cent unsuccessful. I appreciated his position and he explained it to me quite clearly. However, in our business we occasionally get paid whether we succeed or not. I enjoyed the trip to Ottawa because I had lunch with him at his desk. I know he drinks milk at noon. That is all I came to know. The point I am trying to make is this: Lest members in this honourable body think this is a small show —I have not my file with me—I wish to give one figure. Turner Valley is on the decline. That was our oil field. To-day it is producing 800,000 barrels a month, and that is not milk; that is a good deal of oil and it is on the downgrade. They have received some assistance in what are known as deep-test wells

The present programme, which includes that in the province from which my hon. friend comes, is greatly extended and is covering the prairie region. It is true that wells drilled there cost much less than wells drilled in Turner valley where the wells go down to 10,000 and 12,000 feet. If you drill an oil well there for $200,000 or $250,000 you are doing very well. Out on the prairie they can drill them for $30,000. I think that is to a depth of 3,000 feet, and probably that will include some production machinery. In other words, the cost increases as the depth increases. To those deep-test wells the minister has given consideration and I am not asking that it be altered in any way.

We have heard discussions in this house to the effect that coal is a national industry. I am sure that hon. members from Quebec, Ontario and Manitoba consider precious metals a national industry. The point I make

is this, that the search for oil is just as much, and in fact more, of a national industry to us than any of those others. Why? With 800,000 barrels a month at the present time we have never produced enough oil in Canada even to supply the Winnipeg market. We have at all times had to import oil to take care of the demand there. The reason is, of course, that the horse-and-buggy days in farming are gone—not gone, but nearly gone, I hope. I am glad the hon. member for Lethbridge is not in his seat at the moment, or he would accuse me again of doing harm to some other western industry. What I have in mind is this: The world operates on oil; there is no doubt about that. I am asking that the minister have some regard to these explorations which are going on, other than deep-test wells, in the prairie areas. Turner valley is in the foothills, the sub-mountainous area, if one might use that expression.

What has happened is this. In western Canada to-day we have a search and an exploration going on which is new in the whole history of this country. Every United States company of any account or size is in there. They have seismograph and geophysical parties there. I am not sure that I know what these words mean; they are big words and I like to use them. They are spending a tremendous amount of money on these parties. The reason they are doing so—and I got this from the president of one of the largest companies whom I saw only a few months ago—is that in the United States they have a ninety per cent exemption of income tax on explorations. Therefore, do not let us think in western Canada that they are attracted out there because they like us, or anything of that kind. They have a wonderful exemption over there.

Let no one think I am making a percentage comparison between Canada and the United States, because so many other elements enter into that calculation. While we have forty per cent exemption here and they have ninety per cent there, the figures do not mean just that. Somebody said that figures never lie, but there is always the converse of that proposition which I am sure it would be unparliamentary to mention. I am not suggesting that this is the comparison, but I am frankly admitting and saying that the tremendous exploration programme we have at the present time comes from that.

I am asking the minister that with respect to this prairie development, which is an entirely different show, we have some write-off. The minister says that there is no change; I am accepting his word for that. Aside from the ordinary drawback of forty per cent and twenty-six and two-thirds per cent and whatever it is on the shallow wells, there is no special exemption for prairie wells as there is for deep-test wells. I merely ask that they be given further consideration, because we cannot get our coal down to the east on account of the freight rate of $8; but we can build pipelines and carry oil. That barrier will never exist between eastern and western Canada if we can develop oil in real quantity. You can build pipelines a lot cheaper than you can build railways, and once you have them built they do not cost as much to operate as railways do. I am merely asking the minister—and I see his most excellent adviser in front of him, who, I think, is Doctor Eaton, who has always been sympathetic to this thing—to have just a bit of regard, a good deal of regard, for that prairie element which permits the newcomer and smaller companies to try hard to get some oil. Remember that oil was never discovered in North America by the big companies. History shows that it was discovered by the little wild-catter, and that is the chap I am thinking of at the present time.

Mr. BERTRAND (Laurier): The big companies buy the small companies once they have discovered oil.

Mr. SMITH (Calgary West): The hon. member is quite right. I have had a little experience in that regard. I made $2.50 myself by selling out to the Imperial Oil. They do absorb them, but remember from little things great things have grown. We have two or three companies out there now, the Anglo-Canadian, the Home, and so on, some of them just localized in Alberta, which have really amounted to something.

The hon. gentleman to my left, the hon. member for North York, is sitting here all atremble waiting to talk about mining. We are asking from the minister and those able people who advise him, nothing more than to be put on a level with mining. Down here some years ago—and I was here—exemptions were granted to new enterprises until so many years after they had mills in operation. Their business is the same as ours. If you put a hole in a beer barrel and let the beer run out, it will be all gone. Oil and gold are in exactly the same position; they are not renewable products. It is not like electricity, for instance, which comes from water power, or anything like that. Say I drill a well which costs me $200,000. I strike oil and I take out my $200,000, which I put into another hole. I have not made any money; I

am just where I started, except that I have paid income tax on the product of the first well. In other words, my over-all position has not given me a profit.

I do not want the minister to think I am going so far as to suggest that we should be allowed to do that sort of thing indefinitely, because then no one would pay taxes. We would be merely building up reserves. Suddenly we would become a big outfit and perhaps would be rich before you found us out, though I know you are pretty good on a hot scent. My thought is that you might help us in regard to those people who are wildcatting, because it is nothing else in the prairie area. I know you have read in the newspapers that So-and-so has brought in a good well. Probably it kept going for four or five days and then salt water came in. There are so many difficulties and intrusions, with this, that and the other thing happening, that this is an extremely hazardous business. So, to conclude, before you bring down this legislation, would you please give some consideration to the problem we have on the prairies in connection with the oil business?

Mr. McKAY: I think the minister passed over my question rather lightly. I asked whether or not there was any way for the Department of Finance, through its supervisors, to determine the productivity of these wells. I had intended to follow that up; and while the hon. member for Calgary West has ably presented the case for the development of oil, I wish to deal with the matter from another angle. I consider that the search for oil is important because oil is a natural resource and should be developed; and I feel disposed to say that the United States system of a ninety per cent deduction for exploratory costs is the right one.

Some hon. MEMBERS: Hear, hear.

Mr. McKAY: Do not misunderstand me. On the other hand the Department of Finance could well get that money back by establishing a substantial royalty on the production of the oil that is found. My leading question this evening was, how does the Department of Finance determine whether or not these wells do produce? How do we know that these wells all through western Canada are or are not in production? I have seen a great many wells that have been drilled and capped. No one seems to know whether or not they ever struck oil. No doubt somebody knows, but certainly the general public does not know. Why are these oil companies holding back? It is obvious to me there is a reason. Is it because the deduction allowed is not sufficient? Is it because of the threat of a royalty? There must be some reason. I suggest that we give a cut-back of ninety per cent, let these oil companies go to work and explore, and then put a royalty on the production; and we will get the oil.

Mr. SMITH (Calgary West): The dominion has no royalty; that is a matter for the provinces.

Mr. ILSLEY: I do not know that I understand the United States system, but I think they simply allow these exploration costs as deductible expense for tax purposes. If they have a ninety per cent excess profits tax and are in that category, then the amount they save in tax is ninety per cent of their exploration expense. It sounds better than it really is, because when taxes come down in the United States, as they will on January 1, 1946—

Mr. JACKMAN: Yes, they are down substantially.

Mr. ILSLEY: They are down substantially, I believe to forty per cent. So that from January 1 they will get a forty per cent advantage instead of a ninety per cent advantage; they will get forty per cent of their exploration expenses off their tax bill instead of ninety per cent, which is the same as our provision under resolution 16.

Mr. McKAY: I did not understand that was considered an excess profits tax. I thought that was a deduction from exploratory cost.

Mr. ILSLEY: It was the exploratory cost. The amount of the exploratory cost was deducted from their profits for tax purposes. If they were paying ninety per cent of those profits in taxes, then they were able to deduct from their tax bill which they paid to the United States government ninety per cent of the exploration expense, but only by reason of the fact that they had a ninety per cent tax. When they have a forty per cent tax that ninety becomes forty.

Mr. McKAY: Would the minister continue and tell me how they check on the productivity of these wells?

Mr. SMITH (Calgary West): Perhaps I might ask the minister a question which will help my hon. friend.

Mr. ILSLEY: I shall have to come back to that question later.

Mr. SMITH (Calgary West): May I say the statement of the minister with respect to taxation in the United States and Canada is

entirely accurate. That is why I said that when we spoke of forty per cent and they spoke of ninety per cent, they were not comparable figures. With respect to the other question the hon. gentleman asked, for a long time I have heard exactly what he has been saying, and I am one of those who thought that was the situation. We heard of a big corporation who had gone into a place, drilled their wild-cat wells, made a discovery and then capped it because they did not want the oil to come on the market. Then, having capped their well and said it was a failure, they bought up all the ground around and had an oil field. I heard that story so often I almost believed it, but I made a number of investigations—

Mr. McKAY: You do not believe it now?

Mr. SMITH (Calgary West): As far as I can find out there is not a word of truth in it anywhere.

Mr. McKAY: Of course I will take your word for it.

Mr. SMITH (Calgary West): You need not do that, because the answer is comparatively simple. When you have oil in a country such as ours, where you have a price that is profitable and where you cannot even begin to supply the present market, it is beyond reason that anyone should cap an oil well. I think my hon. friend is more interested in the gas sections, because in Saskatchewan they have not even obtained gas yet, except a little around Unity and a few places like that. Let me put it in this way: they do not supply anyone with it yet, because they have a bottle-neck they have not been able to overcome.

There is no doubt that the ninety per cent figure is quite right. I have gone into this matter with tax experts, some of them with companies right in the city of Calgary; and as far as the ninety per cent is concerned, if you figure what it is taken from and take our forty per cent and twenty per cent we are in a better position than they are. I am sorry to support the government, but that is the simple fact.

Mr. ILSLEY: In regard to the matter of unproductivity or non-productivity, the test is abandonment. The section of the act is section 8 (6), and the unproductive wells, forty per cent of which may be deducted from the tax, are wells which are abandoned within six months after completion of drilling. I do not think there would be any fraudulent advantage there.

[Mr. A. L. Smith.]

An hon. MEMBER: Does the minister suggest that capping a well is abandoning it?

Mr. ILSLEY: No.

Mr. SMITH (Calgary West): Would the minister answer the question as to whether he would give consideration to this little prairie place of ours? Then, perhaps I might be of some assistance in connection with the abandonment of wells. I do not know what happens in the benighted province of Saskatchewan, where they do not know much about this business, but let me say that in Alberta we have an oil and gas commission, which is a provincial government show. However, the well must produce this log—and for those people who do not know what a log is, I will say it is the history as one goes down to the bottom of the well. It is not the same thing as hangs out from the tail end of a ship. No well can be abandoned without examination by experts who are engineers on that board. Further, no one can drill a well without having put up sufficient money in cash to pay for the abandonment, in the event of the company itself not abandoning the well, or not doing the work of abandonment. That means going out and shutting off the water, and so on. With great respect, let me say that the minister would have no difficulty in finding out whether a well has been properly abandoned, if he will remember that once wells are abandoned they are through, because the pipe is pulled in and there is nothing more except what used to be a hole in the ground.

Mr. ILSLEY: On the question raised by the hon. member for Calgary West with regard to the extension of this very generous tax privilege to companies which drill deep test wells—I mean the extension to a different type of well—I suppose I should not say that I will not give consideration to it. However, representations have been made, and I am somewhat reluctant to extend a privilege of that kind. In effect, the dominion government is paying half the cost of drilling those wells, and if they turn out to be good wells, the company, and not the government, owns them.

Mr. SMITH (Calgary West): But the dominion government gets the money back, do not worry about that.

Mr. ILSLEY: It can be defended in times when the need for oil is great, but it cannot be defended forever, and I do not know whether an extension of the privilege could be defended at all. The reason for such a distinction between deep-test wells and other

wells is, as I understand it, that the risk is very much greater—perhaps I should not say the risk; the expense is very much greater. You have to get an investor to put in a lot more money. Therefore there is some reason for saying, "We want oil. This is going to be a very expensive proposition. You will have to put up half the money—and that money will be a lot. Therefore we will put up the other half." But with a very much less expensive operation I do not think there is the same justification for the dominion government's putting up half the money. That is what it amounts to, stripped of its camouflage—and perhaps I should not use that word; I shall say, stripped of its other aspects.

Mr. SMITH (Calgary West): The minister has enunciated a principle. A deep-test well is nothing more than a wild-cat. That is what it is. It is an effort to develop a new body of oil. Your first deep-test is going into the producing horizon, and going down to—well, I cannot remember those fancy names, but I believe it is called the Devonian, or something like that.

In other words, the principle is this—and it is a sound one—that the government has been prepared to assist those persons who are trying to develop new areas or new fields, whether they lie side by side or one above the other. That is what the expression "deep-test" means. That being the principle, I am utterly unable to understand the minister's position. Let us say that a deep-test will cost $300,000—and that is not unusual. I know the Imperial Oil company spent over a million dollars in one hole and they got nothing. So that when you get into this business you can very easily get rid of money, almost with the same facility that members of the House of Commons get rid of it when they are spending somebody else's money. The principle is the same.

It seems to me that the contribution should be made on the same basis, the whole purpose being to find new fields. Why make a distinction then, between an expensive process here, and an inexpensive one over there? I ask the minister to give that a little bit of consideration, because, remember, if we get a new oil field, the money the government has exempted from taxation—and you never had it, you know—will be returned to you at least a thousand times; and if they could have counted up farther than that when the Bible was written I would have used that expression, too.

Mr. ILSLEY: I do not know whether I am expected to reply. I may say that I am not enthusiastic about this legislation—and perhaps I am being too frank. I would be more enthusiastic if it had been more successful. I am willing to admit that private investors have put up a lot of money. I admit, too, that they have lost a lot of money. We, too, have put up and have lost a lot. As the hon. member says, we do not have it; but we certainly would have had it, had it not been for this provision.

Mr. SMITH (Calgary West): You would have killed it, if you had not done that.

Mr. ILSLEY: No, because the taxpayers to whom we gave these tax credits would otherwise have paid us a tax. They were all perfectly good.

Mr. SMITH (Calgary West): Not all of them; most of them would have been broke.

Mr. CASTLEDEN: How many wells in which the government undertook to pay half the cost turned out to be successful?

Mr. ILSLEY: I do not think one has been successful. There have been twelve or fourteen altogether.

Mr. CASTLEDEN: Can the minister tell us what it has cost the government?

Mr. ILSLEY: Yes, I can find that out. I knew it about a month ago.

Mr. COCKERAM: And the total number of feet drilled in those holes?

Mr. ILSLEY: I do not know that.

Mr. COCKERAM: It would just be a matter of multiplication.

Mr. ILSLEY: I shall get that.

Mr. SMITH (Calgary West): I could do it now.

Mr. HARKNESS: As the representative of the constituency in which Turner valley is situated, I should like to express the appreciation of the oil men to the minister for extending this fifty per cent drawback in the case of deep-test wells. I know that a considerable number of the companies which have been engaged in drilling operations in the Turner valley are now hoping to undertake exploratory oil operations in the plains area. One of the things which will restrict their operations or in some cases probably prevent them is the fact that they will not get the fifty per cent drawback in regard to wells they may drill in the plains area. As has been pointed out by the hon. member for Calgary West, Turner valley has now passed its peak and will be a declining source of oil from now on. As far as oil production in Canada is concerned, it is

absolutely essential that new fields be discovered. Therefore the necessity for exploratory work is greater now than it has been in the past. I should merely like to support what the hon. member for Calgary West has said, and I think the government would be making an extraordinarily good investment by extending this concession to wells drilled anywhere, whether they are deep or shallow wells. There is no doubt that if an oil field even approaching Turner valley in importance is discovered, the government will receive back a great deal more than they would have failed to collect because of this concession.

Resolution agreed to.

17. That the right of a corporation, association, syndicate or exploration partnership, formed for the purpose of exploring and drilling for oil, to deduct 26⅔ per centum of exploration and drilling expenses be extended to expenses incurred in 1946.

Resolution agreed to.

18. That the right of a corporation, association, syndicate or exploration partnership, formed for the purpose of exploring and drilling for natural gas, to deduct 30 per centum of exploration and drilling expenses be extended to expenses incurred in 1946.

Mr. SENN: I should like to say a word about the production of natural gas in certain areas of Ontario. It happens that there is a natural gas field in the district from which I come. The production of natural gas is an important industry in that particular part of the province. Natural gas has primarily two uses. First, it is used to heat and light houses and, second, it is used by certain industries where heat is needed or for processing of one kind or another. A great many people have gas stoves and other types of equipment in their homes, and these cannot be converted to the use of any other type of fuel. Millions of dollars have been expended in equipping those homes, and it is essential that these people continue to get natural gas in the days to come. The development of the field and the maintenance of the supply is contingent upon drilling operations. These are shallow wells; they are not like the wells we have been talking about in Turner valley. The people who are interested in the production of gas cannot understand why a forty per cent deduction is made in the case of oil wells and only twenty-five per cent deduction in the case of gas wells. The need for drilling has become greater as time has gone on, but it has actually dropped off to a certain extent. These companies do not want to spend all their revenue in the drilling of wells and they are anxious indeed that some further provision should be made. Why is it not possible at this time to allow a deduction of forty per cent for the drilling of natural gas wells as well as for oil wells? This is a most important industry in the section from which I come. Cities like Hamilton, Brantford, St. Catharines, Welland and so on use gas in large amounts for heating purposes in homes and for processing of different kinds of new material. Why is it not possible at this time to increase the deduction to forty per cent just the same as for oil wells?

[Mr. Harkness.]

Mr. ILSLEY: Because the depletion rate is twenty-five per cent in the case of natural gas; twenty-five per cent of forty is ten, and ten taken from forty leaves thirty. That is probably Greek the way I have stated it, but that is what is done. If the hon. gentleman wants me to do it, I shall get a statement to show just why that is done. It is in the form of a tax credit, but the tax credit is arranged on the basis of the expenditure being a deduction from income for income tax purposes. If you said that the expenditure was deductible from income for income tax and excess profits tax purposes, that would be one way of stating it, but you can state it in another way, in the form of tax credits. These tax credits are worked out in such a way as to be the equivalent of the rule or formula I have just enunciated.

Mr. SENN: I wish the minister would look over the matter once more and see if some adjustment cannot be made.

Mr. ILSLEY: No adjustment should be made because the two classes of company are being treated exactly the same. The expenditure is allowed as a deduction from income for taxation purposes on the assumption that none of the companies is in the excess profits tax class. If you have a company which is subject to the forty per cent corporation tax and you were to allow the expenditures as a deduction from income for income tax and excess profits tax purposes you would get exactly the result that you would get by applying this formula. The reason they vary is that there are varying depletion rates.

Mr. ADAMSON: I should like to revert to resolutions 17 and 19 which are germane to the point I wish to raise. Resolution 17 reads:

That the right of a corporation, association, syndicate or exploration partnership, formed for the purpose of exploring and drilling for oil, to deduct 26⅔ per centum of exploration and drilling expenses be extended to expenses incurred in 1946.

I understand that those provisions will apply to producing oil companies whose main business is the production and marketing of oil. I suggest that the 26⅔ per cent allowed for exploration is an extremely meagre amount

to be allowed. I am dealing now with oil and not with mining, about which I hope to speak to-morrow. Not only is it the hope of practically everyone in Canada; it is the hope of the major oil companies that perhaps we may discover an oil field of reasonable magnitude in western Canada. There is some possibility that there will be a Dome found, drilled or discovered. There has been no evidence that there is as yet a major oilfield in Canada. I hate to dash the hopes of this house and this committee, but that is the truth. Several of the major oilfields—Standard, Shell and several others—have been doing a great deal of drilling in the hope that there will be in the anticlinal synclinal formation an oilfield discovery. It is not my particular branch of development, but I happen to know a little about it. I know that as yet nothing has been discovered. There is a small field in the Turner valley, but there has been no real major development, and if there is to be a major development it will take probably hundreds of millions of dollars to develop the field, if there is a field there at all.

An oil well, unlike a mine in some respects, is a yes or no proposition. If you drill a deep well through the Devonian formation and through the palaezoic limestone series it will probably cost half a million to a million dollars. You have to dig it deep, and your casing alone and the steel for it will be a major item. Once you get into the oil-bearing strata you may hit brine or you may hit nothing at all, and then the whole thing is a complete and total loss. I suggest that to limit the deduction for expenses to 26⅔ per cent for this type of exploration is a scandalously low percentage for a production company. If we are going to develop an oilfield, which we may develop, and it is one of the things which we need the most, one of the things in which our Canadian economy is the weakest, it cannot be developed when a deduction of only 26⅔ per cent is allowed of the expenditure of drilling the wells irrespective of whether or not they are spudded in. It is a niggardly concession on the part of the government.

Mr. ILSLEY: The hon. member has said that it was scandalously meagre, niggardly, and so on, when we are permitting a write-off of 26⅔ per cent from capital expenditures against profits. Can he make a capital investment and write off that much out of his profits?

Mr. ADAMSON: I suggest that the minister look at the United States law, where 100 per cent is allowed for exploration purposes.

Mr. ILSLEY: Yes, where there is a 100 per cent tax. They are allowed that as a deduction from their profits for tax purposes.

Mr. ADAMSON: I realize the difference between ours and the United States system, but I think we should allow every dollar that is expended for exploration purposes irrespective of the percentage that it may be of profits or anything else, in the hope that some day we may discover an oilfield of major proportions in Canada, of sufficient proportions to compare with either the Oklahoma or the Texas field. But unless we are prepared to allow every dollar spent in drilling as a deduction from taxation we are not going to encourage the development of the oil industry in Canada. I suggest to the Minister of Finance in all seriousness that its development is going to take a lot more money than is perhaps in the minds of many of us at the present time. It is not a cheap thing to do. It takes millions of dollars to bring in an oilfield. One well does not make an oilfield, any more than one swallow makes a summer. Unless we are prepared to spend and to encourage people to spend major sums of money we are not going to develop; we are not even going to find out whether we have a major oil Dome which some of the oil companies think we have in western Canada. I suggest that we let this resolution stand, Mr. Chairman, until to-morrow morning.

The CHAIRMAN: Resolution 17 was carried some time ago, and the hon. member for York West was referring to resolution 17 by unanimous consent.

Mr. SENN: I should like to know what the minister has to say about natural gas.

Mr. ADAMSON: I suggest, Mr. Chairman, that resolutions 17, 18 and 19 stand.

Mr. ILSLEY: That is all right.

The CHAIRMAN: The record shows that resolution 17 is carried, but I take it that the committee is agreeable to its being reconsidered.

Mr. ILSLEY: Just for the sake of the record, Mr. Chairman, let us agree that resolution 17 may be discussed on resolution 19, or something like that. That carries the same percentage.

The CHAIRMAN: Then resolution 17 may be discussed on resolution 19, and resolution 18 is not carried.

Resolutions 18 and 19 stand.

Progress reported.

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

Friday, November 30, 1945.

The house met at eleven o'clock.

RAILWAYS AND CANALS

Second report of standing committee on railways, canals and telegraph lines.— Mr. Breithaupt.

LABOUR CONDITIONS

STRIKE AT FORD MOTOR PLANT, WINDSOR

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, in announcing on November 27 that a new formula had been agreed upon which I hoped would have the effect of settling the strike of the employees of the Ford Motor Company at Windsor I refrained from giving the details. I now wish to place on the record copy of the letter which was addressed to both parties and signed jointly by Hon. Charles Daley, Minister of Labour for Ontario, and myself.

The letter read as follows:

Ottawa, November 27, 1945

Mr. D. B. Greig,
Treasurer,
The Ford Motor Company of Canada, Limited,
Windsor, Ontario.

Mr. George Burt,
Regional Director, U.A.W-C.I.O,
Windsor, Ontario.

Gentlemen:

The strike of employees at the Windsor plants of the Ford Motor Company of Canada, Limited, has reached a stage where the welfare of a large number of citizens is in danger and all reconversion plans are being seriously retarded. The strike is now going into its seventy-sixth day and many and earnest attempts have been made to bring about a settlement.

The company has agreed to arbitration of all issues in dispute and we are aware that the arbitration principle is not repugnant to the union.

After very careful and exhaustive investigation we have concluded that the strike can be disposed of by the dominion government appointing an umpire and an arbitrator and through the compliance by the parties of the terms stated herein.

We call upon both parties in the interest of the many Canadian citizens concerned to settle this strike by putting this plan into effect at once.

The Minister of Labour shall appoint an "umpire of labour relations", to whom shall be referred by either of the parties, during the period pending the execution of a collective bargaining agreement, any alleged breach of the conditions of this plan or any injustice alleged by an employee with respect to conditions of his employment and the decision of such "umpire" shall be final and binding upon both parties.

[The Chairman.]

2. The Minister of Labour shall appoint an "arbitrator" from among the judges of the supreme court of Canada to whom may be referred by the parties any points remaining in dispute between them following a period of collective bargaining negotiations (not to exceed ten days or such longer period as the parties may mutually agree to) concerning a new collective agreement, and his decision upon the points in dispute with respect thereto and with respect to the wording in any particular of the agreement to be negotiated shall be final and binding save that all matters over which the regional war labour board for Ontario or the national war labour board has jurisdiction shall not be decided by said "arbitrator".

3. The company shall reopen its plants and recall the employees back to work as rapidly as practicable and without discrimination and in accordance with seniority principles. The union shall declare the strike at an end.

4. Upon compliance with this direction, collective bargaining is to be resumed forthwith, and such points, if any, upon which the parties cannot agree shall be referred to the "arbitrator" to be dealt with as indicated herein. In order to expedite negotiations and in order that the arbitrator may be familiar with the details of the matters at issue between the parties, he shall be present at collective bargaining meetings.

Yours faithfully,

(Sgd.) Humphrey Mitchell,
Minister of Labour,
Dominion Government.

(Sgd.) Charles Daley,
Minister of Labour,
Ontario Government.

I was informed by the Ford Motor Company yesterday that the executive of that company found the proposals acceptable. The letter I received, dated November 28 and signed by Mr. D. B. Greig, treasurer of the Ford Motor Company of Canada Limited, reads as follows:

Windsor, November 28, 1945.

The Honourable Humphrey Mitchell,
Minister of Labour, Dominion Government,
Parliament Buildings,
Ottawa, Ontario.

Dear Mr. Minister:

This letter will acknowledge receipt of the communication dated the 27th instant issued jointly by the Honourable Charles Daley, Minister of Labour, Ontario government, and yourself.

The company is prepared to carry out its part of the plan outlined in the abovementioned communication.

Yours very truly,

Ford Motor Company of Canada, Limited,
(Sgd.) D. B. Greig,
Treasurer.

I have no official word from the union in respect to the meeting of the workers held yesterday, nor have I any details other than those I am sure hon. members of the house have noted in the newspapers this morning.

UNEMPLOYMENT IN VANCOUVER—SHORTAGE OF SKILLED MEN IN INDUSTRY

On the orders of the day:

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, I should like to ask a question of the Minister of Labour, of which I have given notice. In view of the Department of Labour statement of November 24 showing the 8,000 excess of job seekers over jobs in Vancouver to be partly due to lack of skilled key men in certain industries, will the minister state in particular, (a) what steps his department is taking to overcome the shortage of skilled men in these industries, and (b) give a general statement on the mounting unemployment situation in Vancouver and the means available to him alone or in conjunction with his colleagues whereby the situation can be eased?

Mr. SPEAKER: Order. The hon. member is out of order. His question should be brief and to the point. In asking a question an hon. member is not supposed to give information to the house. He is asking for information from the minister.

Mr. MERRITT: On a point of order, I have asked my question, of which I have given the minister notice. Certainly this is an urgent matter, and he should give an answer to it.

Hon. HUMPHREY MITCHELL (Minister of Labour): I did not receive notice of the question until late this morning. I take the responsbility for it; I did not get to my office in the parliament buildings until eleven o'clock. If my hon. friend wishes, I could answer it verbally, but I think a question of that nature might better be put on the order paper. I believe, Mr. Speaker, that that is the position I must take.

Mr. MERRITT: Will the minister take this as a notice of question, and answer it tomorrow?

Mr. SPEAKER: The hon. member should put his question on the order paper.

SS. "QUEEN ELIZABETH"

STATEMENT AS TO FUTURE DOCKINGS

On the order for motions:

Hon. DOUGLAS ABBOTT (Minister of National Defence): Yesterday when I was unavoidably absent the senior member for Halifax (Mr. Isnor) asked if I would make a statement about the report that the *Queen Elizabeth* would no longer call at Halifax but would call at New York instead, and I am very glad to do so now.

This question first arose about three weeks ago, when the quartermaster general informed me he had been advised that the captain of the *Queen Elizabeth* was in doubt as to whether he would be prepared to bring the ship to Halifax during the winter months. She is an exceptional type of ship because of her great size, and apparently he feared that in a southeasterly gale, which I understand is rare in Halifax, there might be some danger if she were moored alongside the only pier available. I asked him to take up the matter with the captain and with the British shipping authorities, to endeavour to see if that view could not be changed. He did so. Further discussions have been had with the British ministry of war transport, but unfortunately the captain and the owners of the ship adhere to the view that they would not be willing to bring the *Queen Elizabeth* into Halifax during the winter months, for the reasons I have mentioned.

I may say that the opinions of our own officials of the ministry of transport do not entirely coincide with the views of the captain and owners of the ship; but, as the house knows, in matters of this kind the captain is master of the ship and is responsible for her safety, and in case of difference of opinion his view must prevail. So the Canadian government has not been able to do otherwise than accept that decision, and for the winter months the ship will call at New York and not at Halifax.

Mr. ISNOR: Then will the minister consider bringing Canadian troops home in ships other than the *Queen Elizabeth?*

Mr. SPEAKER: Order. The statement made by the minister is not debatable. If the hon. member wishes to ask a further question he should place it upon the order paper.

Mr. BROOKS: Is it not a fact that the port of Halifax has been used by the *Queen Elizabeth* all during the war years without any complaint?

Mr. ABBOTT: Yes, it has been used, but I believe not in winter time. The captain takes the view that a certain type of gale, a southeasterly gale, would involve some risk to his ship if it were moored alongside the only pier available for her. The officials of the Department of Transport do not agree with that view, but, as I said a moment ago, this is a British ship, the captain is a British captain, and she is chartered to the British ministry of war transport. Therefore in the final analysis their decision must govern.

Mr. LOCKHART: May I ask a supplementary question?

Mr. SPEAKER: I have refused the hon. member for Halifax permission to ask a question because the statement made by the minister is not debatable. It is the privilege of the hon. member to ask a question on the orders of the day or to place his question on the order paper.

Mr. LOCKHART: I wish to ask the Minister of National Defence a question arising out of his statement in connection with the troopship *Queen Elizabeth*. A rumour has reached me this morning that this change would affect the transportation of Canadian troops. I could not believe that that would be so, and I would ask the minister to assure the house that the same proportions of Canadian troops will continue to come home.

Mr. ABBOTT: There will be no change whatsoever in that regard. We shall have to handle them out of New York instead of Halifax, but they will be handled by Canadian personnel and on Canadian rolling stock. There will be no change in the number of troops brought back.

Mr. ISNOR: I wish to ask the Minister of National Defence whether there has been a change of master of the *Queen Elizabeth* during the past month.

Mr. ABBOTT: I am afraid I do not know.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 187 to incorporate The Catholic Episcopal Corporation of Whitehorse.—Mr. Black (Yukon).

Bill No. 188 for the relief of Harold James Chesterman.—Mr. Maybank.

Bill No. 189 for the relief of Emma Grace Kriticos.—Mr. Maybank.

Bill No. 190 for the relief of Donald John Northey Armstrong.—Mr. Hazen.

Bill No. 191 for the relief of Goldie Boltuck.—Mr. Croll.

Bill No. 192 for the relief of Irene Nelson Johnston.—Mr. Boucher.

Bill No. 193 for the relief of Justinien Joseph Damase Gerard St. Amant.—Mr. Hazen.

Bill No. 194 for the relief of Olive Pashley Mackie.—Mr. Emmerson.

On division.

[Mr. Abbott.]

DOMINION-PROVINCIAL CONFERENCE

STATEMENT OF COORDINATING COMMITTEE AT CONCLUSION OF MEETINGS

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as hon. members are aware, the coordinating committee of the dominion-provincial conference began a series of meetings on Monday morning of this week, and concluded the series last evening. The coordinating committee is composed of the premiers of the several provinces and the Prime Minister of the dominion. At the meetings, the premiers of the several provinces were accompanied by one or more of their ministers or advisers, while the dominion government was also represented by the Minister of Finance, the Minister of Munitions and Supply and the Minister of Justice, and at certain of the meetings by other members of the government.

At these several meetings questions related to the dominion proposals and proposals that have been submitted by some of the provinces were very fully discussed, together with questions arising out of those proposals as well as questions quite apart from anything specifically set forth in the proposals but dealing with matters relating to other aspects of dominion-provincial relations. The conference proceedings throughout, may I say, were characterized by the utmost harmony. As I said to the press at the end of the first meeting, the meeting itself was interesting and profitable. As the proceedings continued from day to day, I think I added the word "most" before the words "interesting" and "profitable." I would say I could not imagine a better series of meetings than those of the coordinating committee.

At the conclusion of the meeting a statement which was agreed to by all present was approved by the committee. It would, I think, be advisable to have this statement placed on *Hansard* as part of the records of parliament. The statement is as follows:

The coordinating committee of the dominion-provincial conference (1945) has completed a four day session in which there was a detailed and frank exchange of the views of all participating governments. While a number of issues were raised, the discussions were cooperative and constructive. It has been decided to establish immediately a dominion-provincial economic committee, the members of which will examine and report to their respective governments upon the economic factors affecting dominion and provincial proposals and relations. The economic committee will proceed forthwith and will hold its first formal meeting on Tuesday, December 4. The dominion and each of the provincial governments will have three members. The chairman of the economic com-

mittee will be the senior dominion member. The secretary of the coordinating committee, Mr. Alex Skelton, will also be secretary of the economic committee. The coordinating committee will meet again on January 28 to continue its deliberations.

UNEMPLOYMENT INSURANCE

VACANCIES ON COMMISSION—EMPLOYEES' REPRESENTATIVE

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, yesterday I asked a question which the acting leader of the house promised to bring to the attention of certain members of the treasury board who are also members of the ministry. Has he done that?

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I believe I have the answer the hon. member wishes. The minister, who has been detained on account of urgent government business, handed me this answer before I came to the house.

The hon. member for Rosetown-Biggar asked yesterday morning whether treasury board has at any time refused to pay the salary of Mr. R. J. Tallon, the employees' representative on the unemployment insurance commission. Mr. Tallon was appointed by the governor in council for a term of five years. This term of office expired on September 25, 1945. This matter is now under consideration.

Mr. MacINNIS: In view of the answer given by the parliamentary assistant, and the answer given yesterday to my question by the Minister of Labour (Mr. Mitchell), it is apparent that there is no unemployment insurance commission now, according to the act. How is the act administered?

Mr. COLDWELL: What is the answer?

Mr. MITCHELL: I have nothing to add to what I said very clearly yesterday.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRANSPORT

349. Departmental administration, $434,101.

Mr. DECHENE: Mr. Chairman, I would ask the privilege of the floor for a short time in order to bring to the attention of this committee of the House of Commons a matter which is of great importance to a large number of people in the northern part of Saskatchewan, Alberta and British Columbia. This, may I assure the committee, is not simply a matter of local interest, nor has it anything to do with any political party or political agitation. In order to bring out this matter in detail I shall have to speak longer than I should have liked to at this stage, but I hope that hon. members will bear in mind the fact that during this session I have been very sparing with their time and have at no time delayed the proceedings of the house. This is not a new matter, and it does not constitute a new programme. In order that I may be strictly in order I would instruct the Clerk to withdraw from the order paper resolution No. 8 standing in my name.

At times during the last few years I have placed the details of this programme on the record. During the years of prosperity in western Canada, the period from 1926 to 1929, plans were entered into by the two large railroad companies whereby transportation facilities would be provided for the northern parts of Alberta and Saskatchewan and eventually into British Columbia. This would have provided another outlet to the western ocean. In order to save time I shall not go into the full details of these undertakings, nor shall I recite all the possibilities of the country to be served and the advisability of the Canadian National and the government, working in conjunction with the Canadian Pacific, putting through this undertaking. I know that in the past, hon. members have heard reference made to railway lines in western Canada which parallel one another. Reference has been made to railway construction which involved the expenditure of public money but which has not proved to be a paying proposition for the taxpayers of this country. The lines I am going to speak about would not parallel any other lines. They would serve one of the finest and most productive sections of this country, as well as other large areas of Alberta, Saskatchewan and British Columbia.

Because of the undertakings that were entered into at that time, not hundreds but thousands of new settlers poured into the northern parts of Saskatchewan, Alberta and British Columbia. They went in there because they believed that contracts had been entered into for the construction of the lines mentioned in the resolution I placed on the order paper and to which I have already referred. If at this late stage in the session I seem to be delaying the proceedings at all, let me repeat that I do so because I realize that it is my duty toward these people as well as to Canada as a whole. This programme would help to increase the production and the prosperity of that great country. Besides farming, lumber-

ing, fishing and mining, there are many other possibilities of development which would be brought about by the provision of transportation to the far north.

One of these lines would extend from Prince Albert to the north country to join at Lac La Biche with the North Alberta railway running to Fort McMurray. This line would run through the treasure-trove of our north country. It would join farther west at a point on the Slave river, or perhaps north of Slave lake—I do not know just where—with the other branches of the Canadian National and Canadian Pacific into the Peace River country.

In 1927 and 1928 and 1929 an important part of this programme was started. I am sorry if I have to burden hon. members by mentioning places which may seem strange and foreign to them. However, I assure them that this is not a local matter; it is something that is of vast importance to thousands of people and to hundreds of square miles of country. At a point named Ashmont the line coming in from Edmonton branches off in a north easterly direction. The construction of this line to the St. Paul district, where I live, would carry it down to what is known as the Cold lake country. It could then continue through Saskatchewan and down to St. Walburg.

An agreement was made at that time between the two railway companies—I know this is history—that the C.P.R. would construct a line from Prince Albert to and through Meadow Lake down to a point south of the Beaver river on the Canadian National, and then from that point on to Beaver Crossing they would have running rights over the Canadian National for a distance of fifty-five miles. Then both railways were to build north of the Beaver river in a northerly direction through the country I have just mentioned to the Lac La Biche region, Athabaska and the Peace River district.

I am sorry the hon. member for Lake Centre (Mr. Diefenbaker) has just left the chamber. Yesterday, and many times previously, I have heard him plead for more public works in order to provide employment. He has suggested a programme of public works in order to carry us through the period of transition when our factories are transferring from war work to peace time activities. If he is afraid of unemployment I can show him a spectacle which I believe will prevent him from ever again referring to a matter of this kind in the future. I would direct his attention to the record of the party to which he belongs from 1930 to 1935.

[Mr. Dechene.]

Except on rare occasions, and more recently only by way of banter, I have never advanced partisan points of view in this house. I am getting too old for that kind of thing. The needs of our country and the needs of our young people are too great and too important. These things are too great for us to meddle with them or to lose time in discussing partisan matters. A contract had been given for the construction of this line. I should like the Minister of Transport to pay close attention to what I am saying. As I say, this line was to go from Edmonton to my part of the country, Bonnyville and district of St. Walburg in Saskatchewan, and then down through North Battleford and then into Saskatoon. But the work was abandoned. I can tell hon. members that no greater tragedy ever occurred. My hon. friend (Mr. Diefenbaker) sometimes becomes very eloquent when he speaks in this house. I do not blame him for trying to show up the failures of this government. However, from 1930 to 1935 I happened to be a member of the legislature of Alberta. I represented the part of the country which was to be served by that railroad. The Beaver river is not a large stream, but it extends a long way. It is the first river north of Edmonton and Prince Albert and takes its source south of Lac La Biche, which forms part of the northern watershed rather than the Atlantic watershed. The waters of the Beaver river flow into Hudson bay. The construction of a trestle bridge over the Beaver river beyond Bonnyville was started over fourteen years ago, and it was the finest piece of work I have ever seen. The engineer in charge told me that this was only the second time that this method of trestle building had been tried in Canada, and it was used because it gave a stronger, more efficient trestle. It was a very fine piece of work and cost a lot of money. Three cement piers were constructed over the water to enable the trestle to cross the river. A bridge across the river at that point would have saved the farmers a long journey around, as much as fifty or sixty miles, in marketing their produce. All that remained to be done to complete the bridge in 1932 was the construction of a relatively short span of steel, but under the regime of the Conservative government this work was actually stopped. The trestle stands there to-day, unused, useless, extending out thousands of feet, still holding out a hand of despair as tragic as the hon. member for Lake Centre holds out to this house when he talks of the failings of this government. The farmers of that north country have to travel all the way around the hills on the north side and

then across on the other side to market their produce. It is a lamentable situation, an example of the sort of thing that we shall never see again in this country, all caused through a lack of understanding of the needs of the people. I will say something that might sound a little mean. Let us hope that it was the last act of the last Tory government that we shall ever see in this country.

So the trestle stands there to-day uncompleted. Not only was the work stopped at a time when thousands of men were idle and living in despair, walking the streets and lanes and highways and by-ways of western Canada as elsewhere in this country, but the contractor was paid some thousands of dollars to withdraw from the contract he had signed with the Canadian National Railways. The Canadian National Railways or the government of this country actually paid him to cancel the contract and stop the work. To-day you have this situation in the ridings of my hon. friends, from The Battlefords and North Battleford. Some fifty or sixty miles of first-class graded roadbed, built at a cost of from $13,000 to $15,000 a mile, have absolutely gone to ruin. Some of it is used by the local farmers as roadways; other parts have been washed right out. A large sum of money has been lost, and the settlers in that country are hauling their produce from fifty to sixty miles to market. This is one of the works that we are asking the Canadian National Railways to resume at the earliest possible moment.

I have seen with my own eyes the settlers who are now in that country drive in there from the so-called dust bowl in southern Saskatchewan, some of which unfortunately we have also in Alberta. They left that dust bowl, not because they did not have the courage to stick it out, but because nature went back on them. Year after year they saw the drought ruining their farms and blowing them into dust. After watching that ruin go on year after year they finally had to leave that drought area in which they had settled, abandon the farms they had developed and the homes they had built, and drive hundreds of miles to more suitable land elsewhere. I can yet see the wagons of those settlers, the old broken-down rigs, containing a few household effects, travelling along mile after mile up to that north country where land was still available—not the best, some of it, it is true, but where at least it rained once in a while. As this is probably the last time that I shall have the opportunity to address the house during the present session I should like to mention how the women struck me as they travelled with their men to their new homes in the north. The man of the family looked broken-hearted. He had seen his life work ruined through no fault of his own, but because the sun of southern Saskatchewan insisted on shining the year round. But the woman still sat straight in the old wagon drawn by horses so lean and weak that it could travel only a few miles a day. The woman had the vision before her of a new home in northern Saskatchewan or northern Alberta and was ready to start all over again. It is up to us to see that they are given that chance after making such a tremendous sacrifice. They had a hard time. Don't I know it! They have opened up that bush country only with the greatest of difficulty, and now they are producing surprising crops, but still have to haul their produce a long distance.

The other day when the hon. member for Cariboo, speaking in the debate on the address, asked for a western outlet for the people of that country, I had a good mind to stand up and say that his programme, which was quite just, formed a part of our own. The construction of this work in the northern parts of the western provinces from Prince Albert in the province of Saskatchewan to the Cold Lake region in the province of Alberta, and in the area north of the Beaver river to Lac La Biche, would provide a new great artery of transportation in the western provinces. It is in one of the most productive areas in western Canada, where, entirely apart from agriculture, every possible resource is available. It would guarantee a western outlet and be of much assistance in developing this great new country of which I have so often spoken.

When I was a member of the legislature of Alberta in 1932 we saw with the greatest of alarm that the federal government of that day and the Canadian National Railways had lost their vision of the past and had decided not to help in curing unemployment but rather to make it worse by stopping all public works. Accordingly I moved, seconded by Mr. Falconer, the following resolution:

> That this assembly regrets the decision of the dominion government not to proceed with the construction of the extension of the Bonnyville-St. Walburg and the Heinsburg-Frenchmen's Butte gaps of the Canadian National Railway lines from Edmonton to St. Walburg and Edmonton to Turtleford
>
> That under existing conditions the farmers of all that great district north and east of Edmonton have no direct access to eastern markets and are compelled to pay a back-haul on all the products shipped out and on merchandise imported into that district;
>
> That a large number of settlers induced to settle in the districts to be served by the proposed lines will find themselves in a precarious position, and a large percentage of them, in need of relief;

That we respectfully urge the dominion government to reconsider the matter and to proceed with the construction of the said lines during the coming season.

The journals go on:

The debate continued.
The motion being proposed, Mr. Speaker declared the motion carried unanimously.

But, Mr. Chairman, nothing was done. In 1935, when it was evident that the worst of the depression was over and that it was time this country woke up to the fact that we were not done in this young country, I again moved a resolution in the Alberta legislature along the same lines, which will be found at page 137 of the journals of the assembly of 1935. It was the same motion except that I recited this, referring to the motion of 1932:

Whereas the dominion government and the Canadian National Railways did not deem it expedient to accede to the wishes of this assembly and nothing whatsoever was done to relieve the situation,
And whereas the situation complained of in the year 1932 has since been greatly aggravated by the large influx of settlers in the territory tributary to the proposed railway extensions—

I recite that to show that we have been active all along; we have not desisted from these requests. Also let me point out that there was no politics in this, no difference between Liberal, Conservative, C.C.F. or Social Credit; it was a question of railway communication in that great country to the northeast of Edmonton and the northwest of Prince Albert. I repeat, to drive it home, that there are immense possibilities in that area. No railway executive can tell us that this will not be a paying line. I happen to know. When I went to the committee in Edmonton, to the house, and later to the C.N.R., with petitions for the construction of that line, we produced figures which showed that the portion of the road from Edmonton northerly to Bonnyville, coming down on the Beaver river and through the town of St. Paul to Heinsburg, contained some of the best paying branch lines on the C.N.R. In 1944 Alberta led the whole dominion, even the province of Ontario, in the production of bacon hogs for export, and our district stood second in the whole province of Alberta.

I shall only briefly refer to the other part of this programme. I know that this is one of the most difficult of the proposed enterprises, but I cannot help feeling that the Canadian National Railway will repair the errors of the past by constructing a line from St. Walburg into Cold Lake, and, with the Canadian Pacific Railway, will carry on the great programme for the opening up of a part of the western provinces where there is rain, where there are immense fisheries, where there is timber, an area which is at the head of the great waters of the north on a direct connecting link with the vast hinterland of the northwest territories clean up to Great Bear lake and Aklavik. As to this other one, I am told by some people—whether or not they are well informed—that it is not reported upon favourably by the engineers of the Canadian National Railways. I refer to the gap between that place in Alberta called Heinsburg and Frenchman's Butte, in Saskatchewan. There again, in 1931, or 1932, with the kind of government and the sort of policy which obtained in those days, this whole thing was stopped. The surveys were all made, but they would not push through the necessary thirty-nine miles, which was all that was needed.

I want to remind hon. members that there is not one straight railway line in the western provinces north of the Saskatchewan river between Manitoba and the eastern market and the province of Alberta and the western market. If you look at the map you will see half a dozen lines stretching out from Edmonton, like the legs of a spider, in every direction. If you want to visit Athabaska and campaign there you have to go 150 miles away and back to Edmonton, then 100 miles out and back to Edmonton, then 150 miles out and back to Edmonton, then 150 miles in another direction and back to Edmonton. There is no connecting link, there is no through line in one of the finest productive countries in western Canada. If we were asking for a branch line to serve the people along this forty miles of gap I might hesitate, because I would be told that there is not sufficient production in that particular area to warrant an expenditure of roughly $1,800,000. But that is not the situation. Surely the directorate and the engineers of the railway know that our farmers, right from the end of that line to twenty miles from Edmonton, are handicapped every day in the year on every hog shipped, every beef exported, every bushel of grain they carry out; that they are paying tribute to someone for the back haul from Winnipeg to Edmonton and 200 miles into that country, where thirty-nine or forty miles of construction would greatly reduce costs, and the local production together with passenger traffic would take care of the additional expenditure. I wish the minister to take note of this; there is not a word of criticism in it. I am the voice, as I know other hon. members are whose ridings have been served by these lines will be the voice, of their people, in asking for some-

thing reasonable and fair, and saying that construction should never have been stopped, no matter what conditions obtained in this country in 1931 and 1932.

Mr. DIEFENBAKER: Did it go on after 1935?

Mr. DECHENE: My hon. friend has spoken to us for seventeen hours, I think, during this session. I have sat here patiently listening to him viewing with alarm, shaking his finger in apprehension, and causing me sometimes to shift uneasily in my place because of the descriptions he gave of the terrible things this government was doing. They were hiding behind orders in council, there were government employees sneaking around the back yards, and so on. I have not said anything. I took it all in. Sometimes I felt pretty badly and there were many things I could have asked him. But I held myself down. I hope he will do the same thing. I am not asking too much, am I?

After this little interlude I will resume what I was saying. For some months we have been asking for a better service on that line from Edmonton into our country, and we have got it now. Of course we knew of the shortage of materials and men; and when the war was over, a few weeks ago the Canadian National Railways—I will pay them this compliment—took note of the situation, and now we have a daily service on this line, both to the town of St. Paul and to Bonnyville, where I live. But in the meantime truck transportation was resumed in that country. I say this to the minister and to the Canadian National railways; if you do not build this thirty-nine or forty miles of gap the Canadian National is going to lose from 50 to 60 per cent of all the business in that country as soon as a first-class highway is built between Frenchman's Butte and St. Paul. The trucks are willing and ready to operate in there. When I pressed some two years ago for a better service on the twenty-five mile line beyond Bonnyville to that monument to Tory efficiency on the Beaver river, an official told me, "No traffic originates in that country." They had one train a week, and he told me the number of passengers and the amount of freight which was carried by that single train. But as farmers know, when your hogs are ready for market they have to go to the market; you cannot wait a week, or you will lose possibly one or two grades, or two or three dollars a head; you have got to market them at once. Therefore the farmers cattle and grain are moving by truck down to railhead at Bonnyville. I said, "If you did not operate the line at all you would get no traffic, would you?" He said, "No, of course not." I venture to say that if that railway were built at a cost of $1,800,000 which is the last estimate I saw some years ago—it may cost a little more now—it would prove to be a paying proposition from the day it was finished. because the through traffic would increase by leaps and bounds.

Right now, Mr. Chairman, I am told that some farmers near the town of St. Paul at times have to take their hogs across the Saskatchewan river and go twenty miles away or so in order to market on the C.P.R. line south of the river, and that costs them an additional amount of money. We are losing business because of that little gap. and we should construct a line to bridge it. I apologize to the members of the committee for holding up the business. I know that we are anxious to come to the end of the session and to attend to our own business, those who still have some. But this is important. I hold in my hand petitions signed by hundreds and possibly thousands of people all over that country. I am sure that the minister has received those as well, as have the members for The Battlefords and North Battleford. These people are all seeking for consideration toward closing the two gaps. I now leave the matter with the committee.

May I make one more remark. I had hoped to have time to speak of the necessity of railway development in order to ensure the development of the great far north. When you travel from St. Walburg and get to the vicinity of Cold lake you are only about sixty miles away from the Precambrian shield. There is a large lake north of Cold lake called the Primrose, which produces a lot of fish. Then there are lakes called the Buffalo lakes, which are just a few miles beyond. The waters of those lakes flow into Hudson bay. Precambrian belt comes right down to within a hundred miles of my own town, and from beyond there to the boundary of the Yukon there exists wealth in such proportions that if we could and would develop it as quickly as possible, and if we used the Canadian National and Canadian Pacific jointly owned railway to McMurray to interest them in the development of the tar sands, if we could use the courage and initiative of our young men coming back from the battlefields, men who have shown tremendous courage and initiative, to tackle that north country, many of our difficulties would be over. Do not worry about them; they are willing to go there. It is another challenge, another battle for them to win. It is the battle of peace, the battle of advancement.

I have been greatly interested in listening to the hon. member for Davenport (Mr. MacNicol) speak about that north country. I remember one time when I was a boy, over forty years ago, going down the Athabaska river. When we came back we did not come in a plane as the hon. gentleman does; we had to pull our boat up and down the river with and against the current. Therefore I know that country. As a young man in western Canada I was convinced of its possibilities.

We have our young airmen who fearlessly ascended into the sky against the enemy. They and the men of our navy and army are coming back by the hundreds from the battle of Europe and the battle of every other continent. They are waiting to go up there. Let us have courage, then; let us build this means of communication and give them a chance. Because if we do so—this may look like a foolish statement, but it is not—we shall find that there is enough wealth dormant in that country at the backdoor of Edmonton to which the riding of Athabaska is the gateway, mineral and every other conceivable resource, to enable the Minister of Finance to close his books ten years from now and cease worrying about where we are to get the money.

Mr. HANSELL: I rise to a point of order, Mr. Chairman, if I may. The point of order concerns the entire house and I was going to raise it before the hon. member for Athabaska began his speech. I did not do so because I wanted him to go ahead with his speech. I congratulate him upon it. It has been forceful and virile. When he started he asked for permission to withdraw a motion that was already on the order paper in his name. I have no objection to the withdrawal of it, but I believe that has been done on three occasions. Standing order 53 reads:

A member who has made a motion may withdraw the same by leave of the house, such leave being granted without any negative voice.

Then paragraph 2 of citation 454 reads:

A resolution having been moved is in possession of the house, and it is for the house to decide whether it will permit the whole or any part of it to be withdrawn.

Mr. LALONDE: The house decided that it would be withdrawn.

Mr. HANSELL: No.

Mr. COLDWELL: When was the resolution moved?

Mr. LALONDE: The Speaker read it.

The CHAIRMAN: Order.

[Mr. Dechene.]

Mr. HANSELL: I have no objection to the withdrawal of the motion, and I have not objected; but the house was not asked to decide on the two previous occasions, and this is the third time.

Mr. LALONDE: On a point of order—

Mr. JOHNSTON: The hon. member for Macleod is speaking to a point of order.

The CHAIRMAN: There is no point of order on a point of order.

Mr. HANSELL: I am not through with my point of order. What I would suggest, Mr. Chairman, is that if the hon. member desires his motion to be withdrawn, unanimous consent be given. That is all I ask. I think that is only right, because when a motion appears on the order paper it is my motion as well as everybody else's.

The CHAIRMAN: Order. I thank the hon. member for Macleod for bringing this matter to the attention of the committee. I should, however, point out that the resolution has not been moved, and neither the house nor the committee is seized of it. The paragraph in citation 454 which the hon. member for Macleod read is as follows:

A resolution having been moved is in possession of the house—

This resolution has not been moved; therefore it is not in possession of the house and the hon. member can withdraw it at any time without the consent of the house.

Mr. BOUCHER: I do not wish to delay the committee unduly, but I think that we as members of the committee owe it to the personnel and employees of our various railway systems to express our appreciation of the diligent and patriotic services they have given our country, the commonwealth and the particular cause we have fought for in the past five years. The transportation and railway systems of Canada were really the nerve centre of our war effort in the transporting of men and materials from place to place. If we reflect we shall realize that we have passed through a very critical period without any serious labour disturbances among our railway employees, without any difficulty having arisen in our country in regard to our railway systems beyond those which war may have brought about. The railway employees have worked under difficult conditions and have given excellent transportation service with inferior rolling stock and impaired or deteriorating roadbeds. They have undertaken their task under our policy of stabilized wage control, and they have done a noble deed for our country.

I believe the hon. member for Lanark will join with me in saying that in his county, as well as in mine, we have a great number of railway employees, to whom we all personally owe a very great debt of appreciation and thanks. I believe that under the estimates of the transport department it is only proper that as a member of this house I should go on record as expressing our appreciation for the good work they have done.

Mr. COCKERAM: Will the minister not make a statement?

Mr. CHEVRIER: I will make statements as we go along.

Mr. CAMPBELL: First I wish to commend the hon. member for Athabaska for the eloquent plea he made in behalf of the people of his part of the country, and I wish to support him in that plea. I do not think anyone in this house fully realizes the hardships people undergo when they have to haul their products long distances to town. I left the city of Montreal when I was fourteen or fifteen years old and for the first year I was sixty-five miles from a town, so I realize the difficulties and hardships people have to endure in hauling goods such long distances. I think the railways have a duty to perform. A few days ago I heard someone on this side of the house say that what we were afraid of in future was that the Canadian National would have huge deficits as it had in the past. I should like to say something about one reason for those deficits. I have seen trainload after trainload of grain, actual wealth produced on the prairies, going east; and I have seen those same trains coming back empty. That is not a good condition, when we have loaded trains going one way and empty trains going the other way. We want two-way traffic. In order to have it we must see that we produce wealth in this country, and then we will not need to worry about our railways having deficits.

Here we have an instance, as the hon. member for Athabaska says, of a railway built from both ends and then a gap left of thirty-eight miles. It seems to me when a railway begins a project like that, the railway should be compelled to close the gap. It is the duty of a railway to complete any project it starts. In that same district there is another situation I should like to mention, and this applies pretty well all through the west. The Canadian National built its main line, and then this government or its predecessors allowed the Canadian Pacific to come in and run branch lines all through, taking away the traffic the Canadian National should have. That is something for which previous governments must answer.

I had intended to speak at some length on the completion of this gap, but the hon. member for Athabaska has dealt with the situation so well that I need not take very much time. I want to say, however, that these people feel they have been discriminated against. They believe they have a right to have that railway completed. If they had good roads up there it would not be so bad, but they do not have good roads. They cannot do much of this long-distance hauling by truck, and therefore they are in desperate need of this railway line. The hon. member for Athabaska stated that if this gap was not completed, highways would have to be built so that trucks could carry the freight. But I do not think that should be necessary. That road should be completed during the coming summer. It is only a matter of thirty-eight miles, so it will not cost a great deal of money. The cost of a battleship or two, as someone said a few days ago, would not make very much difference one way or the other, but these people feel they have been discriminated against and that now the war is over the government should get busy and see that this gap is completed.

Mr. FAIR: I want to endorse the impassioned plea made by the hon. member for Athabaska, and to assure him and the committee that he need not apologize for taking time to present his case. The language he has used in describing the hardships of these people in the north country is not new to me, because for the greater part of the time I have been in the west, more than thirty years, I also had to do without the services of a railway, and I do not think he has put the case nearly as strongly as it deserves to be put. If the few words I am about to say will strengthen the plea he has made, I do not think there is any need for me to apologize for taking up the time of the committee for a few minutes. It is only in the interests of Canada and of the Canadian National that the project mentioned by the hon. member should be completed in the very near future. It is the desire of the government to create jobs, and this is a good way in which jobs can be created, while at the same time it will be in the interests of the Canadian people as a whole.

Perhaps at the same time I should put in a word for the completion of another line, the Unwin-westerly line, which just prior to the depression was completed by the Canadian Pacific as far as my shipping point, and there it remains to-day. As in the case of the lines going from Edmonton in different directions, when the traffic comes to Paradise Valley it

has to go back again and start afresh at Lloydminster. I should like to see that company extend its line from Paradise Valley also.

Mr. CHEVRIER: The question which has been raised by the last three hon. members is very broad, in that it has to do with the relocation or the construction of lines all across this country. The one naturally involves the other, because the Department of Transport and the Canadian National Railways have been receiving representations from various communities across the country in connection with branch lines which should be extended or proceeded with. That brings me to a point raised by the hon. member for The Battlefords, namely that the railways should not worry in future about having deficits. That is one thing which I believe must be taken into serious consideration when we decide upon the construction of branch lines. I believe it was the hon. member for Saint John-Albert who the other evening pointed to the fact—and rightly so—that the operating expenses of the Canadian National Railways had gone up considerably in the last year, and he went into some detail in discussing what those expenses were. He said the Canadian National should be extremely cautious in the next few years to make sure that the over-all surplus it has at present is continued. I make that statement not desiring in any way to criticize what has been said to-day, but to point out to the committee that this is a matter which certainly must be taken into consideration when discussing new or abandoned lines of railway.

In reference to the gaps which have been mentioned, namely that between Heinsburg, Alberta, and Frenchman's Butte, Saskatchewan, on the one hand and between Beaver River, Alberta, and St. Walburg, Saskatchewan, on the other, I can say that many representations have been made to the Canadian National Railways and to me urging the completion of these gaps. I have received and read a large number of petitions. Many of them have been brought to me by the hon. member for Athabaska, and I know he has taken a keen interest in these two projects, as have other hon. members. My own view is that the gap between Beaver River and St. Walburg is one which deserves serious consideration. So far as the other one is concerned, I can make no statement on it. It is not a fact that it has been reported upon unfavourably by the Canadian National Railways. All I can say in this connection is that it goes through a certain number of Indian reserves where little traffic is anticipated. I should make this additional statement, that the Canadian National Railways have set up a committee to consider and to review those two lines. They are making surveys, and those surveys are not yet completed. I understand it will be some time before they are completed, and until they have been, I can make no final statement.

Mr. FRASER: Earlier this morning I had occasion to go to the Canadian National Railways ticket office here in Ottawa. I was dumfounded to see pieces of paint hanging from the ceiling—not one, but a dozen of them, and all of a large size. While I was in there particles of paint or dirt were dropping from the ceiling. Surely the railway company should not allow that condition to continue. I may say that I looked at the ceiling only once, because I was afraid of getting an eyeful. The workers in the office are working overtime, and I do not think it is fair to them to have this condition continuing year after year. They should not have to work in such dirty surroundings.

Is it the intention of the department to have the Trent canal finished some time in the near future? Plans have been prepared, I understand, for two locks, and I believe everything is in shape in the minister's office so that the work can proceed. The locks on the Severn river end of the canal should be completed as soon as possible. Now that the war is over the Trent canal will be used by American tourists. Their pleasure boats will come in there; and as the tourist business is one of the greatest we have, we should give it all possible encouragement. If locks were in place rather than the marine railway which now exists, the business on that canal would increase a hundredfold. Small boats numbering two or three thousand passed through the Severn end of the canal in July and August of each year before the war. I hope the minister will see that that section of the canal is completed. During the war years very few motor boats or boats of any other kind, have passed through the canal, owing to the lack of gasoline and also the fact that in many cases the operators of those craft have been away fighting for their country. A condition has developed which, I believe, would not have arisen had those boats been running. In certain lakes weeds have grown up to such an extent that motor boats, even outboard motors, cannot get through. In this respect Rice lake is very bad so far as the landings are concerned. I have my cottage on Stoney lake and, while the condition does not affect me at all, I do know that down at Clark's bay, at the end of concession two, there is a

landing which is used by more than a hundred cottages. During the last few years the water out from the landing has grown up so badly with weeds that outboard motors and other small craft have found it difficult to get in during the summer months. I went to the minister's department about the matter and was told that they would not clean out the weeds. I suggest that they should be cleaned out, because it is in the interests of Canada to get all the American money we can get. I hope the minister will look into these matters and see what can be done.

Mr. CHEVRIER: The hon. member has raised three points. He spoke first about the condition of the ceiling in the city ticket office of the Canadian National Railways. I do not know what the position is with respect to that building, whether it is leased or not. If it is a leased building, it would not be the obligation of the railways to do that work. I shall bring the matter to the attention of my officials.

Mr. FRASER: Even if it is leased I hope the minister will see that it is cleaned up.

Mr. CHEVRIER: With reference to the Trent canal, I notice that in the estimates, under the heading of canal improvements, there is an item of $48,000 for the Trent canal.

Mr. FRASER: That is for maintenance, is it not?

Mr. CHEVRIER: Well, it is to provide for work at Buckhorn and Fenelon Falls, to restore concrete and canal structures, and to rebuild and repair piers and sills. But so far as the two new locks are concerned, I shall have to ask the superintendent of canals for a statement. I shall be glad to pass along to the hon. member any information I get.

I shall bring to the attention of my officials the matter of cleaning the weeds out so that small motor craft can get through.

Mr. ROSE: As some hon. members have spoken about railway lines, perhaps I might be permitted to say a few words about the merchant marine. I hold in my hand a pamphlet issued by the Minister of Transport in 1945, and in it the minister says:

> No body of men has contributed more to the prosecution of the war effort than those gallant seamen who man the ships of the allied merchant navies, and to which Canada's contribution in ships and men has grown from small beginnings to now play a substantial role.

Farther on he says:

> Great strides have been taken to build up the man-power for a powerful Canadian merchant marine.

That is all very well, but will these men be used to build up a powerful merchant marine? Will they have jobs? Will they have a merchant marine to man? Is Canada to have a merchant marine? I submit the time has arrived for a clear statement of policy from the government regarding this matter.

A few weeks ago the Canadian seamen's union issued a statement to the press in which it pointed out that in its campaign for a Canadian merchant marine of three hundred ships it has received support from the city and town councils of Quebec City, Montreal, Verdun, Chatham, Ontario; Strathroy, Ontario; Preston, Ontario; Winnipeg and Transcona, Manitoba; Lethbridge, Alberta, Prince Rupert, and Kamloops. A government controlled merchant navy is favoured by city and town councils throughout the country and other organizations who believe that Canada's prosperity is linked up with a merchant marine. This same press statement quotes the Minister of Transport as having said:

> I think we are going to have a permanent merchant marine. I don't know if we shall have three hundred ships, but I think we shall have something along that line.

Mr. CHEVRIER: I will tell the hon. gentleman right now that I made no such statement.

Mr. ROSE: That is quoted from the press of August 30, but whether or not the minister made that statement to the press is of no importance to us. We here in the House of Commons believe that we should have a statement regarding government policy.

Mr. DIEFENBAKER: Mr. Chairman, I did not have an opportunity to speak when the question of continuation of the railway line from Prince Albert through Meadow Lake and on to Lac La Biche was under discussion. I come from the city of Prince Albert, and I want to say that that plan has the support of all the boards of trade in northern and central Saskatchewan. The work should be completed. There are reasons why it was stopped in 1933, but I am not going to enter into any controversy in that regard with the hon. member for Athabaska. Between 1935 and 1939 nothing was done. If the Hudson Bay railway is to be made the instrument it should be in the development of western Canada and Canada in general, this line should be completed, not only for the benefit of the pioneers who settled in those areas believing they would be served by this railway, but also in the interests of better transportation facilities for Saskatchewan and Alberta.

I rose, however, to bring up a matter under the heading of departmental administration,

namely, the salaries paid to employees of the Department of Transport. Recently, because of the interest taken by the hon. member for Lanark in this matter, information was brought down to the house which showed that of the 130,000 odd employees in the civil service, both permanent and temporary, some 6,000 received what are known as war duties supplements. The other day the hon. member for Victoria, B.C., endeavoured to explain the circumstances under which these supplements were granted. He told us that they had not been granted to all employees of the government who had given themselves so devotedly to the service of this country during the period of the war. The explanation given by the hon. member did not satisfy me, and I think I can speak for many other hon. members and say that it did not satisfy them. It was not a sufficient explanation as to why certain individuals had been picked out while others equally deserving had not been given a war duties supplement.

I should like to get from the minister this information: How many permanent and temporary employees in his department received war duties supplements? My information is that in certain cases a simple expedient was followed in order to raise salaries which had been frozen, that of reclassifying or seconding employees to other departments or to other types of work within the same department. How many were seconded and how many reclassifications were made in his department? I should like to have a statement as to the basis upon which the decisions were made as to who should be entitled thereto.

In his explanation the other day, the hon. member for Victoria, B.C., stated that in making these grants there was no question of departure on the part of the government from its stabilization policy with respect to wages. Once it had been decided that war duties supplements were to be made to those who gave unusual and unstinting service to the war effort, they should have been given much more generously than they were. As the matter now stands, anyone who received supplement bonus is placed in a preferred position, while those who did not receive it, but who gave equally good service, feel resentment because they believe they have been discriminated against.

I am not criticizing this policy if it is fairly and properly applied. There are many men and women in Canada whose wages were frozen at low levels during the war. Why should not the government allow private industry to reward with a Christmas bonus employees who have given extraordinarily good service? Up to the present time no bonus over $25 is allowed unless it had been given prior to 1941. To permit this to be done would not break down the stabilization plan. It would be in keeping with the stand taken by the government itself in the granting of war duties supplements and would be welcomed by employers and employees alike across this dominion, employees who throughout the period of the war have given of their best and utmost but who have been denied any increases or reward other than the cost of living bonus and Christmas bonuses in the limited scope that I have mentioned.

Only the other day the *Financial Post* indicated that some new wage policy was to be declared for 1946. A similar declaration has been made in the United States. But whether there is to be a new wage policy or not, I suggest to the minister that he indicate to the Department of Finance that to permit the giving of this extra reward would be just and proper. It would enable private industry to reward employees who have done exceptional work during the war period.

I should like to refer to the manner in which expense accounts have been increasing in the last few years. While salaries have not been going up, expense accounts have been climbing. On looking over the record of the minister's department I find that the trend is not as definite as it is in some other departments. But when in another department I find living and travelling expenses of $5,507, $7,852, $5,938, and so on, I wonder whether a policy is being followed of allowing expanding expense accounts in place of increases in salaries or other allowances. When I look over the record of some of the medium salaried men, running from $2,600, I find expense accounts from $2,658 up to $4,817. These expense accounts are increasing year by year without any commensurate increase in responsibilities. Is the government condoning large expense accounts as an indirect means of increasing salaries? I should like the minister to deal with that point.

I am not arguing that salaries should not be fair and reasonable. The time has come for a complete revision of the salary schedules. Mention has been made during the last few days of the loss of outstanding men to this dominion, and all of us know that that is true. Only recently I was reading an article by one of the press men, Mr. Hardy, and had occasion to appreciate for the first time just how low some of the salaries of the technical men are. For instance, a man with a bachelor's degree in science and four years' experience is receiving $1,080. Another man with a

Manitoba degree, a master of science, from Cornwall, with three years' experience, is receiving $1,620; and so it goes, the salaries utterly out of keeping with the responsibilities of the position. Within the last few weeks several outstanding Canadians, three in particular, have left Canada. They were in the government service as scientific men and were receiving respectively salaries of $4,200, $3,900 and $4,200. Immediately they left the government service their salaries were jumped to $14,000, $15,000 and $8,000. This issue of salaries and reasonable compensation for unusual ability calls for a complete reclassification and a reconsideration of the whole problem of salaries. In addition to making that general plea I am asking particularly about the situation respecting the war duties supplement, and if the minister would be kind enough to make a general statement in this regard it would be appreciated.

Mr. QUELCH: I should like to say a few words on the branch line from Scapa to Loverna about which I am sure the minister has received petitions. The laying of steel was completed around 1930 and a skeleton line has been maintained from Scapa to Spondin. Occasionally a freight train is backed into Spondin to take out wheat and bring in coal. But, from Spondin to Hemaruka, the line has not been ballasted. In the early days the steel was laid and a few trains ran in winter, but now the line is in a bad state of repair and no trains are run. From Hemaruka east the line is in repair, and the train goes in there from Loverna once a week. The farmers are under a great handicap. They cannot ship their live stock west to Calgary; it has to go east to Saskatoon, a much longer distance. I agree with my hon. friend that it should not be a question whether it would pay to run trains over that line. The line was built in the first instance and the area settled, and the farmers were given to understand that a railroad service would be given. A few trains are running, but there is no real railway service at all. This matter was brought to the attention of the Minister of Reconstruction and the president of the Canadian National Railways, and I wish to quote a line from the president's reply. He said:

> The territory which would be served does not appear to be very promising unless irrigation were resorted to.

As the minister knows, there has been a lot of discussion of the Red Deer diversion scheme in the whole of that area. During the last election it was most emphatically promised that the Red Deer diversion scheme would be carried out in the very near future. As a matter of fact many Liberals became so enthusiastic and optimistic that they stated that the scheme had already been started and that men were at work on the dam. Unfortunately it was merely a survey party; no work has been started on it. I should like the minister to give the assurance that if the irrigation scheme is carried out, that line will be completed, because with proper irrigation there would be no question at all of there being enough business to support the line. It would be possible to bring another thirty thousand people into that area, which would make all the difference to the traffic carried on that line.

I concur in what the hon. member for Battle River has said regarding the line that ends at Bodo, which is within Alberta. The grade was built from Bodo to Bulwark but the line has never been completed. In that area there is a good deal of business. There is a great deal of live stock raised in that whole area and I do not think the railways could make the same complaint about not having sufficient business to warrant completing the line. If that line was completed I think it could be run at a profit without any difficulty.

Mr. GAUTHIER (Portneuf) (Translation): Mr. Chairman, I hope I shall not transgress the standing orders in making a few remarks on the merchant marine estimates. First, I wish to thank the Minister of Transport for his unflagging interest in the settlement of the thorny question that concerns the men who were shipwrecked when the *Nereus* and the *Proteus* were lost in 1942. Fifteen young sailors from two communities in my constituency of Portneuf were reported as missing after that disaster. I hope the minister will continue to investigate, as he has done since the beginning, and that he will do everything in his power to settle those cases to the satisfaction of the stricken parents.

I do not wish to discuss at any length the Canadian merchant service. The time is not appropriate and I do not want to prolong the debate. However, may I say to the minister that, if a Canadian merchant service is ever established, it will be able to secure the best sailors and the best pilots in the world without any exception. Speaking especially on behalf of the St. Lawrence river pilots, I urge the minister to give sympathetic consideration to their requests, which in nine cases out of ten are quite reasonable. Let the minister keep in mind that the St. Lawrence River Pilots Association, whose members are on duty between Montreal and Quebec, is a body which, ever since its inception, has never joined in any strike. Ever since pilots have been operating on the St. Lawrence

river, there has been one strike in the history of the country. And it lasted but one day. In the most critical times, when Canada needed the services of all her citizens, when frequently strikes were breaking out in other sections of the country, the St. Lawrence river pilots, operating from Montreal to Quebec City, have remained at their post. Sometimes there arose problems which were rather difficult to settle, but always, through the intervention of the Dominion ministers, a satisfactory solution was arrived at. I wish to thank the various ministers who at one time or another have headed the Marine or Transport Department.

I also deem it my duty to pay tribute to the St. Lawrence river pilots for their good work and the public-spiritedness they have shown throughout the history of our country. Therefore, I again urge the hon. minister to consider their requests favourably, even if they relate to pilotage dues. They have the right to bring up the matter of pilotage dues, because the dues charged by the St. Lawrence river pilots are the lowest in the world. They carry out their work on a river where navigation is very difficult, especially in the section between Quebec City and Montreal, where the channel is quite hazardous even it it has been improved by the department. Further, the distance they cover is the longest. Frequently pilots on duty between Quebec City and Montreal remain at their post for twenty, twenty-two and sometimes twenty-four hours, with little or no sleep, facing fog or storms without ever sitting down. Some say this is normal because they are sailors to the core. Ours are the best sailors in the world, and from the moment a young Canadian, whether he is of French or English descent, has gone to sea, he faces storms and gales with a smile on his lips. If ever one has deserved to be called an "old salt" it is the Canadian sailor.

I, therefore, ask the hon. minister to always consider favourably the requests of the Canadian pilots and sailors, and I wish to thank him once more for the interest he has shown to the grief-stricken families of the fifteen sailors from my constituency who have perished at sea during the war.

(Text)

Mr. CHEVRIER: The hon. member for Cartier asked if Canada would have a merchant marine in the post-war period, and requested a statement of government policy. I wish the hon. gentleman were in his seat now. Unfortunately I am not able to tell him what the government policy is with reference to the merchant navy. I can tell him this, however, that for the last twelve months and longer the matter has been under consideration, an interdepartmental committee has been set up to report to the government on the subject matter, but until such time as the united maritime agreement has come to an end I doubt whether there would be anything to be gained by making a public pronouncement on this important subject. Shipping is still pooled, and will be for some months to come. I believe the pooling agreement ends early in March. Again, the matter is one which affects not only the Department of Transport but several other departments. Hon. members listened, I am sure, to the statement which the Minister of Reconstruction made on this whole subject; I believe he covered it very well, and I am prepared to leave it at that for the moment.

The hon. member for Lake Centre raised several questions, some particularly with reference to the salaries of officials of the Department of Transport and other departments. Of course I can speak only for my own department. I am informed that, with reference to war duties supplements, the procedure is for the department to recommend to the civil service commission that one or more employees should under the circumstances be entitled to a war duties supplement; the civil service commission make an investigation and decide whether the recommendation made by the Department of Transport is warranted and whether the supplement should be awarded. It then goes to treasury board, and treasury board must finally approve. I am informed that so far as the Department of Transport is concerned every recommendation for a war duties supplement which it was possible to make, was made, and I further understand that the majority of those going forward have been awarded. The hon. gentleman asked for a statement of them. I have not such a statement here, but I shall be prepared to give it to him later.

With reference to travelling expenses, the hon. gentleman read from a pamphlet or a memorandum of some kind, and I do not know whether he was referring to the travelling expenses of the Department of Transport—

Mr. DIEFENBAKER: No, I specifically said that, that these were much lower.

Mr. CHEVRIER: I thank the hon. gentleman for that, because I think the travelling expenses of the Department of Transport have gone down rather than gone up; in fact they have gone down substantially this year from the amount last year.

Speaking generally, so far as salaries go—and the same statement was made by the Minister of Reconstruction when, I think, he was asked a similar question—these salaries for technical and professional men are under review.

(Translation): Mr. Chairman, the hon. member for Portneuf had the kindness, a few moments ago, to compliment the Minister of Transport for his interest in the pilots and the merchant marine, and to thank him for the work he has done in connection with the sailors from the *Nereus* and the *Proteus,* two ships which were lost at sea during the war years. I can tell the hon. member that I shall note his remarks and that my officials will do everything in their power to obtain further details concerning the fate of the sailors from these two ships. I also wish to assure him that the pilots in whom he is so much interested will always have our sympathetic consideration.

(Text)

Mr. HODGSON: I want to say a word to the minister—it will take only a minute—following up what the hon. member for Peterborough West has said. All along the Trent waterways system has grown up a great tourist industry. There is plenty of room for further development. I thank the minister for the new gates which are going on at Fenelon Falls lock. A repair job there was very necessary. While his men are working up there, I might point out that some mud has accumulated in years gone by from a saw mill at the mouth of the canal where it goes into Cameron lake. If that mud were taken off by a sucker, we would have a wonderful sand beach and it would be a splendid place for tourists. There is also a repair job to be done on the dock at Coboconk and other places along the canal system where it empties into Balsam lake. Quantities of rock and mud have piled up on the sides of the canal, and if it could be levelled down, the place could be made a beauty spot. There is in fact a considerable amount of beautification which could be done along this waterways system with the help of the department. I should be glad to go into these matters in detail in the minister's office at any time, or to take it up through the departmental engineer at Peterborough, Mr. Ryan. I might say here that Mr. Ryan has given me the very best of cooperation in any business I have had with him since he became the official located at that particular point. I repeat, Mr. Chairman, that any information that I can give the minister in detail I shall be glad to give him.

Mr. CHEVRIER: I can tell the hon. gentleman that my officers will cooperate with him at any time and give him the information he requires.

Mr. HODGSON: Thank you.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

WAYS AND MEANS

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

INCOME WAR TAX ACT

18. That the right of a corporation, association, syndicate or exploration partnership, formed for the purpose of exploring and drilling for natural gas, to deduct 30 per centum of exploration and drilling expenses be extended to expenses incurred in 1946.

Mr. SENN: Shortly before the house rose last evening I made an appeal to the minister to increase the percentage of the reduction from income tax on gas wells for exploration and drilling purposes. The minister was emphatic in his reply, but I found some difficulty in following his arguments and his explanations. He said he was probably stating it in the Greek way, but Greek is a language of which I have no knowledge. He said that because a certain amount was allowed for depletion of gas wells, amounting to some twenty-five per cent of the income, thirty per cent was a sufficient reduction for exploration and drilling purposes. I say definitely to the minister that in the circumstances neither is sufficiently high. I pointed out to him last night as clearly as I could the importance of the natural gas industry to certain sections of Ontario, particularly the Niagara area, in which I happen to live. The greater proportion of the people in that area depend on coal gas for fuel. Everybody knows that to-day coal is in very short supply, and that it is even more necessary than ever to have sufficient gas produced to allow the people who have already installed gas fixtures to continue to use gas. As I pointed out last night, it is impossible to change over gas equipment to the burning of other kinds of fuel.

In the riding which I have the honour to represent, Haldimand, there are some 1,800 gas wells in operation. In the past number of years since the natural gas industry has flourished there, some three or four times that number have gone out of existence; they have been abandoned. Some of them have been dry wells. I venture to say that at least three times as many as are in existence to-day have been abandoned because their usefulness has gone. At the present time drilling is going on in that area, because, as I have already pointed out, it is necessary to keep up the supply. I think I am safe in saying that at least ten per cent of the wells drilled turn out to be dry and of no value whatever. That is a strong argument in support of my request for an increase in the reduction of thirty per cent.

The amount for exploration and drilling should be increased to at least forty or perhaps fifty per cent.

It is clear that there is no use in a company spending all their profits in the driling of new wells to keep up the supply. After all, the average life of a gas well is not very long. I am on safe grounds, I think, in asking the minister to increase that percentage of reduction.

Later I shall have something to say about the depletion allowance, which is twenty-five per cent, I think. I believe that they are entitled to a certain increase in the depletion percentage as well. Mining and oil wells are getting a larger depletion rate than that. However, in the meantime I should like to appeal once more to the minister to enlarge that thirty per cent reduction for exploration and drilling to at least forty per cent, if not fifty per cent.

Mr. ILSLEY: The point raised last night was that thirty per cent was given to one class of company, forty per cent to another and twenty-six and two thirds to another. The question asked was, why is the tax credit for natural gas companies only thirty per cent on exploration expenditures, while that for certain oil companies is forty per cent. The hon. member for Haldimand suggested that the tax credit for natural gas companies should be higher. I shall explain how these various tax credits were derived and why they are not the same for all kinds of companies.

I should explain first of all that exploration and drilling expenses are capital expenses laid out on new ventures, and ordinarily are not properly chargeable against profits from existing producing wells. If as a result of exploration expenses new wells are found, the cost of finding them is properly chargeable against the new production. If, however, the exploration and drilling prove unsuccessful, the cost of this unsuccessful capital venture could not in the past be charged against profits from existing producing properties. In war time, in order to encourage the search for much-needed oil, gas and minerals, the government decided to allow these capital costs of exploration as a deduction against profits in computing taxable income. Now, in order to prevent undue benefits being secured by any company which might be in the 100 per cent tax bracket, the write off privilege was given in the form of a tax credit, the tax credit being equal to the tax saving which would be secured by a company taking a write-off under a forty per cent tax rate. Thus the appropriate tax credit in the case of oil companies which paid tax on total earnings and received no depletion is forty per cent; that is, on every $100 of exploration expenditure charged against taxable income the tax saving or tax reduction is $40. In the case of natural gas companies there is a depletion rate of 25 per cent. Thus only 75 per cent of earnings are subject to tax. A forty per cent—

Mr. SENN: Is that correct—only twenty-five per cent of the expenses for depletion? Is it not twenty-five per cent for drilling and exploration?

Mr. ILSLEY: No. What was the question? The statement I am making here is correct; that is, that altogether apart from new ventures the depletion rate allowed is 25 per cent. That is to say, the company pays income tax on only 75 per cent of its earnings.

Mr. SMITH (Calgary West): That is 25 per cent per year, is it?

Mr. ILSLEY: Yes. It varies with different kinds of companies, of course; and I will come to that. It is the same for gas companies, 25 per cent.

Mr. SMITH (Calgary West): That is what you are referring to?

Mr. ILSLEY: Yes. A 40 per cent tax rate applied to 75 per cent of earnings gives an effective rate of tax of 30 per cent on total earnings. Thus in those circumstances a deduction of $100 of exploration expenditure from profits results in a tax saving or tax reduction of $30. The appropriate tax credit for natural gas companies accordingly is 30 per cent. Similarly the tax credit for oil companies receiving a depletion allowance of one-third of profits is 26⅔ per cent; that is, a 40 per cent tax rate applied to two-thirds of profits gives an effective tax rate of 26⅔ per cent on total earnings. In those circumstances a write-off of $100 of capital expenditure against profits gives a tax saving or reduction of $26⅔.

It is clear from the foregoing that all companies are receiving tax credits based on the same principle applied equally to all, and I am afraid I could not recommend altering the principle for any particular class of producer.

Mr. SENN: That is just the point I was going to raise, that I believe these producers are more or less in a class by themselves. The need in that locality is very great; the gas produced is used in many homes and in processing in different industries. During the war years the use of gas for processing in various industries increased very greatly, so now the demand for this purpose is cutting to a greater extent than it should into the supply available for domestic heating. I am very much afraid

that with the shortage of coal and of all kinds of fuel, unless something is done to increase exploration and drilling for gas we in that area are going to find ourselves very short indeed of natural gas for heating our houses. I still think the minister, without doing harm to any other industries, might increase this amount by at least ten per cent.

Resolution agreed to.

19. That a corporation whose chief business is that of mining or exploring for minerals be allowed to deduct 26⅔ per centum of prospecting, exploration and development expense incurred in 1946 in searching for minerals.

Mr. COCKERAM: I should like to say a few words with respect to the business of prospecting. For a number of years I believe the minister has received deputations and briefs not only from the Ontario prospectors' association but from the Canadian Institute of Mining and Metallurgy, Ontario Mining Association and the mining industry as a whole, with regard to the question of prospecting and the future of mining development in this country. For some time I have felt that the departmental officials have not understood the question of prospecting and its effect on the future prosperity of this country. The history of prospecting started with Sudbury; then to Porcupine, Kirkland Lake and many other centres. To-day prospectors are going farther and farther afield. In the old days prospecting was carried on close to the railroads. To-day prospectors must travel greater distances, with the result that the expense of prospecting is very much greater. Later in this debate I propose to introduce some statistics to show how the mining industry, instead of going ahead as we all hoped it would, is being retarded through excessive taxation. I do not think any industry can do more for this Canada in the days to come than the mining industry. It was mining that carried our economy through the depression days of the thirties, and it was that industry which in the early part of this war, when the government was looking for foreign exchange, the minister appealed to produce more gold with which to establish credits to make purchases in the United States, with the result that it was not necessary for Canada to go on a lend-lease basis with the United States at that time.

The minister has been interviewed in the past by many delegations, and I should like to read the paragraph dealing with prospecting from the report of the Ontario royal commission on mining of 1944. In this connection I would suggest to the minister that he might be able to supply members of this house with copies of this report, as well as with copies of a brief on the taxation of the Canadian mining industry as presented by the Canadian Institute of Mining and Metallurgy, together with copies of any other briefs that have been prepared by the prospectors' association with regard to the whole field of prospecting. This is what the Ontario royal commission had to say in regard to the decline of prospecting in Canada:

> The commissioners are convinced that if mining in Ontario—

This would apply also to Canada as a whole.

> —is to continue on a worthwhile scale prospecting for new mineral resources must be stimulated to a far greater extent than is now possible under existing conditions in respect of tax levies and governmental restrictions.
>
> The following excerpts are taken from a brief prepared for submission to the dominion Minister of Mines and Resources and the Minister of Finance, by the Canadian Institute of Mining and Metallurgy and made available to this commission.
>
> "Prospecting for new mineral deposits in Canada has all but ceased and, if the mining industry is to continue on any worthwhile basis, this unfortunate situation must be corrected immediately. Emphasizing the necessity for quick action is the fact that under war-time demands for maximum metal production, coupled with a labour shortage, development work at producing mines has been necessarily and drastically curtailed, and ore reserves are being dissipated at an accelerated pace.
>
> "The incentive for continued prospecting, with its inherent physical and financial risks, lies in the prize which rewards success, i.e., a valuable deposit of mineral. No mineral prospect can justify the risks attendant upon development unless the attainable prize, in the form of commensurate profit, is available to one who succeeds. This prize has been so reduced in value by progressive increases in taxation that it no longer holds sufficient attraction for those who would venture. Private enterprise in the exploration and development of mineral deposits laid the foundations for the production success attained by the Canadian mining industry. The decline in prospecting activity is clearly illustrated in the accompanying briefs.
>
> "In the province of Ontario, the decline in prospecting activity began in 1929, with the downward trend obscured somewhat during the period 1933-1936 following the increase in the price of gold. In the province of Quebec, experience has been similar. It was plainly evident long before the emergency of the present war."

In that connection I would suggest to the minister that if we are to go ahead and find new mineral deposits in this country, greater consideration than he now proposes should be given those mining companies who are prepared to expend their money on prospecting and development in the Dominion of Canada. I have been in the prospecting business for a great many years and I know that to-day our mineral fields are getting farther apart.

I suppose one of the greatest mineral areas in Canada to-day is that being opened up in the Yellowknife area in the Northwest Territories. It is a very expensive procedure to go up there to prospect and open up the mines. A great many companies have put their money into this new area and, having ventured so much capital, I suggest they should have full relief to the extent that they have spent their money.

In northern Manitoba we have the Snow Lake area, which mining people hope will be another great gold producing area for Canada. I would ask the minister to realize that whereas his department has taken millions of dollars out of the mines in remote areas, no department has never put any money back into those areas by way of tax concessions or other services. I might refer to the area of Red Lake in Ontario; the Pickle Crow area, the Central Patricia area, the Berens River and other areas from which the dominion government have taken out millions of dollars in taxation. But to my knowledge, with the possible exception of a few hundred or maybe a few thousand dollars, they have never put anything back into those areas for the benefit of the residents. The business of mining should not be a one-way street so far as the federal government is concerned. The mining industry is glad to bring in new mines which are for the general good of the country, but we believe there must be equity in taxation. We say that if we go into remote areas of Canada and endeavour to develop the industry, the government should take into consideration the fact that in spite of all the money it takes out of mines in remote areas it does not spend any money in the development of the mines in these remote areas, and for that reason there should be a complete review of the whole system of mine taxation.

I cannot understand why at this time the minister should have a resolution stating that there would be a 26⅔ per cent reduction for mines which are prepared to spend their money prospecting. No one of us knows what the future activities of Canada will be, but we do know that in the mining industry there is stability. We who are interested in that industry know that the industry is producing something which can be exported to other countries and which will give Canada credit in foreign lands. We believe ours is an industry useful to Canada as a whole. The government should reopen the whole question of mining taxation, not with the idea that we expect different treatment from other people, but recognizing that our conditions are entirely different, especially in view of the fact that only about 10 per cent of our known mineral area, the Precambrian shield, has so far been intensively prospected. We shall have to go farther afield. Areas adjacent to the railway lines have been pretty intensively prospected. If the country is to have an industry which can be relied upon in good times and in bad, the minister will have to take into consideration all the problems affecting that industry. Statistics show that 11 per cent of the people of Canada are dependent upon the mining industry for their livelihood.

I would appeal to the minister to reconsider this whole matter. If a mining company spends $100,000 going up to the Yellowknife area to open a property, or going to Reindeer lake or Berens river or some other remote area, then why in heaven's name should they not be given the right to write off the total amount so expended?

Mr. ILSLEY: The answer is that they are.

Mr. COCKERAM: Then why this section?

Mr. ILSLEY: The section merely carries that out. A write-off of 100 per cent of cost is the equivalent of a tax credit of 26⅔ per cent of the cost.

Mr. COCKERAM: I cannot see that.

Mr. ILSLEY: Well, I gave an explanation to the hon. member for Haldimand only a minute ago. There is a depletion rate of thirty-three and one-third per cent. The tax rate is forty per cent. Assuming that they are paying forty per cent—and this is on the assumption that forty per cent is the combined income and corporation tax rate paid by the company—then this resolution is the equivalent of that for which the hon. member is asking, because forty per cent of sixty-six and two-thirds per cent is twenty-six and two-thirds per cent.

Mr. COCKERAM: Well then, I congratulate the minister.

Mr. ILSLEY: Thank you.

Mr. ADAMSON: I have listened with some attention to the explanation given by the minister to the hon. member for Haldimand. However, his interpretation is not the one I have seen placed upon the resolution—that it will mean a deduction of one hundred per cent for purposes of exploration. In other words, if a producing company takes on another property and spends $100,000 in 1946 on exploration, and if it decides at the end of 1946, or before the end of that year, that the property is not worth while, then all the money the mining company has spent in failing to develop that prospect—and let us not forget that most of them will fail; there can

be no rosy ideas about that—will be allowed as an expense, and deductible from the income tax.

Mr. ILSLEY: How much does the hon. member think they should have off their tax bill? Tell me that. Is it not $26,666.66?

Mr. ADAMSON: They get a reduction of $26,000.

Mr. ILSLEY: Correct. That is equivalent to $100,000 off their income, for tax purposes.

Mr. ADAMSON: That was the question I wished to ask.

Mr. ILSLEY: That is correct.

Mr. JACKMAN: I do not know how hon. members can be expected to know exactly how some of these complicated calculations will work out, and what the real incidence of taxation will be, unless we can have some help from the minister or his department. Session after session I have pleaded for a committee—not a committee of the whole house, but one on taxation and fiscal matters —before which we could call witnesses and through which we could receive expert advice. If we had such a committee we could learn about these matters. We do not all have to know about them, but those of us who are keenly interested would like to have a clear understanding, so that we may know what the minister is talking about. I hope the drafted resolutions will come down in good time in the bill so that hon. members on this side may have an opportunity to study them and give them the consideration which they will require.

Mr. ILSLEY: That is right.

Mr. GREEN: Will the minister give a brief outline of the position with respect to taxation of gold mines at the present time? Part XIII of the act made provision for metalliferous mines. I believe there was a time when gold mines were given three years free of tax.

Mr. ILSLEY: Correct.

Mr. GREEN: There was also some provision made for depreciation allowance and pre-development cost. Can the minister give us a brief summary of that picture?

Mr. ILSLEY: It would take a long time to make a statement such as that. Gold mines are entitled to one-third depletion; they pay income tax on only two-thirds of their profits. Throughout the war they have had a special formula for increasing their standard profits as their volume of production went up. This was a special concession to only two classes of companies, gold mining and oil producing. There was an exemption some years ago which was repealed at the time we decided we did not want people to produce gold, that we wanted them to produce strategic minerals.

Mr. GREEN: What year was that?

Mr. COCKERAM: 1936.

Mr. ILSLEY: It ran three years and expired in 1943, I believe. It is being continued this year by a later resolution.

Mr. GREEN: Where does that come in?

Mr. ILSLEY: It is in the excess profits resolutions. They have this advantage or benefit that we have been talking about, which is a new thing. We passed this two or three years ago, authorizing them to write off their prospecting, exploration and development expenses out of profits. It is not put in those words; it is put in the form of a tax credit, but it amounts to the same thing—that is, allowing capital expenditures to be written off out of profits. There are not very many people in this country who can do that, but they can. It is not only gold mining companies, but companies whose chief business is that of mining or exploring for minerals. I think those are the most important tax concessions or advantages that mining companies have. Resolutions, Nos. 16, 17, 18, 19 and 20, are just extensions of present provisions in the act. The only change in the wording of the resolutions is a change in the date of expiration.

Mr. GREEN: Is there any significance in the fact that resolution No. 19 refers only to corporations; it does not apply to an individual or partnership?

Mr. ILSLEY: We have never had any claims from individuals or sole proprietors, as we call them, or partnerships, for this concession. This is done by corporations. It is the mining companies that enjoy this concession. I do not know why the question has never come up, but it never has so far as I know.

Mr. GREEN: In other sections of the act the word "taxpayer" is used, and that would include an individual or partnership. I suggest that that word should be used rather than "corporation".

Mr. ILSLEY: The rate perhaps would have to be different if that were the case, because this provision proceeds on the assumption that the company is earning forty per cent. If it is in what we call the hundred per cent class,

that is, paying forty per cent on seven-sixths of its standard profits and one hundred per cent on the balance of its profits, it would not get any additional concession by virtue of the fact that it is paying more than forty per cent. That is the basis upon which this resolution starts. This resolution is to put them in exactly the same position as if they got a write-off of expenditures out of their profits which would give them a tax credit of 26⅔ per cent. I do not think the question of whether individuals should have it has ever arisen. I do not think any individuals go into mining.

Mr. GREEN: Sometimes.

Mr. ILSLEY: It is always a company.

Mr. JACKMAN: That is how they all start.

Mr. STIRLING: A syndicate would hardly be a corporation.

Mr. ILSLEY: I think they are taxed as corporations; I am not sure.

Mr. GREEN: Will the minister give some consideration to that before the amending bill is brought down?

Mr. ILSLEY: Yes.

Mr. GREEN: As I understand it, this resolution is designed to assist mining. At the present time there is a great deal of concern over the situation with regard to silver. The main objection seems to be that the price in Canada is being held down whereas silver sold in the United States is bringing a much higher price. The minister may not wish to say anything about it at this particular time, but I think an announcement of government policy with regard to the domestic price would be welcome to the mining industry.

Mr. ILSLEY: I cannot make a statement on that on these resolutions. It is a matter which has been given much consideration, but an advance statement would appear to me to be hardly wise.

Mr. ADAMSON: I want to get this matter clarified, because it is very important. On other occasions rulings have been given by the minister's department which were different from what we in the house thought should be given. Let us assume that a mining company has profits of $100,000 which it spends on exploration work which fails. If it did not spend that money on exploration and paid it to its shareholders instead, it would be taxed $40,000 less 33 per cent of the $40,000. In other words, it would be taxed on that, $26,800.

[Mr. Ilsley.]

Mr. ILSLEY: $26,666.

Mr. ADAMSON: Yes. Because of the exploration work that they have done you would allow the total amount of that $26,666 as a further deduction.

Mr. ILSLEY: It is a tax credit.

Mr. ADAMSON: That is right. It is a tax credit; it is not a deduction for income.

Mr. ILSLEY: Right.

Mr. ADAMSON: So that the $100,000 expended on exploration will be completely tax-free?

Mr. ILSLEY: That is right.

Mr. ADAMSON: That is the question I wanted answered.

Mr. JACKMAN: Provided that there are profits against which to write it off.

Mr. ILSLEY: That is right.

Mr. SMITH (Calgary West): I know that the oil item is passed, Mr. Chariman, but suppose I have a mine. We very often have no profit to write it off against. Is there a distinction made between mines and oil?

Mr. ILSLEY: I do not understand the hon. member's statement that we must pay even if we have no profits. We must pay for the work we have ordered done; we must make our capital investment. Is that what the hon. gentleman means? Or does he mean we must pay the government?

Mr. SMITH (Calgary West): It is more for information that I am asking the question. Suppose I have a mine in which I invest $200,000; then the mine becomes exhausted. I have now got my capital back, $200,000, and I go abroad and get another mine. I would rather talk about oil if the chairman would not look at me so severely.

The ACTING CHAIRMAN (Mr. Golding): It would be perfectly in order, because we are still dealing with resolutions 17 and 19.

Mr. SMITH (Calgary West): Then I put my $200,000 in an oil well. It turns out to be a dry hole. I have lost all my capital. I have no profit. Yet I must pay a certain amount on the $200,000 which I got back out of my first venture. In other words I would be paying taxation on something which never was a profit. I think that is a correct statement.

Mr. ILSLEY: You got a profit on the first venture and paid your tax on your profits. Then you went into another venture and lost your money. There is nothing we can do about that.

Mr. SMITH (Calgary West): With great respect, I do not think that is what happened.

Mr. BLACKMORE: You still believe in Santa Claus.

Mr. SMITH (Calgary West): Unlike General Chisholm, I do. What I have in mind is this, and the point I think is worth considering. I spent my $200,000 in the first oil well, and the minute the oil comes from the well I begin paying the tax. I am sure I am right about that. Then I drill for another well with my $200,000. It is a dry hole and I lose all my capital. I never had a profit, and yet I have paid a tax which cannot be on anything else but captial, since I never had a profit.

Mr. ILSLEY: Why did not the hon. gentleman have a profit? He had a profit out of his first venture.

Mr. SMITH (Calgary West): No, I just got my capital back.

Mr. ILSLEY: Our system is not that an investor must get his capital back before he begins to make a profit.

Mr. SMITH (Calgary West): I believe that is sound, and I am not complaining about that. I know that the government need the money, and I am not complaining because they go out and get it where it is. But it is a hazardous business to drill for oil. Once a man has got his money back and he is engaged in continuous operations, tax all you like. But one well is not much by way of a capital investment. I was merely seeking information, and I am grateful for the minister's answer.

Mr. CASE: I assume that the purpose of resolution 19 is to encourage the search for minerals, gold and so forth, and yet I am constantly wondering just how valuable gold is to Canadians. I recognize that it represents one of our richest natural resources, but even though you make it attractive for people to dig for the yellow metal, at the present time at least we are treating gold solely as a commodity. We are exporting it to the United States, still treating it as a commodity. When the late President of the United States changed the price of gold to $35 an ounce it did not seem to result in the increase in commodity prices that was expected at that time. I am going to ask the minister a question which I hope he will answer and not misunderstand me. Why do we not use our richest natural resource, gold, as a monetary base, store the gold in our own vaults, and use it to expand our own currency and still remain on sound money?

Mr. ILSLEY: That is a big question, and I would have to prepare something on it before I could answer it. It is a question of what is the basis of what our monetary system should be, and it opens up the question, why do we not return to the gold standard. I do not think it is germane to the resolution. I do not think it would be a very good thing for us to return to the gold standard in the sense in which that term was used before the first world war at any rate, because it was pretty rigid. Countries generally have left the old-fashioned gold standard. But I do not want to argue the gold standard on this resolution. I am afraid of provoking a discussion if I do.

Mr. BLACKMORE: What is that?

Mr. ILSLEY: I said I was afraid of provoking a discussion. I did not say of whom I was thinking.

Mr. CASE: I think it has a direct relationship to the resolution because it offers an inducement to capital to risk its money to discover more and more gold. By international convention a country is considered to be on the gold standard if it has a twenty-five per cent gold backing for its currency. I believe that gold should be used for the benefit of the people.

The ACTING CHAIRMAN (Mr. Golding): I do not think this discussion is relevant to the resolution.

Mr. CASE: I submit that it is relevant, Mr. Chairman, because the resolution offers an inducement to the gold-mining industry.

The ACTING CHAIRMAN (Mr. Golding): I will read the resolution:

That a corporation whose chief business is that of mining or exploring for minerals be allowed to deduct 26⅔ per centum of prospecting, exploration and development expenses incurred in 1946 in searching for minerals.

Mr. BLACKMORE: I must observe to the hon. member for Grey North that if it were established in the public mind in Canada that every dollar of gold mined could be used as backing for four dollars of Bank of Canada bills, and that every one of those dollars would be a good dollar, not a rubber dollar or a "funny money" dollar or a dollar of any other such kind as our foolish monetary experts have accused Social Crediters of supporting—if that could be shown, the value of the gold mining industry to Canada—if gold is the backing of money, if gold is the thing which gives money value—would surely be established in a way which would completely justify a good many concessions in the matter of taxation.

Mr. ADAMSON: I am sorry to go after this question like a terrier after a rat, but I can assure the minister that I am thankful for it.

Mr. JACKMAN: The terrier or the rat?

Mr. ADAMSON: If I had the rat, the terrier would have a lot of fun. This applies only to the expenditures from one fiscal year to another, or apparently from one calendar year to the other. At the end of the calendar year, in other words at December 31, 1946, this clause ceases to be effective, and I may say through you, Mr. Chairman, to the minister that I hope this clause will perpetuate itself, and I think that some assurance that that will be done would tremendously help the industry.

If at the end of the calendar year the pre-development money—shall we say $100,000—is spent but the prospect is still under development, and during the next year, 1947, another $100,000 is spent, and in that year an ore body is discovered on this property—and this is quite the sort of thing which happens; things look good and they say, "We will bet another $50,000 and, we will bet $100,000, we would like to explore this end of the property", or "we would like to explore this break", or a number of things, and in 1947 they find an ore body which justifies a mill, and they have a mine, what happens? They have received a tax credit for the calendar year 1946 of $26,000. In 1947 they discover a commercial ore body which they proceed to develop; they incorporate a company. They have had in 1946, $100,000 worth of pre-development expenses, in 1947 they have had another $100,000 pre-development expenses. What happens? Are they given their pre-development expenses in 1947 and the 1946 period is a dead period, is finished as far as taxation goes, or are they liable for refunding of the tax concession they got because they found an ore body? I think that should be clarified, because the matter of pre-development expenses is a very important one, particularly with the young mines. I propose to have something to say on it in connection with section 6 of the Excess Profits Tax Act. I do not suppose the minister can answer that at the present time.

Mr. ILSLEY: No, I cannot answer it, but I should not think it would be right to allow it to be written off again.

Mr. ADAMSON: No, I quite agree with the minister; I would not think it would be right. But this is the sort of contingency which your department is going to have to meet, and I think it should be clarified now. I agree that they should not be allowed to write it off; that is perfectly satisfactory; but if they have written it off and in 1946 they have got the tax credit of $26,000, if they start again in 1947 they use the 1947 figures as pre-development expenses?

Mr. ILSLEY: That is what I should think, yes.

Mr. ADAMSON: That would seem to be fair, yes.

Mr. GLADSTONE: I suggest to the hon. member for Calgary West that if he is completing the two holes in one year he would not have to pay any tax; that is, on the first he would have made his $200,000 and on the second he would have lost it. This leads to the question of the equity, even in connection with industrial companies, of taxing them on the profits of the good years but with no allowance for the lean years. One wonders whether or not our system should be revised in accordance with what, I believe, they have in England, where taxes are on the basis of an average of three years' profits.

Mr. ILSLEY: Great Britain is not on a basis of averaging. We go very far towards averaging by our provision that losses may be written backward and forward. Those provisions were put in the budget of 1944.

Resolution agreed to.

20. That the right of corporations, associations, syndicates or exploration partnerships whose principal business is production, refining or marketing of petroleum or exploration or drilling for petroleum to deduct 50 per centum of expenditures made directly or indirectly in connection with deep test oil wells which prove to be unproductive, be extended to wells spudded in before the thirty-first day of December, 1946.

Mr. ILSLEY: The hon. member for Yorkton asked me a question last night which should properly have been asked under this resolution. He asked for the number of wells proved; the number is 20; the number of wells completed is 11. Footage drill with completed wells is 78,979. Estimated footage for uncompleted wells, 75,200. Number of successful wells, nil. Cost to treasury in tax credits on the wells completed, $1,050,000.

Mr. CASE: What is a "deep-test" oil well? That is where the exemption comes in.

Mr. ILSLEY: I cannot give an accurate definition. Officials in the Department of Mines and Resources could do that. But it is something like this: it is a well which is sunk on a new location through a new structure; and that is the meaning of the word "test". It is a deep-test oil well, and therefore an expensive one.

Mr. COCKERAM: Is it the test or the well that is deep?

Mr. ILSLEY: We do not give this tax credit except in cases where the spudding in of the well, as they call it, takes place, and after recommendation of the Minister of Mines and Resources and after it is approved by the governor in council. They look into the question whether it is a suitable project for the somewhat abnormal tax treatment.

Mr. ADAMSON: What happens, as I understand it, is that in a new area they wish to find out some important geological information. They ask a private company to drill a very deep well in order to test the geological formation at depth. It might not be, and probably would not be, in the ordinary commercial policy of the company to drill a well in this location. I understand that is one of the reasons behind it, and that is why the rather more favourable treatment is given in this case than to an ordinary commercial operation in what might be considered a proven field.

Mr. ILSLEY: That is substantially correct; I think that is entirely correct.

Mr. ADAMSON: The geological branch of the Department of Mines and Resources recommends and suggests where the deep-test wells should be put down. The companies then either proceed or do not proceed, according to their own geological information. I wanted to bring that out, because when the estimates of the Minister of Mines and Resources are up I shall have something to say about doing exploratory diamond drilling as a part of the geological survey of Canada. That is the principle that is being established here.

Mr. HACKETT: Could the minister give us in a few sentences, in the language of the ordinary mortal, the distinction between a deep-test well and one that has been recently spudded in? It does not convey a very clear idea to me.

Mr. ILSLEY: The distinction is not between the deep-test well and one recently spudded in; the distinction is between a deep-test oil well and one which is a much shallower well, and where it is not necessary to get a knowledge of the stratum and structure of the subsoil. There may be indications that if you go away down you will be able to find that there is a lot of oil in the locality. It is a risky thing for a private company to undertake that heavy capital expenditure unassisted; therefore if they were not assisted they probably would not do it. The same conditions do not apply to the much smaller expenditures where it is not intended to drill as deep, and so the distinction is drawn between deep-test wells and others. The drilling of a shallow well might cost, say, $50,000 while the drilling of a deep-test well might cost as much as $500,000. Therefore we adopted this policy, which has been fruitful in experience and in nothing else to date, of allowing those large tax credits, in effect paying fifty per cent of the cost of drilling deep-test oil wells. Does that answer the question?

Mr. HACKETT: Yes, thank you.

Mr. SENN: May I be allowed to ask one question on this item in regard to natural gas? I know it is not strictly in accordance with the rules. I do not depart very often from the rules, and do not ask for any concessions, but I did want to ask one question, which I missed when resolution 18 was under discussion. Subsection 8 of section 8 of the Income War Tax Act provides for thirty per cent of exploration and drilling expenses as an exemption on taxation. From a brief which I have here of the Natural Gas and Petroleum Association of Canada I understand that recently the deputy minister of taxation made a ruling or statement in regard to that subsection which did not altogether clarify the situation; and if his statement was correct, it would hardly satisfy this association.

Mr. ILSLEY: What did he say?

Mr. SENN: I cannot tell the minister exactly what the statement was, but I should like to know if such a statement had been made, and what the interpretation of the section is.

Mr. ILSLEY: I cannot trace the statement unless I know what it was and where it was made.

Mr. SENN: The minister does not know at all?

Mr. ILSLEY: I do not know, no.

Resolution agreed to.

21. (a) That in respect of persons other than corporations the tax for 1945 be reduced by 4 per cent of the aggregate of the normal tax, the graduated tax and the investment surtax;

(b) That in respect of persons other than corporations the tax for 1946 be reduced by 16 per cent of the aggregate of the normal tax, the graduated tax and the investment surtax.

Mr. ROSS (Souris): I should like to raise a question or two on this resolution. When other departments of government have been before the committee it has been stated that we are receiving this year $255 million on our grain crops alone less than we would

receive in the open markets of the world if there were no controls. I know this is not directly relevant to the resolution under discussion, but it is a lead to what I have to say. We have wheat participating certificates which pay us in 1946 for our 1943 production. That is three years later, and we are not allowed any interest even though the wheat producer may have to borrow money on which to operate. On the other hand, when he pays his income tax he is always charged interest on overdue payments. I cite that as an example. Added to this, we are taking 40 to 50 per cent less for our live stock, and we have the greatest production and the greatest sale in the history of this nation. We are selling this live stock at from 40 to 50 per cent less than the world market price. The point I am coming to is the matter of a breeding herd being allowed as capital. I know this question has been raised in other sessions. Suppose a man is going out on a mixed farm or a grain farm; he buys land and equipment, and it is allowed as capital. But take a man who has a ranch where there is no other income than that which is derived from the live stock. He purchases a herd of breeding cows. If he is forced to sell that herd, even through no fault of his own, in one year, the entire herd must be shown as income. I submit that is a most unfair ruling. I know the breeders of this country have interviewed the government on past occasions. They have asked that the breeding stock be all shown as capital, which was disallowed. Finally, they asked that they be allowed at least 75 per cent of their breeding cattle as capital.

I came back from the west not very many days ago. I met a rancher who had sold out in southern Alberta. He received some sixty odd thousand dollars for his herd. Those were the only assets that man had. He, his wife and family, had spent all their life accumulating this herd. He thought he was going to settle down in town and enjoy his old age. I do not know that I need to go into any further details to explain to the committee the headache which that man had when he interviewed the income tax officials. I think that is an impossible situation. Because of these controls the producers of this country have been forced to take a real licking during the war years, and certainly I believe they are entitled to more consideration in the matter of income tax, especially in connection with the older people, many of whom wish to retire. After having made a great effort during the war years; after having accumulated a fair herd of good stock, now when they come to sell they are not allowed to keep enough of the proceeds to provide for their old age.

In raising that point I should like to mention also the other question of the farmer and his wife as compared with the man and his wife who work in the city. The farmer and his wife are allowed an exemption of only $1,200, or whatever it is, while the man and his wife working in the city are allowed an exemption of something like $1,800. That has been a most vexing problem throughout the rural parts of Canada, and if the minister has not brought about some adjustment already I hope he will be able to do so soon.

These are the two particular points I should like to bring to his attention now, and I should be glad to have him explain them as to date.

Mr. ILSLEY: The farmer who is paying income tax on a cash basis as distinguished from an inventory basis is taxed on the proceeds of the sale of his stock, which is regarded as gross income, just as any expenditures he makes for stock are regarded as expenses. If the man about whom the hon. gentleman talks had been buying cattle during the last few years every purchase he made would have been regarded as an expense which he could deduct from his income for tax purposes. Then when he comes to sell his cattle what he gets is regarded as income for tax purposes. There is a way of setting up the books on a different basis, an inventory basis, as I understand it; and I believe the Department of National Revenue have gone just as far as they could in allowing retroactive adjustments over five years, or something like that. I thought the situation had been reasonably met by administrative rulings, but without departing from all fundamental principles I do not think you could regard as capital the cattle as they are bought and sold.

Mr. HACKETT: What happens where herds have been developed through natural increase, where there has been no purchase? When they are sold, are the proceeds treated as taxable income?

Mr. ILSLEY: Oh, yes, just as the expenses of feeding them and securing that natural increase are regarded as deductible expenses. The difference is what the farmer makes out of raising cattle; that is his profit.

Mr. HACKETT: The minister suggested that there might be some means of spreading the profit, as in the case just mentioned by the hon. member for Souris, over a number of years. If a herd has been developed over a period of, let us say twenty years, and it

is necessary to allocate the proceeds to each of the past twenty years, surely the interest on the amounts that have been owing since the beginning of the period would run to such a figure that in the result there would be very little relief for the taxpayer.

Mr. ROSS (Souris): Could the minister explain this in some detail? As he will realize, now that the war is over, many people who worked hard to produce for the war effort are getting on in years and wish to sell out and retire. With the experience some of their neighbours have had, they are rather fearful about it. To be asked to submit the proceeds of their sales to the department for a ruling is hardly satisfactory. There must be some basis on which this is worked out, and I should like the minister to explain that in some detail. Take an arbitrary figure of $10,000 or $20,000 and spread it over the maximum number of years to show how it would work out. That would give useful information to many people. That figure may be too high, but take some figure and give us an example. Could the minister do that?

Mr. ILSLEY: Not immediately, but I can do so later on. That comes under the Department of National Revenue, and I will get a statement from them.

Mr. FULTON: Following up this question, I should like to point out to the minister that it is difficult to accept his general statement that breeding cattle cannot be regarded as capital, because if you analyse the position I think it is fair to say that a farmer needs a certain proportion of his herd to carry on his business, just as much as any other business man needs capital assets before he can earn an income. In the case of those who confine their agriculture almost entirely to the breeding and sale of beef cattle it is not only their land and buildings that form part of their equipment but also a certain percentage of their herds, because if they did not have that herd in the first place they would not have any annual increase which they could sell and from which they derive their income. Therefore, if you analyse it and compare it with any other business you will see that a portion of the herd must be kept from year to year in order to have any crop at all to sell, and surely it is fair to say that this portion of the herd should be regarded as working capital. One might say it is all the female animals in the herd, though perhaps that is setting it too high. The figure suggested by the hon. member for Souris is seventy-five per cent. In any event we are not concerned here with such details, nor should we demand that these matters be worked out at this moment. I know, however, that the Department of Agriculture has submitted a brief or a recommendation on this subject to the Department of National Revenue. Apparently as yet the details have not been worked out between the two departments, but in view of that recommendation I earnestly hope the minister will give this matter his serious consideration and see if some fair basis cannot be worked out by the time next year's budget is brought down.

The minister mentioned that some relief is given at the moment by averaging up profits and losses over the years. I was in communication with the Department of National Revenue yesterday, and this can be done in two ways. One is by going on what is called the cash basis. A man pays perhaps $10,000 for the purchase of a herd of cattle and he is allowed to deduct that amount from his income. That is the basis of his herd. The proceeds from anything he sells from then on are regarded as income, on which he pays a tax, even though he might sell the whole herd again. The other way is to go on the inventory basis: to establish the value of the herd as at a specific time, and then from year to year declare either an increase or a decrease in that value and pay the tax on the increase whether or not you sell. That goes part way toward meeting what we suggest, because to some extent it recognizes that a certain proportion of the herd is working capital, and you pay income tax on the increase over that from year to year. But in order to do that a farmer has to go back to 1935 and very few farmers in the west, particularly those who went through the depression years, have their records back that far. They have to establish their herd back to the basis of 1935, and that is almost impossible. But it is a beginning; and in recognizing that principle I suggest to the minister he is recognizing actually the principle that a certain proportion of the farmer's herd of cattle, namely his breeding stock, is capital and not income.

I should like to say a word about the seriousness of this matter. On Tuesdey in this chamber one hon. member made some remarks, which I do not believe were intended in any sense to be derogatory, about farmers who are always complaining. This, perhaps, is not so important at the present time, because to-day farmers are relatively prosperous. I am in no sense denying that. They are now in the income tax group, and they are paying taxes. Everyone is pleased about that. But may I remind hon. members who would sometimes believe that farmers complain too much, that those farmers do not get workmen's compen-

sation. A farmer will go through bad times and good times; but in the bad times he will not go on strike.

Some hon. MEMBERS: Order.

Mr. FULTON: He will continue to produce, and even though times may be bad he will not get compensation or unemployment relief. I would ask hon. members to bear that in mind when to-day, in good times, we ask for some relief on their behalf from income tax.

The ACTING CHAIRMAN (Mr. Golding): Order. I believe I shall have to read the resolution again. It states:

(a) That in respect of persons other than corporations the tax for 1945 be reduced by 4 per cent of the aggregate of the normal tax, the graduated tax and the investments surtax.

Mr. FULTON: My intention was to emphasize that what I have said is serious, and it is a situation which is felt keenly by a large section of our population. I do not think I need emphasize it further.

Might I close by saying that this condition affects a large number of the primary producers of this country. Now that they are being taxed, they do not ask for more than they feel is due them, but they do ask to be put on a fair tax basis which will allow them, when times are good, to expect no more or to be under no greater obligation than when times are bad. In this way they will be able to even up the situation between good times and bad.

Mr. WRIGHT: May I direct the attention of the committee to the class of farmers who, I believe, are most adversely affected by this resolution. I do not believe the commercial breeders or the large ranchers are most adversely affected. My impression is that there is a regulation permitting them to keep their books on a different basis, and to take care of themselves in that way. But there is a group of farmers who are not able to take advantage of those regulations. I refer to those average farmers who build their herds, not through purchasing but through breeding on their own farms over a number of years. Perhaps in those years they have never had great increases in their herds which would place them in the income tax group. Over a period of twenty years they may have accumulated considerable stock. One of those farmers may want to retire, and to sell his stock. There are dozens of farmers in Canada in that position to-day. Many of them carried on during the war longer than they should have. Now they want to retire, and they find that if they dispose of their stock, a considerable portion of the return will be taken by the income tax people, even though the accumulation of that stock has been spread over a number of years, and in those years it has not been taxable. I think this is unfair, especially in those cases where a man would not normally have paid a tax during the years in which he was accumulating his stock.

However, now when he sells he finds that he has to pay perhaps twenty-five per cent, thirty per cent or forty per cent of the sale value. I suggest that the minister should introduce a regulation whereby perhaps seventy-five per cent of those sales would not be taxable. The present situation is certainly not fair, and is causing a great deal of discontent and dissatisfaction, particularly among the average farmers who have accumulated their herds throughout the years. I hope the minister, through his department, will give some thought to this group of people.

Mr. ZAPLITNY: Much of what I had intended to say has already been said by the hon. member for Melfort, and the hon. member who preceded him. I wish only to endorse what they have said.

However, there is another class of primary producers concerning whom I should like to say a few words. I refer to the fishermen who produce fish from our fresh water lakes in Manitoba, and the other provinces. They have heavy capital expenditures. I have known some of them to provide 200 or 300 fishing nets and, after placing them in the water, to have them frozen in the ice. Then, with warm weather coming along, probably about this time of the year, the ice will break up and their nets will be swept away. I do not know whether there is anything in this resolution which would give them relief in respect of their loss of capital equipment—because nets are undoubtedly in that class. In the past they have suffered heavy losses by having to provide new nets. When their catches are good, however, they still have to pay income tax.

I wish also to refer to the tax relief of sixteen per cent of the aggregate of the normal tax, the graduated tax and the investment surtax. In this connection I believe there are two things which are not right. It is our belief that the income tax exemption level should have been raised. This would have been a more effective way of giving relief to those in the lower income brackets who need it most. Under the present arrangement they will obtain less benefit.

Second, we believe that the income tax relief should be graduated so as to give those in the lower brackets greater relief from the

tax than is given those in the higher brackets. I shall not say more at this time. I do not expect that what I have said will have any great effect, but it was my wish to register this protest.

Mr. FULTON: Would the minister indicate how he feels in this matter?

Mr. ILSLEY: On this question of live stock, we undertook to get a statement from the Department of National Revenue as to the way in which they are treating the matter. I shall read that statement when it is received. I am told that it will not be available at eight o'clock, so that it will be offered when the bill is before us, or at a later stage in the discussion on the resolutions. I shall not have it to-day.

Mr. CHARLTON: On the surface, the process of spreading income in respect of live stock sales sounds very well. However, the question I would ask is this: What happens to previous income? For instance, a man is making $2,000 a year on a farm. Then he will have a sale which nets him $10,000. Would that $2,000 a year be added to his income for each of the previous years, and would he pay income tax on the extra $2,000?

Mr. ILSLEY: Yes, of course.

Mr. CHARLTON: It would not be of very much advantage to him, then.

Mr. ILSLEY: That is what is being asked for, that he should not have years of loss or very low income, and then in the next year have a very high income on which he pays all the income tax on a high rate. That is the complaint.

Mr. McMASTER: I come from a city, but I am wondering what the difference is, in principle, between a farmer who sells out his whole stock and assets, and a man in the city who sells his hardware business, or any other business. I never heard of a man in the city who was made to pay an income tax when he sold his business.

Mr. ILSLEY: If the hon. member is talking about selling a building, that would be different from selling stock in trade.

Mr. McMASTER: I mean stock in trade.

Mr. ILSLEY: Almost every business man is on an inventory basis. At the end of the year if the value has gone up, that is a profit and he is taxed. If it goes up some more the next year, there is more profit. If it goes down, there is a loss. But he has paid as he has gone along and when he sells out the whole thing he has not much profit in that year upon which to pay income tax.

Mr. McMASTER: He may have left in some of his profits in order to build up his business. That is what many farmers do over a period of years. By thrifty living a man may make a small profit and from year to year he builds up capital from earnings from year to year which is non-taxable.

Mr. ILSLEY: Is the hon. gentleman talking about a merchant or a farmer?

Mr. McMASTER: I am talking about a farmer. After he has allowed that non-taxable profit to remain on his farm—this may be in the form of cattle or implements or other items—he may build up a considerable value over a period of years.

Mr. ILSLEY: Most farmers are in the business of buying and selling cattle.

An hon. MEMBER: No.

Mr. ILSLEY: They are certainly in the business of selling them.

Mr. LENNARD: Breeding and selling, not buying and selling.

Mr. ILSLEY: It does not make any difference in principle. If he is breeding cattle, he has the expense of raising them. The price he gets for the cattle is not clear profit; there would be a lot to set off against it. If he elects to conduct his business on a cash basis, then every animal he buys, all the feed he buys and all the costs of looking after them can be set off against his income for taxation purposes. What he receives for an animal or animals when sold must be regarded as income for taxation purposes. If he wishes to go on a different basis, on an inventory basis like the merchant, he can do that as well. If he does that he can spread his profits more evenly than if he keeps on a cash basis.

Mr. McMASTER: I think the minister has missed my point. The profits in any year may be so small that the farmer would not be taxable, and would not put in an income tax return. As I understand it, the income tax authorities would investigate to find out whether the man should be taxed in any one year, and they would take the accumulation of his life's efforts over a great many years and then tell him what part he must pay income tax on, and what part he should have put in a return or consulted the income tax authorities. They would consider taxing the income for that year and having regard to the fact that for the remainder he had never been taxable, that his farm equipment and stock had been built up from non-taxable profits.

Mr. ILSLEY: I stated in the budget speech that I intended to introduce some system of averaging. It is going to be a hard job because you will have to draw a distinction between classes in the community. You cannot average everybody. If we are to avoid charges of discrimination we shall have to go very slowly in this. It may be that we can take the primary producers, the farmers and the fishermen, put them on one side of the fence and then put everybody else on the other side. But then we are going to have continual claims from those who consider they are on the wrong side of the fence. That is something we shall have to face.

They have a system in Australia—I do not know just how it works—whereby they give primary producers a little different treatment. There is a better case for primary producers than there is for anybody else because of the dangers of loss on account of weather and market conditions. In the past, market conditions have not been at all steady, or at least not as steady as they have been in most other businesses. But it is only a matter of degree. There are a lot of businessmen who have had their years of losses and their years of low profits and perhaps years of high profits without any averaging. During the war with the high taxes we have gone part way in allowing losses to be written off against profits of the previous year or against profits of the three following years, and that applies to farmers as well as to everybody else. But that system is objected to on the ground that there may never be a year of loss; there may be years of just small profits, as in the case of these cattle producers. These men will go on without selling very much. They will continue to buy but will not be in the income tax category. Then suddenly the time will come when they want to sell a lot and then they must pay income tax that year. They are put into the higher brackets by that transaction. I understand that the Australian system is to keep them in an average bracket or something like that. I am determined that we are going to do something like that if we can work it out.

Mr. FAIR: I am very grateful to hear the minister make the statement he has to-day and the one he made on the budget. As he has suggested, consideration will have to be given to this whole problem, not only the problem of taxation but the complete picture. We must have a proper policy for agriculture as a whole, because it cannot go on in the future on the basis it has been forced to operate on in the past.

If you look back over the depression years you will see the losses that have been suffered by our farmers when they had to work year in and year out and hardly made their expenses. We are supposed to have been making profits since the war broke out, but I think it will be found that most of those supposed profits have been used to pay debts that were contracted during or before the depression years. I should like to see a period of five years taken as a basis for fixing profits in the case of farmers.

I wish to suggest raising the exemption for both single and married people. I would urge also a reduction in the income tax. I think the minister realizes that in the period after the war the people must have purchasing power if our industries are to be kept busy and be able to take care of our unemployment problem.

Mr. LENNARD: Dealing with the unfairness of the present method of taxing the sale of cattle, I should like to cite one instance. I have in mind a man who lives near my home. For the past twenty or twenty-five years he has been a successful farmer. He bought farms for four or five of his children and he owns several himself. If he sold any of those farms the proceeds would not be taxable. If, instead of buying land, he had put his profits into the purchase of stock and then sold those cattle, the proceeds would be taxable. There are many farmers in my district who are under a great handicap. They are getting on in years and during their lifetime they have built up a considerable herd. If they sell their herds most of the profits would go to the income tax department.

Mr. ILSLEY: If he puts his money into cattle instead of into farms he would have reduced his income tax that year to a marked extent because it would have been treated as an expense.

I think I ought to say in reference to working out some system of averaging for farmers and fishermen that it will be a complicated arrangement, and members of the house who object to complexity and espouse simplicity will be disappointed. It will not be possible to get in and out either; there will be a great temptation to want to average sometimes and not at others. There will have to be an element of rigidity about it, as well as an element of complexity. All this is entirely unavoidable.

Mr. FRASER: I believe that wage deductions would come under this resolution.

Mr. ILSLEY: This is a resolution affecting tax liability, not the method of collecting the tax, but I have no objection to my hon. friend discussing what he has in mind.

Mr. FRASER: I was wondering whether it would not be wise to deduct 100 per cent of the tax on wages at the source instead of only ninety-five per cent as at present, and then not make it compulsory for the wage-earner to fill out an income tax return covering that year's income. Could that not be done? It is quite a chore to many people to have to make out the form. I know that many labour organizations have asked that 100 per cent of the tax on wages be deducted at the source.

Mr. ILSLEY: I would be willing to give consideration to a system of that kind. I was under the impression, although I am told by the officials that I am wrong, that they have enacted something of that kind in the United States. I do not know whether that is so or not. A system of that kind would be convenient but it would not be just.

Mr. FRASER: I think the minister has in mind the suggestion made by a senate committee in the United States that that system be adopted. But I do not think it has as yet been put into force.

Another matter I should like to discuss is one that I have mentioned more than once before, and that is in regard to the portion of the 1942 tax which has not been paid. I will read the item:

> The deferred tax portion (if any) item 5, in respect of investment income in excess of $3,000, becomes due on, and is thereby deferred until the date of the taxpayer's death, with interest from that date at 8 per cent per annum until paid, unless the taxpayer elected to pay and paid on or before 30th April, 1944, at a 2 per cent per annum life expectancy discount.

I would suggest in regard to these taxes that have not been paid on 1942 income that they be allowed to be paid at any date at the same rate that prevailed before, two per cent per annum life expectancy discount, but that when the taxpayer dies his estate should be allowed at least six months. In the United States I believe they allow fifteen months. Six months at least should be allowed, and then after that date charge interest, although I think eight per cent is too high.

Mr. ILSLEY: It runs from the exact date of death, does it?

Mr. FRASER: Yes, interest at eight per cent per annum has to be paid from the date of death. The minister knows that the estate cannot pay it on that day and many estates cannot pay it for many, many months because there are succession duties and this, that, and the other thing to look after. Personally I owe a little myself. I do not know what my estate would do. It might have a hard time getting any money.

Mr. ILSLEY: I think the suggestion is well worthy of consideration. I did not realize that the penalty rate started so promptly.

Mr. FRASER: I brought this matter up when we were discussing the income tax last year and the Minister of National Revenue, now the Minister for Air, I believe said that I was wrong. I hunted up my tax bills and I know I am right.

Mr. ILSLEY: I do not agree with the first part of my hon. friend's suggestion that the taxpayers have an option to pay at any time before their death because they pay on a discount basis, the discount being on their life expectancy. The only thing to do in cases of that kind is to fix a date beyond which they can take their option. We may have fixed the date too early, but I do not think so. It was stated in the house that they have a year and a half to two years to exercise this option, and a lot of them did. I do not think I would extend that date. They can pay any time if they want to.

Mr. FRASER: Yes, they can pay any time, but not with advantage.

Mr. ILSLEY: Not on a discount basis, no.

Mr. FRASER: The reason I bring this matter to the minister's attention is that, as he knows, we have had good times and there is the chance that many of those who owe money to the government might in another five or ten years not have a nickel when they die, so that when they die the government would not get a cent. The minister knows that. There is a chance that some of these taxpayers will be absolutely flat broke when they die and the government will be out just that much. That is why I suggest that this be extended for at least a further period. I have made a few suggestions and I hope the minister will look into them. I hope he will look into deducting 100 per cent of the income tax at the source from wages and then forget about the return which the wage-earner is supposed to make in the following year.

Mr. CASE: I just want one question in my own mind clarified because it is a question that we are often asked in connection with the tax on farming. I understand from what the minister said that if the farmer proceeds on the inventory basis from year to year he pays his income tax on his increase in inventory as though it were income. But if he has a farm sale, will the farm sale be

subject to tax? Will he be in the same classification then as the hardware merchant if he is paying on the inventory basis?

Mr. ILSLEY: If he has paid on the increment each year in the value of his herd he does not have to pay on the total value of the herd when it is sold.

Mr. ROSS (Souris): When we were talking about the treatment of married couples for taxation purposes, I have in mind the case of the farmer and his wife who work on the farm. There was the distinction that the farmer and his wife were allowed an exemption of only $1,200, whereas the couple working in the city were granted an exemption of $1,800. I was wondering whether the minister has found any way of dealing with that situation.

Mr. ILSLEY: I know exactly what I intend to do about it. I do not know whether it is policy to state it.

Mr. ROSS (Souris): Can we be hopeful?

Mr. ILSLEY: The concession we made in 1942 was essentially a concession to war workers, to get married women to work in war factories. When a single taxpayer's exemption was put down to $660 the penalty upon a married couple in a city, each of whom worked in a factory, was very great when the married woman earned more than $660, because she then put her husband from the married status into the single status; in many cases he had to pay several hundred dollars more a year in taxes, and they started to leave the factories in very substantial numbers. We just had to change it, as a war necessity.

Mr. ROSS (Souris): So that we can guess what the minister is going to do now.

Mr. ILSLEY: It is wrong in principle—there is no doubt about that—and it will have to be changed. When a man is in receipt of a higher exemption because his wife is dependent upon him although in fact his wife is not dependent upon him, he should, of course, lose that exemption. We could not do that in time of war so that we passed the law we did. We have gone over this argument here time after time. But that is the way in which I expect to be meeting the situation, before too long; I do not know whether it will be in 1946 or not, but it was all gone into at the time we prepared the budget. I do not agree with the reasoning behind the hon. member's argument. I believe that if we were to grant what is asked for, that is if we were to allow farmers to pay their wives $660 a year because they work on the farm, it would not be a month before we would be driven into allowing everybody to do the same thing, and we would just be increasing the married man's exemption to that extent all along the line. I do not think we can do that.

Mr. CASE: Not only that, but a lot of wives would demand it. The minister had better leave it alone.

Mr. ILSLEY: I do not think that can possibly be done, and I think the other will have to be done.

Mr. GLADSTONE: I have been trying to find a place to ask about single and married status for income tax purposes depending on circumstances of residence. I might give as an example the case of an unmarried lady, a schoolteacher. She and her sister live in her own home. She supports the invalid sister and accordingly, I believe, receives marriage status. Circumstances in connection with her qualification may cause her to lose her position in that city and compel her to go to another town and board there. She still owns her home in the city and maintains her invalid sister in that home. According to a ruling of the income tax department she is therefore placed in the status of a single person. This seems to be a hardship. I have taken up the case with income tax officials, and they so admit, but apparently they have no discretion in the matter. They promised that the case would be brought to the attention of the department. I think it is a matter of principle and justice: it may be difficult from an administrative point of view; nevertheless in justice she should be granted the married status.

Mr. ILSLEY: That cannot be done under the law as it stands now, and I must say I do not see any way in which we could change the law so that it could be done, because there is a big difference between the obligations assumed by a person who has a self-contained domestic establishment and by one who has not. All I can do is give consideration to the hon. gentleman's representations. I do not anticipate that any change in the law can be made this session.

Mr. WRIGHT: The question I wish to ask is perhaps more directly concerned with the Ministry of National Revenue than the Ministry of Finance. I understand that there is some regulation whereby part of the farmer's income, say the portion received from the poultry flock where the wife is taking care of the poultry, may not be included in his tax return as income. I am wondering just where the department draw the line with

respect to that. On one farm is a poultry flock of a hundred head, where the income is not very large; on another farm a thousand hens may be kept and the income may be quite large. I should like the Minister of National Revenue to indicate where they draw the line with respect to the amount which may be taken from the farmer's income with respect to special lines such as poultry-keeping or, say, bee-keeping, or maybe where they milk only two or three cows, on a grain farm, and where the cream cheque goes to the woman and is not included in the income of the farmer himself.

Mr. McCANN: It has been the custom of the department to allow the income from a small partial occupation on a farm such as the hon. member has indicated to go as income to the wife. But it will all depend on what that proportion is to the whole operations of the farm. For instance, if they start out in that way and finally develop into an entirely poultry-raising farm, that becomes the chief occupation of the husband.

Mr. WRIGHT: Has the department established certain percentages? I want to get at where the line is drawn.

Mr. McCANN: No, it is not laid down as a certain percentage. It depends in the individual case entirely upon the weight—we may call it—or proportion which that bears to the total income of that particular farm.

Mr. WRIGHT: I think there should be some definite percentage or weight to go by; otherwise it will be entirely subject to the discretion of some departmental official who may be fair in all cases, or may not.

Mr. McCANN: What does the hon. member suggest?

Mr. WRIGHT: I think the percentage should be fixed.

Mr. McCANN: What does the hon. member suggest as a percentage?

Mr. WRIGHT: I am not going to make a suggestion. The Minister of National Revenue knows the circumstances much better than I do and knows the intention of the government with respect to this provision. I do not know whether it is the intention of the government to place the farmer's wife in the same position, say, as the woman who is working in industry whom the Minister of Finance has just described. I think there was some suggestion that that is what the department were doing when they made this regulation, and I want to get the thing clarified so that people will know just what they can and cannot do under this provision, because I know there is a tremendous variation in what has been done under it.

Mr. McCANN: No better system has been found of doing it than to weigh each individual case and do what we consider to be fair. As I have said, if it becomes the chief line on that particular farm then it goes in as income for the owner who is in most cases the man.

Mr. HLYNKA: What consideration is being given to men who came to Canada in the late thirties, settled here and took out their naturalization certificate, and who have families in the old land? I have had several of those cases brought to my attention, and in each case the individual was taxed as a single man. Could not some consideration be given to these people, particularly at the present time when they have to send money and assistance to members of their families in Europe?

Mr. MATTHEWS (Brandon): The point raised by the hon. member has caused a good deal of anxiety among certain residents of Canada who are in the exact position which he has mentioned. They have been supporting their families in Europe at such times as they could send remittances there, and when they could not do so they made other provision for those families. They do feel keenly that no allowance has been given them in the matter of income taxes. I know one instance very well, and I feel that the man is labouring under a disadvantage which probably cannot be helped under the existing legislation. However, it is still unfair and places him in an embarrassing position.

Mr. McCANN: That is not a great problem to handle, because any married man who for income tax purposes claims married status and can prove to the satisfaction of the department that he is a married man is taxed at the rate for a married man. If those people of foreign birth, who have, as they claim, a wife in some other country, will produce a certificate to that effect, supported by an affidavit, it is usually accepted; or if they will go to the consul of the country from which they came and obtain a certificate from him to the effect that So-and-so is a married man, that is accepted and he is taxed accordingly; or he is given the allowance which he should be given as a married person.

Mr. HLYNKA: In that connection I have many of those cases and in not one instance was any exemption allowed. The income tax inspector would usually refuse and say to him: "Well, you have no proof that you have been

helping your family, and during the past five years while the war was on you could not be helping your family." That is final. He has no place to go. He cannot appeal from the income tax inspector's decision in that instance. Would it not be advisable for the minister to send out a circular or inform the various divisions or income tax branches that they should allow such exemption, provided, of course, that these men can prove that they are married, have families and are helping them from time to time. I think that would simplify matters greatly, and, of course, it deserves serious consideration.

Mr. HACKETT: Has any thought been given to extending deductions or exemptions to second generations? A great many young people went away to war and married. They returned. They are handicapped in earning a livelihood because they are unprepared at the present time for their life's work. They are going to school; they are undergoing training and they have lusty broods of children. The parent of the soldier is supporting those grandchildren who are dependent upon him to the same extent as his own children were twenty or twenty-five years ago. It seems to me that there is a big category of dependents who are overlooked by the statute in its present form.

Mr. McCANN: That is already provided for in the act and in the regulations. If it is indicated and proven that a grandchild is dependent upon a man's parent for its support, the grandparent gets exemption in that regard in his income tax return.

Mr. HACKETT: The proof of matters of this kind must, of course, be submitted to the department. But I think it is generally accepted that so long as the parent is alive the grandchild is not a charge upon the grandparent, although most frequently and inevitably for some years the grandchild is and will, in fact be such a charge.

Mr. FAIR: The question of double taxation has been brought to my attention by—

Mr. HACKETT: Would the hon. gentleman let me get an answer to my question, please?

Mr. McCANN: I think this section covers the question of the hon. member. It reads as follows:

> A taxpayer may deduct from the normal tax otherwise payable by him in any year under this section 28 for each person who was during that year wholly dependent upon that taxpayer and was . . . his grandchild.

Then there are a lot of others included. It goes on:

> . . . except such dependent person by reason of whom such person is taxable under rule 1 of this section who being a taxpayer employs a full-time housekeeper or servant in a self-contained domestic establishment where he supports a child by reason of whom he is taxable under rule 1 of the section, he may not notwithstanding the exception contained in this rule make the deduction permitted under this rule for all the dependents described by him.

Mr. BROOKS: I do not think that covers it. It says, "wholly dependent", and the soldier who has dependents and is going to college at present gets a certain allowance from the government for each child. The child could not be considered as wholly dependent. The phrase "wholly dependent" would shut him out of the income tax deduction.

Mr. McCANN: The child is probably not dependent upon the grandparent at all, if the child's own father has sufficient income to keep him.

Mr. FAIR: The question of double taxation of income has been brought to my attention on a few occasions. By that I mean that a person working in the United States pays income tax on the earnings he made there for part of the year. He then comes back to Canada and earns some more money. He pays tax here; but in addition to paying tax on his earnings in Canada he is also compelled to pay tax on the amount earned in the United States. Is that correct? Why should that Canadian who has already paid tax on his United States earnings be compelled to pay income tax on the whole amount in Canada?

Mr. ILSLEY: He pays a tax on the entire income because he is resident in Canada for part of the year, but he gets credit for that part of the tax which is payable in the United States.

Mr. FAIR: I did not understand it in that way. Two parties who brought this matter to my attention claimed they had to pay the full tax without getting any credit. If that is the case I think the department should see to it that the credit is given.

Mr. ILSLEY: That is correct.

Mr. STIRLING: There is a point in connection with the forms to be used for the payment of income tax which I wanted to take up with the minister. Since income tax has become heavier in recent years, more and more individuals and business people have had recourse to the assistance of accountants. One such accountant in Vernon, British Columbia, puts a point to me which he thinks has not been mentioned so far, in these words:

Reference to company form T-2 discloses that a company receives a clear six months to file their form from the close of their business year, and as far as I am aware are always able to use the last form printed.

Now, how about the unincorporated individual. He neither knows what the form T-1 general is going to be like nor when it will be printed . . .

In my humble opinion, proprietors and partnerships should be treated equally and should have six months to file their form T-1 general from the time they are available to the public and in no case less than six months from January 1 unless they are available by December 1. An increasing number of taxpayers are requesting services from accountants which they are unable to give and the disparity in time is very unfair.

This particular accountant has previously raised matters in connection with the forms that have to be used, and I remember that last year there was a delay in the printing of the forms. His grievance is that in many instances the accountant is unable to give service to his client because he has not time to do all the work necessary after the printed form becomes available.

Mr. McCANN: At present the regulations provide that all individuals are given a period of four months from the end of the calendar year. The return must be made by the end of April. With companies the period given is six months. I submit that by far the greater number of individuals do not need and do not use expert people like accountants to make out their returns, and that four months is ample time in which to do so. I do not think giving another couple of months, to the end of June, would either have the forms filled in any better or see any greater number of returns made within the time limit. There are always people who are dilatory in making returns; if you gave them eight or nine months the returns would not come in until the tenth month. That is about the experience of the department in reference to income tax returns. When you establish a deadline of April 30, the people who want to have their returns in by that time will do so. So that I do not believe an extension would be of any great advantage to the individual, and I am sure it would slow up the work of the department in making the assessments.

Mr. STIRLING: May I draw the minister's attention to the fact that this complaint partly arises from the fact that the form T-1 general has by no means always been available as early as the end of the fiscal year. If my memory serves me aright, in 1944 the T-1 general form was not available in this part of Canada until a very short time before the date it had to be presented.

Mr. McCANN: I will admit some of that is true, but there are many difficulties in getting out the forms. For instance, the forms for 1945 cannot be put in shape until these resolutions and the bill based upon them actually become law. Then we have the matter of printing difficulties. During the war years particularly, not only the printing bureau but other printing establishments throughout the country whose services we use have been so busy and so short of help that it has been an absolutely physical impossibility to get out the forms as quickly as we would have wished. However, the representations the hon. gentleman has made will be taken into account and we will see if we cannot have the forms out in plenty of time for individuals and companies to make their returns within the time limit.

Mr. STIRLING: The minister will agree, I think, that no leeway is given the unfortunate taxpayer who, for the reasons the minister has mentioned, was not able to get hold of a form in time.

Mr. McCANN: I will just state this, that the records show that although there are four months in which to make the returns, the great bulk of them are made in the month of April and most of them in the last week, so that lack of forms has not held them up.

Mr. HACKETT: I should like to draw the attention of the minister to the fact that the provision which he was kind enough to read, and with which I am not unfamiliar, does not cover the situation I was drawing to his attention. A young man in this position receives a certain amount monthly, which is increased slightly if he is married and to which is added $10 or $12 a month for each child; but that is available to him only during the period of the year he is attending a college or university. It is enough to disqualify the grandparent entirely for any relief under the income tax act, and makes it impossible for the child and grandchild to survive unless they are helped by the grandparents during that portion of the year which is not devoted to study. Of course on the other hand everyone realizes that the assistance given by the government is totally inadequate for the maintenance of those people even during the period they are attending college or university.

Mr. CAMPBELL: There is another group of people I should like to bring to the attention of the minister, although I do not know whether or not he can help them. I refer to settlers who moved from the dried-out areas into the semi-bush country and who just had

their first crops about the time they began to get good prices. When they first moved in they put up temporary shacks. I know that last year quite a few wanted to build themselves decent houses, but because they had quite good crops which were worth a good deal of money the income tax was very heavy, and they were precluded from building their homes. I was wondering if there was any way of giving these people a little help.

Mr. ILSLEY: It would be quite inconsistent with all income tax principles to permit capital expenditure for houses to be regarded as deduction from income for taxation purposes. What I am about to say may not be entirely relevant, but if they were settlers who had suffered losses in the place from which they moved, such losses may now be set off against profits in other years. That is, the loss in any particular year may be carried back against the profits of the previous year, or against the profits of the three following years. This system has been in force for only a year or two; nevertheless, in cases where there are actual losses there is some mitigation of the rigours of the income tax in years of high profits and high gains. I cannot see any hope of making any change in the law which will allow persons to build houses for themselves out of their profits, and of that being allowed as a deduction for income tax purposes.

Mr. CAMPBELL: This particular group will have to start all over again. They lost practically everything they had.

Mr. HERRIDGE: Has the minister given consideration to the greater decentralization of income tax administration? In British Columbia the administration is centred in Vancouver, and the great majority of the people have no contact with it. I have heard it suggested on many occasions that if the administration were decentralized it would do a great deal to speed up the service of the department, and in this way the department would be able to give more satisfactory service and advice to the majority of the people.

Mr. McCANN: The matter of district reorganization has been under review for the past year. A year ago a committee was set up to study the whole problem with respect to the matter. Ten days or two weeks ago I tabled in the house—and a copy was tabled in the other place—the report of that commission. Although this report has not yet been accepted by the government, there is an outline of a plan for greater district organization from one end of the country to the other. This is done with a view to giving better service to the public. Then, it will give assistance to some of the offices in the larger centres by the setting up of subdivisions to assist offices which are already overworked.

I am not prepared to make a statement as to the exact location of these new offices until such time as this report has the endorsation of the government. I can only say that the matter is well in hand, and that it is the purpose and the aim of the taxation division of the Department of National Revenue to give the public better service, both by opening up new districts, and by adding to the staff as many competent people as we can get and are needed.

Mr. FRASER: Every year I have referred to these district offices. I hope that an office will be put in Peterborough. Last year one man was sent up there, and was placed in the back of the customs house. Very few people knew he was there.

In many instances the final receipts for income tax payments are not sent out for two or three years. Taxes may be due, but the taxpayer may believe he has made a full payment. Then the government will come along and tell him that he should have paid a tax on this or on that. In my view this condition is not fair to the taxpayer, particularly when he must wait two or three years for his bill, and have included on that bill interest for that length of time. We have noticed that this has happened in the Belleville district, which serves Peterborough. I must say, however, that that district is served much better since the addition of more staff. I do not think the taxpayer should be charged interest until he gets his bill. It would be proper to make the charge from the time he receives it until the bill is paid. What does the minister think about this?

Mr. ROBINSON (Simcoe East): What is the present position of those persons who have maintained in their homes British refugee children during the war, and who are still maintaining them? Has the department given any consideration to extending income tax deductions to those people? They have been put to a great deal of expense and are worthy of great credit.

Mr. ILSLEY: Perhaps the hon. member is familiar with the history of the situation respecting British children. A distinction was drawn between children from the United Kingdom who came under a government-sponsored scheme, and those who did not. With regard to the former class some deduction for income tax purposes was allowed the Canadian taxpaper who took these children

who were moved under an arrangement made between the governments. However, no such deduction was allowed in other cases.

The relevant amendment in 1944 was as follows:

In this act, unless the context otherwise requires, words referring to a child of a taxpayer include

(b) a person who is under 18 years of age and wholly dependent on the taxpayer for support and of whom the taxpayer has in law or in fact the custody and control.

That was the first time parliament accepted the principle that a deduction could be allowed in respect of a child who was not a child of the taxpayer, either in fact or by adoption. But since that time a taxpayer may get a deduction in respect of any child who is wholly dependent or, as the section says, any child under eighteen years of age who is wholly dependent on the taxpayer for support, and of whom the taxpayer has in law or in fact the custody and control.

I would suppose that some of the British children who are here are not wholly dependent upon the Canadian taxpayer for support. In that event, if they are only partly dependent, there would not be a deduction. But for those who are wholly dependent the deduction is now allowed.

Mr. MATTHEWS (Brandon): What is the status for tax purposes of children from the United Kingdom maintained in Canada?

Mr. ILSLEY: I do not know whether there is any special advantage there or not. The provision with regard to government-sponsored transfers of children was never repealed, so far as I recollect. So that the taxpayer who has custody of one of those children has two sections under which he might come. Whether one section is more advantageous than the other, I do not know.

Mr. FRASER: I should like the minister to tell us what he thinks about my suggestion that the interest should not start until the taxpayer receives his account from the department.

Mr. ILSLEY: I do not agree with it. Here you have one taxpayer who correctly computes his tax liability and pays his money. You have another taxpayer who incorrectly computes his tax liability and keeps part of the money which it is eventually decided should have gone to the crown. The suggestion is that he keep it interest free, and I do not see the equity in that.

Mr. FRASER: I doubt very much whether the minister could probably make out an income tax form and be absolutely correct according to the decisions of the offices across the country. Every one of them has a different idea as to the rulings. The matter must come to Ottawa when any one objects or is not sure; it goes through the office here and eventually gets back to the district office. Perhaps a year or two or three years may elapse. There may be a dispute over an amount that should be payable. I know of one case where there was a difference of $700. The taxpayer thought he was entitled to it, and it was two years before it was decided that he was not entitled to it. I understand that the district office said he was entitled to it but the head office said he was not. When there is any doubt about the matter I do not think the taxpayer should pay interest.

Mr. WRIGHT: A few moments ago the minister said that it was against the principles of the income tax that deductions should be allowed for the building of homes.

Mr. ILSLEY: That is right.

Mr. WRIGHT: When the minister considers the matter of taxation before his next budget I think he should give some consideration to changing that principle. I would suggest that it be done this year, because there is a scarcity of material and it might bring about an increase in the price ceiling, but in another year serious consideration might be given to permitting deductions from income tax for what is spent on the building of a home. We need homes in Canada and we need better homes. It is very difficult for people, especially those in the lower income groups, to acquire a home under our present income tax structure. I am not suggesting that deductions be allowed where a home costing $10,000 or $20,000 or $50,000 is built, but I think serious consideration should be given to allowing some exceptions in the case of the moderate home costing from $5,000 to $7,000. There is a tremendous need for homes of that type; there is a tremendous need for housing on our farms, in our industrial areas and in our towns and villages practically all over Canada.

Mr. McMASTER: I should like to bring up a matter which perhaps should have been brought up earlier. It has to do with ministers; not ministers of the crown but ministers of the gospel. I believe it has been decided by the income tax authorities that no allowance for an automobile can be made to ministers. Take a minister out west or in some parts of Ontario; he may have several charges and it is imperative that he have an automobile. Some fair allowance should be made on an annual basis without its being necessary for these men to keep the receipts

they get every time they buy gas or oil. There should also be a reasonable depreciation allowance. An automobile is absolutely necessary in their work and some fair allowance should be granted.

Mr. JACKMAN: This question has come up in previous sessions. I am not going to press it now, but I want to let the minister know that at some time or another we want some action. There should be not only an allowance not only for automobiles which are needed by ministers to visit their flocks, but be some exemption in regard to the cost of the automobile. This brings to my mind the old question of clergymen of the Protestant religion who are paid so much money as against priests of the Roman Catholic church who do not receive salaries or stipends. Some take the vow of poverty and do not have a fixed income. At any rate they are not assessable and I think that point will be granted. Whether a man has a family or whether he is a celibate he has to have a roof over his head. If we are to have equality between the two religions in this country, some consideration should be given to ministers of the Protestant persuasion who must provide themselves with a manse or a lodging of some description. If the church sees fit to give the minister a manse, the rental value must be computed and added to his income and he pays on the total amount.

I am only asking that equality prevail as between the two religions. I think all members of this house believe that we must have equality, no matter what faith one belongs to. I will leave it with the minister at the present time. This is a matter which comes up periodically, although I have not had any letters on it this particular session. But it has come up in previous years, and those of us who belong to the Protestant persuasion believe that equality of treatment should be given to our ministers.

I should like to ask the minister under what section of the income tax act is the wife of a farmer able to carry on a poultry division of her own and not have her income bulked in with the general income of the farm? Is that done under a section of the income tax act?

Mr. McCANN: There is no particular form for that type of return; it just gets down to a matter of practice and regulation where the law does not see the last nickel or the last drop and takes into consideration the peculiar circumstances of the woman on the farm. I just want to make one observation with reference to the remarks the hon. member made about the taxation of clergymen. As far as income tax returns are concerned, clergymen of all denominations in Canada are dealt with on exactly the same basis.

Mr. JACKMAN: If the minister had enough experience in his department—

Mr. McCANN: I have had plenty of experience. I do not propose to let the hon. member for Rosedale broadcast any such statement to the people of Canada as he has done. I know his purpose.

Mr. JACKMAN: You know my purpose? Apparently the minister is imputing motives, although I do not know just why. If he is imputing motives, I ask him to withdraw.

Mr. MACKENZIE: There is nothing to withdraw.

Mr. JACKMAN: He said, "I know his purpose." What is my purpose?

Mr. MACKENZIE: Something trivial I would say.

Mr. JACKMAN: I am asking for equality in this matter.

The CHAIRMAN: There is no implication.

Mr. JACKMAN: The minister said that he thought he knew my purpose. I happened to be handling a matter, a religious matter, that requires a certain amount of delicacy. The minister has made an imputation—

The CHAIRMAN: Order. All that the hon. member needs to do is to state that he has no purpose and the minister must accept his statement.

Mr. JACKMAN: I will tell the minister what my purpose is. My purpose is to obtain equality. I understand—I may be wrong in this, and I am not suggesting that there is anything wrong with the departmental administration—that there is by reason of circumstances that cannot be changed an inequality in the treatment of housing accommodation which the Protestant clergy have as against that of the Roman Catholic clergy. I do not, from what I know, believe that the Roman Catholic clergy receive stipends in the same way that the Protestant clergy do. Many Roman Catholic clergymen take vows of poverty and therefore cannot have any incomes; yet they must live and have a roof over their heads. There is a disparity there and I ask that consideration be given to it.

As to the other matter, the minister will find that what I have said after looking into this matter for a long time is a fair statement. I was not trying to raise a difficult issue with him. I think that my statement was quite justified; that the case I put was a reasonable one and that I did not need to be put in my place as the minister tried to do.

I have also asked what particular form the farmer uses in order that his wife may have a separate account for the poultry division of the farm or whatever it may be. The minister says that there is no separate account. I am not suggesting for one moment that the farmer's wife is not entitled to some return for her services, but in my riding, particularly in one section where there are thousands of small shops, there are many wives who work in the shop during the day in addition to doing all their housework and getting meals for the family, and also work late at night in the shop, particularly at this season of the year. If there is a section of the income tax which allows justice to be done to the farmer's wife who helps her husband I want the same justice to be done to the wives of the men who live in my riding and who help to swell the total of the storekeepers' earnings, and I ask under what section is this done with respect to the farmer's wife, or is there some rule or regulation that the ordinary taxpayer does not know about? Let us know what the law of the land is, so that we can tell where we stand. If there is such a section of the act I should like to know about it, and I would feel it incumbent upon me to advise those wives who do work in the store with their husbands that they are entitled to the same treatment as the farmer's wife. I do not want to make it so difficult that it cannot be administered, but I think we must have a certain amount of justice in this matter.

Mrs. STRUM: I am sorry that I have not heard all this discussion. I should like to ask the minister if a wife who teaches school submits a separate income tax statement from her husband's?

Mr. ILSLEY: Yes.

Mrs. STRUM: And does he get an exemption for her as his wife?

Mr. ILSLEY: Yes.

Mrs. STRUM: And she gets another exemption as teacher?

Mr. ILSLEY: Yes.

Mrs. STRUM: Which means that if you teach school you get an edge of $600 on the woman who helps her husband on the farm or in the store.

Mr. ILSLEY: I do not know that it is correct to say that you get an edge of that much, but undoubtedly the taxation system is just as the hon. member has described it.

Mrs. STRUM: I would ask the minister to give consideration to the question that the hon. member for Rosedale has just raised, because there is no doubt that the wife on the farm has always had an economic value. I know. You start in the morning and wash the separator. It is not possible for your husband to milk the cows, for instance, or to attend to the family garden, or to the whole business of raising chickens, which provides a valuable addition to the nation's food supply. All this depends upon whether the wife is willing to undertake that work. It is in the interest of the production of cream and butter and cheese and chickens that we should give recognition to the wife and allow an additional exemption for the work she does in assisting her farmer husband, and by the same token an exemption should also be allowed for the woman who helps her husband in the store or post office.

Mr. ILSLEY: This was fully discussed before the hon. member came in this afternoon and I do not think it is necessary to repeat what I said then. I see no possibility of making a special exemption. It would amount to fixing in the law an allowance by the husband to his wife for the work she does that contributes to his income, and it would be utterly impossible to draw the line anywhere, as far as I could see, because nearly all wives do work which contributes to the earning of the income by the husband. I do not think we can do anything like that.

The argument of equity which was raised by the hon. member for Souris, and which he has raised in previous years, was that the wife who leaves the home and goes out and earns money, perhaps making it necessary for someone else to work in the home, is permitted to submit a separate income tax return and nevertheless the husband does not lose his status as a married person. But as I explained to the hon. member this afternoon the reason why this was done in 1942 was that we had to meet an acute and emergent situation as far as workers in war factories were concerned. One can tell what the value of the services of the wife is in that case; it is what she gets

in cash. In the other case I do not think it would be possible for the law to go to every farm and into every home and store and assess the value of the wife's services to the husband as far as the earning of his income is concerned. We may as well face this fact, that if we make a special concession for one case, we must do it for all.

Mr. JACKMAN: There is one other point I wish to raise. We have done everything on our side of the house to curtail this debate in order to get on with the business of the house, because we realize that this is in a sense a temporary budget, eleven months of the year having gone by and that we shall soon be meeting here again. I wish to ask the minister whether the main provision of the budget, whereby a reduction at the rate of sixteen per cent will be put into effect for the last quarter of this year, representing four per cent for that period, may from the point of view of the department preclude any further tax relief for 1946, if we pass the resolution now?

Mr. ILSLEY: It does not make it impossible.

Mr. JACKMAN: No. I know that legally one parliament, or one session of parliament, cannot bind another. We do as we want to here. But in the minister's view is this provision of 16 per cent relief from taxation to be the final measure of relief for 1946?

Mr. ILSLEY: I cannot make predictions about what will be done in the next budget. I should not be pressed to do that.

Mr. SINNOTT: I see, according to to-day's paper, that the butter ration may be reduced next year. The little discussion which has taken place here reflects back to the farm wife. I venture to say that a very large proportion of the public do not know how much the farmer's wife contributes to the butter production of this country, and in my opinion some way must be found to encourage butter production. Although we have over 100,000 more cattle in Canada than previously, the trend is to lower production, in butter, as well as in hogs, and there is only one reason for it. When taxation takes away beyond a certain amount of a person's income the taxpayer begins to think that he will not produce any more because the proceeds are going to be taxed away from him. The only way I can see to relieve this condition is to raise the amount of exemption to, say $5,000, and then we shall have a freer flow of goods. But we cannot continue to tax the ability of people to produce without having a great curtailment of production all the way down the line.

Mrs. STRUM: I wish to thank the minister for the detailed explanation he gave of his law. Sometimes I think we tend to regard our own laws as we regard the law of gravity beyond our control; I do not think that is a legitimate basis on which to argue, because here you have a situation where you are asking someone to undertake production, and am I to understand that we have never made concessions to anybody for the production of certain articles? We have made all kinds of grants in the matter of income tax exemptions, through accelerated depreciation and a number of other devices, in order to get certain jobs done and certain articles produced. Is it suggested that in order to give consideration to the economic contribution which the wife makes on her farm that she and her neighbour change places and they pay each others wives for the work? Not only have farm women produced all kinds of food during the war, but they have helped to build up an industry. It is not a matter of whether a man on a farm can afford a wife; a man on a farm cannot afford to be without a wife. She is the most useful general-purpose labour-saving device there is on the farm.

Mr. JAQUES: Where does the husband come in?

Mrs. STRUM: On the basis of the consideration we give to other groups and other industries in order to get certain articles produced, I think it is only just, as an hon. member has suggested, that we raise the exemption, recognizing the need to produce more food and to encourage women to do the thing that they are equipped to do, namely to assist their husbands in producing. I suggest that we review our own law and the basis for it if this is the way it stands at the moment.

Mr. BURTON: I wish to support the hon. member for Qu'Appelle in her argument. I think she gave a very good argument, and I would support it further because I know what it is to try to farm without a wife on the farm.

Mr. PROBE: I should like to ask the minister one brief question before six o'clock, and that is with respect to the exemptions to which professional persons are entitled. Is it true that certain professions are given exemptions from income tax to permit them to pursue post-graduate courses or for the purchase of equipment such as medical kit or books needed in their profession? I have in mind teachers, professors, and so on. I should like an answer covering these two

cases, the case of persons pursuing post-graduate work, and who may be said to be maintaining the capital equipment with which the professional man operates; and in the second case, expendable equipment, such as the books of the teacher or the medical kit of the doctor.

Mr. ILSLEY: No; the expense of post-graduate work is not allowed. With regard to books and instruments, I do not know. If the outgo is small it is regarded, I think, as an operating expense of carrying on the business rather than a capital expenditure.

Mr. PROBE: The department would rule that this is an expense of doing the business of the profession, but that the study portion—the sabbatical year study and so on—is not considered an expense?

Mr. ILSLEY: That is right. In the case of equipment, instruments and books, they would not be allowed in large sums because that would be a capital expenditure; but there is a small running expenditure which is allowed as an expense.

Resolution agreed to.

Mr. SINNOTT: I should like to thank the hon. member for Qu'Appelle for her kind remarks.

Progress reported.

DOMINION PROVINCIAL CONFERENCE

STATEMENT ON WAR LABOUR REGULATIONS

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, may I with the consent of the house, be permitted to make a brief statement.

During the afternoon session of the coordinating committee of the dominion-provincial conference yesterday, I made a statement to the committee on behalf of the government, which I now desire to repeat to the house. As far as we can now see into the future, it will be necessary to continue for a considerable period certain regulations arising from the war. This period may be a year; it may be less or more than a year.

The war measures relating to collective bargaining and wage control, as part of the price control machinery, are integrated matters. It is government policy to continue these war labour measures until at some future date they can be discontinued without the risk of contributing to inflation. Whatever the date, sufficient notice of the proposed discontinuance of federal administration of measures relating to collective bargaining and wage control will be given to provincial governments to enable them to take in these fields whatever administrative action they may deem necessary. It was indicated by the representatives of the provinces that they desired to continue to cooperate in the policy as they have during the war.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 24, to incorporate The Canadian Jewellers Institute.—Mr. Jackman.

Bill No. 31, to incorporate The Arctic Institute of North America.—Mr. Benidickson.

Bill No. 34, for the relief of Martha Louise Manful Hatch.—Mr. Maybank.

Bill No. 35, for the relief of Nora Jean Cunningham Brisbane.—Mr. Maybank.

Bill No. 36, for the relief of Therese Bonenfant Fusco.—Mr. Boucher.

Bill No. 37, for the relief of Mildred Euretta Mackay Disher.—Mr. Emmerson.

Bill No. 38, for the relief of Mary Emerson Wittemore Schlemm.—Mr. MacLean.

Bill No. 39, for the relief of Andrew Lawrence Card.—Mr. Maybank.

Bill No. 40, for the relief of Annie Morrison Wisely Pitblado.—Mr. McGregor.

Bill No. 41, for the relief of Joe Eisen.—Mr. Maybank.

Bill No. 42, for the relief of Ellen Therese Cramer Watson.—Mr. Maybank.

Bill No. 43, for the relief of Rita Gendron Reid.—Mr. Brown.

Bill No. 44, for the relief of Evelyine Pearl Edwards Aird.—Mr. Emmerson.

Bill No. 45, for the relief of Helen Turner Luke.—Mr. Hazen.

Bill No. 46, for the relief of Lois Elizabeth Allworth Pierce.—Mr. Emmerson.

Bill No. 47, for the relief of Armandine Cecile LeBrun Lachance.—Mr. Emmerson.

Bill No. 48, for the relief of Grace Irene Paquet Hopkins.—Mr. MacLean.

Bill No. 49, for the relief of Alma Joan Begin Oswald.—Mr. Hazen.

Bill No. 50, for the relief of George Ernest Reed.—Mr. Maybank.

Bill No. 51, for the relief of Sylvia Heather McCulloch Peck.—Mr. Maybank.

Bill No. 52, for the relief of Frederick Keith Beattie.—Mr. Emmerson.

Bill No. 53, for the relief of Robert Coull.—Mr. Homuth.

Bill No. 54, for the relief of Violet Beach Meredith.—Mr. Croll.

Bill No. 55, for the relief of Max Engelberg.—Mr. Casselman.

Bill No. 56, for the relief of Bertha Harris Fineberg.—Mr. Maybank.

Bill No. 57, for the relief of Nils Jens Pettersen.—Mr. Hazen.

Bill No. 58, for the relief of Benjamin Charles Stafford.—Mr. MacLean.

Bill No. 59, for the relief of Florence Mary Daniel Nightingale.—Mr. Benidickson.

Bill No. 60, for the relief of Edward Stephen Vasselin.—Mr. Homuth.

Bill No. 61, for the relief of Robert Marshall Miller.—Mr. Merritt.

Bill No. 62, for the relief of Dorina Laurin Wallis.—Mr. Casselman.

Bill No. 63, for the relief of Helen Louise Clark Leet.—Mr. Maybank.

Bill No. 64, for the relief of Dorothy Anita Duffy Gregson.—Mr. Casselman.

Bill No. 65, for the relief of Irene Grace Harman Smith.—Mr. Casselman.

Bill No. 66, for the relief of Lorna Maud Clerk Kingsland.—Mr. Casselman.

Bill No. 67, for the relief of Edgar Jean.—Mr. Maybank.

Bill No. 68, for the relief of Ethel Maybird Wright Latremouille.—Mr. Croll.

Bill No. 69, for the relief of Marie Rose-Alba Germaine Belair Blanchard.—Mr. Cleaver.

Bill No. 70, for the relief of William Bernard McCarrick.—Mr. Croll.

Bill No. 71, for the relief of Lorne Edward Souva.—Mr. Casselman.

Bill No. 72, for the relief of Edith Gertrude Jackson Holloway.—Mr. Maybank.

Bill No. 73, for the relief of George Allenby Bradshaw.—Mr. Maybank.

Bill No. 74, for the relief of Phyllis Fitch Farber.—Mr. Maybank.

Bill No. 75, for the relief of Vencel Humenay.—Mr. Rose.

Bill No. 76, for the relief of Waldo James Cousins.—Mr. Maybank.

Bill No. 77, for the relief of Albert Wilson Harvey.—Mr. Maybank.

Bill No. 78, for the relief of Iris Ester Westerberg Duffy.—Mr. Smith (York North).

Bill No. 79, for the relief of Della Frances Gardner Hudson.—Mr. Maybank.

Bill No. 80, for the relief of Joseph Fernand Arthur Groleau.—Mr. Croll.

Bill No. 81, for the relief of Audrey Nathaniel Smith MacNair.—Mr. Croll.

Bill No. 82, for the relief of Ovila Bernard.—Mr. Emmerson.

Bill No. 83, for the relief of Albert Edward Spray.—Mr. Emmerson.

Bill No. 84, for the relief of Helen Isabel Dibblee Brown.—Mr. Maybank.

Bill No. 85, for the relief of Robert Hiscock.—Mr. Homuth.

Bill No. 86, for the relief of Jacques Noel Cerminara.—Mr. MacLean.

Bill No. 87, for the relief of Joseph William Henry Beausoleil.—Mr. MacLean.

Bill No. 88, for the relief of Rita Beryl Gwendolyn Scott Luun.—Mr. MacLean.

Bill No. 89, for the relief of Neil Sinclair McKechnie.—Mr. Maybank.

Bill No. 90, for the relief of Albert Evariste Gelinas.—Mr. Maybank.

Bill No. 94, for the relief of Royal Tessier.—Mr. Brown.

Bill No. 95, for the relief of Aurore Leblanc Proulx.—Mr. Brown.

Bill No. 96, for the relief of Margaret Susan Bradshaw Hodgkinson.—Mr. Emmerson.

Bill No. 97, for the relief of Lydia Donalda MacDonald Fletcher.—Mr. Brown.

Bill No. 98, for the relief of Charles Edward Varney.—Mr. Brown.

Bill No. 99, for the relief of George Louis Bush.—Mr. MacLean.

Bill No. 100, for the relief of John Hall Jones.—Mr. Maybank.

Bill No. 101, for the relief of Madeline Daisy Harvey Bell.—Mr. Emmerson.

Bill No. 102, for the relief of Georges Moshonas.—Mr. Brown.

Bill No. 103, for the relief of Ann Agnes Hyson Kellogg.—Mr. Merritt.

Bill No. 104, for the relief of Anna Ostronoff Smilestone.—Mr. Casselman.

Bill No. 105, for the relief of Doris Alice Davis Stackhouse.—Mr. Casselman.

Bill No. 106, for the relief of Olive Maud Prouse Palmer.—Mr. Maybank.

Bill No. 107, for the relief of Mary Mueller Pierotte.—Mr. Maybank.

Bill No. 108, for the relief of Anthony Malt.—Mr. Maybank.

Bill No. 109, for the relief of Roderick John Elder.—Mr. Maybank.

Bill 110, for the relief of Francis George Dennis.—Mr. Maybank.

Bill No. 111, for the relief of Zenon Alary.—Mr. Maybank.

Bill No. 112, for the relief of Gladys Muriel Watson Hooper.—Mr. Maybank.

Bill No. 113, for the relief of Pearl Woodward McGregor.—Mr. Maybank.

Bill No. 114, for the relief of Lily Bromberg Seidlitz.—Mr. Merritt.

Bill No. 115, for the relief of Clarence David Cowan.—Mr. Black (Chateauguay-Huntingdon).

Bill No. 117, for the relief of William John Mitchell.—Mr. MacLean.

Bill No. 118, for the relief of Nathan Labovitch, otherwise known as Nathan Labow.—Mr. Emmerson.

Bill No. 119, for the relief of Fannie Bly Blanshay.—Mr. Cleaver.

Bill No. 120, for the relief of Annette Lea Marion Macnab.—Mr. Rose.

Bill No. 121, for the relief of Gerald Franklin.—Mr. Casselman.

Bill No. 122, for the relief of Ivor Edna Nancy Mosher Clarke.—Mr. Cleaver.

Bill No. 123, for the relief of Mary MacRury Tait.—Mr. Casselman.

Bill No. 124, for the relief of Ernest Stanley Powell.—Mr. Boucher.

Bill No. 125, for the relief of Anastasia Stack Kormylo.—Mr. Croll.

Bill No. 126, for the relief of James Christie Miller—Mr. Croll.

Bill No. 127, for the relief of Francis Needan Quirk.—Mr. Merritt.

Bill No. 128, for the relief of Virginia Wallace Knowlton Tousaw.—Mr. Maybank.

Bill No. 129, for the relief of Elsie Pearl Craig MacInnis.—Mr. Maybank.

Bill No. 130, for the relief of Celia Calp Hecht.—Mr. Merritt.

Bill No. 131, for the relief of Joseph Marcel Rouleau.—Mr. Merritt.

Bill No. 132, for the relief of William Arthur Smythe.—Mr. Casselman.

Bill No. 134, for the relief of John Guerin Bowles.—Mr. Cleaver.

Bill No. 135, for the relief of Molly Margaret Evelyn McCuaig Stead.—Mr. Boucher.

Bill No. 136, for the relief of Robert Kirkpatrick Scott.—Mr. Brown.

Bill No. 137, for the relief of Emma Hull Mack.—Mr. Brown.

Bill No. 138, for the relief of Kathleen Annette Rolfe McLaughlan.—Mr. Benidickson.

Bill No. 139, for the relief of Catherine Winfred Howard Bailey.—Mr. Casselman.

Bill No. 140, for the relief of Evelo Browning Couch Harvey.—Mr. Maybank.

Bill No. 141, for the relief of Hazel Margaret Robertson McLarnon.—Mr. Nixon.

Bill No. 142, for the relief of Marie Azilda Yvette Rowley.—Mr. Croll.

Bill No. 143, for the relief of Joseph Adelard Emilien Lemay.—Mr. Boucher.

Bill No. 144, for the relief of Edward Arthur Robinson.—Mr. Maybank.

Bill No. 145, for the relief of Marie Marthe Fabiola Germaine Trempe Barlow.—Mr. Maybank.

Bill No. 146, for the relief of Thelma Ann Tongue Grant.—Mr. Maybank.

Bill No. 147, for the relief of Jean-Jacques Lahiere.—Mr. Maybank.

Bill No. 148, for the relief of Edgar Thomas Lucas Graham.—Mr. Maybank.

Bill No. 149, for the relief of Edith Pearl Roe Gardner.—Mr. Maybank.

Bill No. 150, for the relief of Dorothy Marie Christensen Korning.—Mr. Stuart (Charlotte).

Bill No. 151, for the relief of Frank Edward Quartz.—Mr. Benidickson.

Bill No. 152, for the relief of Eileen Campbell Burfind Morris.—Mr. Maybank.

Bill No. 153, for the relief of Elma Eva Inch Evans.—Mr. MacLean.

Bill No. 154, for the relief of Gertrude Rheaume Marchildon.—Mr. Brown.

Bill No. 155, for the relief of Godfrey John Kool.—Mr. Maybank.

Bill No. 156, for the relief of Eric John Hollingsworth.—Mr. Maybank.

Bill No. 157, for the relief of Pamela Sarah Atkins Berends.—Mr. Maybank.

Bill No. 159, to amend an Act to incorporate The Royal College of Physicians and Surgeons of Canada.—Mr. McGarry.

Bill No. 160, to consolidate and amend the Acts relating to Alliance Nationale.—Mr. Marier.

Bill No. 25, to incorporate Dominion General Benefit Association.—Mr. Ross (Souris).

Bill No. 26, to incorporate Ottawa Valley Trust Company.—Mr. McIlraith.

Bill No. 174, to incorporate Canadian Slovak Benefit Society.—Mr. Maybank.

Mr. MAYBANK: While as yet I have not been able to find upon the list a bill in which I have been asked to interest myself, I was under the impression that there was one relating to the Lake Erie-Detroit Railway Company, standing in the name of Mr. Croll. The hon. member is indisposed and I have been asked to sponsor the bill. It may not be on the order paper, but I should not like to overlook it if it is.

Mr. MACKENZIE: Steps will be taken to see that all private bills which have not been considered will be dealt with on Monday evening.

Mr. MAYBANK: I have had an opportunity of looking over this list more carefully, and I have not yet found the bill; but, as the minister has said, it will be on the order paper for Monday evening.

WAYS AND MEANS

INCOME WAR TAX ACT

The house in committee of ways and means, Mr. Macdonald (Brantford City) in the chair.

22. To provide for an appropriate additional tax dependent on the income of the taxpayer in cases where family allowance payments are received in order to adjust the benefits in respect of dependent children.

Mr. FLEMING: I think this resolution is in a class by itself, because it frankly proposes an increase in a tax. As the proposal stands I think it requires considerable clarification if the committee is to understand it, and I would ask the minister to be good enough to give us an explanation. On reference to the statement the minister made on October 12, as reported at page 1006 of *Hansard,* as closely as I can follow his remarks on that occasion there is some indication that the amendment proposed is to give effect to the changes in family allowances made by order in council last spring at the time the remainder of the 1944 income tax became payable. However, if one follows the remarks of the minister as they are found at the conclusion of the long paragraph in the second column on page 1007 it is apparent that the new scale of adjustments to be proposed is for 1946, and not for 1945 at all.

In the face of this situation, would the minister be good enough to make a statement to clarify what is proposed here? It seems to me that most people understood that when they received family allowances it was not to cost them something in terms of taxation. But the statement of the minister on October 12 indicates that there is to be a considerable recapture of the amount of the allowances. Would the minister be good enough to clarify this proposal?

Mr. ILSLEY: Yes. This resolution will give effect to the principle approved by the house when the Family Allowances Act was passed, that double benefits should not be given by way of family allowance and income tax credits for the same child. The schedule of rates designed to eliminate this duplication as far as possible has been in use for purposes of tax deductions since the payment of allowances commenced in July, 1945.

The amendment to the law will authorize the payment of final liability under these rates for 1945, and will authorize tables of rates appropriate for use in 1946. The scale for 1946 will be slightly different from that of 1945, because we have tried so far as possible to give effect to the reduction in income tax which will obtain in 1946.

[Mr. Maybank.]

This is a most difficult matter, of course, because it was clearly understood at the time the family allowances bill was introduced by the Prime Minister that persons who are getting a deduction from their income tax in respect of children would not get an additional or duplicate benefit through receipt of family allowances.

But there are so many different tax values for children, depending upon the income, the number of children above sixteen years of age, and the number of dependents other than children, that it is impossible to make a scientific elimination of duplications. So that after putting an enormous amount of work on the problem of elimination of duplication last spring, we finally decided that the only way we could do it would be to pay family allowances to everybody who applied for them and who had children under sixteen years of age, and then to make an approximate elimination of the duplication.

The way we did it then was to provide that anyone with an income over $3,000 would be obliged, in effect, to pay back family allowances. In other words, it would be of no benefit whatsoever for persons who were in receipt of incomes over $3,000 to apply for family allowances, because the duplication there would be complete. We decided that for those who had incomes of up to $1,200 there would be no attempt to make any recapture at all, and that between $1,200 and $3,000 there would be a graded recapture. Perhaps "recapture" is not the best word in the world to use, but it is an attempt to eliminate the duplication. It is not a tax on family allowances. Rather, it is an adjustment by this method of the income tax credits, in consideration of the fact that the taxpayer has received family allowances, and it was understood that he was not to get both. It was also understood that he would get the larger of the two in all cases. Approximately speaking, the table we put into effect for the period from July 1, 1945, on, which will be confirmed exactly as it is in the legislation we shall propose for the year 1945, does this.

Mrs. STRUM: Mr. Chairman, I feel slighted. I am the only person eligible to collect, and the minister is not even looking this way.

Mr. ILSLEY: The table for 1946 will be slightly more generous, in view of the fact that the income tax is reduced. Therefore it may be argued that the tax value per child will be reduced for the year 1946. So that the two tables will be placed before the house for its approval. It will not be exact. In

many cases we will not eliminate duplication. The taxpayer will get some benefit. In most cases he will get more than the larger of the two benefits, but in some cases he may get slightly less. However, it is a pretty close approximation.

Mr. FRASER: Could the table be put on *Hansard*, so that we may have it when the bill is before us?

Mr. ILSLEY: It will be with the bill. After the bill gets first reading an opportunity will be given hon. members to study it. This is not the only thing they will want to study, because the bill will be fairly complicated, and there will have to be a few days given hon. members for the purpose of studying it.

Mr. MacNICOL: I hope I am not too late to discuss a matter which possibly should have been discussed earlier. However, I was not in the house this afternoon, having arrived only this evening. Since this is the last resolution under the Income War Tax Act, I should like to place before the minister the case of a Toronto gentleman—and I know the minister is familiar with it. This is a man who had been in the United States for some years, and had worked to a point where he was receiving a very good income. Later, however, he decided to return to Canada, and made his return when the year was half over. He received, first, his United States income, and then came back to Canada and earned income here.

He was taxed in Canada on the income which he made in the United States, and on which he had already paid United States income tax, and then of course he was taxed on the income he made here in Canada. Is the minister familiar with the case?

Mr. ILSLEY: No.

Mr. MacNICOL: I have forgotten the name.

Mr. ILSLEY: The name does not make any difference. I am not familiar with the case, but that is the practice which is followed. The gentleman would be taxed on his entire income, but he would be entitled to a credit against his Canadian tax of the United States tax that he had to pay.

Mr. MacNICOL: I am glad to know that. I shall send him the *Hansard* for to-day, because the information and figures he sent me showed that he had to pay in Canada on the whole of his income, and also a second time on the part he got in the United States. He paid two income taxes.

[Mr. Ilsley.]

Mr. ILSLEY: In the net result he does not pay two income taxes. He is liable for a Canadian tax because he was resident in Canada part of the year. He may also be liable for a United States tax.

Mr. MacNICOL: He paid that.

Mr. ILSLEY: If he paid it, then he is entitled to a credit against the Canadian tax of the amount of the United States tax, provided that the United States is not higher, and I do not think it would be.

Mr. McMASTER: Is it not a waste of time to send out cheques to men whose salaries are more than $2,400? In the case of a man with a salary from $2,400 to $2,600, under the present system of deductions he will have to repay seventy per cent of the money he receives.

Mr. ILSLEY: Correct.

Mr. McMASTER: In the case of a salary between $2,600 and $2,800 it will be eighty per cent, and from $2,800 to $3,000 it will be ninety per cent.

Mr. ILSLEY: Yes.

Mr. McMASTER: If a man is employed and his employer is deducting the tax, he is all right, but where a man is not employed it seems to me that there is a good chance of this money not being recovered. Actually you are only lending the man some money because you are going to get practically all of it back. I noticed with some consternation that the cost in postage alone for sending these cheques out for the nine months of the current fiscal year was $500,000, and I suppose there are other expenses. I suppose as far as the government is concerned it is simply taking it out of the one pocket and putting it into the other; I suppose the Post Office Department would benefit from that $500,000, or it might be only a bookkeeping entry, but there is a certain amount of work involved on the part of the postmen and those sending out the cheques. It is not particularly beneficial to the recipient to give him money which he will have to pay back when he might be less able to pay it. As he gets it he is likely to spend it, being human. There are few people who are able to save money. It seems to me that in the case of those in the higher income brackets, where the greater part of the money will be recovered, it is unwise to send out the cheques.

Mr. ILSLEY: This is an administrative problem. The Department of National Health and Welfare are of the opinion that they cannot possibly make deductions from the regular family allowance monthly payments, de-

pending on the income of the recipient. They do not know what the income is or what it will turn out to be at the end of the year. The only way it can be adjusted is to have it done by the taxing department. As the hon. gentleman has quite properly pointed out, we may lose some of the money. There will be some from whom an amount will not be recovered, but I do not think the loss will be very great, particularly as most people in the country are paying their income taxes currently, either by having them deducted from their pay cheques or by paying in instalments as they go along. An overwhelming majority of the taxpayers in the country are paying their taxes in that way. The officials all say that this is by far the cheapest and simplest administrative method of eliminating duplication. They say that we should have one simple rule in the Department of National Health and Welfare; that is, to pay family allowances in full to everybody who applies for them and who can qualify. They advise that that be done irrespective of what the income is and then have adjustments made in the taxation.

Mr. HACKETT: Does the act provide any means whereby the allowance may be stopped before a child has passed out of the age limit or died?

Mr. ILSLEY: My recollection is that it provides for the payment to the proper person, to the mother as it is administered, in respect of all children under sixteen years. There is a section, perhaps unnecessary, included to make it clear beyond peradventure that nothing in the act shall prevent an adjustment in tax deduction in respect of the children so as to eliminate duplication.

Mr. HACKETT: If a man is earning more than $3,000 a year, could he inform the department and stop the payment of the allowance to his children?

Mr. ILSLEY: He can withdraw his application for children's allowances; he may refrain from applying.

Mr. HACKET: I know he can refrain from applying, but once the flow has started, is there any way to stop it before the child dies or reaches the age of sixteen?

Mr. ILSLEY: I do not think we have infringed on personal liberty to such an extent that we can compel a man to take money that he refuses to take. He has a statutory right to the money which he can waive.

Mr. HACKETT: I thought the right was vested in the child with the money being administered by the parents.

[Mr. Ilsley.]

Mr. ILSLEY: It is not vested in the child. The person entitled to the money is the mother, not the child.

Mr. BOUCHER: I think the minister could give more publicity to that point, because there are many people who do not realize that if their income is over $3,000 they gain nothing by applying for family allowances. As I understand the matter, a person with an income of $2,500 does not gain anything, and I think there would be fewer applications and a great deal of duplication, effort and cost would be avoided if greater publicity were given to this matter.

Mr. ILSLEY: We published it in every newspaper in Canada, by way of advertisements and in the news columns, and we advertised it over the radio. We did everything we possibly could to inform the people of Canada last May or June.

Mr. BOUCHER: Does the minister mean to say that he has publicized the fact that those with incomes of $3,000 or more would not gain by it?

Mr. ILSLEY: We certainly did.

Mr. CASE: Many of these family allowance cheques are made payable to the mother. Some three or four years ago I had some correspondence with the minister by which I tried to promote the thought that either the wife or the husband should be recognized as the head of the household. I can remember when the income tax exemption was $2,000 for a married man and $1,000 for a single man. Now the exemption is reduced to $660, which puts both the husband and the wife into the single category. Even at this late day I think the government should give consideration to this problem, because there is a tendency to attempt to lower the income of the wife below $660 in order that the husband may again enjoy the benefit of a married man's income tax exemption. This leads to a certain amount of fraud. Trust agreements are entered into whereby certain assets belonging to the wife are turned over to the husband in order to reduce her income below $660. They should be given the right to decide between themselves who is to be the head of the family. We know that in some houses the wife is the head of the household, but whoever is the head should be entitled to the exemption. I suppose that as a general rule it would be the ordinary breadwinner of the home, the husband, but he should have the exemption that a married man would enjoy. Then the wife could be taxed as a single person. What happens now is that these allowances are paid to the mother.

How are you going to account for that? A woman may have two or three children, but the amount paid to her in the form of family allowances will not be enough to make her income taxable and the government will lose, even though the husband may be earning a taxable income. I should like the minister to explain how they propose to offset the cheques that are payable to the mother, who, we will assume, has no earned income. Therefore she will receive the family allowance while her husband has an income that will be taxed. What becomes of the income in a case of that kind?

Mr. ILSLEY: The family allowance is not taxable. It is exempt from taxation by statute. The husband is taxed on his income, and in the higher income categories he is taxed more than he otherwise would be by virtue of the fact that the wife gets the family allowance income. That is proper, because the receipt of the family allowance reduces the dependency of the child on the father, and therefore he should not have the same tax deduction with respect to that child that he otherwise would have. That is what is meant by the elimination of duplication of benefits.

Mr. CASE: If the cheque goes to the home, do I understand that the husband when making his return has to state whether or not the family allowance was received on account of the child?

Mr. ILSLEY: That is right.

Mr. McMASTER: I would like the minister to believe that I am helping him because the minister of health goes around spreading happiness by issuing these cheques and then another minister spreads gloom by taking the money back.

Mr. ILSLEY: I hardly agree.

Mr. McMASTER: That is why I want the minister to understand that I am working hard for him. I think it is possible on the part of the government to avoid this trouble as they have a formula whereby they can prevent the sending out of the cheques, because a statement has been sent out to employers showing how much they must deduct from the wages of their workmen. The same statement could be used by the Department of Health in reducing the amount of the cheque. It is simple enough when you go at it in the right way. The employer gets it back, but unfortunately the Minister of Health does not know and does not want to know and does not want to hold it back. I should like to prevent the sending of the cheque and then the enforced recovery, and I suggest that the Minister of Finance take the matter up with the Minister of Health and make a more equitable distribution of the joys and sorrows of office.

Resolution agreed to.

EXCESS PROFITS TAX ACT, 1940

Resolved that it is expedient to amend the Excess Profits Tax Act, 1940, and to provide:

1. That individuals and partnerships be exempt from the 15 per cent tax on total profits of 1946.

Mr. CASTLEDEN: In his budget address the Minister of Finance said that he would make no statement on the taxation of cooperatives until after the commission's report had been tabled. Since the report has now been tabled, would the minister state whether the government has reached a decision as to the taxation of cooperatives this year?

Mr. ILSLEY: The government has not yet made a decision. It will be impossible to do it in this budget, and whether we do it by separate legislation or not I doubt whether we shall be able to do it this session.

Mr. CASTLEDEN: You will not be using the emergency powers act to do it?

Mr. ILSLEY: No.

Mr. CASTLEDEN: It is not likely to be done this session?

Mr. ILSLEY: It is not likely to be. It may be; there is no decision by the government. If there is a decision to do something it will have to be made very soon. But present probabilities are that that question will not be tackled this session.

Resolution agreed to.

2. That the tax on excess profits of individuals and partnerships in 1946 be reduced from 100 per cent of the excess profits to 60 per cent of that portion of the excess profits which are in excess of 117·647 per cent of the standard profits, and that the provision for refund of a portion of the tax be repealed.

Mr. FLEMING: A statement might be made here by the Minister of Finance by way of correction of an impression that has gone abroad as a result of some emphasis that was put in the budget speech and in press comments on the proposed reduction in the excess profits tax. The thought that went abroad was that there was to be in place of the 100 per cent less twenty per cent excess profits tax a straight sixty per cent. But actually what is proposed is sixty per cent, plus a formula based on a breaking point. I suggest that to the average taxpayer "breaking point" is represented by the present scale of

taxation, but for the purposes of this resolution the breaking point has to do with these figures with reference to standard profits; namely, in the case of individuals and partnerships 117·647 per cent of the standard profits; in the case of corporations and joint stock companies which have filed consolidated returns, 117·241 per cent of the standard profits; and in the case of other corporations and joint stock companies 116·667 per cent of the standard profits. When you come to apply this formula to the calculation of the excess profits tax that will be payable, the minister will agree that you do not get a uniform excess profits tax of sixty per cent based on the present rate. I have some calculations before me which show that it would result as follows:

If the reduction were calculated on the present tax structure and the sixty per cent tax were applied without the introduction of this new formula with the breaking point, there would be a lower tax than the resolution proposes on companies having profits between 116·66 per cent and 155·55 per cent of standard profits. Similarly, where there are excess profits of 155·55 per cent of standard profits, the present proposals would work out the same as sixty per cent on the old basis without the new formula. Similarly, corporations with excess profits of more than 155·55 per cent of standard profits will actually pay less than the sixty per cent would amount to apart from the application of the formula. In view of the impression that has gone abroad that the new proposals call for a straight sixty per cent excess profits tax calculated on the old basis, it is desirable that the minister make a statement clarifying the position because that is not the way it is going to work out. There will be variations depending upon the application of the formula to the amount of excess profits.

Mr. ILSLEY: Under the present law sole proprietors and partnerships are required to pay an excess profits tax equal to the greater of either fifteen per cent of total profits or 100 per cent of excess profits. The practical effect of this provision is that when total profits are less than 117·647 per cent of standard profits the fifteen per cent rate on total profits applies, but when total profits exceed 117·647 per cent of standard profits the 100 per cent rate on excess profits applies, since this gives a tax greater than fifteen per cent of total profits above this point.

It is proposed by these two resolutions that the fifteen per cent rate be repealed and that a rate of sixty per cent be levied on profits in excess of 117·647 per cent of standard profits in place of the present rate of 100 per cent. It will be recalled that twenty per cent of the 100 per cent rate now payable on profits in excess of 117·647 per cent of standard is refundable to the taxpayer after the war. In reducing the rate to sixty per cent the requirement of paying this refundable portion has been dropped and, in addition, another twenty per cent of the 100 per cent rate has been removed, leaving a net rate of sixty per cent.

In consequence of this change no sole proprietor or partnership will pay any excess profits tax on 1946 income if such income falls below 117·647 per cent of its standard profits, and will pay a rate of sixty per cent of its profits in excess of 117·647 per cent of its standard profits if its total profits come above this point.

Is that the explanation the hon. gentleman desires?

Mr. FLEMING: My point goes beyond that. It is the effect of the application of this formula in regard to the breaking point on corporations. Take the various classes, those whose excess profits happen to be on the breaking point, those below, and those above, because it does not work out at a uniform basis of sixty per cent on the present tax basis. I am speaking now of the impression which has gone abroad about the effect of the proposed reductions. It is not simply a reduction to sixty per cent based on the present calculation; there has been introduced a new formula with a breaking point which has to be taken into account. That is my point.

Mr. ILSLEY: I think that nearly all business men, certainly all chartered accountants in the country, and a great many lawyers, understand this breaking point. The provisions regarding excess profits tax—I am speaking now about excess profits tax on corporations, because that is the case which ordinarily occurs—

Mr. FLEMING: That is what I was speaking of, too.

Mr. ILSLEY: After you go all through the complicated provisions of the excess profits tax the method of computation is fairly simple. A company is taxed forty per cent on its profits up to 116 2/3 per cent of its standard profits and it is taxed 100 per cent on its profits in excess of 116-2/3 of its standard profits. That is the breaking point. That leaves a company seventy per cent of its standard profits; because forty per cent of 116 2/3 per cent is 46 2/3, which, subtracted from 116 2/3, leaves 70. So that the formulae and alternatives and options and cross-refer-

ences and so forth all come to this: you just tell me what the profits of a company are in terms of its standard profits; that is, if you tell me that the profits of this company were 150 per cent of its standard profits, I can reckon the income and excess profits tax for you in ten minutes.

An hon. MEMBER: Liberally speaking!

Mr. ILSLEY: I take forty per cent of 116 2/3 of its standard profits and set that down there, and then 100 per cent of the difference between 116 2/3 and 150 per cent. It is that 100 per cent which has been reduced to sixty per cent by this budget; there is a variation for companies submitting consolidated returns, and there is a variation for partnerships and sole proprietors; but the breaking point in the case of partnerships and sole proprietors is 116·666, and 117·647 is the breaking point for companies submitting consolidated returns—not 116·666 but 117·241. But the principle is clear that what was 100, the 100 per cent above the breaking point, has been reduced to sixty. When I say "100," it is fair to say "80" of course, because twenty per cent of the 100 per cent is returnable.

Mr. CASE: I think I should say at the outset that the government is to be commended for having made an effort to provide something which should lend considerable incentive to our recovery in the post-war period. I personally would have been very glad if the time had arrived when we could do away with the excess profits tax, because I believe that private enterprise, given the green light, will play a greater part in the solution of our post-war problems than we can ever hope to do by direction in this chamber. The minister has said that many lawyers understand the breaking point. I am informed that there is no excess profits tax on lawyers, so that they probably would be the first to recognize the breaking point since it does not involve any of their profits—if they could be determined. I hear someone nearby say that they have no profits.

Mr. MacNICOL: It is all profit.

Mr. CASE: The lawyers whom it is my privilege—I use that word so that I shall be understood—to know, look to be fairly well fed. Therefore I think they are doing fairly well in seeking to intrepret the statutes and the laws which this government has put upon the statute books. The only thing which keeps lawyers in business is trying to interpret the law. I read from this section that there will be a tax of 60 per cent on that portion of the excess profits which are in excess of 117·647 per cent of the standard profits, and that the provision for refund of a portion of the tax is repealed. My question is, will there be no longer any refund to corporations, even though they are subject to a certain portion of the tax as explained by the minister; if they go above this amount they are subject to the 100 per cent tax?

Mr. ILSLEY: No.

Mr. CASE: That is, if they go above a certain amount?

Mr. ILSLEY: That is right; they are subject to 60 per cent of the excess above the breaking point, with no refund.

Mr. CASE: There will be no refund?

Mr. ILSLEY: No.

Mr. FERGUSON: I think the barristers and solicitors of Canada are remiss in not tendering a hearty vote of thanks to the Minister of Finance for the stupendous continuous income he has been providing for them. The public cannot understand the income tax law. The lawyers cannot either, but they are privileged to charge for interpreting it, and I think the lawyers should have tendered the minister and his department a hearty vote of thanks.

An hon. MEMBER: Let us give it to them now.

Mr. STEWART (Winnipeg North): Up to March 31 of this year the government had collected $184,500,000 of refundable excess profits tax. That is to be given back to the corporations in the next two or three years. I should like to know if any policy has been formulated as to what the corporations will be allowed to do with this refund tax. Will they be allowed to use it for dividends or for capital purposes?

Mr. ILSLEY: It is their money; they can do as they like with it.

Mr. STEWART (Winnipeg North): They can use it for dividends?

Mr. ILSLEY: Yes, for any purpose they wish. That was clearly understood from the beginning. That question was faced and settled in 1941 or 1942. The question was, whether this would be tied up and restrictions placed upon its use or whether it would be regarded as the money of the taxpayer, and I decided that the proper policy was to regard it as the money of the taxpayer. It must be borne in mind that when you have a 100 per cent tax, even if it is refundable, you have put into operation forces which make for extravagance, for inefficiency, for lack of effort, and so on, and you must be careful not to go

too far, otherwise you will hurt your national efficiency considerably. I felt that the point to stop was where we did stop. That is, we take the 20 per cent and keep it, we have not paid any interest on it, and have retained it for quite a long time. When the time comes for them to get it back, it is theirs.

Resolution agreed to.

3. That for 1946 the following rates of tax apply to corporations:
(a) Twenty-two per cent of the profits of corporations and joint stock companies before deduction therefrom of any tax paid thereon under the Income War Tax Act;
(b) In the case of corporations and joint stock companies which have filed consolidated returns, 20 per cent of the profits which are in excess of 117·241 per cent of the standard profits of such consolidated companies;
(c) In the case of other corporations and joint stock companies 20 per cent of the profits which are in excess of 116·66 per cent of the standard profits.
and that the provision for refund of a portion of the tax be repealed.

Resolution agreed to.

4. That on the profits of 1946 and subsequent years the minimum standard profits of taxpayers be increased from $5,000 to $15,000, and that where a taxpayer's standard profits are on January 1, 1946, in excess of $5,000 but less than $25,000 they be increased by one-half the difference between their present amount and $25,000.

Resolution agreed to.

5. That the special rate of tax applicable to businesses commencing after June 24, 1944, not apply to cases where in the opinion of the minister there has been no bona fide commencement of a new or substantially different business.

Mr. GREEN: Will the minister explain this resolution?

Mr. ILSLEY: To provide greater certainty for new businesses in their first year of operation, the Excess Profits Tax Act was amended in 1944 to limit the tax payable under that act on income of the first year to the minimum rate of twenty-two per cent, because of the danger that existing businesses might take on the guise of a new business by simply reorganizing and acquiring a new legal identity without any real change in either the ownership or the type of business conducted. It is proposed that the Minister of National Revenue must be satisfied that the business is either an entirely new business or a substantially different business before allowing a claim to be taxed under the minimum rate on these grounds.

Mr. GREEN: I suggest to the minister that that is a drastic provision and one which should be given further consideration.

Take the case of a man who is carrying on business in his own name without being incorporated. In good faith he forms a company, and has been carrying on for the last eighteen months as an incorporated company. I believe in many, many cases that was done without the slightest sign of bad faith; that the men who did it were advised by responsible advisers, and even by income tax officers, that they were eligible for this lower tax. They have conducted their business for eighteen months on that understanding, and now they are faced with the possibility of an amendment under which other officials of the department can step in and say this was not a change made in good faith; that it was made to cut down the rate of taxation, and that therefore they are liable for the heavier tax. That would be done after these men have made their plans in perfectly good faith. I should like to put that before the minister. I know of cases of that kind, and I do not think it is wise for the government to step in now and say that they must show that the change was not made in bad faith.

Mr. ILSLEY: I have not looked the matter up, but I think all the explanations of the changes that were made were on this basis, that when people want to go into new businesses they have no experience of earnings and it is impossible to get a standard profit fixed; they do not know what their rate of taxation is to be, or they do not know what their standard profit is because they are starting something new. That was the reason for the change in the law; it was not that some person might change the form of his business. Take, for example, a business that was paying heavily under the excess profits tax; it was incorporated and called a new business. The tax was pulled down to forty per cent. That was not the intention or the real meaning of the law, and it was never put forward on those grounds; it was put forward to meet a particular situation. I do not think they ought to be allowed to get away with it.

Mr. GREEN: An officer of the Department of National Revenue has interpreted the provision that was passed last year as meaning in some cases that if a person incorporated his business, changed his business in the normal way to meet business growth, he would be entitled to the benefit of that section. It would not be so bad if the provision applied to those where bad faith could be shown, that they made the alteration to benefit by the tax, but that is not the way it is worded. It makes every person who has benefited by the provision show that there has been good faith; in other words, it puts everybody under suspicion who has made a change of that kind

I think very serious damage will be done, particularly to younger men who in the normal course have built up a business and reached the stage where they had to incorporate; and have done so believing that they were entitled to the benefits of this act. In the long run the government would benefit from that change to a corporation because the company will be liable to tax on its profits and shareholders to tax on their dividends. I know there are cases where there has not been the slightest bit of bad faith where they will be absolutely crippled by this new provision.

Mr. ILSLEY: I shall give consideration to the hon. gentleman's representations before the bill is prepared; but in saying that I do not know whether I shall do what he has requested, because I must say that when we bring in a bill to meet a specific need and everybody understands it, I do not like to see people, just because they are clever and the law will permit it, reduce their taxes as a result of that. Perhaps this retroactive legislation is not good on general principles, but I have sponsored some of it once in a while in order to prevent people from getting away with too much. I do not know whether that is the case here or not, but perhaps there has been some taking advantage of what is the letter of the law without any regard for the spirit of it.

Mr. GREEN: This is retroactive legislation not for a period of six months but for a period of eighteen months. I think the minister will agree with me that the great majority of Canadian business men are not dishonest; they want to pay their just debts. This excess profits taxation and income taxation are now so complicated that the ordinary business man has to depend on his accountant, his auditor or the income tax officers themselves for advice. I know of cases where they received advice on that basis, are entirely innocent, and now are caught by this amendment.

Mr. ISNOR: The hon. member for Vancouver South mentioned corporations under this resolution. Does this resolution apply equally to partnerships and sole ownerships?

Mr. ILSLEY: Is the hon. gentleman asking if it applies to a partnership which converts itself into a company?

Mr. ISNOR: A simple partnership, not incorporated, or to come down to a more simple case, a sole ownership.

Mr. ILSLEY: It must be a new business.

Mr. ISNOR: Yes, it would be.

Mr. ILSLEY: Yes, it applies not only to corporations but to any person—and "person" would include a corporation—who has commenced business after the 26th day of June, 1944, or carries on a substantially different business to which subsection 4 of section 5 of the act is applicable, and uses therein physical assets substantially different from those he used in the business previously carried on.

Mr. ISNOR: Take a sole ownership business. During the course of the last four, five or six years a certain amount has been set up as a reserve as a result of the twenty per cent refundable portion. A bank or lending institution, knowing that at some time or another this amount will be refunded to the owner of this business, lends the owner perhaps $30,000 or $40,000 with which he puts up a new building as an addition to his present business. Will he come under this special provision?

Mr. ILSLEY: If he carries on a substantially different business.

Mr. ISNOR: What is meant by "substantially different"?

Mr. ILSLEY: If he carries on a substantially different business to which subsection 4 of section 5 of this act is applicable, and uses therein physical assets substantially different from those he used in the business he previously carried on, then his standard profits are limited. It is a forty per cent rate he pays if it is a corporation, and fifteen per cent if it is an individual or sole proprietorship. There is no difficulty about that provision in regard to carrying on a substantially different business and using therein physical assets. That is not a difficult thing to determine; there is no trouble about it. The difficulty is in regard to the first part of it, a taxpayer who has commenced business after the 26th day of June, 1944.

Mr. ISNOR: That is a new business?

Mr. ILSLEY: Yes.

Mr. ISNOR: Then let me place before the minister what might be a definite case. Take a boot and shoe man on Bank street here in Ottawa. He has accumulated a fairly large reserve. Just around the corner a shoe repair establishment has made considerable progress, and he feels that he would like to enter into the business of repairing shoes and manufacturing special types of shoes. He uses his reserve. Does he come under section 5, since he is using part of the capital of his business; or will it be considered a new establishment?

Mr. ILSLEY: I hesitate to give a ruling on a set of facts. A ruling on the exact facts of the case would have to be obtained from the Department of National Revenue.

Mr. ISNOR: That is what you want those in retail business to do; you want them to reinvest their money with a view to providing greater employment. I think it is definitely understood and agreed that during the last four or five years the retail business man has been kept down to a certain limit as far as profits are concerned. He has not been permitted to make more than a certain standard profit. His 100 per cent excess has been taken away from him, notwithstanding the fact that his bills receivable have grown, his stocks have grown, and he has not had the necessary capital to work with. He has accumulated a certain amount which is refundable, and he wishes to invest that money in an establishment such as I have mentioned. The funds have been earned by his established business. Will you charge him under this new section 5?

Mr. ILSLEY: If the new investment and the acquisition of different assets are of sufficient importance and extent, so that a reasonable man would say he is embarking upon a substantially different business, then he would be entitled to the advantages of this section.

Mr. ISNOR: Take the case I mentioned, which is closely identified with the established business.

Mr. ILSLEY: With the same old business?

Mr. ISNOR: Yes, the retail shoe store; and the owner would wish to open a shop to repair shoes and perhaps manufacture special types of shoes. Or take the case of the owner of a clothing store who might want to open a tailoring and repair establishment, since they tell me those are quite profitable these days.

Mr. ILSLEY: In the national revenue department I understand they have a committee which has precedents and some principles upon which they work, but I do not see how I can rule on that. I do not see how I can go any farther than I have gone. There are the principles.

Mr. CASE: Hire a lawyer.

Mr. ISNOR: We should not have to hire lawyers. I do not wish to pursue this further, but I would point out that if you expect business men to reinvest funds in new business which will give added employment, then I believe that within the very near future you should settle that question and say yes or no; or give them the green light and say they may carry on and they will be taxed no more than the regular business is taxed.

Mr. ILSLEY: Any person interested in such a venture can get a yes or no from the Department of National Revenue on submitting all the facts to them, but I cannot go any farther than to state the principles that apply.

Mr. CASE: I was pleased to hear the minister say in reply to the hon. member for Vancouver South that he would give some further consideration to this resolution. He did say that he hesitated to change that which was already written, and I can understand that because I believe there were some repercussions from certain proposed changes in the tariff schedules which were introduced in the budget speech. Yesterday we heard the Minister of Public Works say that his figures and estimates were prepared before the war was ended, and that they did not include post-war plans. I should like the minister to say whether the figures in these various resolutions have been revised since the conclusion of the war. For instance, I cannot imagine resolution 5 being included in the budget if the war were still in progress. This is a partial post-war budget; is that right? The minister is the man who takes all the abuse for the government, and I believe he has done a very fine job. The other ministers say they have not made any post-war plans, but apparently the Minister of Finance has been alive to the situation and has made certain definite proposals to encourage post-war business. So that he recognizes, whether or not the other ministers do, that the war is over and this is partly a post-war budget.

Mr. GREEN: Would it not be fair to make this provision apply from the date of the budget? There was legislation passed last year, and under that legislation people had certain rights. As I said before, I believe that in some cases they were actually told by the department that they could do this or could do that. Why should their rights not be based entirely upon the legislation of last year? Why should it be necessary now to bring in a provision which not only will cover the future, but contains a punitive quality, and gives the minister power to go back eighteen months and assess taxes against somebody who has been acting on the basis of last year's legislation? What objection would there be to making this provision apply from the date of the budget on, rather than carrying it back to last year?

Mr. ILSLEY: Well, you just permit situations like this to go unremedied. Men are in partnership and perhaps are paying excess profits taxes, because they are making very high war profits. They come along and read the budget. They read the Excess Profits Tax Act as amended in 1944, and they find out that if they commence business, or if anyone commences business after June 26, 1944, he can obtain a decided advantage, because he does not have to pay any excess profits tax, in the ordinarily accepted sense of the term. He is limited to the regular profits, forty per cent.

So they say, "That is fine. I will incorporate myself, and automatically in the eyes of the law I can be commencing business. In the eyes of the law I shall not have been in business before, because the company was not born. It was not in existence. The life of the company will date from this date." So that in this way he obtains a big tax advantage.

Then, perhaps two partners who are in the same class, as far as excess profits taxes are concerned, will take in an employee, or some other person, with the result that we have a new partnership and the commencement of a new business. Even though the physical assets are the same, even though there is no difference in the type of business, and even though the customers are the same and the operations are the same, and although they should have known or in fact did know, from explanations given, that that was never intended to apply to such a case at all, they form the new company. This was intended for people who were really starting something new, who were commencing a new business, from the ground up. And because you do not have any experience, you have to have a statutory fixation of standard profits. That is the reason this was put in.

It is just a question how far we should go in avoiding retroactive legislation. It looks very much to me like taking advantage of legislation by persons who know that the whole spirit and intent of the legislation was different.

It will be said, "Oh, well, that is your fault. If you bungled your phraseology, if your lawyers were not good enough, and if there was a hole there that people rushed through, you have to let them go through." That is what will be said. But what inequity is there in saying that they must have really commenced a new business on June 26?

Mr. GREEN: The inequity is this, that while there may have been a few people who took advantage of that situation, and rushed through the hole, I suggest to the minister that for everyone who did so there were fifty who were advised that this was the proper thing to do, who went ahead and laid their plans and made their expenditures on that basis. And they were strictly within their legal rights in doing so. Now the crown comes along and upsets all those legal rights. It goes back eighteen months and says, "We are going to take more tax."

I will point out to the minister the amendment which was put through last year, as it appears in chapter 38 of the statutes:

> Provided further that where a person, other than a controlled company described by section fifteen A of this act, in the opinion of the minister
>
> (i) has commenced business after the twenty-sixth day of June, nineteen hundred and forty-four or
>
> (ii) carries on a substantially different business to which subsection four of section five of this act is applicable and uses therein physical assets substantially different from those he used in the business he previously carried on.

There the power is entirely "in the opinion of the minister." Somebody in the Department of National Revenue headquarters in Ottawa has made the decision for the minister; somebody decides what the opinion of the minister is in each of these cases. These people have been told that they come under this section.

Now the crown wishes to have new legislation passed which means that the minister's officials will be allowed to change their minds again, and go back to collect the difference in the tax. I suggest that this is entirely out of line with the whole principle of British justice.

Mr. JACKMAN: Hear, hear.

Mr. GREEN: It is contrary to British justice, to say nothing of the disastrous effect it may have on business, and just at a time when we are trying to encourage business to go ahead and open up, so that they can hire more people. Here we are, with unemployment becoming a terrible scourge again in my own city of Vancouver. Something drastic must be done or there will be thousands of Canadians unemployed. This government is depending upon private business to furnish most of the employment—and I think quite rightly so. But when you bring in a punitive measure such as this resolution, which is intended to have a retroactive effect, you undermine the confidence of businessmen in the government. I suggest to the minister that further consideration should be given to this resolution before such a drastic step is taken.

Mr. ILSLEY: If the resolution carries we can back away from it in the act. That is, it is not a case where you are going beyond anything. I think the resolution ought to be

allowed to pass, and I will give consideration in the act. That is, if the act is more lenient, it does not violate any constitutional principle; if it is more harsh, it would.

We could go on arguing about this for some time. Of course if these firms had taken on more men and had done a substantially different business there would be no trouble about it at all. But if by just putting on a new shell they seek to get a tax advantage, I do not know that we are under any obligation to help them out.

Mr. GREEN: I do not think that would apply to the majority of cases. But even if that were so, even if they took advantage of a statute which was poorly drawn last year, there is no reason why the crown should come here to-night and try to go back eighteen months to change that statute. It is purely punitive, and I repeat that such procedure is entirely out of line with the principles of British justice.

Mr. ILSLEY: But it does eliminate discrimination between these and other companies. Here is a company which has not been as smart; they have not consulted as good a lawyer, and have not found out about this thing. This company goes on in the same way, and pays its heavy excess profits tax. Surely there is some equity as between that company and another of the kind I described before.

I am willing to consider any safeguard to see that real cases of new businesses get full benefit of the section. But I think it is quite all right retroactively to take that benefit away from people who simply took advantage of the section, who did not commence any new business at all, who did not change their business at all, but who just changed the form of their business for the sake of getting rid of taxation, at a time when other people who did not have the advantage of that type of legal advice and who did not do it kept on paying their higher taxes.

Mr. GREEN: The minister is talking about equities.

Mr. ILSLEY: Yes.

Mr. GREEN: The minister has no right to interpret legislation once it has been passed; when legislation has been passed, it should be interpreted by the courts. No minister of the crown has the right to come back next year and in order to correct legislation of the year before bring in a new provision that enables him to go back and take money away from people. This house laid down the law last year and under that law people did certain things which they were entitled to do. If the law was wrong, that was not their fault. The minister has no right to come along now and, in effect, pass a law in November, 1945, to have effect in June, 1944, which alters completely the law that was passed in June, 1944. I think the minister as a very able lawyer will realize the strength of that argument. I suggest to him that this new provision be made applicable from the date of the budget.

Mr. ILSLEY: I will give consideration to that. I do not want any one to think I am trying to interpret the law.

Mr. GREEN: That is what it amounts to.

Mr. ILSLEY: I have no more authority than any other citizen of this country to put an authoritative interpretation on any statute. The courts are the only authority having the right to do that. I have no authority whatever to change a law and I am not proposing to change this law.

Mr. GREEN: You are, in effect.

Mr. ILSLEY: I am placing it before parliament; parliament is the only authority that can change this law.

Mr. FERGUSON: One minute ago you said only the courts could do it.

Mr. ILSLEY: It is no use arguing—

Mr. FERGUSON: It is no use arguing when you have no argument.

Mr. ILSLEY: I said that the courts were the only ones that could place an authoritative interpretation on a statute, and I said that parliament is the only body that can change the law. I do not know what the hon. member for Vancouver South is intimating when he says that I am claiming to have the right to interpret a statute or to change the law.

Mr. GREEN: The minister did not put that quite correctly. In effect that is what he is doing.

Mr. ILSLEY: I am not.

Mr. GREEN: This house passed a law last year and people have acted under that law. They have not been held to be without the law. Actually their position is stronger because it is based on the opinion of the minister under the section that was passed last year. Now the minister says this evening, "Oh, well, this did not turn out the way we thought it was going to; there are equities this way and equities that way, and it is only justice that if this man gets caught, this other man should not be allowed a lower tax

because the other man did not know anything about it; therefore we are going to start all over again; we are going to remedy this whole thing; we are going to go back to last June with a new law by passing at the present session a law that enables us to review all these cases." I say in effect that puts the minister in the position of interpreting the law rather than leaving it to the courts. I consider it unsound legislation, because it offends against the principle that once a person's rights are determined and he has acted on those rights, there shall be no going back; there shall be no changing the law to upset his position. I would ask the minister to review this carefully and give consideration to the suggestion I have made this evening.

Mr. ILSLEY: I certainly will do that. If my hon. friend has in mind any specific cases I should like to examine those bona fide cases he is talking about and see what they look like. I do not know whether they are good or bad. If they are good, we have no right to touch them. If they are bad, I think we have. However, I will give consideration to the matter.

Mr. GREEN: That simply proves that the minister is interpreting the law. He wants to see these cases and, if he decides that they are good, then he will do something about them.

Mr. ILSLEY: I cannot do anything about them.

Mr. GREEN: That should not be the minister's position at all; he should stand or fall on the law that was passed last year. If the law needs to be amended, let us amend it now by all means but do not make the new law retroactive. Let us start out from now with the new law.

Mr. JACKMAN: This section 5 is just another example of what we find shot all through the present Income War Tax Act and the Excess Profits Tax Act—more discretion to the minister. I do not think we could have a clearer case than what is set out in the minister's own words. Every businessman must bring his tax problem to Ottawa in order to have it decided. This parliament is not passing laws which are capable of decisions so that a business man knows where he stands. No matter how perfect the minister seeks to be in his legislation, I do not think he is ever going to get every person who seeks, by means of a smart lawyer or otherwise, to slip through the net occasionally. If he tightens his taxation net so that not even a sardine can get through the meshes, he will so hamstring business and create uncertainty that businessmen will not be able to go ahead and provide the goods and services to create employment that they must do if we are to have continued prosperity in this country.

Let us look at this resolution. First of all, it offends against the sound principle of British justice and sound taxation policy in that it is retroactive. It is true there may be a few cases, but the minister has not told the committee how flagrant the violations have been. Perhaps there are half a dozen cases, but I have no means of knowing or guessing what the element of tax evasion is or how extensive it may be. He might at least tell the committee that there have been scores of cases or hundreds of cases whereby the treasury is going to be out hundreds of thousands or millions of dollars. Let us have some conception of what this is about. Does the minister happen to know of five or six cases across the whole of Canada during the past year and a half where clever lawyers have been able to get around this section and do the treasury out of a few thousand dollars?

In order to collect those few thousand dollars he wants to tighten this section and make it retroactive. He is going to cause uncertainty so that businessmen will not know where they stand. A businessman may have thought he was doing a nice job in building up a new business and creating employment, and now he finds he has another five or ten thousand dollars of taxation to pay which he did not know about. He has to provide for that, and therefore he cannot open up the addition to his business he was planning on opening, or carry out other plans he had in mind. He just cannot do that with this uncertain taxation measure hanging over him. As I say, the retroactive feature is the first offence.

The second dereliction in the resolution is to be found in the phrase "in the opinion of the minister." I do not know how many times that phrase is to be found in the Income War Tax Act and the Excess Profits Tax Act, but it has been estimated that the number is from fifty to 150 times or more. You must come to Ottawa and more often than not make a deal with the tax department because there is no absolute ruling on the subject. They look at your case through their own glasses and no one else can decide for the businessman. No one in Vancouver, for example, can give a decision, much less the businessman himself. Is it any wonder that in the other place they have set up a committee to look into the working and the application of these tax laws? There is no

greater or more crying need for the good of the business community of this country than a sound revision of the whole income tax law and its administration. People do not know where they stand. I had a case in connection with annuities which I shall certainly refer to later because I have further evidence. No one knows where he stands to-day. We must have some certainty. We cannot go on and create new industry and create jobs unless businessmen know where they stand. I would appeal to the minister not to try to make these laws quite so perfect but to try to realize that business and the creation of jobs constitute the main thing in this country to-day and not to make our tax laws so tight that the shrewdest Al. Capone could not find his way through them, for the businessman is fundamentally honest and is willing to pay taxes, but he must have certainty if he is to go ahead.

This resolution applies particularly to new business. If we need anything in this country it is to have new businesses and new industries created. The present economic outlook, to my humble way of thinking, is fraught with just as many uncertainties and just as much hope, hope based on a sounder foundation I trust, than was the expectation in 1929 when we thought we were in a new era and companies were capitalized not on the basis of 1929 earnings but on the basis of what they would be in 1932. We have just come through a great period of progress and industrial expansion in this country in which the national income has doubled and trebled. We have passed laws in this house such as the family allowance, in favour of which we were unanimous to a man, involving an outlay of $250,000,000 a year as compared with a pre-war annual budget of $500,000,000. Where are we to get the money? We are expecting to have a volume of business similar to that pertaining to the war years. That is the hope, and we can put every ounce of strength we have into the realization of that hope because, if we do not do so, the country—I can use very strong words—certainly has a very sorry outlook. We must have a great national income to get the revenue required to carry all the new social measures and to service the debt which we have to-day. We are bound to do so if we possibly can, and we shall have to resort to unusual measures in our endeavour.

This government has a mandate from the people of this country, as was so well put by the hon. member for Cariboo the other night when he said that this government had a mandate from the people to carry on under the banner of private enterprise. If we are to give private enterprise it's head we must give businessmen some certainty where they stand in the matter of taxation. New business must also be created in order that we may develop our export markets, and that leads me to the whole matter of excess profits taxes.

In the present budget the minister has reduced the effective rate from eighty to sixty per cent. What do we find is being done by our cousins across the line? There, with a much stronger economy than we have, one that is based on domestic business to a far greater extent than Canada's can ever be because we are to a large extent an export country, they have made their excess profits tax nothing at all—no rate—they have abandoned the whole thing as of next January. We in this country must face competition with industries in the United States, particularly in the export field, and while this reduction from an eighty per cent effective rate to sixty per cent is undoubtedly a help, and, I trust, a straw in the wind, I hope that the Minister of Finance will undertake at the earliest opportunity to make further reductions and do away with the excess profits tax which he himself has said leads to the stifling of business, gross carelessness and lack of efficient management.

Furthermore, may I say in connection with the effect of this taxation on new business, if we in this country are ever going to meet the challenge which this government has firmly saddled upon it to keep our people in jobs and prosperity, we must have more business. Where it is all going to come from, I do not know. But I know that all check-reins and stifling measures must be taken off our people if we are to begin to have a national income corresponding in any degree with that which we have had in the last three or four years. If we are to attract capital to this country from outside, and we need it badly, not the actual dollars but venturesome money, because there are very few wealthy Canadians among us who can take the chances necessary for the development of our natural resources or the setting up of new businesses, because so many fall by the wayside that very few can really afford to put up any substantial amounts for they must be careful and look after their old age—if we are to attract capital to this country we must have some certainty about our taxation laws.

Furthermore, in regard to this excess profits tax and the results that we now have under immediate discussion, if a company is to extend its business the most likely place where it will find its capital is out of its tax-paid earnings which it ploughs back into the industry. If the rate of taxation is so high

that there is nothing left, if it is sixty per cent as now on any company with earnings above the 1936-1939 level, it is not going to be able to find earnings with which to expand and create more employment. Therefore I would suggest that this resolution be either dropped entirely or taken back for redrafting, particularly two features, namely, the retroactive feature and the discretionary power given to the minister, which is something we are trying to get away from. Surely we in this house can take adequate time to frame taxation provisions which will become the law of the land and will not necessitate for their interpretation, as my colleague said a little while ago, everybody flying down or coming down to Ottawa on the trains, and making Ottawa the centre of all their activities because they do not know where they stand until they get a ruling from the minister. Surely there should be some person in this country other than the minister who can interpret the taxation laws under which business must operate, and under which new businesses coming in must find their roots.

Mr. McCANN: Did the hon. member ever hear of the courts?

Mr. SMITH (Calgary West): The minister has not apparently.

Mr. JACKMAN: I wish I had heard that ten times as often as I have heard it here. People must come here to Otttawa to see the Minister of National Revenue and his department to find out where they stand under the taxation laws of this country, and if an appeal is taken from a ruling the appeal once again goes back to the minister and his assistants. We do not expect the minister to know all about the peculiar workings of every business in Canada. He must of necessity rely a great deal on his full-time veteran assistants, so that there is virtually no appeal from a ruling on taxation as there is in Great Britain and in the United States. The tax law is made by one set of officials, and the only appeal is to the same set of officials. There is no certainty about the law. It is in the discretion of the minister. Surely we should from this date forward never again pass any section of an income tax or excess profits tax law which cannot be interpreted and the rights under it determined by any of the divisional staffs throughout Canada, without having to go to one man and leave it to his discretion as to whether or not one is within or without the terms of the statute.

Mr. HACKETT: I should like to give such approval as I may to the argument made by the hon. member for Vancouver South. He might have added to his reasons the importance of maintaining the good reputation of the department.

If a taxpayer has taken a position which was tenable under the statute, it behooves the department to see that the taxpayer's position is maintained. I suggest to the minister that nothing will tend more to shatter the confidence of business in his department and its administration than a changing departmental position and a going back on what the taxpayer thought was the department's plighted word. Questions have to be determined by somebody. Somebody's discretion must settle disputes between people, be they between taxpayers and tax gatherers, or be they in an unhappy ménage. But I am not certain that it is wise to leave an unbounded discretion to an administrative officer. I will attempt to point out what I mean, by reading resolution 5. Incidentally there appears to be a word or two left out of it. I do not know whether in the minister's text the word "shall" or "does" is left out before the words "not apply". I would be glad of that information.

Mr. ILSLEY: If I may answer that, the general scheme of the phraseology does not seem to call for a verb there. For instance, in resolution 3 the resolution is "That for 1946 the following rates of tax apply to corporations"; and this is, "That the special rate . . . not apply."

Mr. HACKETT: It reads:

> 5. That the special rate of tax applicable to businesses commencing after June 24, 1944, not apply to cases where in the opinion of the minister there has been no bona fide commencement of a new or substantially different business.

Mr. FRASER: This is "bureaucrese" in English.

Mr. HACKETT: Is the text complete?

Mr. ILSLEY: I think it would be better to have "do" in there, or "shall". But apparently the scheme is—

Mr. HACKETT: What I wanted to come to is this. The minister has this resolution before him; it gives him wide powers of discretion; in a given case he will determine whether or not there has been a "bona fide commencement of a new or substantially new business." What are the elements of novelty and where are they located? Are they restricted to the enterprise itself, or may an old enterprise become a new business if new people become engaged in it? That is one question I should like to have answered.

Mr. ILSLEY: There are two kinds of situations envisaged by the resolution One is the

case of the person who has commenced business after the 24th day of June, 1944, and the other is that of the person who carries on a substantially different business to which subsection 4 of section 5 of this act is applicable, and uses therein physical assets substantially different from those he used in the business he previously carried on. It is difficult, of course, to say when it is "substantially different business", and I suppose that after these situations are worked with for a while they can be decided. If the changes are small it would not be a substantially different business, but if the changes are great it is a substantially different business. It is a hard section to apply, I will admit.

Mr. HACKETT: Yes, but what I am trying to find out is whether the novelty resides only in the business or whether a new owner may bring about a new business.

Mr. ILSLEY: What does the hon. gentleman mean? Does he mean a company instead of a partnership?

Mr. HACKETT: Yes, or take this example: a man is advanced in years; he finds a purchaser for his business; the purchaser is a young man, who has not quite enough money to pay the full purchase price; he incorporates a company which becomes the owner of the business. He sells some of the securities which he has received, with the proceeds he pays the price. He manages the company that owns the business. Is that a new business? The owner is entirely new.

Mr. ILSLEY: The hon. gentleman is talking about the words of the resolution, but I am thinking all the time about the words of the act. In the case where there has been a new owner, that is a commencement of a business. I have read a few times the provisions of the act:

> Provided further that where a person, other than a controlled company described by section fifteen A of this act, in the opinion of the minister,
>
> (i) has commenced business after the twenty-sixth day of June, nineteen hundred and forty-four, . . .

In the case of a new owner that person would be commencing business.

Mr. HACKETT: Yes.

Mr. ILSLEY: After that date.

Mr. HACKETT: Then, if I have correctly understood the minister, that would be a new business.

Mr. ILSLEY: I would think that, under the law as it stands, if a person goes into business for the first time he certainly is commencing business.

[Mr. Ilsley.]

Mr. HACKETT: There is no doubt about that, but is he commencing a new business within the discretion of the minister, who will be the final arbiter in this matter?

Mr. SMITH (Calgary West): That is the problem.

Mr. ILSLEY: I do not think he is commencing a new business.

Mr. HACKETT: Well, "a new business" or "substantially different business".

Frankly, Mr. Chairman, this is what I have in mind. Some years ago there was a case with which the gentlemen administering the income tax are familiar. It was the Pioneer Laundry case; it had to do with depreciation. A company went into bankruptcy; a new company acquired the assets and sought in the ordinary course of business to depreciate, if my memory serves me well, the assets which it had acquired. The court denied that right. Ultimately the privy council held that the company which owned the assets was entitled to depreciation. It held that the discretion of the minister in that case was a judicial discretion and had to be exercised according to judicial principles. I believe that the income tax act was subsequently amended in such a way that depreciation was denied to a company if its shareholders, in the opinion of the minister, had been owners to a substantial degree, possibly to the extent of a majority, of the shares of the company which had owned the business previously. I have felt that the amendment incorporates a dangerous principle into the law, because it leaves the imposition of a tax subject to the whim of the taxing agent. It seems to me that this resolution 5 is an attempt to incorporate into this power to tax the same, as I consider it, pernicious principle that has been incorporated into the sections dealing with depreciation.

I fear that it will get the department into difficulty because it enables the minister to exercise a power which conflicts with the whole scheme of our legislation and jurisprudence. It is going to make a corporation subject to tax or free from tax because of the incident of shareholding in that corporation. It will mean that to-day the corporation is taxable because A and B own shares; to-morrow it will not be taxable because A and B have sold their shares to C and D. That is a hazardous anad unsound principle on which to rest a tax law. For that reason I ask the minister to reconsider this resolution. It makes it possible to overtake somebody who may have escaped taxation last year, but the minister is not only jeopardizing the

respect which I think everybody has for the department, but incorporating into the legislation a dangerous principle.

Mr. ILSLEY: I can take one of two courses. Serious objections have been taken to this resolution. If the committee will let it go through I will promise to consider both of those principles. If they prefer to have it stand I shall let it stand. However, I should like to get at the bill; I should like to decide on some of the sections, and have the bill printed and distributed.

Mr. HACKETT: I am quite willing to accept the suggestion of the minister that he will do what he can to meet the objections which he admits are serious. I again say, do not let the minister undermine the good repute of his own department by going back on legislation which was passed a year or two ago.

Mr. GILLIS: There are a couple of things I should like to get clear in my own mind. I realize that this is quite a technical legal argument; I make no pretence of knowing too much about the law; the only thing I know about it is that any time you find it necessary to have lawyers you pay plenty for them. If you do not have the money you do not get any action.

Mr. SMITH (Calgary West): I am sorry; that is not true.

Mr. GILLIS: It is true. That is based on forty years' experience—

Mr. SMITH (Calgary West): I do not care what it is based on; it is not true.

Mr. GILLIS: —on the wrong side of the tracks.

The CHAIRMAN (Mr. Golding): Order.

Mr. SMITH (Calgary West): I am sorry; it is not true.

Mr. GILLIS: I do not blame those who make a living at it for protesting so loudly.

Mr. HACKETT: You come to me and I shall give you some cheap law. It may be worth just what it will cost you.

Mr. GILLIS: It will be dear at any price.

Mr. SMITH (Calgary West): Now you are getting nasty.

Mr. GILLIS: This is a very nice-looking little resolution. There is so much protest from my right that it makes me suspicious that the minister is right.

Mr. GREEN: Now he knows he is wrong.

Mr. GILLIS: I should like to ask my hon. friends this question: What constitutes new business in Canada to-day? Perhaps seventy-five per cent of the industrial set-up of this country, on the arguments I have listened to, can be classified as new business. The Canada Car and Foundry company have been in war production; they are reconverting their plant to peace-time production; it is a new business.

Some hon. MEMBERS: Oh, no.

Mr. GILLIS: Oh, yes. According to the arguments I have listened to, every war plant in this country which is transforming its plant from the war machine to its ordinary business of peace-time production can be classified as starting a new business.

Mr. BOUCHER: Ask the minister.

Mr. MACKENZIE: What about making boxes in Saskatchewan without lumber?

Mr. GILLIS: The same thing, new business under new management, the same old business operating for forty years though. I am a little sceptical on that point. With regard to throwing the responsibility back into the hands of lawyers again, who interpret the law, that is their job, and it is fine, but I should like to ask anyone in this committee this question: Who is better qualified to interpret what the income tax laws or the excess profits tax laws mean than the people who write them?

Mr. COCKERAM: If they knew what it was it would be all right.

Mr. GILLIS: Absolutely: On the other hand, if I am living in Vancouver or in Nova Scotia and I have a dispute with the income tax department I can wend my way over to a lawyer's office, pay him $100 and get some advice, and six months later I will get a decision which he gets from the income tax department. That is where he gets it. On the other hand, if I want to sit down and write the deputy minister of taxation, to whom I often write, any time I write to him I get a fair and reasonable explanation of any tax problem that may be bothering anyone and it costs me nothing but a four-cent stamp.

An hon. MEMBER: Sometimes a month later.

Mr. MACKENZIE: That is a new industry.

Mr. GILLIS: That is the decision the lawyer would get. And, mind you, a great many of them write asking me to get in touch with the finance department to obtain decisions in certain matters, and I do so. You know lawyers are smart, for themselves. I should like to ask the hon. member for Rosedale, is he prepared to recommend to

the Minister of Labour when he comes back to the house that we immediately remove the wage controls?

Mr. COCKERAM: Yes.

Mr. GILLIS: That we lift the ceiling? Is he prepared to recommend to the Minister of Finance that we remove price controls and abandon the Donald Gordon set-up?

Mr. SMITH (Calgary West): On a point of order, Mr. Chairman, is this relevant to this discussion? I will give the hon. gentleman my answers to those questions, if he wants them.

Mr. GILLIS: I am not asking the hon. member. I am speaking to you, Mr. Chairman, and through you to the Minister of Finance.

Mr. JACKMAN: I have been asked a question—

Mr. SMITH (Calgary West): May I have a ruling on my point of order?

Mr. GILLIS: They just can't take it.

The ACTING CHAIRMAN (Mr. Golding): The hon. member should not be interrupted without his permission.

Mr. SMITH (Calgary West): I rose to a point of order.

The ACTING CHAIRMAN (Mr. Golding): I would point out to the hon. member for Cape Breton South that in discussing this resolution his argument must be relevant to it.

Mr. GILLIS: That is what I was trying to do.

Mr. MACKENZIE: Without success.

Mr. GILLIS: We have been sitting here since some time yesterday while hon. gentlemen to my right have had possession of the floor. I listened to the discussion of private enterprise, the right to jobs, the danger of this legislation—

Mr. JACKMAN: Hear, hear.

Mr. GILLIS: —and all that kind of stuff. If this is relevant, certainly I think the remarks I have been making are relevant. As to private enterprise, there is no such animal in this country any more. They only think there is. The Minister of Munitions and Supply is handing over big plants to private individuals who are taking them; and now they want exemption from taxation because they are new businesses, but they still come to the Minister of Munitions and Supply and say, "We want contracts from you. We want you to underwrite the profits, and we want the Minister of Finance to see that we are not taxed any more." I will take a plant over to-morrow on that basis. You are not going to create any jobs by quibbling with this kind of taxation. My advice to the Minister of Finance is to stick to his guns and analyze this matter very carefully, because I think he is on the right track.

Mr. SMITH (Calgary West): I shall confine my remarks to only one point; and may I just tell my hon. friend from the coal mining area of Cape Breton how much I appreciated what he said about my profession. At least he proved himself one of those persons who have not benefited by the advice that has been given; and I am sure the branch down there of the union to which I belong will prosecute him for engaging in the practice of law without being a registered person.

I should like to address myself to one point in connection with resolution 5. My point is this. All legislatures, all parliaments are opposed to retroactive legislation, broadly speaking, and it is only used to correct an obvious and notorious situation. Some English judge whose name I do not recall, although I know he was of the same nationality as the hon. member for Cape Breton South, once made a very wise statement which has never been challenged. He said it was better that ten guilty men should go free than that one innocent man should be convicted. That statement has never been disputed by anyone in the courts of our country or by any of our thinking people.

Obviously resolution 5 means this. The minister at least implied—I was going to say "said"—that certain smart people who engaged smart lawyers—apparently I do not belong to that class because I was not so engaged—avoided the intent of the legislation of 1944. I am quite sure the gentleman who sits in front of the minister discovered that, and hence we are now met with new legislation. I am in favour of the idea; I am in favour of that broad principle, but I still have enough confidence in the efficacy and soundness of the rule of law to say that even if a few morally dishonest people did escape, it ill becomes this parliament at this time to say to all other persons, "You, too, will be examined. You, too, will be punished."

There is not much difference between criminal legislation and punitive legislation. The municipal councils, the provincial legislatures in our country have power to establish certain penalties for infractions of by-laws and provincial enactments. The distinction is not very great between a person guilty of a breach of the criminal code and a person guilty of a breach of a provincial statute, say a liquor act, if you like, since I know something about those, largely on the side of the prosecution. Punitive statutes and criminal statutes have

come very close together. This cannot be interpreted otherwise than as a punitive statute or we would not have it here. There can be no other reason for it except to say, "You smarty-pants beat us in our intention. You lived up to the law but you beat us in our intention. Now we are going back, and we are going to catch you." There can be no other reason for the retroactive feature in this legislation. So that I say to the minister, for whose ability I have great respect—in fact I think he might have advised the hon. member for Cape Breton South at some time or another, for the hon. gentleman certainly got excellent training somewhere—that we should not leave the broad principle. This country, this civilization is founded on law. We live by law, not by an incident of the moment, not by a happy thought we get; and law will always have difficulties in it. It must be of general application. Up there someone will gain a little; down here someone will lose a little, but inasmuch as the law is of general application, let it continue to speak as of the day of its enactment which, in this case, with great respect I submit was the date of the presentation of the budget. I do not want people to escape, but if they have done so we have a long time to go with those people and we may catch up to them in some other way. But let law speak as from its date of enactment.

Resolution agreed to.

6. That the exemption of the profits of corporations derived from the operation of any base metal or strategic mineral mines be extended to the profits of corporations derived from the operation of gold mines and industrial mineral mines, and that such exemption be extended to the profits of such mines which come into production after January 1, 1946.

Mr. BRADETTE: I wish to be very brief, though I am sure the committee will bear with me for a few moments while I say a few words in connection with this resolution. First of all, speaking for my section of the country, where there is the greatest amount of gold produced, since it includes the whole of the Porcupine section and adjoins the Kirkland Lake district and the Rouyn section of Quebec, I wish to pay tribute to the Minister of Finance who, during the war years, in spite of his heavy responsibilities and tremendous amount of work, found it possible to come at least four times to victory loan rallies in my own constituency.

Prior to the dominion-provincial conference of last summer I found it possible, after research and study, to send to the Department of Finance, through the minister of that department, a brief dealing with certain regulations and grievances pertaining to gold mining in general. I am stating here that that brief was well received by himself and his department. It was thoroughly scrutinized. I will go farther and say that I believe it was also discussed by the dominion-provincial conference. I have been told by people who are authorities on gold mining matters that my brief had received full attention, and, based on some features of it, some beneficial changes were made.

However, I want the committee to realize to some extent what gold mining is. Let us go back a few years prior to the war and realize what it has meant to our national economy. I am not here this evening to discuss the gold standard, the yardstick of our monetary system, or anything of that kind. I am just speaking about an industry which I know something about, and which has been such a wonderful medium of stabilization and solid economy, as far as Canada is concerned.

It is no secret and it is known to everyone that in a time of war the gold mining industry is bound to be one of the war victims. The primary reason is, of course, the manpower shortage. The second reason is that it is absolutely impossible to replace the heavy machinery which is needed for the management and exploitation of a gold mine.

As every hon. member knows, we have not in Canada—at least, not in my section, or in the province of Quebec—a single ounce of production as far as placer gold is concerned. All ours is extracted from solid rock formation. We go farther than that, as far as the war activity is concerned. We were right behind the government, and a large number of rock miners from my own section, from Kirkland Lake, and from the section around Noranda were taken from those sections of Canada and sent, for instance, to Sudbury, which is another base metals section. Our section gladly accepted that circumstance, and the sacrifices that were entailed in such a move.

We believe that gold mining, and mining in general will have a great task to accomplish, as far as the post-war period of rehabilitation is concerned. That is why at the present time I wish to state briefly what I believe is the voice not only of the mine owners and mine operators of Canada, particularly those in gold mining, but also the voice of the prospectors, the muckers, the miners working in the bowels of the earth so fruitfully by the tens of thousands throughout Canada.

So far as the mining industry is concerned, the only change provided in this year's budget is the one set forth in resolution No. 6 of the

Excess Profits Tax Act amendment, which states:

That the exemption of the profits of corporations derived from the operation of any base metal or strategic mineral mines be extended to the profits of corporations derived from the operation of gold mines and industrial mineral mines, and that such exemption be extended to the profits of such mines which come into production after January 1, 1946.

This states that exemption under the Excess Profits Tax Act, under certain restrictions, is to be given for a limited period of time. We have already explained to the minister that when the Department of National Revenue apply their ruling this proposal is advantageous only to the high-grade producers. I believe I made that clear in the brief I presented to the Department of Finance. I believe, too, that they have listened to that argument. I have no doubt; in fact I think no one has a doubt that so far as the Department of Finance is concerned in this matter, it has applied the provisions to the gold mining industry, generally speaking. But when it comes to be applied to the Department of National Revenue, the so-called benefits the producers are supposed to get from the legislation is lost.

To low-grade or medium grade gold mines this exemption is absolutely useless. I say this sincerely. Perhaps I should address that statement to the Minister of National Revenue, who possesses good practical knowledge of mining, but I do not wish to repeat myself, and I do not wish to get to my feet again before the session is over, as I realize and understand the mood of the committee at this time of the session.

It looks as though the government is proffering something to the ordinary new producer which is worthless and is not costing the government anything. I say that deliberately, and I wish to make my point clear. Our gold mining industry showed prior to the war, and particularly during the war, that it was willing and ready to pay all the taxes that the government thought fit to impose upon it. It did that in the past, and it is doing so at the present time. No doubt it will continue to do so in the future.

But I repeat that there are certain features in connection with depletion allowance which to some extent are absolutely nullified by the Department of National Revenue. So far as my information goes, the future of mining in our north country is largely dependent upon the willingness of our taxing authorities to provide a fair depletion allowance which will permit an investor, when he makes good, to get his original capital back without us being taxed.

Everyone realizes that mining is highly speculative, and gold mining particularly. I believe that only one man out of ten makes any profit out of the business, and that is a fair average. I know whereof I speak. I know, too, that many hon. members have in the past invested in some new ventures in gold mining, or even base metals,, and I will leave it to them just how great a return they have received after making, in some instances, a heavy investment.

This provision gives discretionary powers to the Minister of National Revenue, and requires no change in the legislation.

That is all I wish to state at the present time. I am appreciative that hon. members have listened to me. I wish also to make a further statement respecting the Minister of Finance, regardless of what I may have said during the debate on the speech from the throne. Every hon. member on this and on the opposition side of the house knows the fine and gigantic job the Minister of Finance has done in his department during war time. Everyone who has seen him function must realize that the job was a difficult one, but his accomplishments have been admired and appreciated by all those that know of them. It was far from easy. No doubt great credit must be given to him personally for the wonderful things which we have done in our Canadian scheme of financing, and which are the cause of the great confidence that his actions have inspired.

The workers, the muckers and those in an administrative capacity in my section of the country realize that the Minister of Finance is absolutely open-minded when we bring to his attention something that is logical. Again I thank the minister and the premiers of the different provinces who attended the dominion-provincial conference for having found it possible to discuss this matter. This is one place in which the Department of Finance could give a lead. It can ask what was done in the big mining convention when the ministers of mines of the nine different provinces of the Canadian federation spoke along the same lines as I speak to-night, and also with unanimity.

They realized, and every citizen must realize what will be accomplished by mining. In my own section of Ontario, Quebec and in northern Manitoba and other parts of northern Canada one can see some of the greatest developments, not only in connection with gold mining but in connection with the mining of all kinds of minerals that the world has ever seen.

One has only to look at the map of Canada and know of the regions involved to see that within a few short years many more new mines will be opened and developed fruitfully in those parts of the country. This will be a very great factor in our development. It will be a wonderful factor in the life of every Canadian because, as was stated just

a few days ago in the committee on external affairs, time after time one person who is employed in mining will give employment to twelve other persons. This has been said by witnesses who knew mining in general. I know the government, and particularly the Minister of Finance are heart and soul behind our means of employment. He has seen for himself, personally, some of our mines. He has seen new sections of the population, such as are found at Timmins, Schumacher, South Porcupine, Kirkland Lake and many other new fine centres in northern Ontario and Quebec. He knows that section, in the same way as it was known by Mr. Crerar, who formerly was Minister of Mines and Resources. I know, too, that in the rehabilitation period gold mining in particular, and mining in general will perform a great national duty, and we hope that all possible attention may be given to the survival and extension of this industry. It will prove such a wonderful cure for employment that problems and grivances should be fully understood, and dealt with in a practical way by the federal government.

Mr. ADAMSON: I wish to congratulate the hon. member for Cochrane on what he has just said. I can agree with him on everything with the exception of his sanguine thought that the Minister of Finance really appreciates what the mining industry has done, is doing and is capable of doing for the economy of this country. Resolution 6 brings gold mines under the same agreement as the base metal, or what were known during the war as the strategic metal mines, and gives a three-year income tax exemption to new gold mines. I should like to refer for a moment to the original Excess Profits Tax Act and quote a submission which was given to me with regard to section 6, which is as follows:

> The exemption as proposed by item 6 of the excess profits tax resolutions will be for the period that the excess profits tax remains in force.
>
> The only tax administered by this division which will be payable will be the income tax which at present is 18 per cent of net profits.
>
> Under the procedure adopted in administering the original section 7 (g) of the Excess Profits Tax Act, no set period was allowed for "tuning up" but you will note that the exemption commences from the time that the property commences production of ore in reasonable commercial quantities. A "tuning up" period of six months was allowed for the purposes of section 89 of the Income War Tax Act in respect of base and precious metal mines but in view of the inclusion of industrial mineral mines under the present proposed legislation, it is not felt that a definite period can be set at this time.
>
> The "tuning up" provision is purely an administrative ruling designed to allow time for the property to come into commercial production.

A reasonable enough submission in itself, but I wish to go one step farther. While the announced intention of the act was to provide encouragement or assistance to all mines entering production in the period concerned, the subsequent regulations—these are the words I wish to bring out to the Minister of Finance—issued under the authority of the minister, as provided for in section 4 of the Income War Tax Act, which reads:

> The minister may make any regulations deemed necessary for carrying this section into effect.

These have the effect of denying those benefits to any mine, except such as would have been successful in any event. These regulations made it obligatory for all new mines coming under the provisions to charge up to production expenses a maximum of fifteen per cent depreciation per annum on their total plant expenses and additionally to charge off annually during the same period a minimum of fifteen per cent of the total pre-development expenditures made in preparing the mine for production. This is what I brought to the attention of the minister this afternoon when I said I was going to discuss this part of the act.

A low-grade mine may find itself in the position of having to spend as much or even more money in developing its ore body prior to production than it will spend on its whole treatment plant. It is not uncommon to find that when the treatment plant, which may be depreciated at fifteen per cent per annum, costs half a million dollars, a similar sum has been expended on pre-development and must be written off at the same rate. The write-offs that are required to be made in such a case, whether the mine has a profit or not, amount to fifteen per cent of $1 million per annum, or $150,000 a year, giving a total of $450,000 in three years. In other words, before any benefits accrue from the release from taxation, such a mine must first make sufficient operating profits to meet these enforced write-offs, a situation that exists only in the larger higher grade mines.

If insufficient profits—this is the case of a loss—to take care of these write-offs are made in the period, then the mine finds itself forced to set up a loss which cannot be applied to reduced future profits. If, therefore, it is really the intention of the government to provide by this means some real assistance and encouragement to new mines to go into production, the present limitation by regulation of depreciation and pre-development write-offs should be entirely removed. If that action is not taken, the effect of the act itself is simply to give to the mines that already have and take from those that need help.

I can name half a dozen mines which are in that condition; I can name most of the sixty mines that we speak of so glibly as being mines which may come into production. They are all low-grade producers. Their ore is running from $4 to $5 to possibly $6 a ton and their costs will be $4, $5 or nearly $6 a ton. They must estimate their profits, not in dollars a ton but in cents a ton of ore milled. They will be large tonnage propositions, and this applies peculiarly to the new mines in the belt from Rouyn through the Cadillacs to the Malartics right through the new mines in Pershing township. As I say, their profits will be measured in cents a ton. The capital cost of bringing those mines into production will be not hundreds of thousands but millions of dollars. They will all have to spend from $600,000 to $700,000 for a mill and possibly $1,000,000 or even more for pre-development expenses. They will come under this section and under the ruling that I have received and be granted a three-year exemption from income tax. But during those three years they will have to make allowance for write-offs for pre-development expenses and write-offs for the mill. I suggest that those will be at the rate of fifteen per cent per annum. When these mines have passed through their three years of exemption they will not be coming in as a new mine, as was the intention of the act, but they will be coming in as a mine that has already written off very nearly fifty per cent of its pre-development costs and the costs of its production plant, its mill; in other words, fifty per cent of the capital expenditure involved in bringing the mine into production will at the end of three years, as the act is now submitted, have been written off. I suggest that that is not the intention of the act.

Pre-development costs are very great in these mines. It is amazing how the malartics with their heavy overburden were discovered at all. We hope and pray that there will be a parallel belt discovered running from the Porcupine area due east. That is just a supposition; we do not know. But if these mines are developed, the pre-development costs of bringing them in, getting through the overburden and doing the necessary stripping to find out whether geological conditions warrant further expenditure on the sinking of a shaft or further diamond drilling will run into millions of dollars. At the end of three years they will probably be low-grade mines. The great bonanzas, with $20 and $30 ore, exist only in the imagination of people, not in actual life. The profitable development of Canada's mineral resources will be in mines that produce thousands of tons of $5 and $6 ore, not the spectacular mine that produces $20 or $30 ore and shows free gold. Our mineral development will be made in the low-value ore bodies, and I suggest that, as I read the act, these enforced write-offs vitiate the benefits—and I appreciate that the Minister of Finance is trying to give benefits to the gold mines and to all mines—that are sought to be given.

I suggest that this resolution be amended so that the write-offs will not apply until the end of the three-year tuning-up period. As most of us know, for the first few months in the operation of a gold mill, the mill itself absorbs the gold and the profits are negligible. The chinks in the rod mill, the agitator and the rest of the circuit absorb the gold and the gold sticks to the walls. The very fact that so many hundreds of thousands of dollars worth of gold are lost in the operations of the mint—and the mint is a more efficiently run operation than any gold mill can be—is an example of what I mean. The very fact that that happens shows that the tuning-up period is necessary. But after the end of three years they could begin to apply their write-offs and allow everything that has been spent up to the end of the three year period as a write-off.

I know that this may come as a heresy to the Minister of Finance, but it is nevertheless a fact that the metal mines for the first years of their production do not in most cases make any appreciable profit. Yet under the act they are forced, whether they have profits or not, to apply the write-offs.

I have figures here showing when every mine in Ontario came into production, when it was incorporated, when it paid its first dividend. I shall not put them on the record, but believe me, Mr. Chairman, that the only return which the gold mines particularly in Ontario make to their shareholders is in dividends. Their shareholders are anxious to get dividends and there can be no question of withholding dividends. Several of these mines started production and did not pay dividends for ten or fifteen or twenty years. I have a list showing thirty-nine mines in Ontario with a total production of $21,859,000 which paid no dividends and made no return whatsoever to their shareholders.

The Minister of Finance, because we talk about mining, thinks we are asking for too much; I can see that he does. But that is not so, and he will not think so once he realizes, despite the propaganda to the contrary, the hazardous and speculative nature of bringing into production a producing mine. Some of us have tried it and failed, have grub-staked and gone into syndicates and lost everything that we put in. I would again

plead with him that the write-offs should not apply until the end of the three-year tuning-up period.

We are entering a very difficult period in international finance. There is a movement on foot to exclude Canadian products from the sterling block area. I suggest to the minister that we shall find that we have more use for our gold and our base metals—remember that in Canada gold and base metals are frequently found in association with each other—and that in the economy of the world we shall need gold more in the next few years than we have ever needed it previously in our time. I am making this plea to the minister to consider waiting till the three-year period is over—and I have the information here before me—before he deprives our mines of write-offs and deductions for pre-development expenses.

Mr. COCKERAM: I congratulate the hon. member for Cochrane, who represents a good mining constituency, upon his support of the industry to-night, as I believe that the mining industry in this country is much misunderstood. The general opinion is that anybody connected with mining becomes a millionaire overnight. The mining industry has a definite place in the economic life of this country, and in support of that assertion I should like to read a statement which was made by the former minister of mines, Hon. J. A. Crerar, in April, 1936. He said:

> I must emphasize this factor of capital. Few laymen are aware of the vast sums of money required to develop mines. The great deposits of the Flin Flon, in Manitoba, required an expenditure of $30 million before there was any return on this large investment. The mine at Noranda in Quebec required $25 million to enable it to produce the refined metals in the large quantity it now does.

I ask the committee to bear this in mind:

> The average gold mine takes from $1,000,000 to $5,000,000 to develop and equip to the state of production. Much money must be risked in the early stages of development, for there is no certainty of success. Courageous capital is thus an essential to new mining enterprise.

I would point out to the minister that in a brief which he received from the Mining Institute of Mining and Metallurgy, I think last year, the following statistics were given: that, of Canada's 1942 metal production value, 56 per cent was derived from mineral areas discovered prior to 1910, 28 per cent was derived from mineral areas discovered between 1910 and 1920, 11 per cent was derived from mineral areas discovered between 1920 and 1930, and only 5 per cent was derived from mineral areas discovered subsequent to 1930.

I gave some figures this afternoon regarding the industry; and with your permission, Mr. Chairman, I wish to stay fairly close to my notes, because I have a lot of statistics to give. I would point out that, according to the Royal Ontario Mining commission's report, the establishment of new communities directly due to mining was as follows:

> The Ontario metal mining industry has been responsible for the establishment of new, prosperous communities, non-existent a few years ago, which, according to the 1941 dominion census, had a combined population of 138,110. Of this total it is estimated that at least 125,000, or 90 per cent, are directly dependent upon metal mining.

I was surprised to find, in reading the budget resolution, that the Minister of Finance gave very little consideration to the metal mining industry of this country. It is estimated, and it appears in the brief of the Canadian Institute of Mining and Metallurgy, that for every one person actually engaged in the mining industry in this dominion, twelve other Canadians depend upon the prosperity of that industry for their livelihood. In 1941, the annual report on mineral production issued by the dominion bureau of statistics shows that 113,227 persons were employed in the Canadian mining industry. Taking an average of twelve people employed directly or supported indirectly by the mining industry, we arrive at the figure of 1,358,724 Canadians who owe their livelihood or their living to the success of the mining industry. This figure represents approximately eleven per cent of the population of the dominion. South Africa is still the leading gold-producing country of the world, but I can see where Canada, with a little encouragement from the Department of Finance—and after all it is only his department that can encourage the industry—can be put in the position of leading the world in gold production. If we reach that position we shall be creating new wealth, and new wealth in connection with mining means jobs for very many people in this country.

Gold mines in this country produce new wealth and create markets for foodstuffs, labour, lumber, electricity, transportation and services of all kinds, and I would remind the minister that gold mines pay very heavy taxes to the dominion treasury. I would also remind the minister and his officials, however, that gold mines cannot reproduce themselves. Once a level in a mine is mined out it is gone for good. Neither the minister nor anyone else can put gold back in the ground. The life of the average Canadian gold mine is only about eight years. We are very fortunate in that, for many miles across our country we have the pre-Cambrian shield which statistics show has been prospected only to about ten per cent.

I would again ask the minister to show consideration for this industry, which means so much not only to Ontario but to every prov-

ince in the dominion. I could go to many hon. members representing industrial centres, including centres in British Columbia, and ask them to investigate from the industrialists in their communities and find out what the gold mining industry has meant to their districts.

Over the last few years Canada benefited from an increase in the price of gold. What does that increase in the price of gold mean in terms of employment in this country? The average life of a gold mine in Canada is 8·12 years. The increase in the price of gold which took place some years ago meant an additional one year of life to those mines. The ore which, prior to the increase in the price of gold, was just rock became productive and thus the mining industry was able to produce it, and give employment and pay taxes.

In this connection I should like to give some figures.

Some hon. MEMBERS: Carried.

Mr. COCKERAM: You fellows over there, wait a minute; you do not know anything about this. Let me take Ontario figures for illustration purposes. Every year of extra life added to a gold mine by the rise in the price of gold resulted in these figures. Hon. members on my left are not interested in employment, or anything like that, but this is what the increase in the price of gold meant: one more full year's work for 21,000 men in this country drawing a payroll of $42,000,000. From this point, mainly employment, as well as purchases of supplies, the creation of new dollars for Canada, and the continuance of steady jobs for Canadians, the life length of every individual gold mine is of prime importance. Anybody who knows anything about the mining industry realizes that for the last twenty years jobs have been steady and well paid in the gold mining industry, and for that reason we have had very little unrest in our gold mining area.

Mr. CASTLEDEN: What about Kirkland Lake?

Mr. COCKERAM: That was fomented by people like yourself. During the years 1931 to 1941 Ontario gold mines increased production by $11,000,000; but total costs increased by $15,000,000. In that connection I have some figures that I should like to place on the record with the unanimous consent of the committee. I should like to do that so that the committee might have some idea of the costs of operating a gold mine. These figures are dealt with under the following headings: price of gold, tons milled, gold recovery, operating costs per ounce, total taxes per ounce, operating costs per ton, total taxes paid per ton and the recovery per ton of seven of the leading producers in the province of Ontario from the year 1930 to 1943.

The ACTING CHAIRMAN (Mr. Golding): Has the hon. member the consent of the committee?

Mr. ILSLEY: Who compiled the figures?

Mr. COCKERAM: The Ontario mining association which, I think the minister will agree, is a reputable association.

Mr. ILSLEY: All right.

Mr. COCKERAM: The table is as follows:

PRODUCTION STATISTICS OF 7 ONTARIO GOLD MINES
(From 1930-1945)

—	1930	1931	1932	1933	1934	1935	1936
Price of Gold (Can. Currency)	$ 20.67	21.55	23.47	28.80	34.50	35.19	35.03
Tons Milled	3,363,370	4,293,787	4,729,412	4,614,572	5,077,578	4,970,740	4,983,702
Gold—Recovery (oz)	1,495,187	1,789,534	2,059,490	1,782,492	1,780,598	1,734,088	1,715,641
Operating cost per ounce excluding taxes	11.73	11.57	11.05	12.76	13.93	14.30	15.94
Total taxes paid per ounce	0.87	1.04	1.36	1.92	2.70	3.54	3.11
Operating cost per ton excluding taxes	5.22	4.82	4.81	4.93	4.89	4.99	5.49
Total Taxes paid per ton	0.39	0.43	0.59	0.74	0.95	1.23	1.07
Recovery—$ per ton	9.21	9.10	10.00	11.41	12.05	12.18	12.10
Grade—Ounces per ton	0.45	0.42	0.43	0.38	0.35	0.35	0.34

—	1937	1938	1939	1940	1941	1942	1943
Price of Gold (Can. Currency)	$ 34.99	35.17	36.14	38.50	38.50	38.50	38.50
Tons Milled	5,071,969	5,136,505	5,127,168	4,983,710	4,852,352	3,923,059	3,177,852
Gold—Recovery (oz.)	1,709,738	1,702,713	1,670,349	1,584,473	1,516,832	1,188,610	992,054
Operating cost per ounce excluding taxes	16.87	17.26	17.76	17.81	19.24	20.88	20.88
Total taxes paid per ounce	3.04	2.98	3.18	5.76	6.45	5.50	5.92
Operating cost per ton excluding taxes	5.69	5.72	5.79	5.66	6.02	6.32	6.52
Total Taxes paid per ton	1.05	0.99	1.04	1.83	2.02	1.66	1.85
Recovery—$ per ton	11.83	11.66	11.77	12.24	12.03	11.64	12.02
Grade—Ounces per ton	0.34	0.33	0.33	0.32	0.32	0.30	0.31

Canada has been fortunate over the past fifteen years, in that the price of gold has shown a substantial increase; and I wish to show what that increase has meant to this country. In terms of new jobs, new payrolls, new wealth and the actual amount of gold mined, this is what happens with a rise in gold prices. Between 1930 and 1939 the price received by Canadian mines for their gold rose as a result of currency exchange fluctuations from $20.67 per ounce, to $36.14 per ounce. Compiled from the records of seven Ontario mines which were in steady production during the period from 1930 to 1939 the price of gold went up seventy-four per cent. The tons of ore milled went up fifty-two per cent; the ounces of gold recovered went up thirteen per cent; the proportion of recovery in ounces of gold per ton milled went down twenty-six per cent, and the total number of our employed increased by 161 per cent. That meant, Mr. Chairman, that because of the increase in the price of gold the mining industry were able to treat many more tons of lower grade ore than they were able to treat in the years gone by. This lower grade ore gave much employment directly and indirectly in this country. I wish to tell the committee what this increase in the price of gold meant. With the higher price of gold the mining industry produced thirteen per cent more ounces of gold from fifty-two per cent more tons of ore, and the seven mines that are referred to in the statement mined and milled 1,489,052 more tons of ore than they did in 1930. Because of the increase in the price of gold the mining industry was able to treat many more tons of ore, and the lumbering, transportation, electricity and every other kind of industries throughout Canada benefited.

Those of us who are connected with the mining industry believe that we have a very sound case, and we ask the minister to go back to the point where the industry was many years ago when it was allowed a fifty per cent depletion allowance, and the shareholders received a similar allowance when the dividends came into their hands. If we are to develop our gold mining industry the minister must realize that the people who put their money into the industry take great risks. If it is a gold mining company it is using the shareholder's money to develop further prospecting. I would again ask the minister to consider this whole question of mining taxation. If I can be of any assistance to the officials of the department I shall be only too glad to do anything I can. I believe that the future of this country in good times and in bad depends on the success of that industry which has done so much to carry us through depression years and war years.

Resolution stands.

Progress reported.

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

Saturday, December 1, 1945.

The house met at eleven o'clock.

ATOMIC ENERGY

TABLING OF JOINT STATEMENT OF THE UNITED STATES, THE UNITED KINGDOM AND CANADA

On the order of motions:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I desire to lay on the table copies in English and French of the declaration on atomic energy made by the President of the United States of America, the Prime Minister of the United Kingdom and the Prime Minister of Canada at Washington November 15, 1945. Hon. members will recall that the Minister of Justice (Mr. St. Laurent) placed the declaration on *Hansard* the day on which it was made, November 15. These are printed copies of the declaration by itself.

SILVER

DOMESTIC AND EXPORT PRICES

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, I believe some statement has been made by the wartime prices and trade board concerning a change in the price of silver in Canada. Would the minister make a statement on the subject?

Hon. J. L. ILSLEY (Minister of Finance): Arrangements have been completed with the major silver refiners whereby approximately fifty per cent of the silver which will be refined by them in 1946 will be reserved for domestic consumers and sold in Canada at Canadian silver prices. This silver will be distributed in accordance with normal usage. At the same time arrangements have been made by which small silver producers in the Cobalt area whose silver is refined in Canada will receive the export price for their production. The small producers in British Columbia whose silver is refined at Trail, British Columbia, will be treated in the same manner. The mint has agreed to pay gold producers shipping

bullion to the mint the export price for one-half of the by-product silver recovered and the domestic price for the other half.

Mr. GREEN: Does that mean the domestic price of silver is still to remain under the ceiling?

Mr. ILSLEY: Yes.

EMPLOYMENT

DEMOBILIZATION OF TROOPS IN VANCOUVER AND VICTORIA

On the orders of the day:

Mr. G. R. PEARKES (Nanaimo): I desire to direct an urgent question to the Minister of National Defence. Since he is not here perhaps the Minister of Labour will bring it to his attention or give me the answer. My question is: will the minister cease demobilizing troops in Vancouver and Victoria other than those who resided in British Columbia before enlistment?

Mr. SPEAKER: Order. I would suggest that the hon. member place his question on the order paper.

Mr. GREEN: It is very urgent.

Mr. PEARKES: Mr. Speaker, I have not come to the urgency of the situation. At the moment it is a matter of great urgency.

Mr. SPEAKER: I would point out to the hon. member that when I say a question is not urgent I do not mean that the situation itself may not be urgent. The point is, if the question is put in the house will the immediate answer of the minister relieve the situation? In most cases, even if the question is put in the house, for some reason or other the minister is not ready to give an answer and it does not help anyone. If the question is placed upon the order paper the minister can look at it and give an answer which will be useful to hon. members. That is why I suggest that such questions be placed on the order paper.

Mr. STIRLING: In view of the urgency of this matter in the city of Vancouver and the province of British Columbia would it not be possible to allow the hon. member to complete his question?

Mr. SPEAKER: I want to be generous to hon. members as far as questions on the orders of the day are concerned, and I have tried to be; but under the rules of the house most of the questions should be placed on the order paper, and I believe the question of the hon. member for Nanaimo is one that should be dealt with in that way.

[Mr. Ilsley.]

LABOUR CONDITIONS

UNEMPLOYMENT IN VANCOUVER—SHORTAGE OF SKILLED MEN IN INDUSTRY

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, yesterday the hon. member for Vancouver-Burrard (Mr. Merritt), gave notice of a question. I said at that time that while I could make a reply, perhaps it would be better to make a statement to-day. I shall now do so.

In answer to the first part of the question of the hon. member for Vancouver-Burrard, namely, as to what steps are being taken by the Department of Labour to overcome the shortage of skilled men in certain industries, I would advise that under the Canadian vocational training plan extensive vocational training has been undertaken both in classes as well as "on the job," and in addition the provinces, including the province of British Columbia, are assisted in extending apprenticeship plans.

Until quite recently it has been very difficult to interest men in training plans because work at good rates, without any particular training, was easy to obtain. The situation, however, has since changed and candidates are now coming forward and vocational training classes are being organized as rapidly as possible. Already there are 12,641 in training in Canada and 1,081 in British Columbia.

In regard to the second part of the question, which relates specifically to the employment situation in Vancouver, I should point out that the employment situation throughout Canada naturally has changed since V-J day, and now for the first time for several years there is a deficiency in the number of jobs available as compared with the number of unplaced applicants. The total is approximately 40,000.

Since V-J day, of course, there has been a very large cut-back in war manufacturing. On V-J day there were approximately 450,000 men and women engaged in war work, the majority of whom have since been laid off. In addition, since V-J day approximately 240,000 men and women have been released from the armed forces. When these figures of lay-offs and discharges are considered, it is clear that the absorption of man-power in civilian production and services has been very satisfactory.

Vancouver is one of the points in Canada where there are grounds for concern. The number of unplaced applicants as at November 29 was 14,680. The explanation is that Vancouver had a great deal of war work, principally shipbuilding, aircraft work and

work along the coast on defence projects by the governments of Canada and the United States, and consequently there has been a correspondingly heavy reduction in employment. Up to a few days ago there has been a big demand for men in the lumber camps, but the heavy snowfall has slowed up this activity. It was noticeable that when men were being sought for lumber camps there were few willing to take this work, or indeed any work outside Vancouver.

There are still jobs available in mines and in other occupations outside Vancouver. The job opportunities are being advertised and men are assisted to move if they are without means to pay for their own transportation. Employers are being advised of particulars of the occupations of the men and women who are applying for jobs.

It is true that in Vancouver the shock of the change-over from war activity to production for civilian use has been somewhat greater than in some other parts of Canada. However, the view is held that the peak has probably been reached, that an improvement can be expected very soon, and that work will be available for all, if not in Vancouver city certainly at other points.

I would like to place on the record a set of figures which has just been issued by the Dominion Bureau of Statistics showing that the reduction in employment on October 1, 1945, as compared with September 1, 1945, despite the very great reduction in war work, was in nine leading industries only 2·2 per cent. This gives some idea, Mr. Speaker, of the resiliency and the powers of absorption of the Canadian industrial, commercial and agricultural structure.

In conclusion let me say that the government is concerned in regard to the situation in Vancouver and in several other cities in Canada, especially those which have had considerable war work. The present season is of course not favourable to commencement of new projects. The shortage of materials in many lines is creating difficulties, but no effort will be spared and I am satisfied that early spring will see a great improvement in the employment situation.

The table is as follows:

November 27, 1945.

Dominion Bureau of Statistics
Employment and Payroll Statistics
Ottawa

Summary of the October 1, 1945, Tabulation on Employment

Industry	Index numbers (1926—100)	No. of employees reported at Oct. 1, 1945	Change from Sept. 1, 1945 Employees (Decrease indicated by the minus sign) No.	Percentage P.C.
Manufacturing	188·4	989,739	—53,281	— 5·1
Durable goods	197·3	461,018	—59,992	—11·5
Non-durable goods	182·3	508,291	.7,056	1·4
Electric light and power	160·2	20,421	— 345	— 1·7
Logging	205·2	61,968	77,201	13·1
Mining	143·6	67,631	— 117	— ·2
Coal mining	90·4	24,933	297	1·2
Communications	123·8	33,179	107	·3
Transportation	127·3	164,463	— 1,346	— ·8
Construction	124·7	159,798	975	·6
Services	209·9	52,467	— 797	— 1·5
Trade	176·5	195,313	4,821	2·5
Eight leading industries	168·7	1,724,549	—42,437	— 2·4
Finance	134·0	69,372	2,054	3·1
Nine leading industries	167·0	1,793,921	—40,383	— 2·2

Mr. BLACK (Yukon): I should like to say to the Minister of Labour that my information, received not later than this morning, is that there is a great surplus of men seeking employment in the lumber woods—far more than the operating lumber companies can employ, and that the unemployment situation there is being aggravated by the discharge of many men from the army who do not belong in British Columbia and who did not enlist from that province. They should be sent to where they enlisted or where they belong, rather than be permitted to aggravate the situation in British Columbia.

TRANS-CANADA AIR LINES

INCREASE OF CAPITAL—CREATION OF CORPORATION TO OPERATE SERVICES UNDER CONTRACT—CONSIDERATION OF SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Reconstruction) moved the second reading of and concurrence in amendments made by the senate to bill No. 21, to amend the Trans-Canada Air Lines Act, 1937.

He said: The government agrees to these amendments, and the motion is now that the house concur. The amendments are entirely consistent with the existing practice. The first amendment provides that orders in council made under the act shall be tabled in the House of Commons. The second amendment is practically a quotation from The Canadian National Railways Act, of 1932, which requires an annual report from the company. The third amendment requires that the reports of the board of directors and the auditor respectively be tabled in parliament.

Mr. STIRLING: I understand these are beneficial amendments.

Mr. HOWE: At least they are not harmful.

Mr. STIRLING: May I draw attention of the house to the fact that we have had no warning of these amendments, and only at this moment have heard their contents. They may be quite beneficial but I think we ought to know more about them and should have an opportunity to consider them.

Mr. HOWE: Very well; allow it to stand.

Motion stands.

SUPPLY

The house in committee of supply, Mr. Golding in the chair.

DEPARTMENT OF FISHERIES

72. Departmental administration, $163,760.

Mr. REID: Mr. Chairman, there is one matter I should like to draw to the attention of the Minister of Fisheries. I do not expect he will be able to give a definite answer at the moment, but I would ask him to give some thought to it between now and the next session. I refer to the offshore fisheries of British Columbia. As is well known, we spend millions of dollars hatching, rearing and protecting the great salmon fisheries of British Columbia. These fish head out to sea in their first or second year, and after they pass the three-mile limit they are at the mercy of the fishermen of any country. The United States has taken note of the calamity that might occur if foreign nations come close—I mean within ten or fifteen miles—of the shores of the United States in order to fish. After some investigation they passed a bill this year to take care of offshore fishing beyond the three-mile limit.

It may be remembered that prior to the outbreak of the war, Japan sent mother ships down along the Alaska and British Columbia coasts. These ships returned home with great quantities of canned salmon. The war interfered with their activities, but under international law we had no control of any ships beyond the three-mile limit. The United States became greatly alarmed at what had taken place in Alaska bay. The Japanese had many ships in that bay, and strange to say when they were accused of this there was an official denial by the government of Japan. The fishermen there knew what was going on, and they went to the expense of hiring an aeroplane which took photographs of the Japanese actually fishing in Alaska bay.

Very few nations have gone to the trouble of rehabilitating or preserving or regulating their fisheries. Most nations, including Japan, have only one thought in their minds, to secure all the fish possible and market them. Here is what the United States have done, and I quote from a dispatch dated September 28:

> President Truman announced to-day the United States government has decided to regulate and control fisheries on the high seas contiguous to the United States. The new policy will safeguard the valuable Alaska salmon fishery, he said.
>
> The order provided for establishment, under recommendation of the interior and state departments, of fishery conservation zones, in areas of the high seas contiguous to the United States coast.
>
> Until the present the only high seas fisheries in which the United States has participated in regulating are those for whales, Pacific halibut and fur seals.
>
> "In areas where fisheries have been or hereafter shall be developed and maintained by nationals of the United States alone," the White House said, "explicitly bounded zones will be set up in which the United States may regulate and control all fishing activities."
>
> In areas where the nationals of other countries may be involved, the announcement continued, zones will be established by agreements and joint regulations made effective.
>
> This new policy, the White House asserted will enable the United States "to protect effectively, for instance, its most valuable fishery, that for the Alaska salmon."
>
> "Uncontrolled fishery activities of this and other countries," the statement said, "have constituted an ever-increasing menace to the salmon fishery."

My suggestion is that the minister give this matter serious thought. When the salmon which are hatched and reared at great expense

by our government head out through Juan de Fuca strait, they feed for the next two or three years probably fifteen to twenty miles out. There is nothing to prevent the fishermen of any country from coming in there and destroying or taking the entire catch.

There is another matter I should like to bring to the attention of the minister. The waters of Hecate strait between the Queen Charlotte islands and the mainland of British Columbia should be declared Canadian waters. This strait is eighty or more miles wide, but it lies between the Queen Charlotte islands, which is Canadian territory, and the mainland. Considerable fishing is done in these waters, and at present under international law they are open to United States, Japan or any other nation. I know that if these waters had been contiguous to the United States they would long before this have been declared United States waters.

Mr. MacNICOL: I agree with the hon. member. Why have they not been declared to be Canadian waters? Our territory should extend to three miles beyond the Queen Charlotte islands.

Mr. REID: I do not know. I understand that some years ago the Canadian government attempted to declare the waters of Hecate strait as Canadian waters for the purposes of control. Apparently in those days we were a little afraid to take a bold stand, and the matter was dropped. However, it is my opinion that if we had then declared these waters to be Canadian waters, no country would seriously dispute our stand.

Mr. MacNICOL: The hon. member is right.

Mr. REID: The matter is serious. When we consider the future I think we must realize that now is the time for us to declare to other countries that these waters are Canadian. We should also be ready to cooperate with the United States government, who have declared that the waters contiguous to Alaska will be open to fishing only to United States fishermen. I wanted to bring these matters to the attention of the minister so that he may consider them between sessions. I urge that Canada cooperate with the United States and that we follow their example.

Mr. HAZEN: Mr. Chairman, there are a few matters I should like to bring to the attention of the Minister of Fisheries, and there are one or two questions I should like to ask. Before I do so, I should like to take this opportunity to congratulate him upon being appointed to the position he now holds in the government of Canada. I think the Prime Minister made a wise choice in selecting him for that office. It is a matter of satisfaction, I believe, not only to the members from New Brunswick who sit on the government side but also to the members from that province who sit on the opposition side, that the hon. member for York-Sunbury was appointed to this responsible position.

I call it a responsible position, but I notice that not long ago a Toronto newspaper, commenting on the appointment, said that the fisheries post was not one, to say the least, that involved great responsibilities. I do not agree with that statement. I believe the minister has great responsibilities. It is his responsibility and duty to assist in conserving, developing and improving the fishing resources and fishing industry of this country in order that an improvement may be made in the living conditions of tens of thousands of men who are primary producers and who make their living from the harvest of the sea. I think that is a great responsibility.

When the estimates of the Minister of Public Works were before the committee a few days ago I pointed out to him the necessity of certain repairs being made to wharves at fishing villages along the shores of the bay of Fundy. I have already written to the Minister of Fisheries about repairs that are necessary and I do not think I should take up the time of the committee now by going into details. As the minister knows, repairs are necessary at Chance harbour, at Lorneville, and at other harbours along the shore. They are urgently needed by the fishermen of these different communities. In addition to these repairs it is essential that dredging be done at Dipper harbour in New Brunswick.

There is another matter I wish to refer to and in connection with which I want to make a suggestion to the minister. I suggest that he take steps to have established lobster hatcheries along the shores of New Brunswick. I will go further and say, in the maritime provinces. I understand that at one time a good many years ago lobster hatcheries were established in the maritimes and later they were abandoned. I would ask the minister not to be discouraged by the fact that these lobster hatcheries were done away with at that time; for if he will look into the matter he will find that in the state of Maine, which adjoins New Brunswick, lobster hatcheries that were established some time ago have proved a great success. Not only have they benefited fishermen in the state of Maine and along the New England shores, but they have also

benefited the fishermen on the Island of Grand Manan, which is part of New Brunswick.

The lobster industry is an important one, and it could be made much more important than it is to-day. To illustrate the size of the business, I may say that at St. Andrew's in Charlotte county there is being shipped this year by one firm lobsters to the value of $3,500,000. It is big business, and it could be made larger. It therefore deserves encouragement.

There is a member of this house who knows a great deal more about this matter than I do, and that is the member for Charlotte, New Brunswick (Mr. Stuart). For a good many years he has been intimately connected with the fish business in more ways than one, and I am sure he will back me up in urging the minister to establish lobster hatcheries in the maritime provinces in the interests of our fishermen and in order to add to the wealth of the dominion.

There are one or two items under the war appropriation estimates, if I may so describe them, on page 553 of *Hansard,* about which I should like to ask the minister a question. I do not expect him to answer now, but I think we should have some information on these subjects before he gets through with his estimates. One of the items I have in mind is a sum of $1,200,000 to provide for payment of subsidies in connection with the purchase of Canadian canned salmon. I should like to have a statement from the minister about the amount of subsidies paid, to whom paid, the quantity of salmon represented, and where that salmon was disposed of. Another item about which I should like to have some information is the one that is worded "operation of experimental long line fishing vessel, $50,000". Will the minister tell us what that experiment was, where it was held, what the results were, and so on?

I asked the Minister of Fisheries when the Fisheries Act was up about fishery inspectors and fishery guardians, and at that time I referred to a case at Shediac, New Brunswick. A fishery inspector had resigned his position in order to take up a job with the provincial government. The position was not advertised by the civil service commission, but a man whose name it is not necessary to mention was given the job. I understand from what the minister said that he knew about that case and that the job was only a temporary one. I understood that ultimately the position would be advertised. What I should like to know is this. How long are these positions to be kept open in this way or filled temporarily before they are advertised by the civil service commission. It seems to me that if a man gives up a position of this kind the proper course is to advertise it right away or very soon after it is relinquished. In this particular case an application was made for the job by a man who had served four years overseas and had been wounded in the fighting in France. He was told, if I have the facts correctly, that the position would be ultimately advertised, but in the meantime somebody else was given the job, a man who had never served overseas. What I fear is that the man who had no service overseas will get the preference, when these examinations are held, if he is kept there long enough; that the examiners will say that his qualifications are so much higher, that he knows so much more about the work than the man who returned from overseas, that it will not be an overseas man that gets the job. If our men who served overseas are to have the preference, as I think they should have, that situation is not right. I have here a clipping with reference to a meeting of the Legion, held in the city of Montreal, in which there is reported a resolution passed at that meeting. The clipping is from the Montreal *Star.* The resolution urged that all temporary employees of the dominion civil service be placed in examinations in competition with veterans and that a representative of the provincial command of the Canadian Legion should be on the examining board. That resolution was passed without dissent at a meeting of R.M.R. branch No. 14 of the Legion, held at Westmount Armoury.

I am interested in this particular case because I want to see a returned man, a man who served overseas, get the appointment. I believe a returned man is entitled to it and should get it in preference to one who did not go overseas. I do not ask the minister to make a statement now, but I would ask him to look into the matter and see that the position is advertised and that, so far as it lies in his power, he see to it that a man who served overseas gets the appointment.

Mr. BROOKS: I wish to take only a few minutes of the time of the committee. I must confess I am not very well versed in the subject of fisheries; my constituency is an inland constituency. When I was the sole New Brunswick representative of my party from 1935 to 1940 I did make some study of the fishing situation, though possibly I succeeded only in showing how little I knew about it. But I was very much interested in the subject.

I want to take this opportunity of adding my congratulations to those of the hon. member for Saint John-Albert, on the minister's appointment. I feel that these felicitations come with very good grace from the hon. member for Saint John-Albert, because it is entirely due to him that the minister has his position to-day. The fact is that he defeated the candidate who was supposed to be the minister from the province of New Brunswick. When the present minister was appointed there were people unkind enough to say that it was "Hobson's choice". Let me say immediately that that is not at all my opinion. I feel that the minister compares favourably with men from that province who have held the position on previous occasions, and I am sure he compares favourably with many of the other present members of the cabinet. I might add, though, Mr. Chairman, that that compliment can be taken for whatever it is worth.

The hon. member for Saint John-Albert said that the minister in charge of fisheries had great responsibility. There is no question about that. I would also point out that he is not only the Minister of Fisheries, but also the minister representing the province of New Brunswick. We have had good reason to complain over the past years of the lack of attention which the government and ministerial representatives from our province have given to our affairs. I sincerely hope, and I wish to impress this upon the present occupant, that we shall receive better treatment in the future, and that his attention will be directed not only to his department but to everything which pertains to the benefit of the province of New Brunswick. I assure him that if he does so he will have every assistance which can be given by hon. members on this side of the house.

The matter upon which I wish to speak for a few moments is that of markets for our fisheries. During the war years Canadian fisheries have been prosperous; we have been able to sell our produce in good markets, and have received good prices. For many years before the war this was not so. Fisheries, in the maritime provinces at least, languished for lack of markets, and I hope one of the chief concerns of the minister and the government will be to provide markets for our fish. The war made it impossible for many other countries, including Norway, Great Britain, Newfoundland to a great extent, and Iceland, to carry on their normal fishing industries. This was not altogether true in our case, although we lost a good many men to the army who otherwise, probably, would have been carrying on this occupation.

In connection with the problem of providing markets, I wish to ask the minister a question, to which he can reply when he answers other questions which have been and will be asked. Is an investigation being made in his department of the possibility of transporting fresh fish from the maritimes to the larger centres in Quebec and Ontario? I believe that this could be done profitably by plane, and that, with the general use of the aeroplane to-day as a method of transport, the matter of transporting fresh fish should be given very careful consideration. As we all know, it is almost impossible to obtain fresh fish in cities like Ottawa, Montreal, and Toronto. What goes as fish up here is something at which we in the maritimes would be inclined to turn up our noses in scorn. The people of these provinces do not know what the taste of fresh fish is like, and I am satisfied that if an effort were made to increase the fresh fish market in the central part of Canada, it would be of great benefit to the industry.

There is also the matter of the South American and West Indian markets. Our maritime people lost those for a number of years, but there is a great possibility of opening up in South America particularly a market for cured fish which would be of great benefit to the fisheries of our part of Canada.

The hon. member for Saint John-Albert spoke about preference for returned men, in the fisheries department particularly; but it applies to all departments. I know that the committee on veterans affairs which is sitting at the present time is very anxious that this preference shall be honoured. I think that in the past the principle has been fairly well observed by the government, but there have been exceptions, and we have felt that the act has been got around in many cases. I had occasion to write to the minister the other day about a young man who was applying for an appointment with his department. He is not an overseas man in the sense in which we use the term, but he was a member of the merchant marine and also volunteered for active service but due to low category only served in Canada. We all know that the merchant marine played an important part in winning the war; they were engaged in a most hazardous occupation. Many men who served in the armed forces did not suffer the hardships and privations endured by the men of the merchant marine, nor did they encounter any more dangers. I hope therefore that the men of the merchant marine will be considered when civil service appointments are being made.

Mr. ISNOR: I believe I can say that all hon. members from the maritimes are agreed in asking that the minister give every consideration to the question of fisheries. At the outset I should like to associate myself with the congratulations which have already been extended to the minister by the hon. members from Saint John-Albert and Royal upon his appointment as Minister of Fisheries. He has already shown by his interest, his energy and his cooperation with the various sections of Canada that he is alive to the possibilities in his department. It is no minor department, but represents real wealth to our country. The maritimes is perhaps the largest fishing unit in the dominion—with all due respect to the hon. member for New Westminster, who takes such a deep interest in the fisheries. I would remind the house that the fisheries mean something like $38,000,000 to our section of the country, and to Nova Scotia itself a wealth of $23,662,000.

I wish to concur in and support the representations made by the hon. member for Saint John-Albert in his suggestion to the minister that he cooperate in the closest possible manner with the Department of Public Works. Like the hon. member I too made representations to the Minister of Public Works that he give favourable consideration to the requests from the maritimes for breakwaters, particularly in the fishing villages along our coast. Unless they have that protection, and unless there is close cooperation between the two departments, the fishing industry, particularly the inshore fishery, cannot be carried on to the advantage of the industry and of the country. Both ministers must be familiar with the hazards experienced by the inshore fishermen. They leave their homes as early as four or five o'clock in the morning, go to the fishing grounds, and do not return until towards evening. Unfortunately considerable publicity has been given recently by the radio and the press to gales that are sometimes experienced in Nova Scotia. These gales cause damage all along our coast, and it is to offset such damage that I have urged again and again that the Minister of Public Works cooperate with the Minister of Fisheries with a view to providing the necessary breakwaters. As an illustration of the problems with which the fishermen are faced, let me point out that many of them operate out of small coves containing from eight to ten fishing boats. Through the months when storms are experienced the openings through which the fishermen pass to and from the fishing grounds are closed by obstructions piled up by the storms. I am anxious to see that these passages are kept open by the provision of proper breakwaters.

I wish to support the arguments which have been made in support of the development of our export trade, and particularly the marketing of maritime fish in central Canada. Years ago we established a market in central Canada—Ottawa, Montreal and Toronto—and it was a Halifax man, by the way, who was largely responsible for the inauguration of that market. I am anxious to see it maintained, and I am wondering whether the officials of the department have cooperated with or made representations to the Department of Transport in the matter of providing modern facilities for the carrying of fresh fish from the maritimes to these central markets which I know wish to have our fish. As the hon. member for Royal has said, in Ottawa we repeatedly ask for fish and cannot get it, and the same is true of Montreal and Toronto but to an even greater extent. It would increase the consumption of fish and be of direct benefit to the maritimes if the Minister of Fisheries would give this matter further thought, and encourage the marketing of our fish from the maritimes.

The minister is no doubt familiar with the merger of a large number of fishery concerns which recently took place in the maritimes. I think it will be a good thing from the point of view of our export trade, which takes care of something like seventy per cent of our total catch. This large merger no doubt will have the most modern equipment for processing, freezing, and so on; but I am concerned about the future of our inshore fishing. We have in Halifax the largest number of inshore fishermen in any county in Nova Scotia, and that may sound surprising when you think of Halifax rather as a port and an industrial section of Nova Scotia. But the fact remains that we have 750 inshore fishermen's boats, employing 963 men. As I say, I am concerned about these inshore fishermen, and I am going to suggest that the minister endeavour to give them every possible encouragement in the establishment of small processing plants. If there is one department that has efficient and sympathetic officials, from the deputy minister down, it is the Department of Fisheries. I have gone to them time and again with problems and have always had a very attentive hearing, and I have found them ready to lend assistance whenever possible. I am suggesting to them through the minister that further encouragement be given to the inshore fishermen; that inspectors and their assistants visit these fishing villages along the

shore, offering advice as to how the fishermen can better process their catch. If this is done I feel sure it will add largely to the output.

Just recently I put before the Minister of Public Works a problem affecting twelve fishermen who formerly operated from a certain village. A processing plant was established a little further along the shore, and through lack of a breakwater these fishermen were obliged to travel many more miles to the new processing plant, with the result that there has been a gradual dying out of the fishing industry in that section. I feel that there is an opportunity for doing business in both places, and if we had cooperation these eight or ten fishermen would be able to carry their catch to a plant in their immediate vicinity instead of having to waste time in carrying it to a plant at a greater distance.

It is a matter of satisfaction, Mr. Chairman, to have the two ministers sitting in front of me, because I can address one or the other from time to time, and therefore I hope we shall have closer cooperation between the two departments than we have had in the past.

I am glad that the hon. member for Royal mentioned the West Indies trade agreement, which I understand is now under review by the Department of Trade and Commerce. It is quite likely that the Minister of Fisheries will make sure that his officials sit in on those deliberations so as to bring about the best possible results for the fishing industry in this country.

I could speak on the lobster catch. Sometimes this is termed a luxury trade, but it means real money to us in Nova Scotia, particularly to the fishermen in the constituency of the hon. member for Shelburne-Yarmouth-Clare. No doubt he will deal with that question to a greater extent than I would care to do at this time.

I am going to leave just two thoughts with the Minister of Fisheries. I would ask him, as I have said, to give every possible assistance, financial and by way of advice, to those who are prepared to construct small processing and freezing plants. I would also ask him to give every possible encouragement and advice to the fisherman who is anxious to build the type of boat which will permit him to go further to sea, but who is not financially able to do so. I believe the larger type of boat is more economical to operate, but unfortunately the Nova Scotia fishermen are not always in a position to finance the building of such boats. So I would ask the minister and his officials to give these men every consideration with a view to encouraging and helping them in every possible way

I realize, Mr. Chairman, that you wish to get these and other estimates through as quickly as possible, so I shall not add anything further at this time. From my knowledge of the minister I am sure he is sympathetically inclined toward this industry and will do everything possible to encourage it, both in the maritimes and throughout the dominion.

Mr. BAKER: I will be very brief, Mr. Chairman. I am not a lawyer; I do not believe in repetition, and I have not taken up much of the time of this house. I had a very pretty little speech prepared, but much of what I intended to say has been said already, so I will content myself with saying that I concur in the remarks of the hon. member for Royal, the hon. member for Saint John-Albert and the senior member for Halifax. I will not put those remarks on *Hansard* again; and I hope other hon. members will take the hint and do likewise.

I come from a province where the actual landed value of fish in 1944 was $14,851,376, which total was exceeded only by the province of British Columbia.

Mr. REID: The value of the fish caught in British Columbia was equal to that of the three maritime provinces put together.

Mr. BAKER: I am going to offer what I consider a few practical suggestions. Fishermen are men of few words; often they are a bit bashful and unable to express themselves well, and for this reason it is hard for them to get organized. They are becoming better organized now, and I look to the future with great expectations. But certain things are needed. I spend a great deal of time on salt water myself, so I am going to be practical and not merely present a thesis. One thing we do need is more protection for the fishermen. We all consider that the men in the armed services require every bit of protection they can get, and we know that their wives and children worry about them. Fishermen, particularly in the part of the world in which I live, the junction of the bay of Fundy and the north Atlantic ocean, also require protection, and their wives and children have the same anxieties that the wives and children of servicemen have had for the past few years, except that they have to put up with these worries all their lives. I want to suggest that when you think of farmers you should always think of fishermen as well. I have the greatest sympathy for the farmers. I have listened to hon. members from the prairies, and have really enjoyed what they had to say. I have every sympathy for their problems; but in

drawing up legislation for the farmer we should at the same time have regard for the fishermen; and for the benefit of the hon. member for Qu'Appelle I would say that I believe the wives of fishermen should be regarded in the same light as the wives of farmers. When it comes to the matter of benefits I believe fishermen should always be considered when farmers are mentioned.

To get down to something practical, we need some sort of coast service, guard service, though I realize the minister cannot look after this all by himself. In the United States they have a coast guard service which issues weather reports, picks up stray boats, and does anything that can be done. Their ships are equipped with ship to shore telephones, and we need something like that in Canada. I would offer what I would term a constructive criticism and suggest that the Minister of Transport, the Minister of Fisheries and possibly the mounted police get together in order to establish some such coast guard patrol. I am sure the minister is sympathetic toward the idea of having protection for the fishermen, and I know this question will be given every consideration. The minister knows all about it, but I am placing these remarks on *Hansard* so the other departments will see them and cooperate with him.

Then we are very badly in need of rope,—and here I am not speaking only of my own constituency, as I hope hon. members will notice and again follow my example. In southwest Nova Scotia, which also takes in the constituency of the hon. member for Queens-Lunenburg, they are very much in need of rope. Anything that can be done by this or any other department to secure more rope for the lobster fishermen this winter will be appreciated.

The question of future markets has been dealt with already. The only suggestion I should like to add is that we must develop our Canadian market more than we have in the past. We need to spend considerable sums on research and advertising. The fisheries department has some excellent research men, and I hope no one will ever object to the moneys that are being spent for research in connection with fisheries; and these remarks do not concern my own province only but apply to British Columbia as well. I can assure you that I will back them up in any way possible, because our problems are so similar.

Last but not least I should like to say a word about lobster hatcheries. The hon. member for Saint John-Albert referred to lobster hatcheries for New Brunswick. If we are to have these hatcheries I hope we shall have them for New Brunswick, Nova Scotia, Prince Edward Island and any other area in which lobster fishing is carried on.

In conclusion I want to say how delighted I am with the type of man we have as the new Minister of Fisheries. As he has said, he is Frank by name and frank by nature. That is just the way the fishermen are, and that is the kind of man they will appreciate and understand, so I feel sure they will cooperate with him.

Mr. McLURE: I want to make a few remarks on this important question of fisheries, but first I should like to join in the congratulations that have been extended the new minister. However, since the hon. member for Shelburne-Yarmouth-Clare made some kind remarks, and since the minister has hardly stopped smiling following those remarks, I had better not elaborate on the congratulations which are being heaped upon him, except to say that I am proud he is a maritimer. I should like him to understand that if in the course of my remarks I have anything to say of a critical nature with regard to the Department of Fisheries, he must not take that criticism personally, because he has been in the department only a very short time. This morning we had a warning, or perhaps it could be called a threat, extended in a nice way by the Prime Minister, who said that if we were not good boys this morning and this afternoon, and if we did not do a fair share of work in school we would be kept in after eight o'clock to-night, so I suppose I had better make my remarks as short as I can.

The fisheries are one of the great industries of Canada; it is up to us to take particular notice of it and see what improvements can be made for the benefit of the men who are engaged in it. For after all, the fishermen of the maritime provinces and of Canada generally are doing more to keep down what some people cry about—inflation—than any other class of men. By their production they have been the best safeguard for keeping away that terrible thing known as inflation.

It is my intention to speak about certain things which have happened in the last few years in connection with the fishing industry, and what I shall say will refer more specifically to my own province. One may say the fishing industry in Prince Edward Island is a feast in one year and a famine the next, largely due to regulations, transportation facilities, and lack of proper supervision by the fishing authorities. But worst of all in the past four years, and particularly in the last year, those engaged in the fisheries have been under control boards. As I said in an earlier

debate, while some of those boards might be permissible in wartime, they should now be cast to the four winds of oblivion, so that we might get down to something practical in the processing and transportation of fish from the maritime provinces.

I would call the minister's attention to the last directive issued in the maritime provinces. I suppose it was put out as a result of an order in council. The one in question is dated October 1, 1945—and I mention the date to show that these directives are not put out in time to serve those engaged in the industry. They do not know what is going to happen from one day to the next. The order in question was issued from Halifax by Mr. McInerney, allocation officer for Atlantic canned fish. I take it for granted, of course, that he did not authorize its publication, but that it was put out by the administrator of fish products at Ottawa. When the complaint was made, Mr. McInerney told the fishermen, the packers and the canners that he was not responsible for the directive and did not know anything about it. This directive for 1945-46 for canned fish packs was directed to canners, assemblers, packers and exporters. It told them what they could do, and how and when they should do it. It was really a straight dictatorship in respect of all fish products, and I believe it was made by the administrator of fish products here in Ottawa, whoever he was.

I do not wish to dwell at length on this matter, because its application has passed for this season, but I draw the matter to the attention of the minister so that this condition can be rectified in the future.

Another thing this authoritative body did was to stipulate how quantities should be allocated. For instance, the Canadian Red Cross were allowed only a certain small proportion, to consist only of sardines. A definite quantity of sardines was made available to the British Ministry of Food. At the same time no definite amount of lobster pate or tamale was specified, but it was left to be supplied "as required". A buyer of these goods might buy them and pay a certain price for them; but when he came to sell them he would find that he had some new problem to deal with, namely that of finding out how he could market them at a price on which a ceiling had been set after he had made his purchase. In most cases he would have to take a loss.

When one looks at the instructions issued with reference to lobsters he sees that we did not have an opportunity of selling all our lobster in the United States market, where the highest prices were offered. A certain quantity, according to the directive, were supposed to be for relief feeding. We know this was absolute foolishness, and the dealers suffered a great loss when seventy-five per cent of their pack which could have been marketed easily in the United States had to be sent in other directions.

Another disturbing factor in the directive is the one pertaining to exports, where it is stated that at the discretion of the Department of Trade and Commerce a limited quantity of ground fish, chicken haddies, mackerel and lobster may be exported to Latin America, but that with reference to mackerel and lobster, permits would be granted on a first-come-first-served basis. In my opinion this is a crude fashion in which to allocate under export quotas, and it is certain to end in controversy when any attempt is made to find out who was first or who was not first. It leaves a condition under which those having the greatest pull with the controller of their goods will receive the favours, and will be given the first export permits. There has been considerable controversy between the department and various shippers on this subject.

The allocation board which operates under the administration is supposed to be represented in the maritime provinces by two members from each province. The two from Prince Edward Island who served on the board were packers, and I am informed that not in one single instance were they asked for advice. They were supposed to give advice concerning the province to which they were allocated. Again it boils down to the fact that the rules and regulations as laid down might best be done away with by eliminating the bureaucrats from the controls. These boards of control are burdened with red tape to such an extent that they are clogging the wheels of progress in the fishing industry.

May I emphasize this point to the minister who is now in charge of this great fishing industry: Do not permit the fishing trade or industry to be dominated by any administrator—no matter who he may be or where he is—who either does not know fishing conditions, especially in Prince Edward Island, or desires to make it a non-profitable business both to the packers and to the fishermen. There is no doubt that thousands of dollars have been lost to the fishermen through the actions of these administrators and boards of control.

I should like to mention another matter in connection with lobster fishing. It would appear that this fish products controller or administrator knows very little about the

fishing industry in our province, or perhaps even in the maritimes. For instance, in one report with reference to Prince Edward Island it is stated that the lobster industry is only a home packing proposition. If some of the fishermen down there ever get their hands on the man who said that about their lobster canning plant, I am sure he will be canned in more ways than one.

Mr. BRIDGES: To what report is the hon. member referring?

Mr. McLURE: It was one issued by the department.

Mr. BRIDGES: By the Department of Fisheries?

Mr. McLURE: Oh, no. I am glad the minister asked that. It was issued by one of these boards of control or agencies that are not under the minister's control. I thank the minister for bringing that to my attention, because I did not intend to saddle that on him. I should like to give one example of their lack of knowledge. There are two lobster seasons in Prince Edward Island, one in the spring and one in the fall, on different sides of the island. This control board or fisheries product controller at the beginning of the season of 1941 placed a ceiling on the lobster pack of $28 per case. Then just as the spring pack had been marketed, they came along in the fall and raised the ceiling price $10 per case. Those who had fished in the spring were faced with a loss of $10 per case. What did they do in 1943? Up until September, 1943, there was no price ceiling on chicken haddies, herring and mackerel processed in Prince Edward Island. These packs were yielding the packers from $9.50 to $10 per case. On September 3, 1943, when two-thirds of the pack was up, they put on a ceiling price of $10.50 per case for chicken haddie and a ceiling price of only $8.80 per case for mackerel, which has just as good food value. This resulted in a loss of thousands of dollars to the fishermen of Prince Edward Island, because they were fishing mackerel at that time

I want to remind the minister again that I am not holding these things against him, because he was not directing the affairs of the Department of Fisheries at that time. This fish products board must have some special favourites, because we find that price ceilings were placed on special articles at certain times. In 1943, through the efforts of the Department of Trade and Commerce, some dealers in Prince Edward Island were able to sell several carloads of herring to the West Indies. When those dealers applied for an export permit it was turned down by the administrator, regardless of the fact that a dominion government department had negotiated the sale for the fishermen and packers. This showed that the administrator of fish products could override the trade and the Department of Trade and Commerce; he appeared to have full dictatorial powers. I am sure that this is the sort of thing the minister will see does not occur in the future in Prince Edward Island or anywhere else.

It has been most annoying to the fishermen that the Department of Fisheries have not cooperated with the packers and the fishermen in an effort to educate them to put out a better article for the market. For the last three or four years the matter of production has been left mostly to these boards of control, and probably they did not give the Department of Fisheries an opportunity to take action.

The industry in our province is growing. It provides a livelihood for quite a number of people. It may be a matter of some interest to this committee to know that the fish canning industry of our province produced $543,000 worth in 1939, which represented fourteen per cent of the total canned fish production of the maritime provinces and Quebec. In 1943 the production of the fish canning industry of Prince Edward Island had a value of $2,074,000, or twenty-five per cent of the total production of the maritimes and Quebec for that year. This great increase in the production of canned fish was due largely to the fact that the people were patriotic; when the government asked them to do their bit in the way of supplying food for military and relief purposes, they did so. I have not the figures for 1944, but I think they showed a still greater increase.

I know that the minister will give proper supervision to the work of his department, which will result in the fishing industry, not only of Prince Edward Island and the maritimes but of Canada generally, growing still greater.

Mr. PEARKES: Mr. Chairman, I should not like the Minister of Fisheries to think that the only source of congraulations to him is to be found on the Atlantic seaboard. I should like to join with previous speakers who have offered their congratulations, and I should like to congratulate him on two scores particularly: first of all, on having overcome that initial handicap of hailing from New Brunswick, and second, on being a returned man of this war, who has achieved cabinet position.

I am sure that in the industry which his department supervises there will be opportunities for a limited number of returned veterans to find gainful employment. I believe that in British Columbia some 70,000 people derive their livelihood either directly from or indirectly from the fishing industry. But that fishing industry is surrounded by uncertainties and by risks and dangers for those who are catching the fish at sea. The uncertainties are governed partly by the course of nature, which if left to itself would ensure a continuation of the supply, but when nature is tampered with by human beings its full cycle of production is upset, and it is inevitable that with the development on the coasts and at sea in other industries, the course of nature is interfered with. Therefore I welcome the items which are included in his estimates for the conservation of fish and research into the methods by which fish can be conserved. I would almost wish that more funds could be made available for that purpose.

Other activities are apt to interfere with this fishing industry, and I am pleased to see that quite recently improvements have been made at Hell's Gate which will enable the fish to work their way up the Fraser river. But there are other streams where fish work up to the spawning ground, and I suggest to the minister that research work be carried out with a view to seeing what streams on Vancouver island should have dams built in them in order to conserve the water. The logging industry has removed much of the undergrowth on the slopes, thus making a quick run-off in the spring; many of the streams become dry later on in the year, thus preventing the salmon from working up those streams to their proper spawning grounds.

The fishermen on the Pacific coast have now, I think, better floating equipment than they ever had before. But in some cases a great deal of capital is required to enable men to start with the right type of floating equipment for the catching of fish. During the war years it has not been possible to spend much money on the improvement of the berthing facilities in the small harbours which abound on the Pacific coast, and therefore this new equipment the men have is running risks of being destroyed by winter storms. While I know that the development of fishermen's wharves does not come directly under the responsibility of the minister, I do hope that he will use his influence with the Minister of Public Works in order to ensure that safe harbourage is provided for the fishing fleet.

I referred to the risks which the men run while they are at sea; and likewise during the war it has not been possible to maintain all the aids to navigation which are necessary. The Pacific coast is strewn with small islands and rocks. Many of these are a distinct hazard to the fishing fleets. I hope that a more active development scheme for marking those rocks and islands will be provided; and if it is possible to initiate some investigation which would provide a cheap form of radar set which could be used in the larger fishing boats, that would help to remove some of the hazards which are met with by the fishermen.

There are one or two suggestions which I would like to offer the minister in connection with the employment of returned men in this fishing industry. I mentioned at the beginning that the industry supported only a limited number of men. At the present time we have a serious unemployment situation in British Columbia, and any work which could be started in the way of improving the harbour facilities would be appreciated at this time. Also, in order to give those men who came from British Columbia full opportunity of entering into the fishing industry, I suggest very seriously that steps be taken to stop the demobilization of men in Vancouver and British Columbia who have not lived in that area before they enlisted or whose families are not there at the present time.

There are various new branches of industry opening up. One, which seems perhaps foolish to mention by name but it is likely to develop into an important industry, is that of the utilization of seaweed and the development of certain types of seaweed which are now being used for medicinal purposes. Important medicines can be obtained from seaweeds, and at the same time the banks of seaweed provide safe cover for the young fish. I feel that it may be necessary in the not too far distant future to have some form of control regarding the cutting away of the seaweed banks in order that the young fish may seek the cover of that shelter.

I would suggest also to the minister that investigations be carried out as to the possibility of reestablishing the whaling industry on the Pacific coast. Years ago a whaling fleet used to sail from Victoria harbour; but the whalers have, in the main, been commandeered for other purposes during this war, and there is a shortage of whalers to leave our coasts for the whaling grounds in the Antarctic. At the present time I believe there are negotiations under way regarding the limitation of the kill of whales. I picked up a copy of "Time", one of the October issues, in which attention is drawn to the fact that there are agencies suggesting that the restriction on the number of blue whales to be

killed be removed. At the present time there is a restriction of the kill to some 16,000 per year. Quite recently the killing season was considerably extended; and I should like to know if the minister has any information as to the international agreement regarding limitation of the number of whales which are to be killed annually. I do hope that he will give consideration to stimulating in some way the whaling industry, which might possibly be revived again in our British Columbia ports.

Mr. REID: It was not my intention to deal extensively with the fishing industry at this time, but from remarks which have been made this morning, emanating principally from hon. members from the maritime provinces, I feel sure that anyone sitting in the gallery and coming from the prairie provinces would draw the inference, after listening to the discussion this morning, that the maritime provinces were greater in fishing than any other province in Canada. Earlier in the session the hon. member for Queens-Lunenburg made the statement that his province was one of the greatest fishing provinces in Canada. I feel that, even at this late date, it is just as well that the record be kept straight. If wheat was being discussed, naturally the members from Saskatchewan, Alberta and Manitoba would be taking a great part in the debate. So far this morning most of the speeches have come from hon. members from the maritimes, and I want to congratulate them, because when this subject comes up they immediately band together, as is their right, and so place their representations before the government.

May I say that I think I was one of the first members of the House of Commons to visit personally the new Minister of Fisheries and congratulate him. If I may add a personal note, perhaps congratulations from members from British Columbia should be taken with better grace than from hon. members from the maritimes, who believe there should always be a minister of fisheries from the maritimes; and while we in British Columbia produce over fifty per cent of the entire fish supply, we, generally speaking, are the first to congratulate the minister of fisheries when appointed from the east.

Let me first briefly tell the members from the maritimes how the fishing industry of Canada stands in the point of value. I have here a return which was brought down this year, when I asked what was the total value of the fishery products, including fresh and salt water fish products, during each of the years 1934 to 1944. I quite realize you can pick perhaps one year which would be good on the Atlantic and poor on the Pacific or good on the Pacific and poor on the Atlantic. So I have looked over the past number of years, and roughly this is what I find. The total marketed value for the past ten years has been approximately $550 million for all the fisheries, including inland fisheries, products from the lakes, the Pacific fisheries and the Atlantic. Therefore the average for the ten years is $55 million. Of that amount, British Columbia produced an average of $26,500,000. The average for the three maritime provinces—Prince Edward Island, Nova Scotia and New Brunswick is $22 million. One could devote considerable time to this matter to show the great position in fisheries which British Columbia occupies. As I have said, it might appear, to an outsider at least, that British Columbia hardly exists in the matter of fisheries. The same thing happened with the shipbuilding in the maritimes, years ago. They were in days past the great shipbuilding provinces. But we in British Columbia started to build ships. Now we are doing a larger job building ships than any other province or place in Canada. I can say that without fear of contradiction, because I was a member of the war expenditures committee and have the figures under my hand.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. REID: Digressing for a moment, may I say I am reminded, when I look across at the hon. member for Nanaimo, how much pleased we in British Columbia are to see that a new honour has been conferred on his deskmate, the hon. member for Vancouver-Burrard. I just noticed that he had received another distinguished honour.

Mr. MacNICOL: We did not hear the title.

Mr. REID: The hon. member for Vancouver-Burrard has received a new honour, in addition to his having been granted the V.C. The announcement has just appeared in the press, and I am taking the first opportunity to congratulate him.

Mr. MacNICOL: What is the honour?

Mr. REID: Mentioned in Dispatches.

Now regarding the subject I was dealing with, the maritime provinces as compared with British Columbia, I have the feeling that they are somewhat against British Columbia, perhaps a little jealous. The only variety of fish in the maritimes in which the product is greater than that of British Columbia is cod. Lobsters they produce to the extent of about $10 million. But in the herring industry British Columbia is producing more in respect

of both quality and value. Of halibut we produce great quantities. Of salmon, the amount produced from maritime waters is infinitesimal compared with the great quantities of salmon obtained off the Pacific coast shores.

May I also refer to the timely statement made by the hon. member for Nanaimo when he urged the minister to give consideration to the establishment of more returned men in the fisheries. But we on the Pacific coast are faced with this problem: there is only a certain quantity of fish, and the more men who go into the industry the less there is for each fisherman. It is one of the problems which particularly affects the runs of fish to the Fraser river, that the more men go into that industry, the less will be the returns to each individual fisherman; and likewise with those who are fishing off Vancouver island and in the other waters of British Columbia. The catch is going down year by year, many of these varieties reproducing in the United States waters, over which we have no control.

But I wanted particularly to keep the record straight for those hon. members from the maritimes, that British Columbia takes first place in fisheries. Over a period of years she has produced more than fifty per cent of the total fisheries of Canada.

Mr. BAKER: On a point of order, I remarked that Nova Scotia was second only to British Columbia in 1944. Possibly the hon. member, the president of the fisheries committee, for whom I have a great admiration, did not hear me.

Mr. REID: I do not think I singled out any hon. member at all; I dealt with all members, and I am very sorry if the hon. member thought I was dealing particularly with him. But I did hear speeches this year to the effect that Nova Scotia was the greatest fishing province in Canada, and I, from British Columbia, with the record of the facts before me, do not intend to sit quietly by, even if we are kept here longer.

Mr. BROOKS: The hon. member has injected the only discordant note into the debate since it started.

Mr. REID: If facts are discordant, I am sorry. Perhaps the facts are not pleasant to some. The record however should be kept straight, and facts are facts.

Mr. BROOKS: We know that.

Mr. REID: I am doing just the same as the other members, and yet you are finding fault with me because I uphold my province. If you are going to find fault with me because I uphold British Columbia, call it a discordant note. I read in the paper that hundreds of thousands of dollars have been given to the fishermen in the maritimes, while British Columbia has got not one red cent. If you wanted a discordant note I could easily raise it. But I do not want to do so.

Mr. KNIGHT: I do not know whether it is the eating of so much fish that promotes local patriotism, but hon. gentlemen from the east and from the west have told us about the virtues of the waters in their respective parts of the country. I come from the centre of Saskatchewan where we are currently supposed not to have any fishing industry. But that is not quite correct. In the northern part of our province there are lakes that are well stocked with white fish, pickerel and lake trout, but unfortunately, except for a few persons who like to spend a little time fishing with rod and line up there, that fishing has not had any particular significance. Quoting from the public accounts, part II, I find that in 1944 the dominion government spent the magnificent total of $13.08 on general account in connection with the fisheries of Saskatchewan. In the previous year, I may say, the government, by order in council P.C. 4812, passed in June of that year, authorized the establishment of a committee to make inquiries concerning the difficulties attending the production, processing and marketing of fish in the prairie provinces, and to make recommendations for the improvement of the situation as it then existed. I trust that when I have finished with this short address the minister will tell us what has happened as a result of that investigation. I should like to know what has come of it. What has the dominion government done?

I am particularly interested in any industry from the point of view of the degree to which that industry brings prosperity and happiness to the lives of the people who are engaged in it. A new impetus has been given the fishing industry in northern Saskatchewan. The old method of laissez-faire has not worked satisfactorily. We know that if there is too much laissez-faire with fish, particularly when the weather is warm, the results will not be desirable. At any rate, the old method of laissez-faire was not conducive to a good living on the part of Indians and other people engaged in that trade.

Transportation in that part of the country, as hon. members know, is tremendously difficult because there is no way of getting into it except by sled. They go by tractor train in the winter time, but transportation at all times is exceedingly difficult. The method of fishing followed is for the men to go in during the winter and throw the fish in heaps at the edge of the lake, exposed to the open weather,

including sun—because there is an occasional thaw even in that part of the country—and then the product is taken out if and when a tractor train comes along.

These were the conditions up to a short time ago, and needless to say the financial returns were not great, because these people sold their product in the first stage of production. There was no processing in the primary stage and, as I have said, they could carry on only at one time of the year.

The picture of these people's lives—and that is the aspect of it in which I am interested—has changed. The Saskatchewan government has seen to that. It is building three modern filleting plants from lumber cut in their own woods and processed in local mills, with the result that a year-round industry is being established. That is the point I wish particularly to emphasize. These people are being provided with proper facilities, ice storage and so on, and that will bring at least a better standard of living to them. It will make for their happiness, and that is what I am concerned with. They can now cease to live the gypsy life which has been their habit in the past. They can settle down and bring up their children in schools that are being built with their own lumber. Several schools have been built and others are in process of construction. These children can now go to school, where before they had never seen the inside of a schoolhouse, even a log schoolhouse.

One of my colleagues has just handed me the figures giving the value of commercial fishing in Saskatchewan for a period of years, and before I must conclude, due to the fact that it is almost one o'clock, I should like to draw these figures to the attention of the committee. I presume the minister is acquainted with them. In 1937 the value of the industry was $527,000 in round figures; in 1939, $478,000; in 1941, $414,000; and in 1942, $585,000—this out of a dominion total, in 1942, of $75,000,000.

This industry, so far as Saskatchewan is concerned, might be called an infant industry, but it is growing up, and that is more than I can say for some "infant industries" in this country. The little change that I have mentioned has brought about an improvement in the lives of these poor people in the form of financial results, and it has been a revolution in the life of that northern part of the province. I commend it to the attention of the dominion ministry.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

[Mr. Knight.]

WAYS AND MEANS

EXCESS PROFITS TAX ACT, 1940

The house in committee of ways and means, Mr. Golding in the chair.

6. That the exemption of the profits of corporations derived from the operation of any base metal or strategic mineral mines be extended to the profits of corporations derived from the operation of gold mines and industrial mineral mines, and that such exemption be extended to the profits of such mines which come into production after January 1, 1946.

Mr. GREEN: When the committee rose last evening we were discussing the question of gold mines. Would the minister tell the committee for what period of years this provision is to apply? Is it for a three-year period or only for a one-year period?

Hon. J. L. ILSLEY (Minister of Finance): It applies for the period of the excess profits tax. It may be extended, of course, but this resolution does not provide for any particular period.

Mr. GREEN: It does not apply for a period of three years?

Mr. ILSLEY: No.

Mr. GREEN: Am I to understand that it will be in effect as long as there is an excess profits tax act?

Mr. ILSLEY: Yes, unless it is taken away by some subsequent parliament; but this is what it provides, and there will be no excess profits tax from January 1 on in connection with these new mines.

Mr. GREEN: And is a tuning-up period to be allowed? There was some discussion about that last evening, but the minister made no statement as to whether or not provision would be made for a tuning-up period.

Mr. ILSLEY: There will be, in proper cases. I am saying that without much technical knowledge, but when a similar provision was in force previously a tuning-up period was allowed. Of course at that time it applied first to gold mines and later to base metal mines, and tuning-up periods were allowed. When you move into industrial minerals you may not need any tuning-up period; the nature of the operation may be such that it would not be required. The purpose of a tuning-up period is to determine when the mine actually comes into production, and it will be for the Department of National Revenue to determine when that takes place.

Mr. GREEN: Does not the minister think gold mines and base metal mines should be dealt with in a different way from the production of industrial material?

Mr. ILSLEY: Not as far as exemption from tax is concerned.

Mr. GREEN: But I mean in working out the details of the application of the tax.

Mr. ILSLEY: Yes, I should think so; that is, I should think you would have such a range of minerals covered by this exemption now that conditions would vary tremendously as to the time required to get the mine into production.

Mr. GREEN: That will be kept in mind in working out the application of the new provision?

Mr. ILSLEY: Oh, yes; I can assure my hon. friend of that.

Mr. NICHOLSON: Would the minister be good enough to make a statement as to why this particular resolution is being introduced? I do not think the minister has made a statement of that kind so far.

Mr. ILSLEY: It is to encourage the opening of mines.

Mr. NICHOLSON: Gold mines?

Mr. ILSLEY: No, mines generally; not all mines, but the kind of mines the rapid development of which is possible and desirable now. There would be gold mines, base metal mines and industrial mineral mines. I do not think strategic mineral mines now would be of much importance, comparatively speaking, at least as compared with the period of the war.

Mr. NICHOLSON: I do not want to go into the argument behind the opening up of base metals, but I wonder whether at this stage it is wise to have a government policy under which quite a large amount of our man-power and our tight materials will be made available for the gold mining industry. If we have customers throughout the world who are anxious to get large quantities of gold, that might be a very good reason; but in view of the fact that we managed so well during the war without worrying very much about the production of gold, I wonder why, just at this particular time, the administration has found it necessary to extend this consideration, particularly to the operation of gold mines.

Mr. ILSLEY: Well, it increases the wealth and income of the nation. It would have been desirable to do that during the war if we could have afforded the man-power, but we could not; the man-power was much more necessary in other activities, but I do not think that is the case now.

Mr. NICHOLSON: Even at this stage I doubt the wisdom of using man-power and materials in this particular field.

Mr. BENIDICKSON: I thought you people said there was unemployment.

Mr. NICHOLSON: There is, but we need houses desperately; we need hospitals and so many other things much more than we need gold, and I do not see any very good reason for extending this privilege to the operation of gold mines.

Mr. MacNICOL: I want to support this resolution. I do not know of anything that will provide as much employment for men of a particular type, many of whom have been unemployed for some time, as gold mining. I doubt if there is a large factory, such as Canada Foundry in Toronto or John Bertram in Dundas, anywhere in Ontario that is not now engaged in the production of some equipment required in connection with the reopening of the gold mines, resulting from just such legislation as this. So I say all power to the minister, and I hope he will continue to do his best to open as many mines as possible. They will produce brand new wealth and provide a vast amount of employment in other branches of industry. I am not thinking of houses at the moment, though of course the miners will require houses too. I am thinking about the type of men engaged in mining. They are not the men who build houses; they are miners, and many of them have been unemployed during the war. I support the minister's programme of getting on with the opening of mines, or anything that can be done to encourage mining. This is brand new money, which goes into circulation, and gives jobs not only to those engaged in the mines but to hundreds of factories in Ontario. I have been through many of those factories myself. It gives jobs to those who supply food to the miners. This applies particularly to the southern part of Ontario, because in the northern part, farm products are not produced extensively. In and around Kirkland Lake and Timmins, where the Precambrian shield crosses northern Ontario, they are large consumers but not large producers, of farm products, and so that in opening up mines, not only do you give employment to miners and those who work with them, and not only do you give employment to large numbers of men in Ontario and Quebec where equipment is manufactured for mining companies, but you also give employment to those producing farm products—and at good prices,

because they pay good prices up there for everything they use in connection with their mining efforts.

Mr. REID: As one who in past years in the house has taken an interest in the mining of silver may I ask the minister if silver mining is included in this resolution. I ask that because silver is sometimes a by-product of gold mining. Members of the House of Commons, and people generally throughout Canada, have come to look upon silver as a coinage pertaining to the dark ages. It will come as a surprise to many people, therefore, to learn that seventy-five per cent of the world's population still look upon silver as their real money. As a matter of fact in countries where governments take office one day and are expelled from office two hours later, the paper currency issued has no more value than kindling paper. For that reason the people of those countries look to metals, and since the dawn of the ages they have accepted silver as a medium of exchange. People in China or India will sell their gold to purchase silver. Even on the continent of Europe at the present time I understand there are certain countries in which the form of currency is a fine leaf of silver or gold. They cut off a little corner and use it instead of paper currency.

In British Columbia, and I suppose in other provinces as well, we have large areas that have been lying idle. In those areas are ghost towns which used to employ thousands of people in the mining of silver. If we ever want to raise our standard of living in countries where the standard is so low that one hesitates even to speak about it, we should give some thought to the use of silver, and have those countries use some of the silver produced here.

May I repeat my question: Does this resolution include silver?

Mr. ILSLEY: The intention was to include silver, but after reading the resolution I doubt whether it does. It was to cover precious metal mines, base metal mines and industrial minerals. It would seem, however, from the wording that the only precious metal included is gold. I can see no reason why it should not include silver as well.

Mr. COCKERAM: For the information of the hon. member for Mackenzie (Mr. Nicholson) let me say that many thousands of young men who recently returned from overseas are at present finding their way back to employment in the mining industry. We find that we are getting a very fine type of man.

Mr. MacINNIS: Mr. Chairman, in considering the question of giving encouragement to any kind of production, I should think the purpose would be, first, to determine the need for that particular kind of production. I do not believe it is good policy to say that because any particular kind of mining is going to give employment in the mines and on the farms, this government should encourage it. Digging holes in the ground where there is no gold would give employment; and if the persons were paid it would create some amount of purchasing power, and in that respect would be just as effective as digging a gold mine. I am not questioning the policy of the Minister of Finance in this connection, because very likely he has had advice that I have not had. However, as I see things at the present time, the world stands in need of an enormous amount of goods of various kinds—goods that can be used by individual men and women who require houses, clothing, food, and so forth.

During the war we were producing war materials, and that production provided purchasing power and employment. But surely no one would suggest that we should continue producing war materials just because it gives employment. The same is true of gold. If there is a demand for gold in the world to-day, and if there is some human function or requirement it can meet, we should encourage its production. But as I see it now, there seems to be no great use for gold. The use it had at one time as a standard for currency was discussed the other night by the minister, when he said it was no longer possible to go back to the gold standard. Surely we should get away from this hit or miss policy of doing something because it gives work to industry in Toronto or somewhere else. We should consider the permanent improvement of the standard of living of the masses of our people in this and in other countries. I do not know; there may be ever so much need for gold—

Mr. REID: And silver.

Mr. MacNICOL: Yes.

Mr. REID: They need it in other countries to raise the standard of living. There is no doubt about that.

Mr. MacINNIS. As I understand it, what they need is more food, and they do not eat silver.

Mr. REID: We will give it to them.

Mr. IRVINE: They need a silver spoon to take it.

Mr. REID: We will give it to them, free.

Mr. MacINNIS: We could give it to them free, but it would not have any value. That is not the kind of thing we give free. I am glad we are able to give some things free, but there would be no use in handing out silver in that way, because the people are not in dire need of it—even if it were served up with a silver spoon such as the hon. member for Cariboo would use to eat his porridge.

As I said, we should try to have a more rational basis for the things we do, something more rational than the mere fact that someone wants to put someone else to work producing gold from a hole in the ground so as to put it in another hole somewhere else.

Mr. ILSLEY: I agree with one point the hon. member has made, and that is that the mere spending of government money to furnish employment is not necessarily desirable. That is, raking leaves, digging holes, and the like, at the expense of the government is an undesirable form of activity for the government to subsidize. But I believe the government is justified in encouraging the production of valuable things, as distinguished from useful things. If we should concentrate on the production of useful things, it would be a useful form of concentration. I am quite prepared to say that we have not reached the point where humanity or the world at large can disregard the importance of producing valuable things—that is, things which we can exchange for useful things. The production of gold is one way in which we can secure the goods and materials which will improve the standard of living of our people. There being persons who will buy gold, whether or not it is useful in the sense in which the hon. member uses the word, the fact is that gold is valuable. It is the production of something valuable which can be converted into goods.

Mr. COCKERAM: There is a market for it.

Mr. ILSLEY: There is a market for it. In the ideal world perhaps we would not concentrate on producing things of value, but at the present time we have to if we are to keep our nation running.

Mr. ARCHIBALD: As I understand it, this assistance is being given to gold mines so that they may carry on development work. But there are many other industries that need aid. It is not so long ago that the price of gold was raised to $35 an ounce; and then these gold mines have the further advantage of the discount on Canadian money. Now we are to give them further help. Why not give help to industries, such as the fishing industry on our coasts, which really require it?

Mr. GREEN: Last night the hon. member for York West dealt with the provision concerning depreciation of plant and depletion allowance, and so far the minister has said nothing in reply to those suggestions. I believe one suggestion was that for a period of three years, or so long as this exemption applies, new mines should not be obliged to provide for depreciation of plant or depletion of ore. Could the minister tell us the attitude of the government toward those suggestions?

Mr. ILSLEY: That is not a matter to be provided for by legislation; it is a matter within the discretion of the Minister of National Revenue, like all other depreciation and depletion allowances. The practice in the past, the legitimate practice, has been to compel the company to charge depreciation when the depreciation is taking place and to take into its accounts its pre-development expenses during the period after it goes into production and while it is in operation, even though that may be in the tax-free period. It would be an extension of that practice and under certain circumstances it would be a decided additional advantage to companies to say that during the period when they are tax free they should be permitted to accumulate their depreciation charges or pre-development charges and not begin to take them in until they move into the taxable period.

As the hon. member for York West was talking last night I was turning over in my mind the advantages to a company of postponement, and it seems to me that there are two. If the write-off of depreciation and pre-development expenses is postponed until the end of the tax-free period, then the write-off will have longer to run. That is one advantage. If they are obliged to write off the pre-development expenses and depreciation in the tax-free period, they may find themselves in years of loss and be depriving themselves of part of the privilege, which they otherwise would have, of write-off in subsequent years. That is the other advantage. But it certainly would sound natural and reasonable to me to say that they should be obliged to begin their write-offs when they begin to produce. That is when the depreciation is actually taking place, and that is the period over which pre-development expenses naturally would be spread, the period beginning with production.

All I can say about the suggestions—the hon. member for York West did not press me for an answer—is that I could not give any undertaking about them at all. That is something that would have to be brought to the attention of the Department of National Revenue, which would give it consideration.

This is not something to be provided for by legislation. I could not give any encouragement to the expectation that it might be done, nor would I deny the possibility that something might be done.

Mr. GREEN: Is there anything to the belief that the department has been forcing write-offs at too high a percentage, that is, more than the actual depreciation; that it has been compelling companies to write off a much larger amount than would be written off in the normal course of business? I understand there is a belief that that is what the department has been doing—in effect giving an exemption from tax with one hand while cutting down on the exemption with the other.

Mr. ILSLEY: I did not take it the hon. member for York West was suggesting that the rate was too high. I do not know whether it is too high. I think, generally speaking, fifteen per cent is the normal rate of depreciation in the mining industry, and I do not think the mining industry would argue that it is too high. They might wish it was not so high in the tax-free period, but they would want it as high as that in the taxable period.

Mr. IRVINE: Perhaps the question I am about to ask should come under some other resolution, but I cannot find one that seems more appropriate. I am given to understand that a special effort is being made to collect arrears of income tax from farmers.

Mr. McCANN: I think the hon. gentleman is quite right. If there is money owing to the crown, no matter by whom, an attempt is made to collect it.

The ACTING CHAIRMAN (Mr. Golding): This resolution deals with excess profits.

Mr. IRVINE: I appreciate that. As the Minister of National Revenue was with the Minister of Finance I thought he might discuss it. If it is better to leave it until some other time, I shall have to do so.

Resolution agreed to.

DOMINION SUCCESSION DUTY ACT

Resolved that it is expedient to amend the Dominion Succession Duty Act, and to provide:

1. That no duty shall be leviable on the value of any pension or portion thereof which is receivable as taxable income within the meaning of the Income War Tax Act.

Mr. BROOKS: Would the minister explain this resolution?

Mr. ILSLEY: This is to implement a recommendation of the Ives commission. At the present time a widow of a civil servant—I am taking this simply by way of illustration—who is entitled to a pension on the death of her husband under the superannuation act must pay succession duties on the commuted value of her pension, and then she pays an income tax on each annual pension payment. It was considered that in certain circumstances that was harsh, and the Ives commission made the recommendation that if income tax was payable on amounts paid under any pension scheme such as the superannuation act, the widow should not be obliged to pay succession duties as well. I refer to this only as a typical case; it is not confined, of course, to civil servants or to the superannuation scheme, but applies also to others.

Mr. BROOKS: Soldiers' pensions are exempt?

Mr. ILSLEY: Soldiers' disability pensions are exempt from income tax, but I do not know of any exemption from succession duty of the commuted value of a disability pension. I think it is never large enough for that.

Mr. COCKERAM: Would they come under this?

Mr. ILSLEY: Not under this, because this applies only to pensions which are taxable income within the meaning of the Income War Tax Act.

Mr. PROBE: Suppose a man buys six months prior to his death an annuity for a fairly large sum, say $100,000. If he had willed that $100,000 to his family it would be subject to succession duty. By virtue of this proposed resolution will the $100,000 which was used to purchase an annuity under these circumstances be free from succession duty?

Mr. ILSLEY: This resolution does not cover a case of the kind, which, as the hon. gentleman has described it, is covered by our proposed legislation regarding the purchase of annuities. The taxation will be on the interest element alone.

Mr. PROBE: Is that capital of $100,000 which is used to purchase an annuity a short time before the purchaser's death free from succession duty?

Mr. ILSLEY: I do not know. One would have to look at the act and see whether it is a succession or not.

Mr. PROBE: That is the point.

Mr. ILSLEY: It is a difficult question to answer. A man buys an annuity, we will say. He does not know that he is going to die in six months' time. Suppose he lives fifteen years and the annuity has a guaranteed life of twenty years.

Mr. PROBE: I am referring to an annuity certain for fifteen or twenty years, payable to the estate or to the widow.

Mr. ILSLEY: That would come under our proposed annuity legislation, not under this resolution. There is no doubt that he pays income tax only on the interest element in the annuity. If the annuity runs from the date of his death, and it was for fifteen years, I am confident there would not be any succession because it is not a succession at all. The point I am doubtful about, and I would have to get some information on this before answering, is whether if he dies within three years that is not a succession. Ordinarily if a husband makes a transfer to his wife or to anybody else within three years before he dies, it is regarded as passing to her on his death. That is covered by the provisions of the succession duty act. I imagine it would apply to this kind of transaction, but I am not sure.

Mr. PROBE: I want to know if this is a means of avoiding the succession duty act. A man on his death-bed could buy an annuity for fifteen or twenty years certain, using the whole or a large portion of his estate to do so. If under the terms of this resolution he could by that means evade the succession duty act, I should like to know it. Will the minister please give that information to the committee?

Mr. ILSLEY: Yes, and I am very much obliged to my hon. friend for bringing up that point. If a man can do it, I want to know it too. I will give consideration to the matter before the bill comes in. But this resolution does not cover a case of the kind, because that is not the kind of pension we are talking about. It is the purchase of an annuity.

Mr. PROBE: That is the point I want cleared up, because if a man could do that, then technically one could buy an annuity with his estate. I am not going to do it with mine, because mine is not a big one, but the Minister of Finance might.

Mr. MacNICOL: You are a young man yet. You have lots of time.

Mr. HAZEN: Is the pension that the widow of a member of our armed forces receives regarded as taxable income?

Mr. ILSLEY: A disability pension?

Mr. HAZEN: The husband has been killed overseas and his widow receives a pension. Is that regarded as taxable income?

Mr. ILSLEY: No.

Mr. HAZEN: How does this work out as the law now stands in the case of a widow of a man killed overseas?

Mr. ILSLEY: With regard to succession duty?

Mr. HAZEN: Yes. What does she get, or what does she pay?

Mr. ILSLEY: The wording is pretty bad, but I think that the intention of section 7(1)(k) is to make the commuted value of such a pension free from succession duty. These are the exemptions and allowances from succession duties. The following exemptions are allowed and no duty is leviable in respect of them:

(k) in respect of pensions granted or payable under the provisions of the Pension Act, or other payments in the nature of pensions which are being administered on the thirty-first day of July, 1942, by the Canadian Pension Commission as directed by the governor in council under section six of the Pension Act;

That is the provision with regard to the succession duties which might, but for that, be leviable on the commuted value of a disability pension which a widow gets as the result of the death of her husband as a consequence of the war. The hon. gentleman may have in mind the succession duty leviable on the estate of a man who lost his life in the war. Did he have that in mind too?

Mr. HAZEN: Really, just the words "taxable income" struck me as I read the section, and I wanted to get it cleared up. As I understand the minister now, there would be no succession duty leviable on this pension, or there would not be any tax levied on the income the widow receives in the form of a pension?

Mr. ILSLEY: There is no tax on a disability pension.

Mr. HAZEN: There is no tax on the pension itself?

Mr. ILSLEY: No.

Mr. HAZEN: And, as I understand the minister, there would be no succession duty tax on that which the widow would be obliged to pay because of that pension?

Mr. ILSLEY: That is right.

Mr. BROOKS: The minister mentioned the matter of estates of men who were killed in the war or died as a result of wounds received in the war. I should like to know what the situation is as to succession duties on those estates. In this connection the Canadian Legion passed a resolution at one of their meetings held in 1944 which reads as follows:

Be it resolved that we strongly urge the federal government to so amend the Dominion Succession Duty Act as to provide remission of

succession duties for deceased members of the armed forces who died on active service or within one year of discharge.

The general opinion seems to be that the provinces are more generous in respect of these succession duty charges than the federal government is. As a matter of fact I received a letter the other day with reference to succession duties on the estate of a young man who was killed overseas and left his estate to his mother. I quote:

Estates of unmarried men who were killed in the forces, where the estate is over $5,000, are payable to the mother of the deceased. The province of Ontario, generally speaking, give consent so that the assets may be dealt with. As far as the Dominion of Canada is concerned if the estate is over $5,000 and if payable, as I have said above, to the mother there is no special consideration.

It went on to say:

In my opinion there should be. If a boy gives his life for his country and has a little over $5,000 which is left for the benefit of the mother, I do not think the nation should tax this sum. My opinion is that up to $10,000 should be tax free under the conditions I have mentioned.

I should like to ask the minister what the present situation is with reference to succession duty on estates of this kind.

Mr. ILSLEY: It is very clearly set out, I may tell the hon. member, in section 7, subsection 3 of the Dominion Succession Duty Act. This section reads as follows:

(3) (a) Where the deceased dies from wounds inflicted, accident occurring, or disease contracted while Canada is or was at war, and while on service with Canadian or any other of His Majesty's naval, military or air forces or with allied or associated naval, military or air forces, and where the Canadian pension commission finds that the circumstances are such that the widow or children of the deceased are entitled, or would, if such service had been with the Canadian naval, military or air forces, have been entitled to receive a pension under the Pension Act in respect of such death, or where the Canadian pension commission finds that the deceased died from wounds inflicted, accident occurring, or disease contracted, as a result of enemy action within twelve months before death;

(i) the exemptions allowed in paragraphs (a), (b) and (c) of subsection one of this section shall be increased by fifty per centum; and

(ii) the amount of the duty payable in respect of a succession by any successor coming with class A or class B in the first schedule to this act shall be reduced to such sum as would, if accumulated at compound interest at the rate of three per centum per annum from the date of death with half-yearly rests, at the expiration of the period of the normal expectation of life of a person of the age of the deceased at the time of death (calculated in accordance with mortality tables approved by the minister), amount to the duty otherwise payable.

(b) The Canadian pension commission shall on the request of the commissioner investigate the circumstances and report its findings in respect of any case arising under paragraph (a) of this subsection.

[Mr. Brooks.]

I would refer the hon. gentleman to a very considerable debate on this section, which the hon. member for Vancouver South will remember, and which took place in the summer of 1941 when we passed the Dominion Succession Duty Act.

Mr. BROOKS: Have there been any amendments since then?

Mr. ILSLEY: There have been no amendments. It does not grant complete exemption, but it grants a very considerable exemption.

Mr. COCKERAM: I believe that in the budget debate last year the hon. member for Hastings-Peterborough asked the minister to give consideration to the soldiers' insurance which men coming back from overseas are taking out to-day, and he asked that it should be excluded from any computation of succession duties. If I remember the discussion at that time, the minister seemed very favourably disposed to the suggestion and said he would look into it further. I cannot tell the minister what date it was; he may have some recollection of it.

Mr. ILSLEY: I have no recollection of it; I am sorry. It may have been my parliamentary assistant.

Mr. COCKERAM: No, I am pretty sure it was the minister. Will the minister give some consideration to that?—because this insurance is in an entirely different class from other insurance. Under the act the insured or the beneficiary can receive only $1,000, and the rest payable in the form of annual instalments spread over a period of years. Under the succession duty act, the whole thing would be amortized and computed under the tables which the minister used, and if the woman who was the beneficiary was a young woman the estate might be very large. If they take out the maximum insurance it is $10,000. By the time they pay duty there might be very little left.

Mr. ILSLEY: I do not understand how anything could depend upon the age of the widow.

Mr. COCKERAM: Yes; it is payable on an annuity basis, and $9,000 will bring a pretty fair annuity. Under the government's system of assessing annuities or succession duties they would assess a pretty high value on a $10,000 policy.

Mr. ILSLEY: I will look into the question. I am sorry, but I do not seem to remember anything about it at all.

Mr. COCKERAM: It was brought up in the last budget debate.

Mr. ILSLEY: My officials do not remember about it either.

Mr. COCKERAM: I saw it the other day.

Mr. ILSLEY: I do not want to give any impression that I am favourable or unfavourable to the suggestion, but I will look into the matter. It is new.

Mr. GREEN: Is there any reciprocal agreement between Canada and the United Kingdom concerning succession duties?

Mr. ILSLEY: No, there is not.

Mr. GREEN: Have there been submissions made that such an agreement should be negotiated?

Mr. ILSLEY: Yes, many; and the matter is under consideration at the present time.

Mr. MacNICOL: When an estate pays a succession duty on funds or property held in the United States does it also have to pay on the same amount in Canada?

Mr. ILSLEY: Not on real estate held in the United States.

Mr. MacNICOL: On bonds?

Mr. ILSLEY: On other property. He pays on whatever property he has in the world if he is domiciled in Canada. That is my recollection.

Mr. MacNICOL: If he has $50,000 worth of bonds in the United States and he pays succession duty in the United States and has to pay on the same amount in Ontario and in Canada, he might as well sell out.

Mr. ILSLEY: He is taxed here on the whole estate, but if he is taxed in the United States on property there, there is a convention by which he is given credit.

Mr. MacNICOL: On bonds?

Mr. ILSLEY: Bonds, yes. There is a convention between Canada and the United States providing for a credit.

Mr. MacNICOL: A credit in respect of what he pays in the United States.

Mr. ILSLEY: That is substantially right. The convention went through this house.

Mr. HAZEN: Last year.

Mr. ILSLEY: In 1944.

Mr. HAZEN: But did it go through congress?

Mr. ILSLEY: It was later ratified in the United States.

Mr. GREEN: What are the difficulties in negotiating a convention of that type with the United Kingdom?

Mr. ILSLEY: I think I can say that discussions will go on. My information is that the difficulties are numerous, but what they are I do not know. However, the situation is not hopeless by any means.

Mr. GREEN: Perhaps the minister could find out.

Mr. ILSLEY: It would take a long time. The complications of interrelated tax systems are terrific. I am informed that there are very numerous difficulties, but discussions will undoubtedly take place. It is not at all hopeless that a convention will be arrived at. There is a widespread demand for it in Canada.

Mr. GREEN: It is only fair that there should be a convention. Does not the minister agree with that statement?

Mr. ILSLEY: Yes.

Resolution agreed to.

2. Where the minister is satisfied that succession duty has become payable upon or with respect to the succession to any property and that subsequently within five years succession duty has again become payable upon or with respect to the succession to the same property or any part thereof, on the death of the person to whom the property passed on the first death, the amount of succession duty payable on the second death with respect to the succession to such property shall be reduced as follows:

(a) where the second death occurs within one year of the first death, by fifty per centum;

(b) where the second death occurs within two years of the first death, by forty per centum;

(c) where the second death occurs within three years of the first death, by thirty per centum;

(d) where the second death occurs within four years of the first death, by twenty per centum;

(e) where the second death occurs within five years of the first death, by ten per centum.

Mr. HAZEN: How do the rates under this resolution compare with the rates in the United Kingdom and the United States? Are these equally or more generous?

Mr. ILSLEY: I could give that information on the bill. I have not the rates here for either the United Kingdom or the United States.

Mr. HAZEN: In his budget speech the minister said he had made an examination.

Mr. ILSLEY: I certainly did, of both countries, but I have not the rates here. In the United Kingdom the only quick successions that are partly relieved from tax are quick successions of real estate and established businesses. There is a limitation.

Mr. HAZEN: Five years?

Mr. ILSLEY: Yes, and the period in the United States is also five years. I do not know what the rates are.

Mr. HAZEN: This legislation will mean a reduction in the revenue the dominion receives.

Mr. ILSLEY: Yes.

Mr. HAZEN: Why is it being made?

Mr. ILSLEY: Because it is so oppressive. If a man dies and leaves a substantial estate and his wife dies within six months and leaves the estate over again and the son who inherits it dies in another six months and leaves it, it gets very tiresome.

Mr. MacNICOL: More than tiresome; the estate shrinks.

Mr. HAZEN: I agree that it is oppressive. It is not fair. Why then is this not made retroactive? Last night when we were discussing resolution No. 5 the minister said, I understood, that it was made retroactive in its operations because certain people had taken advantage of the law, although they were within the law, to get ahead of the government. If that is to be made a principle of our legislation, it should work both ways. If the government is going to make legislation retroactive in order to get after people who, it thinks, have got the best of the government, although they have kept within the law, then it should make its legislation retroactive when the provisions of the law work a hardship or are oppressive upon people. I do not think you can have it both ways. The government cannot say that certain people have got ahead of the administration, although they were within the law, and therefore the provision will be made retroactive against them, while on the other hand, where a provision has worked a hardship on people, it will not be made retroactive. There is no principle there, and there must be a principle in these matters. The government should not have it all its own way.

Mr. ILSLEY: Am I to understand that if I accept the suggestion made last night, and do not make the other change retroactive, the hon. gentleman does not press this?

Mr. HAZEN: I do press it, though I do not expect to get anywhere with it, because in my opinion this is not fair. The minister says this has been oppressive and unjust and therefore he is going to change it, but he will not remedy the injustice. This act was passed in 1940—

Mr. ILSLEY: 1941.

[Mr. Hazen.]

Mr. HAZEN: Well, 1941, and these people have been forced to pay, and they have not been reimbursed. The minister admits that it is oppressive and unjust. I repeat, there should be some principle about it.

Mr. ILSLEY: My argument last night was that the intention of the legislation had been frustrated. The intention of our legislation in this regard has always been clear. The trouble with making everything retroactive is that if amendments were made in 1960 it might be suggested that we should go back to 1941. We have to stop making retroactive amendments to our succession duty act. We have made two or three running back to 1941. We talked the matter over this year and decided that we could not carry this on for ever. When we change the Income Tax Act we do not go back a year or two or three years, although we are pressed to, because it would mean reopening so many assessments that it would be administratively very difficult. The law changes from time to time. This is an alleviation. I do not know of any quick successions or any oppressive or unjust cases since 1941. There may be some, but we had not any in mind in considering this.

Mr. JAENICKE: I agree with the principle of this resolution, and I agree with the case as outlined by the minister, where the property remains within the family. But suppose some of the subsequent beneficiaries are entire strangers? I see no oppression or hardship if they should be taxed again. I suggest that perhaps the provision contained in this section should be confined to class (a) and (b) beneficiaries as set forth in the succession duty act.

Mr. ILSLEY: I think there is a great deal of merit in the hon. gentleman's suggestion, and it will be taken into account when the legislation is prepared.

Mr. MacNICOL: In the case of estates now before the succession duty administrators and not settled, are they permitted to benefit by this legislation?

Mr. ILSLEY: The intention is that it will apply to deaths after enactment of the measure.

Resolution agreed to.

SPECIAL WAR REVENUE ACT

1. That the consumption or sales tax shall not apply to machinery and apparatus and complete parts thereof which, in the opinion of the Minister of National Revenue, are to be used directly in the process of manufacture or production of goods; provided that this exemption shall not apply to office equipment or motor vehicles.

Mr. MacNICOL: This is a step in the right direction, but I should like to ask the minister whether this will apply when a firm buys used machinery, or whether the machinery must be new.

Mr. ILSLEY: Second-hand machinery is not subject to sales tax in any case.

Mr. MacNICOL: Then this would have nothing at all to do with second-hand machinery?

Mr. ILSLEY: No.

Mr. MacNICOL: Why is office equipment exempted from the benefits of this provision? Anyone opening a plant or starting a new business requires office equipment; it is most important if one is to conduct a business with any kind of success. I can understand the exclusion of motor vehicles, but why office equipment?

Mr. ILSLEY: It is so hard to tie up office equipment to the production of goods. This sales tax is taken off machinery and apparatus to be used directly in the process of the manufacture or production of goods. The office end of it is not the production end. That part of the activities is administrative or commercial rather than industrial, and it is not intended to free office furniture generally, certainly not for any other commercial activities. We would not regard the office equipment used by a factory as industrial equipment; therefore we take it out.

Mr. MacNICOL: You exempt motor vehicles. Would horse-drawn trucks be exempt also?

Mr. ILSLEY: Well, wagons used in the distribution of the product would not be exempt. They would not be regarded as used strictly in the process of manufacture or production. Team wagons on a farm are exempt now, as a matter of fact.

Mr. WRIGHT: Has the government any means of ascertaining whether the goods are actually reduced in price to the consumer when the sales tax is taken off? I remember when the sales tax was taken off lumber, for instance, and certain building materials; in some cases that reduction was not passed on to the consumer but was retained by the manufacturer in order to give him a larger margin of profit. Has the government any means of seeing to it that the benefit of the reduction in these cases is passed on to the consumers?

Mr. ILSLEY: No. In this case it would not be consumers in the ordinary sense of the term; it would be users of the machinery or apparatus. The national revenue department has no way in the world of seeing that the benefit is passed on, and needless to say the finance department has no way of seeing that it is passed on either. The only agency is the wartime prices and trade board, and that board is reluctant to go beyond its mandate, which is to keep prices down to what they were in the fall of 1941.

Mr. MacNICOL: Competition would keep the prices down.

Mr. ILSLEY: The matter will be fought out, all right, between the manufacturer or producer and the buyer. I do not know whether conditions in this seller's market are such that the buyer will be able to get the benefit of bargaining methods, but the time will come when he will be able to get that benefit. In a great many cases he will get it now, I should say; prices will just come down as a matter of course.

Mr. WRIGHT: In some cases prices do come down, where there is a competitive factor in the market, but in some other cases, where the article is made by only one firm in Canada and there is no competition at all, I think the manufacturers have absorbed any reduction. I do not say that is so in all cases, or even in many cases, but some manufacturers have said they had held down their costs during the war, they were working at a loss, and now they had a chance to recoup themselves to some extent, so these benefits were not being passed on to the users or consumers of the material. I think the wartime prices and trade board might very well investigate in certain cases to see that these benefits are passed on to the people who are supposed to get them.

Mr. CHARLTON: Does this include all electrical appliances used on the farm for production purposes, such as electric motors for milking machines?

Mr. ILSLEY: Yes; if they are used for production purposes on the farm they are free from sales tax. Most of them are free now, but the rest of them will be.

Mr. CHARLTON: And what about a farm truck used exclusively for trucking farm produce?

Mr. ILSLEY: No, not a farm truck. It is just a motor vehicle, and it is simply impossible to go into the realm of motor vehicles. They can be used on and off the farm, for purposes of production, distribution and transportation.

Mr. BOUCHER: What about a tractor?

Mr. ILSLEY: They are exempt now.

Mr. BOUCHER: In connection with passing on charges to purchasers, is it not a fact that when selling materials the vendors must quote prices plus the taxation element? In this way are not those charges passed on to the purchaser? The custom of the trade is to do it, but I am not sure whether it is compulsory.

Mr. ILSLEY: It is not compulsory.

Mr. BRYCE: Does this new regulation allow small gasoline engines in without tax? The minister will recall that I spoke to him about this last year.

Mr. ILSLEY: This has nothing to do with customs duties. It relates to the sales tax.

Mr. BRYCE: The tax was left on them last year.

Mr. ILSLEY: If they are used for production purposes they are free from sales tax, under this proposal.

Mr. BRYCE: The minister and I could not see eye-to-eye on this question last year. I pointed out to him that these gasoline engines were used in milking machines. Did the minister take the matter up with the machinery companies? He said he could not agree to that because they are not agricultural implements. The minister will remember the incident.

Mr. ILSLEY: I remember it very well, but not just as the hon. member states it. I hesitate to resuscitate the argument because it was long drawn out. The hon. member was submitting that gasoline engines if used on farms should be free from customs duties. As they did not come within the agricultural implement items, they were not free. I did not say that they were not used for production purposes or for purposes of agriculture, but I said they were not covered by the items and that it would be very difficult to make a new item which would cover gasoline engines when used on farms. I pointed out how easy it would be to have them imported and entered for use on farms, and then to put them to some other use. At any rate the question was whether I should make a change in the tariff, or recommend a change at that time. I said I would not open the question of tariffs for gasoline engines, because it was too far reaching. There would have to be hearings and investigations before anything of that kind could be done.

Mr. BRYCE: I hope the minister will take this matter into consideration, because the fact is that they are used for production purposes. We use them extensively on our farms in western Canada, particularly the smaller engines up to two horse-power, for pumping water and to operate milking machines. There are half a dozen uses to which they can be put.

Resolution agreed to.

2. That the retail purchase tax shall not apply to goods valued at not more than $100 included in baggage accompanying residents returning from abroad after an absence of not less than 48 hours such as is presently allowed in the case of other excise taxes.

Mr. NICHOLSON: I wish to support this resolution. What is the amount of revenue we have received under this provision in the past, and have the United States imposed similar taxation on citizens of that country who have made purchases in Canada in the past two or three years.

Mr. ILSLEY: It has not produced much revenue. The item permitting the importation of $100 worth of goods, free, by returning Canadian residents who are returning from a trip to the United States is not a revenue producing item. It is a revenue sacrificing item.

Mr. NICHOLSON: Why was it proposed in the first place?

Mr. ILSLEY: I understand the hon. member is talking about the item which gives returning Canadian residents the privilege of bringing in goods up to a value of $100?

Mr. NICHOLSON: One has to pay sales tax on what he buys when he crosses the border.

Mr. ILSLEY: Sales tax did not have to be paid on it, but the taxes that have been collectible upon those importations have been the war exchange taxes amounting to ten per cent of the retail purchase price—which is pretty heavy. In respect of jewelry it is twenty-five per cent. This proposal is to free those goods from the retail purchase tax. I do not know how much revenue was collected, but it would not be very much. I have not heard of people bringing back goods from the United States in these small lots recently to any great extent. The prices on a great many commodities are higher in the United States than they are in Canada, and there has not been any considerable importation.

Mr. NICHOLSON: The Canadian understood that he could buy up to $100 worth without having to pay duty. Then when he crossed the border he was obliged to pay a few dollars—it was not a large amount, but it was enough to be irritating when in the

middle of the night he would have to pay even a fairly small amount. I am wondering how much revenue it brought in. Did the United States impose a similar tax on their citizens during the same time?

Mr. ILSLEY: I do not think they did; I have never heard of it. However we collected the war exchange tax.

Mr. NICHOLSON: The minister does not know how much.

Mr. ILSLEY: No. It would be insignificant, in the total revenue picture.

Mr. MacNICOL: Has any record been kept, or is it possible to keep a record, of the total value of goods brought in by Canadians returning from trips to the United States, and the amount of goods taken out by tourists leaving Canada for the United States?

Mr. ILSLEY: I am informed no record is kept.

Resolution agreed to.

3. That the ten per cent war exchange tax be rescinded.

Resolution agreed to.

4. That the excise tax of twenty-five per centum imposed on fur and furs be reduced to ten per centum, and that on a date to be determined by the Minister of National Revenue the existing exemption from sales tax of fur garment manufacturers as small manufacturers be withdrawn.

Mr. BROOKS: I notice in this resolution there is a reduction from 25 per cent to 10 per cent on all furs and fur goods. Does this mean that certain people who have been exempted from tax will now have imposed upon them a small sales tax?

Mr. ILSLEY: That is correct.

Mr. BROOKS: Fur dressers and small tailors will now have a tax imposed upon them, where previously they were exempt.

Mr. ILSLEY: Not the tailor.

Mr. BROOKS: I am referring to the man who deals in fur garments.

Mr. ILSLEY: Correct.

Mr. BROOKS: Then it is simply taking the tax off one class of manufacturers and putting it on the smaller man?

Mr. ILSLEY: No; it will be borne by the same person, the consumer. The picture, a complicated and difficult one, is something like this: Some years ago before the 25 per cent fur tax was imposed we had a tax of 12 per cent on the value of the furs as sold by dressers and dyers, which included the charge for dressing and dyeing.

Mr. BROOKS: That applied to the dressed furs, not to the raw furs.

Mr. ILSLEY: That was the situation some years ago. I shall have to give this background in order to explain the resolution. As I say, we had that tax of 12 per cent. When the furs were made into a fur coat and the fur coat was sold by the manufacturer, it was free of sales tax; the 8 per cent did not apply on fur coats. The 12 per cent tax at the point of dressing and dyeing was estimated to be the equivalent of the 8 per cent sales tax on the value of the coat. The value of the coat would be greater, and in order to realize the same amount of money, the percentage would be less. Perhaps that should have been 13 or 14 per cent, but it was 12 per cent. With regard to furs used for trimming fur coats the situation was different. Those coats were free of the 12 per cent tax, but the value of the fur-trimmed cloth coat was taxed at 8 per cent. That situation went on and there were strong protests year after year from the manufacturers of cloth coats. Then we imposed this tax of 25 per cent on furs and removed the 12 per cent tax. The result was that a fur coat was taxed in this way: there was a 25 per cent tax on the value of the furs, and no sales tax on the value of the coat. Fur-trimmed coats were taxed in this way: there was a 25 per cent tax on the value of the furs going into the fur-trimmed coat, and 8 per cent on the fur-trimmed coat. There were still strong protests from the manufacturers of fur-trimmed cloth coats. What we have done here is to reduce the 25 per cent to 10 per cent for all those furs and place a tax of 8 per cent on all coats. This eliminates the alleged discrimination against the manufacturers of cloth coats. The total tax on furs is reduced considerably in the case of furs used in the trimming of cloth coats, because instead of 25 and 8 per cent, it is now 10 and 8 per cent. The tax on furs used in fur coats is not reduced so much; it is almost the same as it was before.

Mr. BROOKS: It is reduced from 25 to 10 per cent?

Mr. ILSLEY: The 8 per cent goes on there, but the 8 per cent is equivalent to 12 or 14 per cent on the furs. If there is still 12 or 14 per cent on the furs and you have another 10 per cent, you are up to between 20 and 25 per cent on the furs used in fur coats. On the furs used on fur-trimmed coats there has been a substantial reduction.

Mr. NICHOLSON: A day or two after the budget was brought down the hon. member for Rosetown-Biggar inquired about a report in one of the Ottawa papers which indicated that there had been a leak of information and that the operators had secured some advance details. Will the minister give a statement if the facts are available?

Mr. ILSLEY: I have sent out for some notes I thought I had here. As a matter of fact, there was no leak. The matter was investigated and the people who were reported to have said that there was a leak stated that they did not have any information. They had been surmising that there might be some change in the tax on furs. I shall get a little more detailed information on it.

Mr. McLURE: I listened to the explanation given by the minister and it seems to me to be about as clear as mud. It looked like an increase in the taxation on raw furs, whereas we understood when the budget was brought down that there was going to be a reduction.

Mr. ILSLEY: There is no increase.

Mr. McLURE: It is reduced to 10 per cent, no matter where the furs go, and it all comes back to the producer.

Mr. ILSLEY: I do not agree with that at all.

Mr. McLURE: I think practical experience would make you agree with it. At the present time there is a sales tax, and that added to the 10 per cent would total 18 per cent. The tax of 12½ per cent that was originally on furs was a processing tax. Then the 25 per cent tax was put on with no sales tax. Now the tax has been reduced to 10 per cent on the raw furs. This is still a processing tax. But the furs may be manufactured and put into a garment which would have to sell for at least four times the cost of the raw materials, that is the retail price. The 8 per cent tax, I understand, is on the retail value.

Mr. ILSLEY: The 8 per cent is reckoned on the manufacturer's or wholesale price.

Mr. McLURE: Is that collected from the manufacturer?

Mr. ILSLEY: That is right.

Mr. McLURE: In that case it means that the producer, who ultimately pays it, would have a tax of 25 or 26 per cent. So the scripture has been fulfilled in that case, and the man is worse off at the last than he was at the first.

[Mr. Ilsley.]

Mr. ILSLEY: There is some reduction on furs that go into fur coats, and there is a big reduction on furs that go into fur-trimmed coats.

Mr. McLURE: That is if the ceiling price were removed. It cannot happen the way it is now.

Mr. CASE: The minister says that there is an apparent reduction which would be passed on to the consumer. There has been quite a substantial increase in the price of furs. I am thinking of an Alaska seal coat which sold at retail last year for around $1,000 and which now costs over $1,200. Was it intended that this saving should be passed on to the purchaser, and if so, how can the department make sure that it is passed on?

Mr. ILSLEY: It is just about impossible to take any action to see whether it is passed on to the consumer or the producer. Perhaps I should not say this, but I would rather see it passed back to the producer because I think he needs it more than the consumer.

Mr. CASE: But the intention was that the saving would be passed on to the consumer. You wanted no increase in price for the benefit of the manufacturer and to the disadvantage of the consumer?

Mr. ILSLEY: There is a big saving in fur-trimmed goods, but it is just about impossible to say upon whom and in what proportion a tax like this falls. The producers claim, as the hon. member for Queens claimed, that the producer pays it all. That is disputed and denied by others who think that the consumer pays it or that others absorb part of it. It is hard to answer that question; I have tried several times, but the fact remains that when you lighten a tax—and the tax on fur-trimmed goods has been lightened substantially—eventually, if not under present conditions, somebody will get the benefit of it. Just who it will be will depend upon the interplay of market conditions.

With regard to fur goods—not fur-trimmed—the reduction is slight, but that reduction is subject to the same observations. One cannot say that the producer pays the tax, and on the other hand one cannot say with assurance that the consumer pays it.

Mr. CASE: I recognize the difficulty; I think we all do because the factor of quality enters in, and it is difficult to determine today under the price-ceiling policy whether the same quality is being sold at the same price as before. I inquired only to ascertain whether it was the policy of the government

to maintain a reasonable price level and pass the saving on at least to someone, and not to increase profits.

Mr. ILSLEY: The hon. member for Mackenzie asked me about a rumoured leak of advance information about the change in this fur tax. In the Ottawa Evening *Journal* of October 20, 1945, appeared this item:

"The manufacturing fur trade had a feeling, but no definite information, that there might be some changes made in the new budget in the application of the sales tax, due to dissatisfaction among other sections of the fur industry where the twenty-five per cent tax was applied on the value of the raw pelt," Henry H. Wilson, president of the Ottawa Fur Standards Association, told the *Journal* last night.

Then, further on:

It was to be noted that the tax of ten per cent on the raw fur, but with an additional eight per cent sales tax on the finished product, would not lower the cost of the furs on the retail market.

The Ottawa Fur Standards Association stated that they had no "tip-off," but felt "there might be some changes made in the application of the tax."

The government's decision with regard to this fur tax was not made until the Thursday before the Friday on which the budget was presented. My recollection is that I took the matter to council on Wednesday and that no decision was reached; I took it back again on Thursday, when a decision was arrived at between one and two o'clock, and the budget was brought down on Friday. Nobody knew what we were going to do about this tax until then. I did not tell anybody and I am sure that the officials did not tell anybody; they never do. We have had very important budgetary discussions over the past few years, sometimes covering a period of as much as six weeks; at some meetings there have been as many as fifteen officials present, and the nature of the matter discussed has been of extreme importance at times; important in this way, that if anyone knew what we intended to do, affecting the price of shares, for example, it would be of value in a business way to many people. Yet never since I have been minister has there been any allegation of a leak from the officials. This rumour or story arose, I think, from the fact that the newspaper headline was as follows: "Furriers knew of cut in excise tax on all furs". Then follows a story, beginning: .

The grapevine of Canada's capital was working well for the Ottawa furriers.

Then there is a story that they knew what was going to happen. Well, I did not know myself until Thursday noon, and none of my colleagues knew and none of the officials knew. We were considering alternative ways of dealing with the matter, and I am satisfied myself that no one told anybody anything. Of course these people in the fur industry are thinking and speculating about these things all the time and there is a certain type of person who likes to pretend that he has information. It makes him look like a—

Mr. BOUCHER: A big shot.

Mr. ILSLEY: A big shot, yes, and somebody might have boasted or said that he knew what was going to be done. But he did not.

Mr. NICHOLSON: That is quite satisfactory.

Resolution agreed to.

5. That the net premium tax on insurance companies be reduced by a credit for premium tax paid in any other country.

Resolution agreed to.

6. That enactments founded on these resolutions come into force on the thirteenth day of October, 1945.

Mr. HANSELL: May I ask on this resolution, or would the minister tell me on what item I may ask, with respect to whether or not the government has set up any machinery at all to discover who may be trying to defeat the income tax laws?

Mr. CRUICKSHANK: Who is it?

Mr. HANSELL: That is the important question. As a chap once said to me: If you do not beat the system, the system will beat you, and there is a good deal of truth in that. I am not advocating that anyone try to do it. But I read an article some time ago that in the United States the government gives rewards to people who furnish information leading to the collection of taxes that have not been paid. It does not always follow that the person or the firm or corporation is crooked; it may be that misunderstandings have occurred or mistakes have been made; certain things may have been done very innocently. But I recall reading that in the United States they had been able to collect by this method millions upon millions of dollars which otherwise would never have been collected, and that they gave rewards to people who supplied information which led to the collection of these taxes. One of these rewards was as much as $60,000; I think it was paid to an accountant who made a discovery which led to the collection of about a million dollars.

The fact of the matter is, of course, that in a way the whole system of taxation is a system of confiscation. To my mind there is no doubt about that. Of course the people of the country tolerate it because they believe it takes money to run the country and this is the method used to get the money for that purpose. Some of us may believe that that is so; some of us may not. But as the situation is, any person, firm or corporation that does not pay his or its taxes is not bearing his or its fair share of the load which is required to run the country.

I do not want it to appear that I think we have a nation of crooks, neither do I want it to appear that we should bring about a nation full of informers; but it has been mentioned to me on occasions, "There is Mr. So-and-so; that man has never paid a dollar of taxation; yet we know for a fact—" this or that. I just wondered what method the government has of searching out such cases; I am not going to say, searching out crooks, or persons that have deliberately avoided payment. Perhaps the minister can tell us something about that.

Mr. McCANN: All the information we require in that regard is the name and address of the individual, and the matter will be followed up quickly and expeditiously.

Mr. HANSELL: What about rewards?

Mr. McCANN: Under the act any person, whether taxable or not, may be asked to make a return of his income.

Mr. HANSELL: The department does not give any reward?

Mr. McCANN: No reward, except that you are doing your duty to the state in reporting it.

Mr. HANSELL: I do not know whether that is altogether so or not. I suppose a man should do so, but the fact is that people do not like to do these things. Take, however, chartered accountants, for instance, men who are dealing with these matters all the time; they may discover certain discrepancies here or there which will lead to the collection of taxes which have been lost sight of, but they may not want to inform about it; they may not like to give information. I know they should. But evidently in the United States they have regarded the offer of rewards as an appropriate thing to do.

Resolution agreed to.

The ACTING CHAIRMAN (Mr. Golding): Shall I report the resolution?

Mr. STIRLING: May I ask the minister what he proposes to do with the customs tariff? I believe there was a statement outside this house with regard to it, but surely he is going to make a statement inside.

Mr. ILSLEY: I made a statement on that in this house, that I was withdrawing all proposed changes in the customs tariff, and I am not moving that resolution.

Mr. HANSELL: Just so that we shall get this thing clear, does the Minister of National Revenue answer my question? Does he want the country to know now that it is the duty of the citizens of this country to give the names and addresses of those people or firms that they believe are evading payment of taxes?

Mr. McCANN: I think I can answer in the affirmative to that, that the department and the government, although they do not want the ordinary individual to be a "spotter" —as they are called—on anybody else, believe that it is in the interests of every individual who is paying income tax, and in the interests of the state, that those who are taxable should be called upon to make a return. I may tell the hon. member that I do not think there are many who are missed, or very many evasions, because the country is divided into regions, and the regional officers through the inspectors, who go to different communities, usually catch up with anybody in a community who has not put in a return. For instance, an inspector from the district of Ottawa will go to one of the Ottawa valley towns. He knows everybody there who is paying, and as he goes through that town, if it strikes him that the proprietor of a certain place of business, or certain individuals who are interlocked in the business activities of the community, have not made a return, he will very soon catch up with them. The number of people who should make returns and do not make them is almost a negligible quantity. But I repeat that if a citizen knows of people who are not paying their due amounts of taxes, I regard it as the duty of that citizen to acquaint the Department of National Revenue with the fact, and I assure you that those people will get the opportunity and the demand to make an income tax return, whether or not they are taxable.

Mr. IRVINE: I wish to bring to the attention of the Minister of National Revenue a question I asked a little while ago, with respect to the attempt which is being made to collect arrears of income tax from farmers. I am not objecting to the collecting of arrears of taxes from anybody, but I wish to bring to

the minister's attention a certain situation which the organized farmers have presented to me with the request that I bring it to his notice. It is represented that for several years after the thirties the farmers had to put up with worn-out machinery and depletion of their capital equipment, and then after the war broke out they had great difficulty, when they began to get in better condition, in buying the machinery they wanted, and naturally so, because there was a real shortage. The result is that now, or as soon as they have an opportunity, they will make up the capital investment which they should have been making during those years, and meanwhile taxes will be placed on all that income which in reality ought to be capital. They are urging that a reprieve of five years from this form of taxation is needed to give the farmers an opportunity to recover their economic position. I should like to know what the minister's view is of that representation.

Mr. McCANN: Perhaps I am not in a position to make the hon. member an answer which he would care to accept at this particular time. I will say that the representations he has made will be taken into consideration. But I can readily see many of the difficulties. If one class in the community asked for a remission of taxes for five years it would open up an avenue leading to all types of difficulties. I appreciate the difficulties the farmers have had; in this house in the last day or so the whole question of returns to farmers and fishermen has been discussed and the suggestion has been made that their returns might be placed on what one would call an average basis over a few years. That, together with the representations made by hon. gentlemen, will be taken into consideration with a view to dealing with all classes of the community in a spirit of justice and equity.

Mr. ROSS (Souris): On that point I would ask the minister whether the same system of revenue collecting is followed in all parts of Canada. I believe there is an office in each province. I am a little at sea about the last question raised. The officials in the province from which I come have done an efficient job of collection from the farmers in the past three years.

An hon. MEMBER: That goes for Saskatchewan.

Mr. ROSS (Souris): I am speaking of those I know. The officials in my province have done a great deal to cooperate and have gone to every municipal office and obtained the record of the people. They have called them in and made collections for the past two or three years and I do not see how anyone could be missed. I was wondering if the same system is followed throughout Canada.

Mr. McCANN: The system is absolutely uniform, the purpose being to treat all alike.

Resolutions reported, read the second time and concurred in.

SUPPLY

The house in committee of supply, Mr. Golding in the chair.

POST OFFICE

231. Departmental administration, $811,425.

Mr. MacNICOL: A few years ago in the city of Toronto, in my own end of the city and I suppose in other parts as well, we had two deliveries of mail a day. Now we have only one. When are we to return to normal? If I posted a letter in Toronto on Friday night to myself I would not get it until Monday morning, but I would get it on Saturday afternoon if we had a normal delivery.

Hon. ERNEST BERTRAND (Postmaster General): This matter is under consideration. We still have over 1,100 employees with the forces and we need 390 more men to reestablish two deliveries a day.

Mr. MacNICOL: In Toronto alone?

Mr. BERTRAND (Laurier): In all Canada. That does not seem very much for all Canada, but it does not take twice as many men as we have now to reestablish two deliveries a day, because the run is shorter when there are two deliveries. We expect to be able to have two deliveries shortly. Some time next spring there will be two.

Mr. MacNICOL: The postal employees, in my opinion, are as hard worked as any servants of the government. Certainly there are no employees who work harder than these men. They have long hours, and the mailmen carry heavy loads in all sorts of weather. I have observed them on my own street in Toronto and, whatever the reason is, their work seems to play them out more quickly than others. Too many of them have to retire because of hard work and long hours. I think they are poorly paid—I am speaking of the men who deliver the mails. Their job is a most important one, because the letters they deliver are sometimes priceless to those who receive them; yet you rarely hear of any misdeliveries or any mail troubles in this country. I for one am proud of the men in the postal service of Canada.

Mr. BERTRAND (Laurier): It is well organized.

Mr. MacNICOL: I do not know what the minister means by being well organized. If he is speaking of the staff, yes. I was not thinking of organization from the labour point of view because these men do not cause any trouble. They keep right on with their work. They never threaten to quit or to go on strike. I do not know what we would do if we did have such a strike. I hope the time is coming when the government will consider increasing the remuneration paid to postal employees and will also provide better working conditions. Some post offices furnish satisfactory conditions but many do not. In many the men are sorting down in the basement of some store or building in which they work. The government should make every effort to see that their working conditions are the best. Do they get two or three weeks' holiday in the summer?

Mr. BERTRAND (Laurier): Three weeks.

Mr. MacNICOL: That is fair. Do they get paid during that time?

Mr. BERTRAND (Laurier): Yes.

Mr. MacNICOL: That is as it should be. With improved conditions, if they receive greater remuneration I have nothing more to say.

Mr. NICHOLSON: This is the first time the minister has appeared before the committee in his new capacity as Postmaster General, and I take this opportunity of expressing the hope that he will be happy in his new responsibilities. The members of this group are very much interested in his administration. We frequently refer to it as one impressive demonstration of what can be done under—

Mr. CASE: Public monopoly.

Mr. NICHOLSON: —government administration,—

Mr. IRVINE: Public monopoly is a misnomer.

Mr. NICHOLSON: —where the principle of free enterprise and competition has not been a factor. My hon. friends to the right have never suggested that the government should go out of this important service and turn it over to free enterprise to see how they would make out.

Mr. CASE: I could say a lot in a few words on that suggestion.

Mr. NICHOLSON: I think we have had a practical demonstration of what can be done under social planning where the greatest good to the greatest number is concerned. I understand there have been some changes in the staff of the department, and I wonder if the minister would tell us who is now the deputy postmaster general, who is the assistant deputy, and what has become of the previous assistant deputy postmaster general.

Mr. BERTRAND (Laurier): We in fact have been paid a great compliment by a foreign country. Recently the republic of Peru entered into communication with my department asking us to send one of our officials in order to improve their postal system. We had a gentleman, Mr. Coolican, who was on the verge of reaching the age of superannuation, whom we asked if he would like to go to Peru for a few years. Mr. Coolican has accepted, and the government has also accepted. The same thing has been done in regard to another official of the Canadian government in the Department of Public Works, whose services have been requested to improve the telephone and telegraph systems of that country. We have sent Mr. Sims to undertake that task. So that Mr. Coolican is now on leave, but he is the only high official who has left the department for some time. There are a few who have almost attained the superannuation age, and there may be some sort of reorganization in the near future, but at this time I could not say very much about that.

Mr. NICHOLSON: I was wondering if Mr. Coolican will be returning to the department or if he has retired.

Mr. BERTRAND (Laurier): He has now gone to Peru in order to make definite arrangements with the government of that country. I do not know whether he is going to return. He was quite prepared to go there and help the government of Peru, and I am quite sure he will stay there for some time.

Mr. REID: Is he not over age now?

Mr. BERTRAND (Laurier): He has had one extension.

Mr. ROSS (Souris): In view of what has been said by hon. members to my left about this socialistic department and their experiences, I wish to ask the minister a question. I am hesitant about raising local problems on the floor of the house, but in my constituency I have a situation which is baffling to me and perhaps the minister could clear it up by stating his general policy in connection with the construction of post offices. I am quite aware that the Department of Public Works actually constructs or lets the contracts for these buildings, but I understand that is done on the recommendation of the Postmaster

General. All during the war I have hesitated to bring up this matter, but according to the information I have received from responsible officials, in the instance I have in mind the government bought an old property and an adjoining property with the intention of constructing a new post office just prior to the war. I am not sure what amount was paid for the property, but it is a matter of principle anyway. Ever since then the department has been paying the same people quite a nice monthly rent for the property, and I should like to understand why this has been done.

As I said, I realized that it would be unfair to say anything about the matter during the war years, but now that the war is over, these people are becoming agitated, and they think I should do something about this on their behalf. The building is quite dilapidated; it is embarrassing to the officials of this town of about 1,200; it is an eyesore on the main street, and because it is crown property they are unable to tax it. They believe they should have a new post office now that the war is over. I understand that there is some policy followed by the department under which new post office buildings are not constructed unless there is a net revenue of something like $10,000, but I should like to know from the minister just what the policy is, in fairness to these people who were content to stay quiet about the matter all during the war years but who consider they now deserve some reasonable explanation in regard to this unusual situation.

Mr. BERTRAND (Laurier): It is true that during the war the Department of Public Works was not called upon to construct any buildings for the Post Office Department, but we have had a survey made and intend to go ahead with quite a large number of buildings as soon as conditions permit. We do not want to enter into competition with the housing programme at this time, but we have definite plans to build quite a large number of post offices when the time comes. For a long time a rule has been established in the department that we put up public buildings in places where the net revenue is over $10,000, as the hon. member has said, and I must admit that in quite a few places where the revenue to-day is more than this amount they have not yet got their buildings, but we hope to be able to construct these buildings as soon as conditions permit.

Mr. ROSS (Souris): I hope the minister will keep in mind the fact that his department is still paying rent on the property which belongs to it. I do not know what the argument in support of this may be, but to me it is an unusual case. In view of that fact I think some exception might be made in this case. I should be glad if later on the minister would give some explanation of this unusual situation.

Mr. BERTRAND (Laurier): I am not familiar with this particular case, but we do intend to commence the construction of these buildings as soon as possible.

Mr. HLYNKA: I should like to ask the minister if we may soon expect the opening of postal service between Canada and the various camps in the British, United States and French occupied zones. I noticed an item in the New York *Times* under date of November 24, 1945, which stated:

> Opening of a limited mail service for exchange of personal correspondence between Americans and displaced persons in the United States zones of Austria and Germany was announced to-day.
>
> The state department, making the announcement, said it would also be possible to send five-pound gift parcels from this country to displaced persons in those zones.
>
> The announcement said that in the interest of efficiency, it would be necessary that the first dispatch of mail originate in every case with the displaced person. Special postcard forms are being distributed in the American zones for this purpose.
>
> Americans wishing to carry on the correspondence must present these cards before United States post offices will accept letters or parcels for mailing.

My question is, would it not be advisable for the minister to get in touch with the Department of External Affairs, and also to consult his own officials and endeavour to formulate a similar policy for the reestablishment of this postal service on the part of Canada. I should like to mention also that there are many Canadians who, particularly at this time, are interested in their own relatives who find themselves in these displaced persons' camps, and who certainly would be anxious to assist such people by sending parcels of food, clothing, medical supplies and so on. At the same time they are most anxious to correspond with their relatives as soon as this service is made available. Since the United States has been able to reopen the service I believe Canada should not lag far behind in following that good example.

Mr. BERTRAND (Laurier): We are in communication with the intermediary countries, and expect to be able to make an announcement any day now. We will do so as soon as we have reached an arrangement.

Mr. McKAY: Would the minister give the committee details as to revenue from the Post Office Department which has been turned over to the treasury in the past year?

Mr. BERTRAND (Laurier): I had intended to say a few words at the beginning. However, at this time I shall point out that in 1944-45 the net revenue was $66,055,519, and the net surplus, $13,097,000.

Mr. McKAY: That is, more than $13 million has been turned over to the treasury as surplus.

Mr. BERTRAND (Laurier): Yes.

Mr. CASE: Our custom has been to have a discussion when we deal with the first item. May I say to the minister that, from my limited acquaintance, I regard him very kindly indeed. I should also like to join in the complimentary remarks which have been made by hon. members to my left, but I find that I should make some further observations in view of what I have said about public monopolies. What I said was not said offensively, because this is one place where I agree that there is possibly good reason for a public monopoly. If it were handled in the manner for which my good friends would have you believe I have a preference, namely by private enterprise, it would be a very much muddled system. This is one instance where one can say that public enterprise is the most effective. I should like to emphasize, however, that, even here, there must be a degree of cooperation with private enterprise. Many of our common carriers, both air and rail, enter into this public service provided by the post office, and are doing a first-class job. Further, I can think of a score of smaller post offices owned by private individuals, where space is rented to provide this public service.

While the post office has been more or less a profitable venture—and perhaps I should use the word "service" rather than "venture"—because it is bringing in a considerable amount of revenue to the public treasury, nevertheless the fact remains that with post office buildings as with other government buildings in almost every locality, no taxes are being paid. Therefore it is hard to assess or to determine exactly the degree of efficiency of this organization, when one compares what it does with what private enterprise is required to do.

When I discovered the other day that the Department of Agriculture was paying $2,560 a year rental for 300 acres of land, I did not hear a shout from the other side of the house to the effect that this property should be owned by the people. I felt that it should.

I should like to know from the minister if at this time of the year postmen are receiving overtime pay.

[Mr. McKay.]

Mr. BERTRAND (Laurier): Yes.

Mr. CASE: The men who are delivering the mail on the many routes in the towns and cities, or wherever service is provided, are performing a tremendously long and laborious job. During the past number of years I know that our postman, in the process of his afternoon route, did not arrive at our home until around ten o'clock at night. Probably he would have a boy with him, pulling a sleigh laden with bags and parcels.

I join with the hon. member for Davenport in paying a real word of tribute to this faithful army of men who are doing a remarkably fine job and are certainly not overpaid. I have always hesitated to say too much about pay, because hon. members on this side of the house particularly, it seems to me, are always critical of expenditures made by the government, and I do not see how we can be consistent if in this instance we say, "You should pay more." I will, however, go so far as to say, that this is a group of men who are not overpaid and who have earned the admiration of all.

Mr. MacNICOL: They are underpaid.

Mr. CASE: I hope they are receiving consideration for the extra long hours they must put in at certain seasons of the year.

Mr. BERTRAND (Laurier): They receive extra pay for that.

Mr. JAQUES: I have a number of complaints from my constituents in the districts of Breton, Lindale and Berrymore. They are isolated districts, and at present they have only one mail delivery a week. These people enjoy few conveniences and would be most thankful if the minister could see his way clear to give them two mails a week instead of the one they are now getting. Will the minister look into this matter?

Mr. BERTRAND (Laurier): I shall, with pleasure.

Mr. WRIGHT: I should like to say a word respecting another group in the postal service, who, I believe, are not overpaid. I refer to those who carry out the rural mail delivery. Probably they are the most underpaid group in the service, despite the fact that they render a real service to the Canadian rural population. Although there may have been some increases in pay, I believe they are still being paid a fairly low stipend.

I should like now to call the minister's attention to the necessity for the establishment of more rural mail delivery routes in western Canada. If one would travel through the

west he would find that, in comparison with the east, we have comparatively little in the way of rural mail delivery. I realize, of course, that there are difficulties in that part of the country, because of our people being scattered. However, I notice that the department has a surplus of more than $13 million, and while during the war we have not urged that this service be extended, I consider that we are now justified in asking for an extension at as early a day as possible.

The rural routes in western Canada with which I am familiar have only two deliveries a week. There, again, improvement could be made by giving three deliveries on such routes. This would mean a great convenience to the people out there.

I should like to bring one further matter to the minister's attention. I have been told that quite recently the department issued regulations respecting the closing of all post offices on Sunday. I have had notification from my own constituents to the effect that certain post offices in that locality which formerly remained open for one hour on Sunday are now closed. In certain areas it happens that Saturday's mail does not arrive until after ten o'clock on Saturday evening, when the post offices in those areas are closed. The train leaves on Monday morning, with the result that business men are not able to answer their mail arriving on Saturday until Tuesday. This condition would be relieved if the post offices were left open for one hour on Sunday.

I leave these points for the minister's consideration.

Mr. BERTRAND (Laurier): We have given the war-time bonus to mail carriers, and a little later on we gave also the cost of operation bonus. We have discovered that some of these contract rates are quite low. In many cases we are asking for new tenders and there will likely be a larger drain on the treasury. I said that in 1944-45 our net surplus was $13 million, but it must be remembered that that was a war year and we do not expect to be able to have the same surplus in the future. I shall consider what the hon. gentleman has said, and I wish he would send me details about those places where he wants three deliveries a week because I should like to refer that to the superintendent of the postal district. If we can do it, we shall be glad to do it. I wish to emphasize that this is not a revenue department; it is a service department.

Mr. PROBE: There are some matters in my constituency which are somewhat at variance with the statement the minister made earlier. First of all, I wish to refer to the retirement age of permanent and temporary employees of the Post Office Department. I understand that that age limit was waived during the war.

Mr. BERTRAND (Laurier): That is right.

Mr. PROBE: The result is that in Regina—and I imagine the same is true of other places—there are a number of employees who should be given the opportunity to resign in order to make way for younger employees returning from overseas and elsewhere. In our city a number of requests have been received from returned persons to be taken on the post office staffs, and many of them have had to be refused.

Another problem is that concerning temporary employees. This relates not only to the Post Office Department but to all departments. The government policy of hiring persons requires serious revision. Temporary employees should be made permanent after a fixed period of employment, regardless of whether they are on an establishment or not. I have one specific case in mind which would come under the minister's department. This man has been employed by the Post Office Department in Regina for 23½ years, having joined shortly after the last war. He is now 63½ years of age, or 1½ years from the usual retirement age. He was a veteran of the South African and the first world wars, and had two sons in the services during this war, one of whom was drowned in the North sea when his ship crashed.

This man wrote a civil service examination before being taken on the staff and he thought he had qualified for permanent employment. He has been permanently employed in the sense that he has not missed work in 23½ years, but he is considered to be a temporary civil servant. He is now in poor health and is ready to retire. He has been thrifty, and I am sure he would not want me to mention his case on the floor of this house. He has never brought it up by way of complaint, but the fact is that he has no pension rights because he was not allowed to pay into the superannuation fund.

I am sure this case could be multiplied thousands of times in the government service. When a person is taken into the civil service and works for a period of five years or so without having been placed in a permanent establishment, he should be automatically classified as a permanent civil servant. I should like to know how this is handled in the minister's department.

I have a further request to make, one which was received just this morning. There are a

number of veterans in Regina who would like to be reabsorbed into the Post Office Department. I urge that there be two deliveries daily in Regina so that these men may be taken into the employment stream. Then, with the retirement of the men and women who are sixty-five years of age or over there would be an added possibility of employment in that city. The minister said that there were too many postal employees still in uniform to permit the inauguration of two services daily, but I think by the time we retire the older employees we should be able to function with two services daily.

Then there is the matter of the revision of the wage schedule which would apply to the Post Office Department as well as to all branches of the civil service. I am glad that for once hon. gentlemen to my right and I can agree that it is time that we raised the salaries of civil servants. Would the minister care to make a statement at this time about the retirement age and making permanent those civil servants who have worked for a few years without being placed in a regular establishment?

Mr. BERTRAND (Laurier): During the war employees were not retired at retiring age because of shortage of man-power, but our policy now is to retire them as soon as they reach the age of sixty-five years in order to give younger men a chance to be promoted.

Mr. PROBE: Is that an automatic arrangement?

Mr. BERTRAND (Laurier): Yes.

Mr. BLACKMORE: Is their retirement at sixty-five years regardless of whether they have pensions?

Mr. BERTRAND (Laurier): If they are employees of the Post Office Department they would be under the superannuation scheme and have a pension at sixty-five years. There may be some employees who are employed in what are known as revenue post offices. In these offices the postmaster gets a percentage of the revenue. Such employees would not be under the superannuation system. Previously they were not retired at sixty-five years. They might be postmasters in villages or small towns and were kept on as long as they were able to do their work properly, but in the near future it is our intention to ask them to retire at sixty-five years.

Mr. BLACKMORE: Would the minister give the committee some indication of what security these people are to have, or are we just going to turn them out like an old work-horse to rough it on the prairie and support themselves as best they can?

[Mr. Probe.]

Mr. BERTRAND (Laurier): These men have a contract with the government under which they receive a certain percentage of the revenue, and in some places more than the revenue. But we have a minimum. There are small post offices where the revenue is not half the amount that we are paying to the postmaster. As I said before, this is a service department, not a department for revenue. Most of these men have some other job besides running the post office, which is very often looked after by the son or the daughter or the wife. Like anybody else working on a contract with anybody they must look to their own future. Of course there is the old age pension which begins at a certain age, but there is no machinery established to-day, just for the Post Office Department, to superannuate these postmasters when they leave at sixty-five years of age.

The hon. member also asked about temporary employees, and I am in great sympathy with what he said. But especially during the war every employee that we have taken on has had to sign a document clearly explaining that he was only working in a temporary capacity in order that we might keep the position open for a returned man.

As to the returned man who has been in the department before, he is taken on again immediately he presents himself. My hon. friend mentioned one employee who had been a temporary for twenty-three years. I do not quite understand how he has been with us so long as a temporary. I do not know just what we can do for him, but if the hon gentleman will give me the details I shall be very glad to see if we can do something for him if he is a veteran.

Mr. PROBE: There was one other question, about reclassification of wages.

Mr. BERTRAND (Laurier): That question is being studied generally, not only in my department but in all departments. Of course the treasury board has something to say about that.

Mr. MacINNIS: I have one general question that I wish to ask the Postmaster General, but before I do so I wish to comment briefly on one or two things that have been said in the discussion.

I was very glad to hear the Postmaster General say that something was being done to raise the remuneration of rural mail couriers. At every session of parliament that I can remember, for quite a number of years, this question has been discussed and demands have been made for increased remuneration for rural mail couriers, and if the Postmaster

General has a general plan for improving their remuneration I hope that when it comes before us the house will support him, because it is a reform, if that is the proper term, that is long overdue.

The hon. member for Grey North mentioned overtime for letter carriers. I did not refresh my memory before coming into the chamber, but my understanding is that the present system of overtime payment is very unsatisfactory, at least from the letter carrier's point of veiw, because I understand that overtime is not a matter of a cash payment but compensation in the form of holidays later on. I may be mistaken in that, but I do not think I am. I think the letter carriers have to take days off during the summer to compensate them for overtime work during the Christmas and New Year's rush.

The question of temporary civil servants raised by the hon. member for Regina City, as every hon. member knows who has been in the house very long, is an old one. In almost every department there are civil servants who have been there for years and are still temporaries. I do not think the one with twenty-three years temporary service is a particularly outstanding case, because I have heard of longer periods of temporary service than that. On the house staff the situation was corrected following recommendations made by a civil service committee some few years ago. It is a question that I think should be dealt with in the manner suggested by the hon. member for Regina City. That is, any person taken into the employ of the government in a permanent department should, after two years' service at most—I would not say five years because that is too long—become a permanent civil servant. The situation is quite different, of course, if the department itself is only a temporary one.

The question I was going to ask the Postmaster General was, what is the method of printing and selling postage stamps? Does the government purchase stamps; where are they printed, and how are they sold? In the larger post offices such as Toronto, Vancouver and Montreal, are the stamps sold on a commission?

Mr. BERTRAND (Laurier): In normal times the employee who works overtime is given time off to compensate him, but during the Christmas rush, which lasts for almost the whole of December and part of January, we pay for overtime.

Mr. MacINNIS: At what rate?

Mr. BERTRAND (Laurier): At the regular rate.

Mr. PROBE: At the regular hourly rate or the regular overtime rate?

Mr. BERTRAND (Laurier): At the regular hourly rate, and we give them time off. In the city of Toronto we take on almost 5,000 temporary employees just for the Christmas rush, and almost as many, if not more, in Montreal.

As to the stamps, we ask for tenders for the printing of the stamps. They are printed to-day and have been for some time by the Canadian Bank Note company, and by the way, our stamps are considered by philatelists as the best in the world. In the large post office the custom for many years has been to permit certain people to have the privilege of selling stamps on a commission. They have to employ and pay their own assistants, and they have to buy the stamps for cash. That system is in operation in a great number of the large post offices. In the smaller post offices we sell the stamps ourselves, and that practice has also been followed in some of the large cities where drug stores ano other stores have the privilege of selling stamps on a commission, but this practice is disappearing in the larger cities. In Toronto the department is selling its own stamps Wherever a man is doing his work properly and giving satisfaction to the public we do not disturb him in his position, but when he dies or ceases to operate his franchise the department takes it over.

Mr. MacINNIS: Would the minister give me some further information on that, if not now on some future day? Is that system of selling stamps on commission used in the general post office at Vancouver? Who is the contractor and what is the commission paid?

Mr. BERTRAND (Laurier): I have all the details here for every town and city, the number of employees and so forth.

Mr. MacINNIS: I should like to know the number of employees in the Vancouver post office, the rate of commission paid, the amount paid in commissions and the profit that the contractor is making.

Mr. CASTLEDEN: Do the contractors include any wholesale merchants?

Mr. BERTRAND (Laurier): We have what we call lobby vendors selling stamps in the post office. We have not what might be termed wholesale vendors of stamps.

Mr. McCUBBIN: It is now over thirty years since the rural mail service was set up It has been of great service to the rural people, who appreciate it very much, and I

wish to pay my tribute to the rural mail couriers for the splendid work they are doing in good weather and bad the year round, going out in the storms of winter and making their way through snowbanks and over the fields to take the mail to the boxholders. It is over thirty years since that system was established, and I think a resurvey should be made of a good many of the rural routes with a view to giving more contract service to bring this convenience to more rural boxholders. I know of numerous instances where thirty years ago there was only a grass farm but where to-day there are houses and buildings, and yet the farmer has to walk three-quarters of a mile to a mile to get his mail. In western Ontario particularly, which I know better than any other part, a resurvey of the rural mail routes should be made to serve better the rural people in that part of the province.

Mr. HANSELL: I was quite interested to hear the hon. member for Mackenzie pay a tribute to the government for the example which the post office is of public enterprise, but of course there never has been anything else but government management of the post office. It is one department where there is absolutely no competition, and I do not think it is a just comparison because, if there were any competition, the post office picture might not look quite so rosy. Again, I do not know that we can be so proud of some of the post offices that we have to go into. I know the method which the minister has described, that some of the offices are what are known as revenue offices and some of the postmasters are revenue postmasters. They supply the best equipment they can and at the same time make a living, which means, of course, that some of the post offices are very dingy, some broken down, needing electric light bulbs so that we can see to write our name on an envelope, and lacking in other respects. I am quite certain that if there were any competition many of these post offices would not do very much business.

Since this is one department of government that is revenue producing, it is only natural that we can expect it to show an annual profit. This is one public enterprise that believes in the profit system, because it is producing a profit every year; $19,000,000, I think the minister said was the surplus this year.

I would ask the minister when the country can expect a reduction in the postage rate now that the department has a $19,000,000 profit. Since there is no competition, all the government have to do is to boost the postage rate and of course they would have a bigger profit. If they lowered the rate too much they would have a loss. Just how many employees are there in the postal service in Canada, taking in everyone? The government might not have to raise their wages very much to use up that $19,000,000 surplus. There are a good many ways of looking at this matter of public enterprise.

I should like to refer to the mail couriers again. The phrase that they are out in the winter storms has been used by nearly every hon. member who has spoken, and I should also like to pay my tribute to these men. I do not know whether that is what they want to be paid. I think they want to be paid in cash.

Mr. MacINNIS: That is what I advocated. We cannot blame them for that.

Mr. HANSELL: It will be very nice for them to get *Hansard* and to read all the tributes we have been paying them. But what they want payment in is cash, not tributes. I am sure that the people of Canada are waiting to hear from the Postmaster-General about a reduction in the postage rate. Did I hear him say something, or was it just imagination?

Mr. BERTRAND (Laurier): I must correct a few misapprehensions. The Post Office Department cannot give a statement showing the net profit because like every other department our revenues are deposited in the consolidated revenue fund, and for the money we need we come before the house, as every other department must do, and ask in the estimates for the sum that is required to carry on for the next year. That gives the house an opportunity of checking everything that we are doing.

Mr. MacNICOL: Not so late in the session; you cannot do so.

Mr. BERTRAND (Laurier): If we were a company showing a statement, whether we have profits or not, we would have our money in the bank and might not in times like these have to come to the house and ask for a subsidy of $60,000,000 or something like that. We increased the postage during the war by one cent, which has brought to the government about $10,000,000 more in revenue. The department intends to ask for a reduction from the present rate and come back to two cents for drop letters and three cents for the others. Our aim is even higher, but I will not say exactly what it is in case my target is too high. We want as soon as possible to transport all our first-class mail

by plane from one end of Canada to the other so that, as far as the postal department is concerned, the dominion will be only twenty-four or thirty-six hours, or, at the utmost, forty-eight hours large, so to speak. That would be a great thing for the unity of the country. Of course we are waiting on the department administered by my colleague the Minister of Reconstruction to inform us when we shall be able to carry all first-class mail by plane.

Mr. MacNICOL: Would that include the far north, the Yukon and the Northwest Territories?

Mr. BERTRAND (Laurier): Yes, I do not know if it is the intention of the committee to go through the different estimates, but if hon. members would like to go fast I may say that we are asking this year for over $10,000,000 for air mail services. Of course we are losing money on the operation, because it costs us more than it would if we were sending our mail by some other means, especially when we send it into the far north where planes carry very little except mail. We expect to be able to reduce the rate very soon both on land and in the air. We have 39,208 employees, including rural mail carriers. There are a large number of rural mail carriers and sometimes they work only part of the day, but that is the number of employees we have. There are 1,098 at headquarters in Ottawa and we still have 1,651 who are with the army. As a matter of fact, the number is really eleven hundred and something but when this figure was prepared it was 1,651.

Mr. MacNICOL: Why not give the committee a report on the quantity of air mail carried?

Mr. BERTRAND (Laurier): I could do that.

Mr. GREEN: The hon. member for Peterborough West requested me last night to ask a question with regard to salaries paid to postal men. Apparently they were promised an increase of $300 per annum, but instead of being given that increase—

Mr. BERTRAND (Laurier): My hon. friend is confusing what is promised with what is asked for.

Mr. GREEN: This is what I am told. I understand that they were granted an increase of $120 a year, from $1,500 to $1,620, whereas they were led to believe that they would get an increase of $300.

Mr. BERTRAND (Laurier): It seems that I shall have to be the one questioning instead of being the one questioned. I do not know by whom they were promised $300.

Mr. MacNICOL: They asked for it.

Mr. BERTRAND (Laurier): They asked for $300 and were given $120.

Mr. GREEN: Does the minister say that no such promise was given?

Mr. BERTRAND (Laurier): There is no such promise, I am informed.

Mr. GREEN: One other question. I am told that if a person uses the blue airmail form for delivery in Canada the letter is returned; it is not delivered, although the fee for that letter is ten cents, whereas for the ordinary airmail letter it is only seven. Why is that? There is nothing on the form itself to show that it is for use only for overseas. I suggest that if this blue form is to be used only for letters sent overseas a notation to that effect should be printed on it.

Mr. BERTRAND (Laurier): We abandoned the airgraph form in July of this year.

Mr. GREEN: I do not mean the airgraph form but the blue form which is in use. I sent one overseas myself the other day.

Mr. BERTRAND (Laurier): There must be some confusion, because we have no particular form of letters to-day for airmail in Canada, although we did have at the start. We were using a very light envelope. To-day businessmen use ordinary envelopes and letterheads for airmail and the fee is seven cents.

Mr. GREEN: I am speaking of the blue form. A person can go into the post office and pick up one of these forms, and in fact that was done by the person who wrote to me. He did not send a letter overseas but posted one from Winnipeg to Vancouver. He paid ten cents postage and the letter was not delivered in Vancouver. After a long delay it was returned to the sender, and yet there is nothing on the form to show that it must be used only for overseas.

Mr. BERTRAND (Laurier): I shall make inquiries concerning the matter.

Mr. BRYCE: I wish to bring up a couple of matters.

Mr. MACKENZIE: I move that the committee rise and report progress and ask leave to sit again.

Mr. BRYCE: I have waited all afternoon for an opportunity to bring up this matter on behalf of my colleague the hon. member for Winnipeg North. It has reference to the

Winnipeg post office. They have a service once a day now. They had service twice a day before the war. There were 261 employees then and only 228 now, and men are being laid off. There are 103 who went to the services, only twenty-seven having come back. I wanted to bring this matter up to see what could be done.

Mr. BERTRAND (Laurier): I will look into it.

Mr. BRYCE: I am afraid I shall have to leave the matter for the time being because I shall not get a hearing anyway. I will bring it up on another occasion.

Progress reported.

On motion of Mr. Mackenzie King the house adjourned at six p.m.

Monday, December 3, 1945.

The house met at eleven o'clock.

BANKING AND COMMERCE

Third report of standing committee on banking and commerce.—Mr. Cleaver.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 195 for the relief of John Graham Gatehouse.—Mr. Casselman.

Bill No. 196 for the relief of Gertrude Violet Kerwin Desjardins.—Mr. Nixon.

Bill No. 197 for the relief of Winifred Madge Jones Brown.—Mr. Whitman.

Bill No. 198 for the relief of Winnifred Catherine Bird Jackson.—Mr. Benidickson.

Bill No. 199 for the relief of Archibald John Pratt.—Mr. Maybank.

Bill No. 200 for the relief of Mary Theresa Sharp Mackay.—Mr. MacLean.

Bill No. 201 for the relief of Edith Elise Holbrook Hume.—Mr. Maybank.

Bill No. 202 for the relief of Amy Helen Bowerman Hume.—Mr. Maybank.

Bill No. 203 for the relief of Mary Anderson Bell Gordon.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ATOMIC BOMB

Mr. FRASER:

What was the total cost to Canada in connection with the discovery and production of the atomic bomb?

[Mr. Bryce.]

Mr. HOWE: The wording of this question is such that the answer would be, "no expenditure." Canada has not been working on the development of the atomic bomb. It has been working on the development of atomic energy for peace-time purposes. I would not care to answer the question in its present form, other than to say that no expenditure has been made. If the hon. member wishes to reconstruct the question we should be pleased to give the amount spent on the other aspect of the matter.

Mr. SPEAKER: Dropped.

Mr. MACKENZIE: Answered.

SHORTAGES OF UNDERWEAR

Mr. HANSELL:

1. Has the government or any department or board under government supervision received any complaints by way of correspondence or other representation, respecting any shortages of underwear in: (a) Canada; (b) the provinces of Manitoba, Saskatchewan, Alberta?

2. If so, what steps have been taken to alleviate these shortages?

Mr. MAYHEW:

1. (a) Yes, in so far as the wartime prices and trade board is concerned. (b) Yes, in so far as the wartime prices and trade is concerned.

2. For the past two years the wartime prices and trade board has issued production directives requiring underwear manufacturers to manufacture specific quantities of various types of garments within fixed time periods. Assistance has been given these directed manufacturers in securing the necessary materials and labour. As a result, the production of underwear for civilian use has, despite large military procurement, been maintained at high levels. Special emphasis has been placed on the manufacture of children's underwear and nightwear and current production is approximately double pre-war rates.

HOUSING UNITS—QUEBEC PROVINCE

Mr. NICHOLSON:

1. How many permits have been granted for the construction of housing units in the districts of: (a) Ste. Agathe; (b) Ste. Adele; (c) Mont-Tremblant, Quebec?

2. What is the estimated value per unit in each district?

3. Are there any houses being built for which no permits have been issued? If so, how many?

Mr. McILRAITH:

1. (a) 39; (b) 27; (c) 3.

2. (a) $3,746; (b) $3,859; (c) $3,333.

3. Reports have been made to the department alleging that houses have been constructed without a licence in the localities stated in question 1. These reports are being investigated but until the investigator's report has been made, the information asked for is not available.

FIBRES, TEXTILES AND TEXTILE PRODUCTS—IMPORTS

Mr. CASE:

What is the value of imports into Canada for the fiscal years ending March 31, 1941, 1942, 1943, 1944 and 1945, of fibres, textiles and textile products?

Mr. MacKINNON:

Import values of fibres, textile and textile products entered for consumption in Canada during calendar years 1941 to 1944, and ten months' period ended October, 1945:

*Calendar year 1941	$161,138,512
1942	189,065,886
1943	195,283,341
1944	190,575,143
Jan. 1st to Oct. 31st, 1945	163,635,893

*Statistical records are on a calendar year basis.

WOOD, WOOD PRODUCTS AND PAPER—EXPORTS

Mr. HODGSON:

1. What quantity of wood, wood products and paper did Canada export during the fiscal years, ending March 31, 1941, 1942, 1943, 1944 and 1945?

2. What was the value of the export of these products in each of the years, 1941, 1942, 1943, 1944 and 1945?

Mr. MacKINNON:

1. Unit of quantity not recorded on some items in this group.

2. Canadian export values of wood, wood products and paper during calendar years 1941 to 1944, and ten months' period ended October, 1945:

*Calendar Year	
1941	$387,113,232
1942	389,805,396
1943	391,069,658
1944	440,901,011
Jan. 1st to Oct. 31st, 1945	399,635,846

*Statistical records are on a calendar year basis.

AGREEMENT BETWEEN CHANCE BROTHERS, RESEARCH ENTERPRISES AND THE CROWN

Mr. BRUCE:

1. Has an agreement been made between Chance Brothers, Research Enterprises and the crown?

2. If so, what was the date of such agreement?

Mr. McILRAITH:

1. An agreement was concluded between Research Enterprises Limited and Chance Brothers June 1, 1941.

2. Answered by No. 1.

VETERANS ATTENDING UNIVERSITIES

Mr. DIEFENBAKER:

1. Has the government given consideration to increasing the maintenance benefits for veterans who are students attending universities under the educational and rehabilitation scheme?

2. If so, what is the decision?

Mr. TUCKER: These questions seek disclosure of policy and it is not the practice of the government to disclose policy in giving answers to questions.

FAMILY ALLOWANCES

Mr. McMASTER:

1. What number of cheques were issued for each province under the Family Allowance Act, for the month of October, 1945?

2. What number of such cheques were issued for families of 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 children?

Mr. CLAXTON:

1. Prince Edward Island	11,844
Nova Scotia	74,070
New Brunswick	57,245
Quebec	366,080
Ontario	432,984
Manitoba	86,647
Saskatchewan	103,054
Alberta	99,999
British Columbia	101,848
N.W.T. and Yukon	821
	1,334,592

2. See table on following page.

Note: The discrepancy between the number of cheques issued (see answer 1 above) and the number of families receiving allowances (see table on following page) is explained by the fact that in respect of payment to Indians and to children's aid societies one cheque may cover a number of family groups.

Furthermore, a number of adjustment cheques may be issued during one month to a single family covering retroactive payments.

NUMBER OF FAMILIES WHICH RECEIVED FAMILY ALLOWANCES DURING THE MONTH OF OCTOBER, 1945, CLASSIFIED BY NUMBER OF CHILDREN IN EACH FAMILY

Children per Family	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total Families
PROVINCE	NUMBER OF FAMILIES															
Prince Edward Island	4,230	2,965	1,809	1,135	699	453	260	132	65	30	6	3	.....	.....	.....	11,877
Nova Scotia.....	28,703	18,989	11,454	6,552	3,888	2,342	1,174	600	287	112	36	7	2	.....	.....	74,146
New Brunswick.....	19,816	13,790	8,760	5,707	3,809	2,377	1,493	820	429	181	61	18	3	.....	.....	57,264
Quebec.....	111,105	88,012	58,410	39,473	26,167	17,368	11,337	7,225	3,960	1,946	728	210	37	7	2	365,987
Ontario.....	190,376	128,170	60,102	28,810	13,816	6,792	3,427	1,631	678	293	100	18	4	1	.....	434,218
Manitoba.....	36,050	24,633	11,968	6,023	3,026	1,536	783	364	162	44	23	7	2	.....	.....	84,621
Saskatchewan.....	37,412	29,679	16,970	9,123	4,730	2,640	1,324	633	324	107	43	17	2	2	.....	103,006
Alberta.....	38,336	29,486	16,335	8,440	4,129	2,088	986	455	181	70	21	7	1	.....	.....	100,535
British Columbia.....	46,252	33,007	13,506	5,476	2,199	951	439	175	65	25	5	1	.....	.....	.....	102,101
Northwest Territories and Yukon.....	289	201	139	93	54	27	10	7	.....	.....	.....	.....	.....	.....	.....	820
	512,659	368,932	199,453	110,832	62,517	36,574	21,233	12,042	6,151	2,808	1,023	288	51	10	2	1,334,575

COURTS MARTIAL

Mr. DIEFENBAKER:

1. Has the board of review appointed to look into court martial cases authority to review sentences of court martial other than those of penal servitude, detention or imprisonment?

2. If not, will consideration be given to widening the terms of reference to enable the board so to do?

Mr. LAPOINTE:

1. No. At the present time the board of review is only empowered to review all sentences of penal servitude, imprisonment and detention exceeding ninety days passed by court martial upon members of the Canadian army, both in and outside of Canada.

2. At the present time the widening of the powers vested in the board is not being considered.

LOAN TO ROUMANIA

Mr. BLACK (Yukon):

Has the loan of $25,000,000, or of any amount, made by the government of Canada to Roumania been repaid?

Mr. MAYHEW: No. The Roumanian government bonds held by the dominion government mature as to $23,969,720 on April 1, 1968, and as to $359,542.40 on November 1, 1953.

SHIPMENTS OF WHEAT TO EASTERN CANADA

Mr. McCUAIG:

1. How many bushels of wheat were shipped from western to eastern Canada in each of the years, 1940 to 1945?

2. What was the price per bushel paid by the eastern farmer in each of the above years?

Mr. GARDINER: The hon. member who asked this question will have to clarify it somewhat. I do not know whether it is one I should answer, or whether it should be answered by the Minister of Trade and Commerce. It will be noted that the first part of the question reads: "How many bushels of wheat were shipped from western to eastern Canada in each of the years, 1940 to 1945?" From the next question I would assume the hon. member is asking how many bushels were shipped for feeding purposes. If that is what is meant, then it is a question I should answer; if it is not, then I should like the question to be dropped.

Mr. SPEAKER: Dropped.

NON-FERROUS METALS

Mr. ROSS (St. Paul's):

1. What is the quantity of non-ferrous metals and their products exported from Canada during each of the fiscal years ending March 31, 1941, 1942, 1943, 1944 and 1945?

2. What was the respective value of the export of this product from Canada in each of these years?

Mr. MacKINNON:

1. Unit of quantity not recorded on some items in this group.

2. Canadian export values of non-ferrous metals and their products during calendar years 1941 to 1944, and ten months' period ended October 31, 1945:

*Calendar year 1941.....	$244,012,336
1942.....	308,903,239
1943.....	332,704,960
1944.....	339,908,279
Jan. 1 to Oct. 31, 1945...	307,316,646

* Statistical records are on a calendar year basis.

NATIONAL DEBT

Mr. LACOMBE:

1. What was the amount of the national debt in 1939, 1940, 1941, 1942 and 1943?

2. What is the amount of the national debt at present?

Mr. MAYHEW: Figures of the total debt and net debt of Canada as at the end of each fiscal year from 1868 to 1945 will be found in part I of the Public Accounts of Canada, tabled in the House of Commons on November 12, 1945.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MILITARY HEADQUARTERS, CANADA AND OVERSEAS

Mr. PROBE:

With respect to (a) the military personnel on strength as of December 1, 1945, at Canadian military headquarters (overseas), at National Defence headquarters and at the headquarters of each Canadian military district;

(b) to the naval personnel on strength as of December 1, 1945, at Canadian Naval headquarters (overseas), at National Defence headquarters and at the headquarters of each naval command in Canada;

(c) to the air force personnel on strength as of December 1, 1945, Canadian Air headquarters (overseas), at National Defence headquarters and at the headquarters of each air command in Canada;

1. What was the total number on strength in each rank of the service?

2. How many officers of the services of field rank or equivalent included in (1) above, originated in each of Canada's military districts, air commands and naval commands?

SOLDIER SETTLEMENT—MARITIME PROVINCES

Mr. ISNOR:

1. How many regional offices are in operation under the Soldier Settlement and Veterans' Land Act in the maritime provinces?

2. Where are they located?

3. What are the names of persons in charge and members of staff?

4. What is the annual cost of operating each of these offices?

WARTIME PRICES AND TRADE BOARD—
LACHUTE, QUE.

Mr. HEON:

1. What has been the cost of the wartime prices and trade board office in Lachute, county of Argenteuil, since its inception to date for: (a) rent; (b) telephone service; (c) salaries; (d) travelling expenses?
2. How many employees are there in the Lachute office?
3. What were their total individual salaries during the above period.
4. What is the amount of their individual expense accounts for the same period?

SELECTIVE SERVICE—LACHUTE, QUE.

Mr. HEON:

What has been the total expenditure of the selective service office in Lachute, county of Argenteuil, to date in: (a) rent; (b) furniture, equipment, telephone service; (c) wages; (d) travelling expenses?

JAPANESE NATIONALS

Mr. REID:

1. What have been the total amounts expended in connection with the Japanese in Canada since Pearl Harbor to the present time?
2. What is the total amount of money standing to the credit of Japanese in Canada from the sale of properties?
3. How many Japanese would share in the disposal of such money?

PARLIAMENTARY ASSISTANTS

Mr. GAGNON:

1. How many members of parliament or other persons have been appointed parliamentary assistants since 1942?
2. What are their names?
3. What salary was paid to each of them during his term of office?
4. What amount was paid to each of them for expenses during his term of office?

EUGENE PARKER, K.C.

Mr. BLACK (Cumberland):

1. Was Eugene Parker, K.C., of Halifax, Nova Scotia, appointed as counsel for the royal commission on cooperatives?
2. If so, when was he appointed and when was appointment terminated?
3. What allowances for services and expenses per day is paid to him, stating the total amount?
4. What is the name of the legal firm with which Mr. Parker is associated in Halifax?
5. What is the total amount paid to this legal firm and/or all members thereof by all departments of the government including crown companies, since the beginning of the war?

SILVER

Mr. GREEN:

1. How much silver was produced in Canada in each of the years from 1936 to 1944 inclusive and how much has been produced in 1945 up to the last date on which this information is available?

[Mr. Isnor.]

2. How much silver was used in Canada for each of these years and for such period in 1945?
3. What was the average price in these respective periods for silver used in Canada?
4. How much silver was exported from Canada in each of these periods?
5. To whom was such exported silver sold and at what price?

Mr. GREEN:

1. What amount of silver is being held in Canada by the dominion government and for what purpose is it to be used?
2. How much new Canadian silver was used in Canada in the year 1944, and during 1945 to the latest date for which information is available, for the minting of coins?
3. What price, per ounce, was paid to the producers of this silver?
4. What are the estimated requirements of silver for the minting of Canadian coins during 1946?
5. What are the estimated requirements for other purposes for Canada during that year, listing the purposes and the required amounts for each?

VETERANS AFFAIRS—WELCOME, ONT.

Mr. STEPHENSON:

1. Has the Department of Veterans Affairs purchased land at Welcome, Ontario, for small holdings?
2. If so, how many acres?
3. What price was paid for same?
4. How many houses are to be built?
5. What construction, how many rooms?
6. Have any of the houses been started yet?
7. If so, how many, and when will same by ready for occupancy?
8. What water system will they have?
9. What will the selling price be?
10. If for rent, what rent per month?
11. Have any applications been received to buy or to rent these houses at the present time?

MOTIONS FOR PAPERS

LEGAL SERVICES—BORDEN, ELLIOT, SANKEY AND KELLEY

Mr. POULIOT:

For a photostat copy of all cheques received by the government since the beginning of the war from the law firm of Borden, Elliot, Sankey and Kelley, Toronto, in payment of refund of legal fees.

Mr. MACKENZIE KING: This is the first time I have seen a request made for photostatic copies of documents. This introduces something that is new and I think it will have to be considered carefully before assent is given. I am not saying that there may not be cases in which it would be wise to produce photostat copies of documents, but there may be other cases in which that request should not be met. This particular motion asks for the production of copies of certain cheques. Cancelled cheques are not in the possession of the government, and they would not be

available for photostating in any event. Unfortunately the hon. member is not in his seat, but I think in the light of these circumstances the motion might well be dropped.

Mr. SPEAKER: Do I understand that the motion of the hon. member for Temiscouata should be dropped? Is it the pleasure of the house that this motion be dropped?

Some hon. MEMBERS: Dropped.

Motion dropped.

APPLICATIONS FOR RADIO STATION LICENCES

Mr. DIEFENBAKER:

For a copy of recommendations from the board of Governors of the Canadian Broadcasting Corporation, made pursuant to the provisions of section 24 subsection 1 of the Canadian Broadcasting Act, to the Minister of Munitions and Supply and/or the Minister of Transport, dealing with applications for radio station licences since January 1, 1944.

NATIONAL HOUSING ACT

LOANS AND GUARANTEES—AMENDMENT OF RESOLUTION OF OCTOBER 9

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That the resolution of October 9, respecting a measure to amend the National Housing Act, 1944, be amended by adding the following resolution thereto:

That under the said measure expenditures may be paid out of the consolidated revenue fund to an aggregate amount not exceeding five million dollars incurred under or in carrying out the provisions of part V of the act.

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

Motion agreed to.

VETERANS AFFAIRS

UNIVERSITY STUDENTS—ISSUE OF MAINTENANCE CHEQUES

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, I should like to ask the Minister of Veterans Affairs what steps have been taken to prevent a recurrence of the unwarranted delay which occurred in the issuance of maintenance cheques to veteran students at the university of Saskatchewan and if other veteran students at other universities have experienced the same difficulty.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): This matter was brought to my attention two weeks ago by a telegram, and also by the hon. member for Lake Centre. Immediate action was taken and cheques were issued at the end of the month. The last ones will be issued on December 4, which will be to-morrow.

SERVICE PERSONNEL

QUESTION AS TO RAILWAY FARES AS OF JANUARY 1, 1946

On the orders of the day:

Mr. WILLIAM IRVINE (Cariboo): I should like to ask the appropriate minister if there is any intention of increasing the fares on January 1, 1946, of soldiers travelling through Canada.

Mr. MACKENZIE KING: That could stand as a notice.

Mr. SPEAKER: I did not understand the question of the hon. member.

Mr. IRVINE: I am asking the appropriate minister, probably it is the Minister of Veterans Affairs, if it is the intention of the government to increase—

Mr. SPEAKER: I would ask the hon. member to place his question on the order paper.

Mr. IRVINE: There is no need to do that; it is a simple question.

Some hon. MEMBERS: Order.

Mr. IRVINE: Surely the minister can answer whether—

Mr. SPEAKER: I have asked the hon. member to put his question on the order paper.

Mr. IRVINE: I shall not.

Mr. MACKENZIE KING: The question asked by my hon. friend involves government policy and it could not be answered offhand at this moment. If my hon. friend wishes an answer he will have to put his question on the order paper.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

190. Departmental administration, $287,000.

Hon. BROOKE CLAXTON (Minister of National Health and Welfare): Mr. Chairman, as this is the first time the estimates of the Department of National Health and Welfare have come before the committee I think it

might be convenient to hon. members if I described briefly the organization and functions of the department.

It was created by the Department of National Health and Welfare Act, chapter 22, statutes of 1944, which received royal assent on July 27, 1944. That act was proclaimed on October 13, when I was appointed its first minister. The department took over the health branch of the department of pensions and national health. That department had been created in 1928, when the old department of health and the department of soldiers' civil reestablishment were amalgamated. The department of health itself was created in 1919.

When the Department of National Health and Welfare was created on October 13, 1944, the health branch of the department of health and pensions, which was taken over, had a total personnel of 387. At that time the new department had no administrative staff whatever, and no staff in the welfare branch. It was a time, as hon. members know, of great shortages of space and personnel, and at first the work of the department had to be organized from offices in the House of Commons. Later the administration has been carried on from offices in the Birks building, and only now, more than a year after its creation, is the department being gradually assembled in one place, in offices in the Jackson building.

The health branch had a number of different functions. It administered many acts of this parliament which went back even to pre-confederation days. I might list them for the convenience of hon. members:

(a) The Foods and Drugs Act;

(b) The Opium and Narcotics Act;

(c) The Proprietary or Patent Medicine Act;

(d) The Quarantine Act;

(e) The Leprosy Act. The health branch also furnished services with regard to

(f) Maternal and child hygiene;

(g) The examination of immigrants;

(h) Nutrition;

(i) Public health engineering; for example, public works health service; public health on railways, steamships, et cetera, and particular jobs such as water supply at military camps;

(j) Sick mariners service, which since confederation has provided medical and surgical treatment to members of crews of vessels in the classes specified in the Canada Shipping Act. In addition the department makes certain grants to institutions to assist sailors;

(k) Venereal disease control, including assistance to the provinces, coordination of various controls, the distribution of drugs used in veneral disease treatment;

(l) Administration of the laboratory of hygiene, including testing and establishing of standards for food and drugs, standardization of reagents, studying sources of vitamins, et cetera;

(m) Control of food and drug advertising and labelling;

(n) Cooperation with other governments in the administration of sanitary conventions, et cetera.

These functions had been carried on, as I say, by the health branch of the department of pensions and national health, and they were taken over by the new department. Since then a number of new developments have taken place, particularly during the last year, and new divisions have been created to deal with the following matters:

1. Health insurance studies, the purpose of which is to extend the studies that have been carried on by this department and by parliamentary committees in the past.

2. Dental health.

3. Civil servants' health. That was announced in May, 1945, in consequence of authorization being given by the government to supply a service to civil servants which would put the Dominion of Canada on a footing with other good employers with regard to the health service to be furnished to the civil service, including examination on entrance, periodical examinations, X-ray examinations, emergency treatment, advice on health matters and education on health matters.

4. Health facilities. This division is designed to supply advice and information to government departments, to provincial governments and to other agencies with regard to hospital construction. At present there are not a great number of architects qualified to supply consultative advice and assistance in connection with the construction of hospitals, and we feel it is desirable to have such a man with the required knowledge and to equip him and make his services available to other agencies interested in using them. This course was taken in accordance with a resolution of the Dominion Council of Health.

5. Mental health.

6. Blindness control. The proposals made by the dominion government to the provinces provide for extending the age at which blindness will be pensionable from forty down to twenty-one, and also, in cooperation with the provinces for both preventive and curative services to the blind. We hope almost at once to undertake a survey of the files and medical records of blind people in Canada registered

with the department so as to arrive at exact statistical knowledge of the different causes of blindness and ascertain how much of it is preventable or curable. On the basis of that information we can start some really constructive work in that field.

7. Tuberculosis control.

8. Advertising and labelling control. The purpose of this division would be to coordinate the work previously done in several divisions of the department and cooperate much more actively with those engaged in the pharmaceutical trade, the advertising agencies and others interested in this field, in order to arrive at standards of medicine and health advertising which will be thoroughly understood and readily applied.

9. National laboratory. Last May I was also authorized to announce that we would plan to have a national laboratory in Canada which would, we hoped, put Canada on a footing with any other country in the world, and which would provide us with the last word in laboratory equipment to conduct the public health business of the dominion. This building is being planned now. It is expected that construction will not begin for some considerable time, but when it is in being we hope it will be something of which the Canadian people can be proud.

In addition to these new divisions which have been created, during the year the department has undertaken a number of other activities. It now publishes the *Canadian Health and Welfare Bulletin,* which is distributed free to provincial governments, public health authorities and others engaged in that field. The distribution amounts to 50,000 copies in English and 25,000 copies in French. Already it has had a very good reception. It takes the place of a bulletin previously issued by the department, and represents hardly any increase in cost. The department is also working with other government agencies to develop a film library on health matters and also to develop a very much more complete public health and welfare library. In time we hope to be able to provide the provinces and other agencies in the field with information in regard to everything going on in these fields in other countries as well as in every part of Canada, and in this way serve the interests of the provinces and all others concerned. On November 1 the hospitalization and medical treatment of Indians was transferred to the department, but my colleague the Minister of Mines and Resources will include the presentation of those items in his estimates, because since November 1 we have not had time to take them over. We greatly appreciate his courtesy in this respect.

In the general health field, since the department was created we have endeavoured to get into close personal relationship with the ministers and department of health of the provinces and with all the agencies working in this field, such as the Canadian Medical Association, the Canadian Dental Association, the Health League of Canada, the Canadian Institute for the Blind, the Canadian Nurses' Association, the Red Cross, and a number of others. I am happy to say that all have not only expressed their desire to cooperate but have given every indication of a genuine wish to cooperate in the great work of improving the health and welfare of the Canadian people.

I should say a word about the organization of the welfare department. It started out on October 13 of last year, as I said, with no staff, no quarters, no equipment, and it was faced with the task of seeing that the children of Canada were registered and that cheques were issued by the month of July. There were times when I thought we could not possibly meet that goal, but the thing got going; we commenced the registration of families in Prince Edward Island in February and gained very valuable experience there before undertaking the job of registration in all the provinces, which commenced on March 22 of 1945. At that time we did not even have office space in two of the provinces, and as the forms came in they had to be stored temporarily. In the connection I should like to express a warm word of gratitude to the hundreds if not thousands of volunteer workers in every part of Canada who helped in the work of sorting the forms and generally in the preliminaries of registration. These women were obtained largely through the women's voluntary agencies; many were office women who voluntarily contributed their free services after office hours so that this job of national importance might be done in time.

We were able to make the first payment on July 18 as planned; payments have been made in respect of the months of July, August, September, October and November. The November payment was made about the 18th of the month, and we already have the figures in regard to that payment, which I am prepared to give the committee. It was made in respect of 1,393,546 families and amounted to a total of $19,722,599. The size of this operation I think may be understood when I say that in the month of October alone we had 40,331 changes of address and 92,250 automatic

changes occasioned by the children moving from one age level to another. These automatic changes are made without any action on the part of the parent; they are made from the information we have on file, and are done by changing the address slugs and other equipment used to send out cheques.

The work of registration has been greatly facilitated by the simple form we ultimately selected after a great deal of trial. If you compare the form used in Canada with that in use in Australia or New Zealand or Ireland I think you will see that we have by far the simplest form. We have found that it gives adequate information, and by reason of the cooperation of the Canadian people and the amount of publicity that was given, a large percentage of the forms were properly filled out, although delays in payment have occurred in a considerable number of cases through the forms not being properly filled out. For example, some thousands of forms were sent in with no addresses on them. The applicants inadvertently left off the addresses, and we had no means of communicating with them until they wrote in again. Then we had to relate the form to the letter and see that the cheques were mailed in payment. There have been delays, but I think those delays are almost entirely caught up now. They were due to shortages of space, shortages of staff in practically every province, and considerable shortages of equipment arising from delays in obtaining the machinery and office furniture. But to-day in every province except Quebec applications are dealt with the day they are received, and generally speaking correspondence is replied to the following day. In Quebec that is generally true with regard to current applications and correspondence, but there is still a relatively small backlog of correspondence which we hope to catch up with in the next week, and which will put the whole operation on an absolutely current basis. When it is considered that already six and a half million cheques have been issued and that these delays probably do not affect one-tenth of one per cent of the total it is a record of which the men and women who have worked night and day in the regional offices may well be proud.

This work has been greatly facilitated, and indeed I think was possible only by reason of the very fine cooperation we have received from other government departments. I should like to pay tribute to the accuracy of the estimates made by the dominion bureau of statistics, on which all our calculations and organization had to be based. We had to determine through one means or another, sometimes through the post office and sometimes through other agencies, how many forms in French or in English would have to be available in each part of Canada and in each post office in Canada. It should be remembered that we delivered the forms to households, in French or English according to the language of the householder, so that people did not even have to call for their forms unless there had been some failure in delivery. In arriving at the size of the staff and at the quantity of equipment we had to have very accurate estimates. The dominion bureau of statistics made these estimates on the basis of the 1941 census projected to July, 1945, and they were extraordinarily accurate. We have a statistical service which is not only a great credit to those responsible for it but is essential if an operation of this kind is to be carried on. Also the treasury officials, who have done great work, and the post office and the provincial governments as well as the municipal authorities cooperated generously in seeing that this very considerable operation was carried out on time.

It should be remembered that we have had only four months of operation and have been dealing with fifteen years of backlog of children, so that we have not got down to a month-to-month basis. When the bill was being debated in July, 1944, I gave the house an estimate of the cost of family allowance administration in the Department of National Health and Welfare itself; I said we thought it would run not higher than two per cent, and closer to one per cent. I am glad to say that our estimate or guess was well within the limits of actuality; it looks now as if we shall be able to get through the first year with a cost of one per cent and in future years at considerably less. The estimate of staff I made at that time was that we should have 500 in the offices; at present we have 450, with a considerable additional number of casual employees who have been there to take care of the peak load. It may be that we shall need, when the operation settles down, rather more than 500, but it is still too early to say that. On the other hand I said that we would need a field force of 500, and we shall certainly not need anything like that figure. I said that the number of treasury officials would likely total 600; on November 14 they totalled 583. So that generally speaking the estimates were sound, and the aim we set for ourselves at that time has been bettered.

We decided, after considering the whole subject, that this job could be done only with complete decentralization. Family allowance registrations were made in respect of the children in each province, and the family allowance office where they were made was in the capital of each province. Cheques were issued from that regional office at the capital, and the correspondence was conducted from there. That permitted us to do this very large job of organization. We could not have done it in time had we tried to do it at Ottawa. For one thing, the mails would have been swamped at the end of each month. The total family allowance staff at headquarters in Ottawa totals the rather extraordinary figure of seven.

During the year, in accordance with the intentions expressed when the department was established, the administration of the old age pensions branch, which had been with the Department of Finance, was transferred to the Department of National Health and Welfare.

The department like other departments of government, was also occupied during a considerable part of the year in working on studies which led to the proposals of the dominion government which were put before the dominion-provincial conference. The proposals regarding health and welfare matters will be found in the green book, as we call it. That contains the proposals of the dominion government, set out at length. I will not refer to them except to mention that those with regard to health include:

(a) A grant for planning.

(b) A system of health insurance on a nation-wide basis to the administered by the provinces, to which the federal government would contribute approximately sixty per cent of the cost, which would give Canadians in every part of Canada complete health service.

(c) A programme of health grants under eight different heads, which would total some $13,000,000 and which would provide a very much larger sum, through provincial contributions to be spent on public health measures as well as on preventive and curative medicine.

(d) Assistance in the construction of hospitals whereby provincial and municipal authorities could borrow money at cost.

These proposals also include the change in the provision for the blind, which I have mentioned, and also a change in old age pensions whereby an old age pension of $30 a month would be payable to everyone in Canada without proof of need at the age of seventy and a similar pension would be payable to those needing it, between the ages of sixty-five and sixty-nine. The proposals with regard to old age pensions would cost the federal government about $217,000,000 a year, and the proposals with regard to health, if fully implemented, would cost the federal government something like $160,000,000 a year. These proposals are before the provinces now and are receiving their consideration.

That, Mr. Chairman, completes this brief statement of the activities and organization of the department. This department is, I believe, the only one which is by statute charged with responsibility for seeing to the health and welfare of the Canadian people in the federal field, and I believe I am the only minister who is by statute expressly charged with responsibility for seeing to it that these two ingredients of human happiness, health and welfare, shall be attended to in so far as it is within our power. We have been conscious of that responsibility, and we are conscious also of the fact that we have not made along every line the progress we should have liked to make. But in view of the times and of the transition from war to peace, I feel that the officers and employees of the department have reason to congratulate themselves on a good first year. I hope they will feel encouraged by the results so far obtained and that on the foundations laid in this first year we shall be able to build the health and welfare of the Canadian people.

I should like to say a further word in appreciation of the splendid staff in the old health branch of the Department of Pensions and National Health which, when transferred to me from the Minister of Veterans Affairs, we found to be staffed with a group of public servants whose devotion to the public service and the welfare of Canada it would be hard to exceed. They have fitted into the new organization and we are now, we believe, a well integrated unit, and can build on the foundation already laid.

I believe that health and welfare are two matters in which all hon. members of this house, irrespective of party, and every person in the country, are vitally interested. We have had nothing but the best of cooperation from everyone. I believe that cooperation will still be forthcoming, and it is in that spirit that I lay these estimates before the committee for its consideration.

Mr. IRVINE: Is there any grant in the estimates this year for the Registered Nurses Association of British Columbia?

Mr. CLAXTON: The situation with regard to nurses is this. At the beginning of the year 1942, a grant of $115,000 was made to the

Canadian Nurses Association. That was increased to $200,000 in 1943-44 and to $250,000 in 1944-45. In this year an amount of $159,950 was fixed as the association's estimate of the cost that it would incur in completing the operations already undertaken. It is not contemplated in these estimates that any grant will be made to the Canadian Nurses Association or through them to the Provincial Nurses Association for work in peace time. These grants were made to accelerate the recruitment and training of nurses in war because of the special needs of the defence forces and the Department of Veterans Affairs. They had an important effect in stimulating training and recruitment, but it is not intended to carry that grant into peace time. It would be difficult to justify a grant for nurses unless similar grants were made for training doctors, dentists, and others. As all hon. members know, the organization and training of all those classes of professional workers come exclusively under the jurisdiction of the provinces.

Mr. IRVINE: The matter that I am most interested in at the moment is this. I understand that the association, anticipating the continuance of the grant to which the minister has made reference, had made their plans and commitments, and the discontinuance of the grant appears to have come in the middle of their fiscal year. If the minister will say that his department will make good any such commitments, then that will satisfy my question at the moment.

Mr. CLAXTON: The estimates provide for all commitments made being met.

Mr. DIEFENBAKER: I should like to bring to the attention of the minister one matter which he did not deal with in his factual and interesting resume of the affairs of his department, which, as he says, is entirely removed from the question of partisanship. During the past twenty-five years there has been a marked extension of health services and in improvement of conditions of those why by reason of disabilities of one kind and another are unable to enjoy the standard of living which we believe is the minimum for all. While much has been done in the matter of old age pensions, there is still much more to be done. Pensions for the blind, family allowances, and the like have been provided but there is one section of our population which faces difficulties that ought not to exist. I refer to those who while not blind are physically crippled. All of us know of persons who by reason of congenital crippleness or as a result of accidents are unable to carry on and therefore become a charge on their relatives. Often those relatives are unable to carry on and furnish themselves with the proper standard of living. I do not know the extent to which the minister has statistics on this matter, but it would be of interest to find out how many throughout the dominion are cripples and therefore unable to earn a living. A number of the crippled have formed themselves into organizations and memorialized the minister and communicated with hon. members. I think this is a field which has been neglected. I do not want to go into individual cases, but instances have come to the attention of all of us of the breadwinner, sustaining injury under such circumstances that there is no right of recovery under the provincial workmen's compensation act, and certainly no right of recovery under common law. There is no provision for persons in that category. I shall not discuss in detail the project which has been placed before hon. members in this regard, except to say that the requests made seem to be reasonable. In more than nine other countries provision is made for persons in this category. One can never hope to give them the standard of living that they would have if they had the full use of their faculties, but at least something should be done.

I am not making any emotional appeal in this regard. Any one of us could do that, but something should be done to assist these people. I place before you, sir, the project in general, which is this: In addition to the question of hospitalization, which is being dealt with in the provinces, they suggest that crutches, splints and so forth be supplied to those who can move around, and wheel chairs to those where treatment has failed, in order to give them an opportunity to earn at least a partial living under our competitive system. They ask that classes be set up with specially trained teachers in trades or handicrafts. We are more proud of the training which the Department of Veterans Affairs has given to amputation cases from the armed forces, thus enabling them with dignity to take their part in the battle for life without any suggestion of charity, which so many resent.

I think that without any unnecessary expenditure in connection with setting up new facilities, new structures and the like, the plan followed by the Department of Veterans Affairs is one which might very well be extended to cripples in civilian life. To begin with, in my view some opportunity should be given to civilians to take advantage of the courses which to-day are being given to veterans.

Finally, we have recognized the principle that persons who are working under severe physical handicaps and are unable to earn a fair living are entitled to pension allowances. Pensions are paid to the aged, and there is the scheme of family allowances in respect of the young. Consideration should now be given by the department to the extension of pension privileges to those who, by reason of physical disablement are unable to carry on and to acquire financial resources. I would ask the minister to give the committee the benefit of his views in this connection, and an estimate as to the cost of such a project on the basis of statistics available to him, with pensions being paid at a rate similar to that paid to-day in respect of old age pensions.

As I indicated a minute ago, this is the kind of submission concerning which one must be restrained. It requires consideration of a state of affairs in every part of Canada which has led to the existence of conditions we should not permit. The suggestion I make is one which I am sure the people of Canada as a whole would support, in the belief that it is necessary to the well-being of this very considerable portion of our population.

Mr. MacINNIS: I wish to commend the minister and his department upon the efficient manner in which the family allowances scheme has been put into effect. Members of parliament usually find out whether or not these matters are functioning efficiently and smoothly. I represent a large working class constituency, one in which there are a great many children, and it gives me pleasure to say that I have received only one complaint from that constituency in connection with family allowances.

The committee must realize that the minister is heading a most important department, one which in the years ahead in my opinion will increase in importance and in the work it has to do. We are just beginning to appreciate in Canada the enormous scope of social work which only the federal and the provincial governments can carry out.

Perhaps one of the most satisfactory points the minister brought out was that in regard to the decentralization which has taken place in connection with the administration of his department. A few weeks ago I had the opportunity of reading the debates which took place in this house and in the other place in 1927 when the Old Age Pensions Act was finally passed. It is amusing to note the expressions of opinion given at that time, particularly in the other place, respecting the extreme dangers involved in passing a measure of the kind—the effect upon the morale of the people of Canada; the taking away from the family of the right, duty and obligation to look after such members of the family as were unable to look after themselves. The gentlemen in the other place appeared to be deeply concerned about the dangers implicit in that small excursion into social services. Whether we like it or not, the development of our social and economic system leaves no alternative between that of increasing our social services and leaving large masses of the community unprovided for.

The point made by the hon. member for Lake Centre was well taken. Not only should we provide for persons who have reached the age at which they are eligible for old age pension; we should look after those who, for no reason whatsoever within their control, are unable to earn an income which would permit them to provide their own living. There is no reason why the man or the woman who has reached the age of sixty-nine, sixty-eight or sixty-five, whatever it may be, should have to depend upon charity, if he or she is not able to earn an income, while the person who has reached the age of seventy, as the act now applies, may receive at least a small income which prevents the seeking of charity. Whether we like it or not we shall have to make provision for everyone in the country who is not able, or who for some other reason is prevented, from earning a livelihood. To-day this should present no difficulty, because our increased production and our ability to produce wealth in the past few years has so largely increased that we can provide almost an unlimited income.

I am pleased again to commend the minister and his department for the excellent work they have done, particularly in connection with family allowances. I hope we may soon go on to the point at which the department will be in a position to erase from every household in Canada care and worry arising from poverty or inability of the breadwinner to earn an income.

Mr. GLADSTONE: I should like to support the remarks of the hon. member for Lake Centre with regard to persons in unfortunate circumstances who, because of trouble or disaster of one kind or another, are unable to do any work. Reports have come to me from lady investigators of the provincial governments respecting many cases which do not fall within that group to which relief measures could be applied. They tell me that these cases are really the most serious they run into in their investigations. There are some who have been bedridden for

years and are a heavy charge upon their families. Some means should be found of giving some consideration to these people.

I should like to ask the minister if in connection with his relations with the provincial governments he can undertake some investigation of silicosis. This disease is altogether too prevalent in industries such as moulding shops and rubber factories, and many of the workers end up in a sanatorium. I have no doubt that some investigation has been made, but it should be followed up to see whether some means cannot be worked out of preventing this disease. I commend this as a matter to be investigated by the minister in cooperation with the provincial governments.

Mrs. STRUM: Mr. Chairman, I want to compliment the minister upon a number of things; first, upon his social vision. There was a time when I feared that the family allowances scheme would have to wait until our own group took office, but I was delighted to see the administration introduce it. I like the method very much; I like the efficiency and the principle upon which the whole thing is operated. I am glad that there are two alternatives open to these families; they can accept the family allowance and return it through income tax if it raises their income beyond a certain limit, or if their income is below that level they can take it without having to give anything back.

The principle of family allowances is sound. The idea of investing in youth is an excellent one, not only from the moral and idealistic point of view, but also from the point of view of actual investment. If we could extend the same principles and vision to the administration of the Old Age Pensions Act we would accomplish a great deal.

The old age pension group is the most pitiful section of our population. I have received many letters from these people, and I know many of them personally. I know old men who during the last two or three years have almost brought on physical break-downs in their efforts to earn a few dollars to supplement the most inadequate payments on which they are expected to get through the winter. Having made a few dollars in the harvest field, perhaps stooking or attempting in some other way to help bring in the harvest when it was so essential to the war effort, this is the sort of thing they get in their mail boxes:

Dear Sir or Madam:

As a result of improved crop conditions throughout the province, and the consequent improvement in the income of many pensioners, we are reminding you of the necessity of reporting all income received by you in excess of fifty dollars.

We would like to point out that it is in your own interest to advise us of the receipt of income at the time it is received, and have the pension adjusted immediately, rather than to have us ascertain at a later date that you had excessive income—

These people with an excessive income of $25 per month!

—which would make it necessary for us to suspend your pension to recover an overpayment at a time when you could ill afford to have your pension suspended.

I have known of old men who earned a few dollars with which they bought victory bonds only to find their pensions reduced, or withheld in full for a short time. This is a shameful condition. If some of these people have the energy and ambition to try to add to the inadequate sums they receive in order to get themselves a little comfort, perhaps a little coal for the winter; in order to pay the rent themselves or to be self-sustaining and regain a little self-respect, it is shameful that we should penalize them like this.

There are few of us who have not some physical ailment as we get older; people rarely reach old age without having illness. There are certain conditions that require treatment. The only province so far that has undertaken to provide for the needs of old age pensioners is the province from which I come, Saskatchewan. I hold in my hand a copy of a blue card which every pensioner received on January 1, last year. This card allows the old age pensioner who is ill to have a doctor, or it admits him to hospital; it supplies him with drugs or appliances like glasses or anything else that he may need. We thought that this was the proper way to provide aid for our pensioners, although we had already added to their pensions to the extent of $3 per month. The pensioners in Saskatchewan all have the advantages of this card, and in addition they have an extra $3 per month, bringing their pensions up to $28 per month.

Mr. GREEN: Some of the other provinces pay an additional $5 per month.

Mrs. STRUM: We felt that this would be better for these people than to add a few dollars to their pension cheques.

Mr. GREEN: And they provide medical benefits too.

Mr. MacNICOL: I would advise the hon. member that we have provided medical attention in Ontario for some years.

Mrs. STRUM: Does that cover drugs, appliances, surgery and hospitalization?

Mr. MacNICOL: It covers medical attention.

Mrs. STRUM: Just medical?

Mr. MacNICOL: I do not know what that covers.

Mrs. STRUM: We provide surgery, drugs, medicine, appliances, and everything the old age pensioner may need without limit. This came into effect on January 1 last year. By the way, we also provide for our widows and dependents. They receive a similar card, except that it is white, which covers the widow and her children.

In addition to providing sufficient income for old age pensioners, I think the time has come when we should do something about the housing of these people. I realize that this subject would more likely come up under housing, but we should recognize that Canada as it stands to-day is the result of the energy, ambition and initiative of these people; that what we have to-day we owe to the men and women who are now in that particular period of their lives. It is only just and natural that we should recognize the great gift that they have given to us. If we intend to put purchasing power in the hands of as many people as possible we cannot afford to keep this section of our population on such a low spending level.

There are other persons who are not covered as yet. I was delighted when the minister submitted the proposal which is now under the consideration of the dominion-provincial conference. This is a tribute to the vision of the minister in charge of this department. I am glad that he has departmentalized the assistance that he is asking the provinces to cooperate in providing. The planning and organization grant is an excellent thing. I am glad that he has included general public health, tuberculosis, mental health, venereal diseases, crippled children and all others. In our province we shall immediately be able to take advantage of that tuberculosis grant, and the mental health grant, because we have already made mental health treatment free to our people; and the venereal disease grant, which we have made free, and penicillin, which we supply free to our doctors. But I wish the minister would include cancer, because cancer ranks as a killer away up at the top, second only to heart trouble. We have made the care of cancer completely free to our people, including hospitalization, surgery and all other things such as deep ray and radium that are used in its treatment. I hope that the minister will include cancer in a separate category along with these other valuable things that he has set out.

But in addition to the people who are covered here, there is one group that we have not yet made provision for, and that is the blind who fall between the ages of sixteen and forty. I understand that the blind pension starts at forty, and the family allowance is cut off at sixteen; so there is a period in the life of a blind person between sixteen and forty years of age when he or she must depend on the care of relatives or go on municipal or provincial relief. Many of them perhaps could be assisted in learning a trade to support themselves. I do not think we should leave it to chance; we should start the pension for the blind where the family allowance leaves off.

Then there are the arthritics. Mention has been made of crippling diseases, but the rapidly increasing rate at which arthritis is spreading demands I think that we give it special attention. It is something that we do not know a lot about. There are a great many theories and a great many suggested treatments, but the painful and extended nature of this disease demands I think special attention. In moving about the country I have been alarmed to notice the number of people you meet who have been in wheel chairs for years and who have suffered incredible pain and are a terrific burden to their family.

I do not think that there is much more that I need to say except this. I wish the minister could see fit to extend to the old age pensioners the same conditions and the same type of administration that is now set up for the family allowance. I wish we could abolish the means test now; I wish we could increase the pension now. We are proud that the level of our family allowance compares so favourably with that paid in other countries. We who have such a rich country, such a big country, such tremendous potentials for production, should be satisfied only when our country leads, not when we approach or favourably compare with other countries. We who have so much should be satisfied only when there is abundance in every home and security for every Canadian regardless of age or condition.

Mr. BRUCE: Mr. Chairman, I listened with interest to the statement made by the minister of the new Department of National Health and Welfare. Although it did not contain many details which some of us would like to have, I presume he will give these in breaking down the various items for which supply will be voted later on. I understood him to say

that sixty per cent of the cost of health insurance would be borne by the federal government, and if so I consider it a very fair proportion.

I did not hear what amount of money would be available for the construction of new hospitals generally throughout the country, and would ask the minister to tell us the amount which will be appropriated for that purpose. Owing to high taxation, excess profits taxes, corporation taxes and succession duties, the money which formerly was available from private sources for hospital construction has to a large extent dried up, and therefore it is up to the federal government to make a considerable contribution for this purpose. The federal government has taken this money from the people so that they are no longer able to make the contributions they formerly did during their lifetime, and they have ceased to make provision in their wills for the construction of hospitals. They think, and quite rightly, that succession duties will take a much larger amount out of their estate and there may be nothing left with which they might otherwise have contributed to such benevolent purposes as the building of hospitals. So I think there is every reason to expect the government to make a very considerable contribution to hospital construction and maintenance. It might very well be done on a percentage basis, with the government paying one-fifth, say, or one-tenth or some other proportion of the amount raised by public subscription or contributed by municipal and provincial governments. I would ask the minister to take this suggestion into consideration and to give us a decision later.

The minister also spoke of national laboratories. I am glad to know that something is being done in that regard in a very large way when I hope proper provision will be made not only for equipment but for the salaries of research workers. I suggest that a very large sum of money be set aside for research. It is a well known fact that research in medicine in Canada has been starved, and that we spend only a very small proportion per capita of the amount that is spent by other countries on research. It is hoped that Canada will take its place among the nations in providing sufficient money to promote research in a much larger way than hitherto. We have had evidence in this house in past sessions of the need for research when one of our members urged that a certain remedy which was found efficacious in a city in the west should be assisted by a federal government money grant. Ultimately I believe some steps were taken in that direction; but if we had had our laboratory here properly equipped and staffed, it would have been very easy to have this claim of a cure for cancer investigated and the results made known. It is the duty of this government to provide a considerable sum of money for research in cancer, as well as in many other diseases for which cures have not as yet been discovered.

I was glad to hear the minister speak of venereal disease control, and wish to commend the department on the splendid work done by Colonel Williams under the former minister. He instituted control throughout Canada, and stimulated the various provinces into similar activity, so we may hope for considerable improvement in the control of this devastating disease.

I should like to speak of another class of cases for whom assistance should be provided in a very large way, that is, the cases to which the hon. member for Lake Centre referred a moment ago, which would include incurable cases of cancer, paralysis and many other diseases. The accommodation for these people is inadequate throughout Canada. In the city of Toronto we have a home which was formerly called the Hospital for Incurables, but the name of which has been changed to the Queen Elizabeth hospital, which was built almost entirely by donations from private individuals. Recently it has extended its accommodation, but still there is a long waiting list of people who never can be accommodated there. I believe the provincial government is doing something in different parts of the province in regard to the hospitalization of chronic cases, and I suggest to the minister that the federal government make a very considerable grant toward the erection of hospitals throughout the country for these incurable cases.

I do not intend to go into all the other matters mentioned by the minister, because I presume we will have an opportunity of discussing them as we go through the estimates item by item. I should like to say just a word on something the minister mentioned, namely, that health insurance has been referred to the provinces. For two sessions I sat as a member of the social security committee considering the question of health insurance. If I may say so, we did a great deal of hard work and received a great deal of information from interested bodies throughout Canada. Our committee received some 116 presentations, and after very careful consideration a draft bill was drawn up called an act respecting health insurance, public health, the conservation of health and the prevention of disease. Of course this legislation could not be put through parliament at that time because it contained a money provision requiring contributions from the provinces; and until the dominion-provin-

cial conference was held and a decision reached as to the amount to be contributed by the federal and provincial governments respectively one can understand that this measure could not be finally dealt with. However, from what the minister said I take it that this bill now is to be superseded by some other arrangement. I should like the minister to clarify this subject, because I had hoped that this bill might still be incorporated in any arrangement made with the provinces. We drafted a model bill which the provinces might use for the purpose of enabling us to have some uniformity in health legislation throughout Canada. If that is not done we will have nine different kinds of health insurance in this country, and I should be very sorry to see that happen because I think it would materially affect the efficiency of any health act. We devised an act which is comprehensive, providing medical, surgical, obstetrical, dental, pharmaceutical, hospital and nursing benefits, and which I believe is an improvement over any health act in operation in any country. Certainly it is an improvement on the act in operation in Great Britain, because they provide only general practitioner services whereas in the act proposed here we provide specialist services, and many other benefits not included in the British Act.

Let me repeat that in my opinion it is highly desirable that there should be one national health-insurance act for Canada which should operate in all provinces. Special provisions may be made to meet local conditions in any province; and it should be possible to do this under the terms of this national act. If the provinces desire to make any changes in the act of course that is their prerogative, but I would dislike to see nine different health acts in Canada. I believe it would make for confusion, inefficiency and additional expense. I understand that already certain proposals made to the provinces in regard to this matter have not met with the approval of all. For instance, a diagnostic service is proposed by Manitoba and preferred by them to the visiting nursing survice. Alberta does not like the nursing service either, and I understand that British Columbia has made counter proposals. So it would appear that there is not likely to be unanimity as far as health insurance legislation is concerned if the provinces individually are allowed to provide whatever health services they wish, and receive grants from the federal government.

I should like to say further, because there is some little conflict of opinion in regard to it, that health insurance is most applicable to low wage earners and persons in the middle income group, and should not be all-inclusive of the higher income groups. If it applied to everyone in the state it would be an invitation to state medicine, which I believe to be entirely undesirable and unacceptable in Canada. You may ask what is meant by state medicine? It has been clearly defined as a medical system by which doctors are hired, paid and controlled by the state, there being no free choice of doctor by patient. And the doctor-patient relationship is fundamentally important in the treatment of disease. Health insurance, on the other hand, is a plan which permits the establishment of a fund contributed by the employee and the state, on some agreed basis, out of which fund the doctor of the patient's choice is paid for services rendered. It will be seen therefore that there is a vast difference between state medicine and health insurance.

I may say that the medical profession in Canada do not approve of state medicine and would not operate under it; whereas I believe we have every indication from the Canadian Medical Association and other bodies that they are willing to operate under a system of health insurance. I should like to leave further discussion of this question until the various items are before us. I come now to another matter.

Owing to the acute controversy which has arisen as a result of certain opinions expressed in public addresses in the United States and Canada by the deputy minister of health and welfare, I feel in duty bound, as a medical man, to make some observations. On a previous occasion I did not hesitate to defend Doctor Chisholm in this house when he was under attack, but regeret that I cannot conscientiously do so to-day in spite of the support he has received from seven or eight eminent psychologists in messages conveyed to the Prime Minister; for even psychologists may make mistakes.

Doctor Chisholm is a psychiatrist and a thoroughly trained psychiatrist at that. After graduation from the faculty of medicine in the university of Toronto he engaged in general practice for a few years. He then spent several years specializing in neurology and completed his training in psychiatry at the institute of human relations at Yale university. His psychiatric skill has thus been built on an unusual basis of general medicine and special studies in neurology. When he speaks in this particular field his opinion should be heard with the respect due to his studies. It is also possible that the deputy minister has been unduly irritated by certain criticisms directed at the medical services of the armed forces by members of the clergy, both Pro-

testant and Roman Catholic, especially their concern over the methods of prophylaxis employed against the spread of venereal disease.

In that matter there are both medical and moral aspects. The clergy and many others have properly stressed the moral aspects. Doctor Chisholm may have been almost exclusively concerned with the medical aspects. Even though the Christian position in regard to marriage and self-control is the normative ideal, we have been living in an abnormal world, and Doctor Chisholm had to deal with that situation. Nevertheless, in my opinion, this does not justify the addresses which he made and which have shocked the Christian conscience of the country, since they seem to suggest that there are no standards of right and wrong at all, that there is no such thing as the "natural law," and that there is no creative force in the universe that wills good and abhors evil.

He seems to propose the eradication of prohibitions of all definite moral standards. To him at least, so it would seem, all the moral judgments of society are purely relative and based on no eternal and immutable principles such as the natural law presupposes. While not denying Doctor Chisholm the right to hold any views he wishes as a private citizen, views expressed in public addresses gain in importance and influence by virtue of the high government position which he holds. As I said a moment ago, the expressed opinions of the deputy minister have shocked the public conscience of the Canadian people. For while morals go far beyond the civil law, civil law itself has its sanction only as it aims to prevent evil and to promote the good life.

If we regard morals and the laws of God as only the folly of ecclesiastics, may we not be cutting away the ultimate authority of all legislative bodies that pass criminal legislation? Such theories, in my judgment, attack the fundamental basis of law itself. They attack the very basis on which this house legislates in regard to a vast number of subjects. But they do more, for we are a British people and the British seek to be a Christian people. Since Christianity was brought to the shores of Britain and accepted by her kings and rulers we have never enthroned merely the goddess of reason in Westminster Abbey or St. Paul's cathedral. Though there may remain many un-Christian elements in our society, from the beginnings of our recorded history we have held high both the law of God and the law of man. We British are extremely tolerant, and while we are more concerned with how private people behave than with what they think, we are fundamentally a Christian people. Our king at his coronation in 1937 took the oath, as did his predecessors, to preserve the sanctities and liberties of the church, and sought the blessing of Almighty God on his reign.

In one of the songs extolling Canada, sung by a great many Canadians and heard nightly over some of our broadcasting systems, we express our loyalty to both throne and altar, although certain Canadians do not seem particularly to care for the reference to the throne while other Canadians are annoyed at the references to the altar. A minister of the crown or even his deputy will not, however, cast aspersions on either throne or altar with impunity.

These are my public judgments, but privately, and even as a member of the medical profession, I take the same position. As a believer in God I believe in the moral law and accept the Christian revelation. It is increasingly clear to all social students to-day that the whole of civilization stands on the brink of an abyss. Scientists do not hesitate to express their fears that our world may even be wiped out. Scientists who in the past have seemed most neutral are becoming the champions of the moral law. On every hand voices are heard demanding a return to spiritual values, even though the traditional values may need to have some of their dross and barnacles removed. But in my judgment this is no time in the history of the world to do or to say anything that challenges the moral foundations of life.

Mr. ROSS (Souris): We should all be for Santa Claus in this department.

Mr. CROLL: Mr. Chairman, I too have sat here and listened to the commendation of the minister by various members of the house, and I can assure you that it is gratifying indeed to feel that there are other members who think as I do, that the minister has not only vision but imagination. The administrative job that was done on the family allowances is not only appreciated by the committee, but is a model for the rest of the country. What I particularly like about it is the fact that we are able to point out this particular job to business which always claims the government is inefficient and cannot be run on the same level of efficiency and with the same ability as business. I am sure the minister will share the credit for it with the members of his department.

While we are talking about the deputy minister of health, Brock Chisholm, may I say that I too read his speeches. I thought they were good, I thought they were imagina-

tive, and they were thought-provoking. There is one other thing about them; they must have kept the audiences awake. I think it is invigorating to know that in our departments there are men of vision, men who are not afraid to face up to the truth, who are not fearful of new frontiers or afraid to reach for new horizons. We do not all have to agree with what he said, but he does stimulate and alert our thinking, and that is to the good. In spite of all the hubbub I hope that the minister stands steady. I compliment him at this particular time for maintaining the position which he has maintained to-day. This much I do want to say: if resolution No. 9 on the order paper, which deals with our indemnities, passes the senate, even Brock Chisholm will not convince me that there is not a Santa Claus.

My original reason for rising was to talk about the Connaught laboratories in the city of Toronto. I wish to pay a tribute to three institutions which have had to do with what I have to say, namely, the university of Toronto, the Canadian Red Cross, and the National Research Council. In addition to that I wish to pay tribute to Professor C. H. Best, of the university of Toronto. The best way I can pay tribute to him and the institution is by relating the facts. In September, 1939, at the Connaught laboratories in the university of Toronto, a project for the preparation of dried blood serum, used to treat conditions of secondary shock or burns, was commenced. Most hon. members know that from ten to fifteen per cent of the wounded require some form of transfusion. It may be interesting to note that from June 6 to September the British army used 28,709 pints of dried plasma.

To begin with, the problems were many. First, preliminary studies were made as to the chemical and clinical aspects of plasma. Then it had to be dried so as to make sure that there was no change in the physical or chemical properties of the material. Then there was the further problem of storing the material without its losing its value. As the value of the work was appreciated, naturally the work increased. There was the need of accommodation and funds. Then the federal government took a hand and entered into an agreement with the Connaught laboratories and the Canadian Red Cross on January 1, 1941, whereby the federal government paid for the operation and maintenance costs, the laboratories paid for the management, administration and necessary overhead, and the Red Cross provided the supplies of normal human blood.

It is interesting to note that when Professor Best first started he obtained what blood he could from his own staff, the staff of the school of hygiene and the students of the university of Toronto. His staff consisted of three people, and his accommodation was one laboratory bench, one table, and one bed. As the work increased, the Toronto blood donor clinic was opened by the Red Cross; and as hon. members know some 662 clinics were later opened across this country. I think it is well to record here the names of the men and women who originally helped Professor Best, because they are names to remember. They were: Doctor D. Y. Solandt, Doctor Jessie Ridout, Doctor R. R. Haist, Doctor L. Chute, Doctor E. Fidler and Mr. Campbell Cowan. They did the preliminary and pioneer work, and the process used in preparation of dried serum even now is a direct result, modified in the light of experience, of their work.

Thus, directly or indirectly, serum prepared at the university of Toronto from blood collected from volunteer donors has been used by our troops of the three services from Alaska to the Mediterranean. There never was a shortage. They worked seven days a week and twenty-four hours a day; but it was the Red Cross which really drew the blood. In 1944 they had 868,000 donations in 662 clinics. The staff was almost entirely voluntary; it consisted of physicians, nurses, housewives, and people right across Canada. In addition to that, the Red Cross established laboratories in Halifax, Fredericton, Winnipeg, Saskatoon, Edmonton and Vancouver for the preliminary preparation of serum in cooperation with the universities in those places. Then the laboratories forwarded the partly processed serum to Toronto for the completion of the process of drying.

The university of Toronto shipped over 400,000 bottles of dried blood to the Canadian and allied forces; the Red Cross collected altogether over two and a half million donations, and the Canadian government spent one and a half million dollars. Now I get down to the real crux of the situation. The Connaught laboratories spent $90,000 for direction and overhead, and $54,000 for alteration of the building, a total of $144,000. At the present time the Canadian government has in the Connaught laboratories $100,000 in equipment and $42,000 in unexpended supplies, a total of $142,000. The committee has the two figures. The Connaught laboratories spent $144,000, and the Canadian government has equipment and supplies there to the amount of $142,000. I am not pressing the Connaught laboratories' claim for that extra $2,000, but

I am asking the minister and through him the government that the equipment and the unexpended supplies be left with the Connaught laboratories so that they may be able to carry on the work there. From the indications that the committee have given I do not think there is any need for me to speak any further on the subject at this time.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

TRANS-CANADA AIR LINES

INCREASE OF CAPITAL—CREATION OF CORPORATION TO OPERATE SERVICES UNDER CONTRACT—CONSIDERATION OF SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Reconstruction) moved the second reading of and concurrence in amendments made by the senate to bill No. 21, to amend the Trans-Canada Air Lines Act, 1937.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I think no one could take objection to these amendments. They give an opportunity at this time, however, to direct to the attention of the minister the very great reduction in ocean transport rates instituted during the past two weeks by Pan-American Airways. In my opinion Pan-American has struck a body blow at competition from other airways across the Atlantic by setting as a basic rate $275 one way, or a return fare of $495, an amount which is only slightly higher, if indeed at all higher, than steamship rates.

I should like to ascertain from the minister if he is in a position to advise the house and the country of the attitude Trans-Canada Air Lines overseas units will take in reference to this matter, and whether or not it will be possible to meet this competition, which has been so seriously considered by the director-general of British civil aviation in Great Britain, as well as by those connected with civil aviation in other countries.

All hon. members wish to see Trans-Canada Air Lines give the best possible overseas service, governed always of course by the economy of operation costs and passenger charges. This action on the part of Pan-American seems to go contrary to the principles agreed upon at the international conference which met at Chicago. It is a step in the direction of cut-throat competition if permitted to persist can lead only to great and serious international difficulties.

[Mr. Croll.]

Will the minister give an outline of the situation, with which he more than anyone else is conversant?

Mr. HOWE: Mr. Speaker, the provisions of the agreement arrived at in Chicago are that rates would be fixed by an international air transport association formed under Picao, the provisional organization, such rates fixed by the air transport council to be subject to review by Picao.

The machinery was proceeding in accordance with that agreement. The meeting of the internationl air transport association was being held in Montreal. The committee studying the Atlantic rates happened to be under the chairmanship of the vice-president of Pan-American Air Lines; nevertheless in the middle of the session, Pan-American Air Lines published from New York a rate of $275, one-way fare across the Atlantic. Of course this caused serious repercussions at the meeting then in progress. The United States government postponed the application of the rate for one month, but it was put into effect a week or two ago. The government of the United Kingdom have refused to give landing rights to Pan-American unless they will comply with the rate that will be approved by Picao—except for the provisions of an old agreement made in 1935 which permits two landings each week. Those two landings can be made under that agreement at any rate Pan-American cares to charge. But the United Kingdom have declined to authorize additional landings.

Mr. DIEFENBAKER: The agreement was in 1937.

Mr. HOWE: It was 1937, was it? The question of rates is now being studied by constituted authorities. Whether a rate of $275 one way is too low is a question that can be debated. The manner in which it was put into effect, and the manner in which constituted authority was disregarded are, I think, the more serious points.

Trans-Canada Air Lines is charging rates that were established at the time our service was started, and will continue to do so until a new rate is authorized by the international air transport organization. Meantime our passengers are rather dissatisfied, knowing that they could travel much more cheaply by Pan-American.

Mr. DIEFENBAKER: What is our rate?

Mr. HOWE: There is some exchange problem involved, and I am not just sure as to the amount. I think it is about $560 one way. I believe this matter is bound to resolve itself shortly, but that is the position at the present time.

Mr. MacNICOL: Mr. Speaker, after listening to the hon. member for Lake Centre (Mr. Diefenbaker) I have been wondering if in the very near future we shall not be told that the rates from Seattle and San Francisco to Skagway and Fairbanks have been materially reduced. If so, this undoubtedly would have a material affect upon the proposal discussed by the minister when the bill was before the house in connection with having Trans-Canada Air Lines carry on from Whitehorse to Fairbanks. Is there any rumour of a possible reduction on the Pacific coast similar to that on the Atlantic coast?

Mr. HOWE: There has been a general reduction in passenger rates in the United States. At the present time travellers can travel more cheaply from New York to San Francisco and from New York to Seattle over American lines than they can travel from New York to Vancouver over Canadian lines. The difference is not great, but there is a differential which must in time be resolved. At the present time we feel there is over-enthusiasm for establishing the new rates, and the policy of Canadian lines is to proceed slowly until the matter clarifies.

Motion agreed to; amendments read the second time and concurred in.

NATIONAL HOUSING ACT

CENTRAL MORTGAGE AND HOUSING CORPORATION—DISCOUNTING FACILITIES—CONSIDERATION OF SENATE AMENDMENTS

Hon. J. L. ILSLEY (Minister of Finance): moved the second reading of and concurrence in amendments made by the Senate to bill No. 23, to incorporate the Central Mortgage and Housing Corporation.

He said: Mr. Speaker, the amendments are as follows:

First, a new subsection 2 has been added to section 32 of the bill dealing with the appointment of auditors. The new subsection is based on subsection 1 of section 55 of the Bank Act and sets out the professional qualifications of persons who may be appointed auditors. This amendment is desirable and really covers an oversight in the original draft. The new subsection reads as follows:

(2) No person shall be eligible to be an auditor unless he resides in Canada, is an accountant who has for at least six years preceding the date of his appointment practised his profession in Canada, and is a member in good standing of an institute or association of accountants incorporated under the authority of the legislature of any province of Canada.

The second amendment is that a new subsection 3 has been added to section 34 requiring the board to prepare a report "with regard to the administration of the affairs of the corporation", and this report has to be submitted to parliament. The new subsection reads as follows:

(3) As soon as practicable after the end of each calendar year, the board shall prepare a report with regard to the administration of the affairs of the corporation during the preceding calendar year, and the report shall be laid before parliament at the same time as the copy of the accounts and report mentioned in the preceding subsection.

The general principle of the amendment is, I think, free from objection.

The third amendment suggested is an amendment to section 43 of the bill, to provide that section 42, the section dealing with the repeal of the Central Mortgage Bank Act and the transfer of its assets to the new corporation, will go into effect only when part II of the act is proclaimed. That amendment also is free from objection; indeed it is desirable.

Motion agreed to; amendments read the second time and concurred in.

NATIONAL EMERGENCY

BILL TO CONFER CERTAIN POWERS UPON THE GOVERNOR IN COUNCIL

On the order:

Resuming the adjourned debate on the motion of the Minister of Justice for the second reading of Bill No. 15, an act to confer certain powers upon the governor in council during the national emergency following the war.

Mr. STIRLING: Is the Prime Minister going to explain what the government desires to do?

Mr. MACKENZIE KING: I understood that it was the desire of my hon. friend not to go on this afternoon with bill No. 15.

Mr. STIRLING: That is so.

Mr. MACKENZIE KING: I was expecting him to ask that the order be allowed to stand; that is what I was waiting for.

Mr. STIRLING: I should like to ask for the postponement of the debate on the second reading, because I happen to know that there are three of my colleagues who intended to speak. In conversations which I have had I understand that the government is going to propose some considerable amendments to bill No. 15. It seems to me that it would be desirable to have the reprinted bill in the

hands of hon. members before proceeding with the debate on the second reading. In addition, the leader of the opposition is fulfilling an engagement outside of Ottawa to-day; he will be back to-morrow, and I think this is a matter on which it would be reasonable to consult him as to his views.

Mr. MACKENZIE KING: My hon. friend's request is wholly reasonable; I was expecting it, and was prepared to say that the government would accede to it. My hon. friend has referred to certain important amendments which have been considered and which the minister will be prepared to propose when the bill comes before the house in committee. During the sittings of the coordination committee of the dominion-provincial conference some of the provisions of the bill were under discussion. There were certain objections by some of the premiers to powers that were being requested under the bill. The government undertook to consider the objections that were raised. That has been done, and important amendments have been drafted which we believe and expect will help to meet the objections that have been raised, and incidentally help to meet objections that otherwise might have been raised by hon. gentlemen opposite.

I have in my hand a copy of the bill as reprinted, indicating the proposed amendments. It is the intention of the government to have this distributed at once so that hon. members will have it in their hands to-day. It is not my desire to limit the debate in any way, but there has been an expression from the leaders opposite that this is one measure that it was desirable to get on with as rapidly as possible. After hon. members have had an opportunity of looking at the proposed amendments they may feel that it would be desirable for the house to get into committee as soon thereafter as possible, if there is no exception, and I understand there is not likely to be, taken to the principle of the bill, which is to give the governor in council certain powers required to meet the emergent situation in the transitional period following the war. I make that suggestion in the light of the desire of hon. members to proceed as rapidly as possible with this measure.

Order stands.

EXPORT CREDITS INSURANCE ACT

INCREASE IN AMOUNT OF LOANS AND VALUE OF SECURITIES HELD UNDER SECTION 22

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to provide by amendment to the Export Credits Insurance Act that the aggregate amount of loans made and outstanding at any time and the value of securities purchased or acquired and held at any one time under section twenty-two of the said Act shall be increased from $100,000,000 to $750,000,000.

He said: Mr. Speaker, before you leave the Chair perhaps an explanation would be desirable and then if any questions arise out of the explanation they can be dealt with in committee.

The house will recall that the Export Credits Insurance Act was passed at the session of 1944. There were two parts to that act. Part I established a corporation to engage in the insurance of commercial export credits. This corporation is responsible to the Minister of Trade and Commerce. Part II permitted the governor in council to authorize the Minister of Finance to enter into agreements with foreign governments or their agencies to provide them with credits, or to guarantee credits provided to them by others in Canada "for the purpose of facilitating and developing trade between Canada and any other country."

The purpose of the proposed legislation is to increase the amount which the government may lend to other governments or their agencies under part II of the Export Credits Insurance Act from $100,000,000 to $750,000,000. No alteration is proposed in the amount of the guarantees which the government may give, that is, $200,000,000, or in the amount of business which the insurance corporation is authorized to do.

The government has decided not to introduce amendments to part I of the act at this session, because to do so would unduly crowd the legislative programme. Amendments to part I will be proposed at the next session. Perhaps there will be other amendments to part II, but the main amendments to be proposed at the next session I expect will be to part I. These will include the amendments which were made by order in council last summer prior to the assembling of parliament, when it was necessary to make certain detailed amendments in order to permit the business of export insurance to begin on the most effective basis. The order in council relating to this matter was tabled some months ago. Possibly there will be an opportunity when discussing these amendments for questions in this regard to be answered, but that is a matter for my colleague, the Minister of Trade and Commerce (Mr. MacKinnon).

The purpose of the proposed amendment is to give the government sufficient authority to make loans to allied governments in the next year or two to enable them to purchase supplies from Canada required by them during the period of reconstruction to repair the

damage caused to their countries during the war and reestablish their export trade and normal financial machinery. It is not the purpose of this amendment to provide funds for making loans to the United Kingdom or the sterling area generally. Discussions are proceeding at the present time in Washington regarding credits or a credit from the United States to the United Kingdom, and we expect that Canada will a little later be providing a large credit for the United Kingdom. We hope and expect that as a result of this credit to the United Kingdom she will not need to follow a programme of such rigid austerity as she is following at this moment and will be able to continue to take from Canada in the next year or two most of the products which our economy has been organized to supply to her in the past.

Mr. STIRLING: That will be quite apart from this resolution?

Mr. ILSLEY: Yes. We have not as yet discussed the matter with the United Kingdom and do not expect to do so until they have concluded discussions with the United States. We expect to come back to parliament next session for additional legislative authority to make large credits available to the United Kingdom in one form or another. I therefore do not propose to enter at this time into a discussion of the terms and conditions of credits to the United Kingdom or on the general United Kingdom and sterling area financial and trade situation.

The funds which are to be provided under the legislation which will follow this resolution are to enable us to make loans to allied countries other than the United Kingdom. More specifically, and in accordance with the details which I shall supply, we would propose to use the bulk of this money for loans to our allies in western Europe, the Union of Soviet Socialist Republics, China and the Netherlands East Indies. The government has already told the government of France that if parliament grants the necessary authority we will lend France Canadian dollars to a total of $242,500,000 to make purchases in Canada this year and next year. We have also given similar undertakings to lend the Netherlands $60,000,000 in addition to the $25,000,000 we have already lent that government; to lend Norway $17,000,000 in addition to the $13,000,000 we have already made available to the Norwegian government; and to lend the Bank for the Netherlands Indies, as agent for the government of the Netherlands Indies, a further $50,000,000 in addition to the $15,000,000 already made available.

In the case of Belgium we have agreed to increase the $25,000,000 we have made available to her government by an amount still to be determined after further consideration of her requirements in Canada and the means of financing them. The amount and terms of a loan to the government of China are at present under discussion with representatives of that government, but we have indicated our willingness to lend an amount to China to enable her to finance part of her post-war requirements in Canada. We are also negotiating with the U.S.S.R., which is interested in obtaining loans from Canada to purchase some supplies originally requested as Mutual Aid, the production of which has been under way, as well as credits to buy other exports for which will be placed with the U.S.S.R. after agreements upon the credits. As yet no amount for a credit to U.S.S.R., apart from the small one of $3,000,000 already reported to the house, has been decided upon pending further discussion about terms, but I feel that in forecasting our requirements we should make liberal provision for the needs in Canada of the U.S.S.R.

In addition we have had inquiries from several other allied countries, and it may be that some countries in the sterling area, India, for example, may wish to get credits from us quite apart from any large credit provided to the United Kingdom. We have not yet reached the stage of negotiating with any other countries than those I have mentioned, but we feel that we should have a modest margin to meet new situations.

The basis, then, of the figure of $650,000,000 in addition to the present $100,000,000, is to provide the specific amounts which I have just mentioned—to France, the Netherlands, the Netherlands Indies and Norway—to enable us to conclude negotiations and provide reasonable amounts to Belgium, China and the U.S.S.R., and to leave us some margin for other requirements which may develop in the future.

The house may wish to know something about the major policies being followed in determining these loans. In the first place we are recognizing Canada's interest in the economic reconstruction of the allied countries. Canada has an immediate interest in reviving and developing our export trade during the reconstruction period, and the orders that have been placed by these countries have already been of great value. The credits have enabled our European allies particularly to place large orders with us not only for food and materials but for manufactures, railway equipment, ships and so on.

Then we have a longer term interest in developing export trade, apart from the immediate or short-term interest. We hope that the furnishing of these credits will lead to a better export trade and a better import trade also in the future. This will be the case if our allies can undertake the tasks of reconstruction soon and carry them on effectively and if they can reestablish their own trade. If this is the case we can look forward to a far better trade with them and with others who sell to them.

We have a security interest as well. If Europe and Asia are economically healthy, wars are less likely to break out. Canada of course cannot tip the scales in this matter but is prepared to recognize that it can help. In the second place we are prepared to accept the risks of lending for reconstruction purposes within reasonable limits and where we recognize that Canada's interests are involved. There are risks now in making loans to almost any country, substantial risks in many cases. The future of international economic affairs is still very uncertain, and at this time I need hardly point out that there are still political issues to be settled in many parts of the world. But if Canadian interests are to be recognized and acted upon we must take these risks. We cannot reasonably expect private investors and private enterprise to resume these major international risks at present. Therefore the government is doing so.

In the third place we are not charging allied governments a premium to cover the risks we are assuming during the period of reconstruction. We accept these within the limit of our Canadian interest as part of the cost of promoting Canada's interest in the reconstruction of allied countries. Consequently we lend on interest rates based upon the cost to the Canadian government of borrowing for a period equal to the average duration of the credit we are providing. That is, we take the yield on our bonds of maturity equal to this average period and add to it a small margin, a fraction of one per cent, to cover costs of borrowing other than interest, then round off the rate to an even fraction. A little later I will give the rates we charge various countries, and it will be apparent that they are closely related to the periods of the credits.

In the fourth place we ask for repayment over a series of years, commencing as soon as the borrowing country feels it will be possible, and extending in some cases for periods running as long as thirty years. We hope that in this way repayment can be made over a period when the exports of the borrower will provide for exchange for this purpose.

In the fifth place we inquire about the nature and scale of the purchases to be made by the countries receiving the credits. These are examined to see how they fit in with the supply position in Canada, to ensure that our own essential requirements are not endangered, and that we do not provide more credit than can be effectively used. But we do not bind borrowers to a rigid schedule of purchases, as they do not know their needs in detail nor what is available in advance. On our side we do not guarantee supply nor even priorities. We do offer some assistance in purchasing, through the Department of Trade and Commerce.

In the sixth place we ask borrowing countries to purchase part of their requirements in Canada for cash, the actual fraction depending on the circumstances but normally being in the neighbourhood of one-fifth or one-sixth. In one case the allied country did not have the foreign exchange to enable it to pay us in cash, so in that case we waived the cash requirement. One reason for asking part payment in cash was that Canada must have some income of foreign exchange from her overseas exports in order to pay for her own essential imports and to maintain the interest, principal and dividend payments on what Canada herself owes to United States investors and others. Another reason is that most of these countries will be doing some cash purchasing, and we feel that Canada should get a share of it.

In the seventh place it has not been our policy to ask for any commercial or other concessions as a consideration or condition for these loans. We regard them as standing on their own feet, justified by the terms of interest and repayment together with the manner and extent to which they themselves promote Canada's trade interests in the short run and the long run. In one or two cases we have taken the opportunity of suggesting exchange of most favoured nation privileges in commercial matters, to help develop our future trade, and even of suggesting other improvements in commercial policy or arrangements, but these have only been incidents or by-products of our discussions and not conditions of granting the credits. I should add, however, that I would not wish to give the house the impression that we would not in any case attach conditions relating to commercial or exchange policy to the granting of

credits, as there may well be cases where such conditions are of real importance to Canada, perhaps of more importance than the terms of the loan itself.

With regard to the regulations which govern these loans and the form of the agreements, I hardly think I would be justified in taking much of the time of the house at this stage in describing them or entering into an exposition of them. Questions on these matters may be asked when the bill is in committee, but already the main features of the agreements and the regulations have been dealt with in the brief report on the operations of the act during the last fiscal year, which was tabled earlier this session. There have been three regulations relating to part II of the act. These regulations were referred to in the report. The first simply provided that the Minister of Finance should recognize and be bound by an assignment to a bank of moneys payable under a guarantee agreement, where the agreement provided for such assignment. This is contrary to usual government practice, but is essential if the guarantee is to serve its real purpose. The second regulation defined more specifically than the act itself does what could be included in the cost of Canadian-produced goods, as that expression is used in the act. The third regulation specified that delivery or transportation charges beyond Canada could be included in such costs and therefore financed from the credits under the act if the Minister of Finance is satisfied that the cost of such charges cannot reasonably be met from other sources.

The form of our agreements is relatively simple. It is a commercial form rather than a treaty form. It normally provides for delivery of serial bonds after all the money has been advanced. A copy of the agreement with Czechoslovakia has already been tabled as an appendix to the report of operations during 1944-45. The form of later agreements can be discussed on the bill if desired. I may say, however, that in none of the later agreements have we included schedules of the goods to be purchased, and that in the case of the Czechoslovakian agreement we have already added other items to the list, as the agreement provided might be done.

I think I should say a little about each of the agreements or groups of agreements already made or in contemplation. They are all direct loans except in the case of the U.S.S.R. where guarantees were used. One agreement is with Czechoslovakia. That was the first agreement, signed on March 1, 1945. The amount was $15 million, later increased to $19 million on June 26, to cover transportation costs. It is to be utilized over a period of twelve months commencing with the first drawing upon the credit. As the first drawing upon the credit was on November 27, the twelve months run from that date. It is to be repaid in five equal annual amounts, one each at the end of the fifth, sixth, seventh, eighth and ninth years from the first use of the credit—that is, on November 27, 1950, 1951, 1952, 1953 and 1954. The interest rate is 2½ per cent. The amount of credit already used is $700,000.

Another agreement is with the Netherlands. It was signed on May 1, 1945. The amount is $25,000,000, to be increased subsequently to $85,000,000 if parliament provides the funds under this resolution. The $25,000,000 is to be utilized within two years and the additional $60,000,000 is to be utilized in a period up to five years.

Mr. MacNICOL: Including the two?

Mr. ILSLEY: Yes, including the two. These amounts are to be repaid in ten semi-annual instalments commencing five and a half years from the date of the agreement and ending ten years from the date of the agreement, that is, from 1950 to 1955. It is stipulated that the borrower may at any time repay at par, plus accrued interest. The interest rate is two and a quarter per cent. The amount of credit already utilized is $24,967,000, but we are extending interim credit to the Netherlands under power which we have under the War Appropriation Act, section 3, which enables the government of Canada to buy as agent of the Netherlands government, and in recent weeks, following the utilization of practically all the $25,000,000, the Canadian government has been incurring costs of these purchases temporarily under section 3, to be reimbursed later by the Netherlands when additional long-term credit is available.

Another agreement was made with Norway. The date of the agreement is June 25, 1945. The amount of credit is $13,000,000, to be increased subsequently to $30,000,000. It is to be utilized within two years.

Mr. FULTON: Is that increase out of the $650,000,000?

Mr. ILSLEY: The additional $17,000,000 must come out of the $650,000,000, and any agreement to make it available is conditional upon its being approved by parliament. It is to be utilized within two years, that is, by June 25, 1947. It is to be repaid in nine equal annual payments commencing six years from

the date of the agreement, and ending fourteen years from the date of the agreement, that is, in the period from 1951 to 1959. The interest rate is two and three quarters per cent. The amount already utilized is $2,500,000.

Another agreement was made with the Netherlands Indies. This is an agreement to provide credit to the Bank for the Netherlands Indies, an agency of the government of the Netherlands Indies, whose obligations under the agreement are guaranteed by that government. The date of the agreement is October 9, 1945. The agreement was really entered into, although not in legal form, long before that date. The amount of credit is $15,000,000, to be increased subsequently to $65,000,000. The length of credit and the interest rate are the same as for the Netherlands. The amount already utilized is $600,000.

Another agreement is with Belgium. The date of the agreement is October 25, 1945. The amount of credit is $25,000,000, to be increased subsequently to an amount yet to be determined. It is to be utilized up to June 30, 1947. It is to be repaid in thirty equal annual instalments commencing June 30, 1947 and ending June 30, 1976. As in other cases, the borrower may repay before maturity. The interest rate is three per cent. The amount already utilized is $13,000,000. Belgium has already expended many millions in Canada which were received in exchange for Belgian francs for the use of Canadian soldiers in Belgium. Many millions more, the exact amount not yet determined, will be paid by Canada to Belgium for goods and services supplied to the Canadian army. Belgium's requirements of additional credit cannot be established until after the amount of this payment has been determined.

There has also been negotiated an agreement —or agreements—with the U.S.S.R. On the request of the government of the U.S.S.R., and under paragraph (a) of subsection 1 of section 22 of the act, the Minister of Finance entered into guarantee agreements with five manufacturers and one business acting as consulting engineers, to guarantee the obligations of V.O. machinoimport, an agency of the government of the U.S.S.R., under contracts to purchase hydro-electric equipment from these manufacturers and also to purchase engineering services in connection with the design and inspection of such equipment. The maximum amount of such guarantees totals $3,466,000. Most of the equipment has now been purchased and payments under the contracts made. The form of guarantee agreement was given in the report of operations for the year 1944-1945, already tabled.

[Mr Ilsley.]

On August 22, 1945, the Minister of Finance agreed to lend to the government of the U.S.S.R. amounts up to a total not exceeding $3,000,000 to enable it to pay the costs of hydro-electric equipment ordered from Canadian manufacturers and in connection with which guarantees, which I have mentioned, were given. This loan is to bear interest at two per cent and to be repaid at the end of five years, that is, on August 31, 1950. Up to date, $2,349,500 of this credit has been utilized.

The representatives of the U.S.S.R. have discussed with us on several occasions possible terms of large credits which the U.S.S.R. would like to obtain from Canada. We have offered to provide such credits on terms similar to those we have offered to other countries. The government of the U.S.S.R. has not been prepared to agree to such terms, however, except in the case of the small five-year credit of $3,000,000 for the purchase of hydro-electric equipment. Discussions on the matter are continuing from time to time and we hope and expect that in due course an agreement will be concluded, so that the opportunities afforded by this act will be fully utilized by the U.S.S.R. to obtain Canadian supplies and equipment for use in the huge task of reconstruction in that country.

With regard to France, no formal agreement has yet been made, since France preferred to wait until we could deal with the large amount of credit requested. We have, however, agreed on the amount and the terms. The amount is to be $242,500,000, this figure being based on a detailed programme of purchases and part payment for it in cash. The amount is to be paid in thirty equal annual instalments commencing in 1947 and ending in 1976. The interest rate is three per cent and, as in the case of the Netherlands, interim credits are being provided under section 3 of the War Appropriation Act, pending the completion of the export credit agreement.

With regard to China, we have had a number of discussions with representatives of the Chinese government, including a discussion with Doctor T. V. Soong, premier of China, but as yet we have reached no definite agreement on either the amount or the terms. The Chinese government have said that they wish to borrow from us to purchase equipment and supplies for reconstruction purposes, and we have indicated our willingness to make them loans. We have also expressed our interest in using the guarantee provisions of our act to facilitate credits provided by private Canadian businesses of one kind or another for specific industrial or transportation projects in China. We have discussed one particular project for the supply of ships for river trans-

port and indicated our willingness to use our guarantee powers in this case if satisfactory arrangements can be worked out for this purpose.

In conclusion I should like to say that in making these large loans to allied nations, and using them to send Canadian supplies to those nations, the people of Canada, through the government, are taking a share in the process of reconstruction, as they have in war. We are doing something positive and constructive to rebuild allied countries, and in this way we are making it possible for our export trade to get reestablished and indeed to develop beyond pre-war levels and in new directions. But we must do much more if that trade is to continue to flourish. Our exporters must produce efficiently and sell at competitive prices. That is essential if we are to get the business in the sort of trading world which we in this country advocate and support. Finally we must expect to import more, much more than before the war, and more as time goes on. Only in this way can our export trade be maintained on a long term basis and our standard of living be raised.

Mr. MacNICOL: May I ask the minister a question before he sits down? I did not hear him mention Malta among the countries to which credit is given. Malta, heroic in the defence of her island, was pretty well wiped out during the war. If Malta is entitled to credit, I think it should be mentioned.

Mr. ILSLEY: Malta is part of the sterling area and has made no application. I would assume that the United Kingdom would perhaps take some interest in Malta. We have not had any discussions in regard to Malta.

Mr. E. D. FULTON (Kamloops): Before the question is put I should like to say a few words in connection with the long and detailed statement made by the minister. I think I can say on behalf of all the members of this group that we were very glad indeed to hear of the negotiations now under way leading to the extension of credits to the United Kingdom. We wish those in charge of the negotiations every success in bringing them to a successful conclusion. I believe it is fair to say that the name of Canada stands second to none in the sphere of international cooperation in the countries named. In order to maintain this fair name and to carry out our contribution efficiently, we feel it is essential that we should take our fair share in the promotion of international affairs. Therefore I feel that I can safely speak on behalf of all the members of this group when I say that we welcome in general principle any provisions designed to promote that object. However, with respect to the many details which the minister put before us this afternoon I cannot promise such general agreement. These will have to be examined in detail and discussed later.

There are one or two questions I should like to ask, arising out of the minister's statement. Perhaps he will answer them later; or if he feels free to do so now we shall welcome an answer at this time. I noticed that the amount which the government may lend to other governments is to be increased to $750,000,000. That is an increase of $650,000,000 over the amount now authorized. Of that amount I gather from the minister's statement that some $400,000,000 have been used up on the negotiations already in progress. How does that lead the minister or his departmental officials to the conclusion that another $250,000,000 will be required? I should like a general outline as to exactly what they have in mind, as that is all that one can expect in that regard.

The minister said that the measure was not designed to extend credits which would be made available to countries within the sterling bloc. He indicated that separate agreements were being concluded with the United Kingdom; but the question arises whether that means that empire countries such as Australia and New Zealand, which I believe financially or economically speaking are within the sterling bloc, will be excluded from the benefits which may flow from this amendment. If that is so we should be interested in knowing whether any separate provision is contemplated to take care of those countries; because I think it is fair to say that we should have an eye to the promotion of trade within the empire at the same time that we are seeking to promote international trade without the empire.

There is a technical difficulty which is raised under the terms of this resolution. The question is whether, under the provisions of the section which is to be amended, the goods are sold to a country to the government of which the loan is made to pay for those goods. I realize this is a question of detail, but is there any provision to prevent a conflict between parts I and II of this measure? That is to say, under part I we can extend export credits insurance; we can ensure the exporter against loss. If we are at the same time advancing moneys to foreign governments to enable them to buy, it does seem to me that there is a chance of a conflict and perhaps a rather inefficient use of our credits. We would appreciate it if the minister would look into that question and make some state-

ment, when the amendement is under discussion, assuring us that that will not be the case.

Finally, Mr. Speaker, I think I can say on behalf of the official opposition that we do hope that those negotiations with the U.S.S.R., which the minister said had not yet been completed, or a basis of understanding had not yet been arrived at, will be carried to a successful conclusion. We trust that the government will use its best efforts to bring those negotiations to a successful conclusion, because I need hardly emphasize the fact that this trade is most important to the future of Canada, particularly of that section of the country which looks toward the Pacific. The same thing applies to negotiations being carried on with the republic of China. Perhaps it would apply there with even greater force, because the heroism of China has not been exceeded by any other of the united nations during the course of the long struggle, and anything we can do to help to put that country back on its feet again ought to have the unanimous support of all sections of the country. We welcome the indication given on behalf of the government that measures are being taken looking toward the successful and speedy restoration of free international trade. On behalf of this group I say that we welcome that general principle, while at the same time reserving further discussion of the details.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I believe this measure will commend itself not only to members of the house, without regard to party affiliations, but also to the country as a whole. Among other things, our action in this regard should be based upon the position Canada was in during the war. That is, not only were we free from invasion, but we greatly developed our industrial equipment, and by this means in many respects we were better off when the war ended than when it began. I believe I speak for this group when I say that this is not only a desirable move on the part of the government from the humane point of view, from the point of view of restoring devastated Europe and helping feed the hungry people, but it is also desirable from the long-term economic view of improving trade relations between Canada and other parts of the world. It is particularly desirable from the point of view of making peace possible in the world—a peace which in my opinion is only possible when the world is prosperous economically.

I do not know just what will happen when repayments of the loans will have to be made, because in the kind of world in which we live it seems much easier to sell than to buy. Difficulties are very likely to arise when these countries will want to pay us. They may be very anxious to make repayment, but we may not be so ready to accept the only method by which they can pay, that is, payment in kind. If we do not do that, then in the ultimate analysis I do not believe the people of Canada will receive from these transactions the benefits we otherwise should receive. If the world is really to be prosperous we shall have to exchange in the greatest possible amounts the surplus products of our country for the surplus products of other countries. Then there will be the domestic problem of equitable distribution of products within each country concerned. This brings me to the point I would make in conclusion.

We have before us a proposed expenditure of $750 million. Earlier in the session I proposed a measure of social security for Canada, and it so happens that the amount of money involved was approximately $750 million. In reply the Minister of National Health and Welfare (Mr. Claxton) said that an expenditure of that amount would put such a burden of taxation upon the people of Canada that we would not be able to afford it. If we can afford it for people outside our country, I say we can afford it for people inside the country.

I do not emphasize this point with a view to detracting from my approval of the enlargement of this measure under the present bill, and of the action of the government in making trade arrangements with other countries which will not only improve their economic conditions—and ours for the time being—but will go a long way toward preserving the peace to which we all look forward.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I have only one word to say before you leave the chair. I am sure hon. members must be in entire accord with the object behind this measure, because the helping of various nations of the world has become the task of countries like Canada, the United States and others which are in a prosperous condition. But when I listened to the Minister of Finance (Mr. Ilsley) this afternoon I was greatly disappointed to hear him say that no concessions were to be asked from these nations when loans were negotiated. What I have in mind is this: It was indicated by the minister —at least the understanding was implicit— that in the state of world affairs as we have it to-day, one of the conditions of the making of loans to countries needing them would be the breaking or tearing down of tariff walls and barriers. Let us consider France for a moment. I do not know what the conditions are to-day, but I know that before the war, from 1930 on, it was almost impossible for Canada to ship

wheat to France, owing to the high tariff barriers which had been erected. If one looks over the subsidies paid in France, Italy and Germany from 1930 to 1939, he will readily see that the subsidies paid for wheat alone in those three countries would have bought more wheat from Canada, and have landed it in those countries, than the subsidies amounted to.

There may be those in the house who differ from me when I say that if there was one thing more than anything else which brought on the war it was the fact that the people in one country, because of high tariff walls, could not have the benefit of goods from another country. Before the war, tariff walls were built around each country, and brought poverty in those countries and some distress in this one. Surely the time has come when we should say to those countries who built high tariff walls, "We will help you; we realize you need this money and food; but for the benefit of your own people we want you right now to take down those tariff walls and let Canadian wheat and other goods from this country enter without tariff." If we are to do anything to improve the living conditions of people in other lands, this is one of the limitations we should impose. I was disappointed when the minister told us that such matters were only incidental to the discussion. I should like to know when the Minister of Finance (Mr. Ilsley) and the Minister of Trade and Commerce (Mr. MacKinnon) are going to deal with these things and say, "We are demanding that you take down tariff walls to help your own people, and help us too." Perhaps we will get an answer in committee on that point.

Then there is one other question which arises. I think it is a fact that some countries are being charged 2 per cent and others 3. The Canadian people, for their own requirements are getting 3 per cent on their loans. I am not objecting, but I am just wondering how it works out. I am not altogether surprised that the hon. member for Vancouver East (Mr. MacInnis) spoke as he did, because the point he raised had also occurred to me. It seems to me there is no difficulty at all in connection with finance. The government is able to give these countries goods, but how is it that when questions in connection with old age pensions are brought up, the question of where to find the money is always raised? Surely what is possible for one is possible for another.

I rose chiefly to speak about tariff walls, and restrictions against our goods entering other countries. Now is the time to bring down those tariffs and carry out the terms of the Atlantic charter. There are many people on the North American continent who think that living conditions here are normal. I say that our living conditions are abnormal and the condition of people in other countries is just miserable. Until we help them I can see no possibilities of a return to normal trade, because those people will be unable to buy goods. Perhaps when we go into committee the minister will be in a position to tell us more.

Mr. J. A. ROSS (Souris): Mr. Speaker, on the matter of tariffs I should like to concur in what the hon. member for New Westminster (Mr. Reid) has said. I agree also with all that was said by my colleague, the hon. member for Kamloops (Mr. Fulton). We are very much in favour of the general principle of this measure. As the minister has said, it is in Canada's interests that Europe should be reconstructed at this time. We are interested in world trade.

The minister said that we must sell at competitive prices, which bring to mind an article I was reading this morning touching on wheat. According to the newspaper story it is a strange thing, and I have raised this question at other times, that our neighbours to the south are able to export more wheat at $2.10 per bushel seaboard than we are at $1.55 per bushel, basis Fort William. That is something the responsible minister should explain to us when we are in committee. By government action our agricultural producers have been refused a market in the United States. As I said, I agree whole-heartedly with the principle of this measure. It has been pointed out that free enterprise should not be called upon to carry the entire burden, and I agree that the state must lend a hand. But if the state lends a hand, then the producers of the worth-while necessities of life and the taxpayers generally should be asked to bear a fair share of the burden of taxation which will result. That is not so to-day with the agricultural producers. Because of controls put on by this government they have not been allowed to sell on a competitive basis. As compared with the manufacturers of lumber and others they have been placed in an unfair position through not being allowed to export on a competitive basis.

I do not want to occupy the time of the house any further, but I did want to raise these questions which I hope either the Minister of Finance (Mr. Ilsley) or the Minister of Trade and Commerce (Mr. MacKinnon) will be able to answer. During the next few years conditions will be very uncertain. Repercussions are bound to occur, and those who are to-day bearing an unfair share of the cost

of this thing as compared to those in other occupations may again have to bear a greater share during the period of readjustment. I should like to see this straightened out on some basis, and I trust the ministers will give an explanation in committee.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, since this resolution appeared on the order paper I believe some publicity has been given to it and I have been reflecting upon the subject. I am not an expert on international trade with all the complications of international finance; I find it a laborious subject to study because there are so many mysterious things about it. Some people think in words while others think in pictures, and I am one of those who has a tendency to think in pictures. I never did care much for abstract subjects.

I have been trying to think my way through the subject of this resolution to the end that I could understand it. I cannot understand the particular reason for having to advance credits to foreign nations in order for them to buy our goods, although I suppose there is an answer. The peculiar thing is that when our own people were in need of goods in days gone by, the government, which was the same government that exists to-day, could not find it possible to advance money to our own people so that they would be able to buy their own goods. I cannot quite see how that ties up.

Thinking of pictures, this is the thought that has gone through my mind. Here is a man in business, perhaps a grocery business—people need food—with a clothing department —people need clothes. He stands behind his counter and would like to sell his goods. People come into his place of business and look around at the goods on his shelves. Upon making inquiries he finds that the people want to buy his goods but they have no money. So a bright idea comes to him. He opens his till and he says to his customers, "I see the only reason you are not buying my goods is that you have no money." He takes money from his till and gives it to the people in his store and they immediately begin to buy his goods. I do not know whether that is a good policy, but I am quite certain if any business man in Canada did that people would consider he was crazy. I have never known anybody to do it yet, but it seems to me that that is what we are doing with this legislation. If it is not, I should like the minister to explain why it is not.

Mr. ILSLEY: Because it is not a gift.

Mr. HANSELL: I cannot see why we do not just give them the goods and say, "There is a debt standing against you and we hope you will be able to pay it in full some of these days." Maybe that is what they are doing; I do not know. It is a complicated business, but at least one thing is certain. If ever the time comes when we have plenty of goods in this country and no one to buy them, then the government surely will not say, "We are sorry but we have no money to give to our people so that they can buy those goods." Surely they will not put up that excuse again when they now are saying that they can supply money to people outside our country with which to buy our goods.

Mrs. GLADYS STRUM (Qu'Appelle): Mr. Speaker, I do not pretend to be an expert in finance either. It seems to me that this transaction is perfectly legitimate. We have a moral obligation because after all we are so much better off than European countries. We have not had one bomb fall in our country; we have not missed a meal or lost a night's sleep. The least we can do is to help these other nations get on their feet.

While we are doing this we are in effect guaranteeing a demand for our own production. We are in effect exporting employment, are we not? We are exporting goods that we shall have to pay for as a nation. The Canadian people will have to foot this bill, which may or may not be collected. Let us see to it that our workers have a decent wage while engaged in making these goods, so that we shall at least derive that much benefit from this measure; and let us see to it that we continue our marketing controls so that our farmers who will grow the food will at least get parity prices and we in turn shall be able to buy our share in Canada of our own production. It is about time that we quit exporting unemployment and at the same time leave unsatisfied the great Canadian market for whose goods there can be an effective demand only when Canadians have purchasing power. That can be accomplished only through seeing to it that wage levels and price levels here are such that our Canadian people too can absorb some of the production of our farms and factories.

Mr. FRED ROSE (Cartier): Mr. Speaker, I believe it is wrong, as some hon. members have done, to consider credits to foreign countries as one thing and credits to the people of Canada in the form of social services as something entirely distinct and apart from that. I see no contradiction between the two, and those who look forward to a more prosperous Canada and a more prosperous world realize that the two are closely linked together, and that there is no contradiction between them.

The idea of granting more credits to foreign countries is a very good one. It gives work to people in our own country and also helps other countries that need our industrial products and raw materials. A few months ago I spoke to a group of fifty shipyard workers, a delegation from various yards in Montreal. I asked them this simple question: "How do you think we can keep the yards open?" They did not have an answer ready, and so I asked them: "Do you think that the Canadian government should extend credits to certain countries in order that we in Canada can build ships for them? Would you agree to that?" They were French Canadians, these fifty delegates, and they answered unhesitatingly, "By all means." They all agreed that it would be impossible to keep the yards open by building only ships to cruise from Montreal down the Saguenay on pleasure trips. They know that their employment depends on building in this country the freight ships that other countries need. I think the average person can easily be persuaded that export credits are a good thing and that we have to help allied countries, but at the same time recognizing that money must be found for housing in this country and the many other things that the people of Canada need.

It was hard to follow all the figures which the Minister of Finance (Mr. Ilsley) gave and I am still not very clear who the authority is for the Netherlands Indies to whom credits were granted. Personally I would say that the Netherlands have no control there. The people of Indonesia are fighting now for a government of their own. The minister mentioned that we have given the Netherlands Indies a credit of $15,000,000, and that it is to be increased to $65,000,000. I should like to know if any munitions are being bought with these credits. Is it going to be as the so-called wise men in the state department across the line in the United States said, that they should take the labels off the guns? We need some clarification of the purposes for which these credits are to be used. We have been told that Russia has received a credit of only $3,000,000. Why so little? What are the Soviets asking for, and what are we willing to grant? These things should be plainly told to the parliament of Canada.

Mr. D. KING HAZEN (St. John-Albert): The Minister of Finance told us that $700,000 of the credit extended to Czechoslovakia, $24,967,000 of credit extended to the Netherlands and $2,500,000 of the credit extended to Norway had been utilized, and that $2,349,000 of the $3,000,000 credit to the U.S.S.R. had been utilized for certain purposes—hydro electric equipment and engineering services. But he did not tell us how these other credits had already been utilized, what goods and services had been supplied. I think he should give us now or later some break-down of these figures. What goods and services have been supplied? Has any part of these credits been used for the purchase of munitions, or was it all used to buy goods that would be used in peace time?

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. ILSLEY: Mr. Chairman, perhaps this will be an opportunity for me to answer some of the questions that have been asked. The hon. member for Kamloops said that the amounts which I mentioned as having been arranged for added up to about $400,000,000 and that gave a margin of $250,000,000, and he asked what that margin was needed for and what it would be used for. I assume that the $400,000,000 does not include the balance of the credit to Belgium, which may be substantial, or any of the credits to China, or anything except the $3,000,000 of a credit to the U.S.S.R., and that therefore the $250,000,000 is not an unreasonable margin when one considers that the needs of these countries may be very substantial. I tried to deal with that in my remarks. I said that the basis of the figure of $650,000,000 is to provide specific amounts which are needed for France, the Netherlands, the Netherlands Indies and Norway, to enable us to conclude negotiations and provide reasonable amounts to Belgium, China and the U.S.S.R., and to leave us some margin for other cases that might develop in the future.

The hon. member for Kamloops also asked whether there was any conflict between the operations which may be carried on under part I of the act and under part II. There will be no conflict. The operations under part I consist of insuring private exporters against certain types of loss on their exports. Those exporters will be dealing ordinarily with private importers in other countries, and this insurance corporation is set up to insure them in consideration of the payment of premiums.

The operations under part II of the act cover or are connected with inter-governmental transactions. The government of Canada gives guarantees in some cases, and makes loans to other countries. I am unable to say whether there would be any conflict. This is not a general reply in the debate at all, but I might as well deal with some points or they will be raised again in the discussion in committee.

The hon. member for Vancouver East and the hon. member for New Westminster said that if we could raise $750 million for export credits we ought to be able to raise the money just as easily for social services. I suppose the raising of the money is just as easy in one case as in the other, but the two transactions are different. In the case of payment for social services, that money is paid out and is not recovered. As far as the taxpayers as a whole are concerned, they get nothing back. On the other hand these are loans, represented by assets, and we hope they will be recovered. We expect that in large measure they will be recovered, because most of these countries are excellent credit risks. As I stated, we must take some risk; any country making loans to other countries takes a risk, the world being in the condition it is in to-day, but as far as the people of Canada as a whole are concerned they are entitled to a return and it is expected that they will get a return in future years for what they send out of the country now. So that to my mind—and I hope it is not impaired by concentration on financial considerations—a loan is different from a gift even when one is making the gift to some of the people in one's own country.

Then the hon. member for New Westminster said that we should have seized the opportunity to tie up these countries in regard to tariffs, to get them to agree to keep their tariffs down, or not to raise them, or something of that kind. Well, in the case of France, which he mentioned, we did get them to insert a clause providing for most favoured nation treatment, and that is as far as we have gone. If you go much further than that you have to embark upon protracted trade negotiations, and of course they would be entitled to obtain similar assurances from us with reference to our tariff. Negotiations of that type take a long time. You can go only so far in tying up two matters which are only partly related. These transactions on their face get markets for our goods, apart altogether from the tariffs of these other countries. They effect the purpose, for the time being at any rate, of getting markets for our goods. I do not think the United States, in dealing with these countries through their export-import bank, have undertaken to connect them with commercial negotiations. We considered that, and we decided it was impracticable. The negotiations would be almost endless if we did that. These other countries might very well say, "That is all right, but you must go over your tariff and tell us what you are going to do with it." Certainly we could not have concluded such negotiations at all rapidly, and I doubt the practicability of doing it. The one is a loan transaction by which we get a market for our production. The other is something else again, which of course we shall have to undertake pretty soon. It is very easy to say, "You are in the driver's seat. You can snap your whip and say they must do this or that with their tariffs for the next twenty-five or thirty years or they do not get their money." It is a question how far countries will go in tying up their future independence in order to obtain loans. They may do so under reciprocal trade agreements, when they are dealing with the same matter and we are giving them a similar concession. From the little experience I have had in dealing with other countries, however, they do not like to have dissimilar matters tied up in that way, and I do not like it very much myself when they have tried to do that with the Dominion of Canada. I do not mind making a reciprocal trade agreement, but I do not like tying these things together. Perhaps I have not made a very convincing case on that.

Mr. STIRLING: Surely the borrowing country is the importer of the goods so purchased.

Mr. ILSLEY: That is right.

Mr. STIRLING: Then we do not know and do not need to know what their tariff arrangements will be when these goods reach that other country, since it is a government undertaking. It may be that they will not pay themselves the rates under their tariffs.

Mr. ILSLEY: As far as these particular goods are concerned, which they buy under these credits, we need not worry. Certainly they will get into that country; it does not make any difference whether they put on a high tariff or no tariff. The hon. member for New Westminster is talking about future transactions, however, I believe.

Mr. STIRLING: The hon. member may be peering into the future in that regard, but I cannot see that the tariff question affects these transactions.

Mr. ILSLEY: No, it does not.

Mr. MacINNIS: Does not the minister's difficulty arise at least in some respects from the fact that Canada perhaps has not made up her mind yet that she is in favour of low tariffs?

Mr. ILSLEY: No; the policy of the Dominion of Canada has never changed. The policy of the Dominion of Canada is for reciprocal reduction of world tariffs.

Mr. MacINNIS: I was aware that the policy never changed; I had always understood that.

Mr. REID: Was not a statement made by the minister or by some other member of the government that when the time came to make loans to help countries rehabilitate themselves, this would be one of the conditions under which they might obtain such loans? That was at least one of the things that prompted me to make the statement I did.

Mr. ILSLEY: I never made that statement and never heard of its being made on behalf of the government. In the last year I have made quite a few speeches in behalf of export credits, but I never said that we would attach to those credits a condition that the countries receiving them should keep down their tariffs. Any tariff statements I have made—and I have made quite a few of them, too—have been to the effect that concessions in the way of lower tariffs by other countries and lower tariffs in this country are matters which will have to be dealt with on a reciprocal basis, and this is a different matter entirely.

Then the hon. member for New Westminster said that he did not understand why these rates of interest were different to different countries, and lower than the rates of interest we pay for money here. If he will look at the *Hansard* report of my speech he will see that matter very carefully explained The rate of interest we charge these other countries is the same rate of interest we pay for the money we borrow in Canada, having regard to the term, and a little more, a fraction of one per cent more.

Mr. ISNOR: One quarter of one per cent in one case.

Mr. ILSLEY: It is pretty hard to reckon quickly just what the correct rate is. Take the case of France. The amount is repayable over a period of thirty years starting one year after the advance of the money. The rate in that case is 3 per cent. I would say that the average outstanding is around fifteen years, because it has to be paid back over a period of thirty years. The correct rate is 2·9 something. That is the rate we pay our people for money for that term. A little is added to bring it to 3 per cent. If, instead of being repaid beginning one year after the advance, it began ten years, and so on, all paid in thirty years, the average term during which the money was unpaid might be twenty years, in which event the proper rate would be a little over 3 per cent. The rates are very carefully worked out.

Mr. WRIGHT: How do the rates that we are charging on these long-term loans compare with the rates charged by the United States on similar credits?

Mr. ILSLEY: They are higher, but they are based on exactly the same principle. The United States borrows money from its people at lower rates of interest than the Dominion of Canada and lends money to other countries at the rate which it has to pay plus a small charge. When I say the rate it has to pay, that is a simple way of stating it. I do not want to go into the complications and complexities, but that is not exactly true. If, say, certain issues of our bonds were selling at 104 and paying 3 per cent, then the rate we would be deemed to be paying at that time would be the effective yield to the investor in those bonds at that time. It would be less than 3 per cent, even if we were paying 3 per cent. It is the interest yield that we take as the basis for our dealings with other countries.

Mr. WRIGHT: The point I was trying to bring out was that if the United States makes loans available at the lower rate of interest on which it is able to obtain money in that country, that will give the United States manufacturer or the people who are selling goods an advantage over Canadians who are selling a similar type of goods to those countries.

Mr. ILSLEY: At the present time, if a foreign country wanted a certain quantity of goods and could get them made and delivered in the United States, or in Canada, at its option, they would buy in the United States if they could get the credit, because the interest would be lower. But they want goods wherever they can get them, and a great many of the goods they must have. They try to get them both in the United States and in Canada.

Mr. MacINNIS: Would not the exchange between those countries and Canada and the United States make some difference?

Mr. ILSLEY: I do not think so. The United States dollar bears a certain relationship to the Canadian dollar. It is a matter of price; the price factor enters into it.

Mr. MacINNIS: Yes.

Mr. ILSLEY: They might have to pay more for the goods in the United States.

Mr. MacINNIS: Yes; that is the point, and it might be of far more importance than the question of interest.

Mr. ILSLEY: Yes. A difference in price might outweigh the difference in interest. The hon. member for Souris brought up the ques-

tion of the price of wheat, and cattle and so on. The fixing of the price of wheat in Canada for foreign purchase has been discussed in this house and I hesitate to embark upon an explanation of that pricing policy, but the reasons for that policy have been given repeatedly. If anyone does go into it again it should be my colleague the Minister of Trade and Commerce rather than myself. I could state it all over again, but I do not think it has any bearing on this resolution.

Mr. ROSS (Souris): There was just one question I brought up. I raised one point, namely, the matter of competitive selling, and under our system of supply and demand it seems strange that the United States could be exporting more wheat at $2 a bushel than Canada at $1.55.

Mr. MacKINNON: In answer to the comment of the hon. member for Souris and possibly to correct a false impression, I may say that up to the present day the United States has been exporting about half the quantity of wheat that Canada has been exporting. It is true that the United States have been obtaining more, about $2 at seaboard, than we are obtaining at seaboard, which is not $1.55 but $1.70.

Mr. ROSS (Souris): That is with freight from Fort William to seaboard.

Mr. MacKINNON: Canada could get the United States price if we were prepared to extract the last cent from our former allies. Wheat is an important item in the imports from Canada of many countries and if they had to pay higher prices now it would retard their rehabilitation.

There is another reason I would emphasize. This decision was taken when the $1.55 f.o.b. Fort William policy for Canada was announced. In return for that the Canadian wheat producer is the only producer in the world to whom a five-year floor price guarantee has been given. At present the floor-price guarantee for the next year is $1.25, but the producer has a guaranteed floor price of $1 for the next five years. The price may be $1.25 or it may be higher, but he has the guarantee that it will not go below $1.

Mr. CASTLEDEN: Only on authorized deliveries.

Mr. MacKINNON: On authorized deliveries, and that is a matter which has to be dealt with each year on the announcement of the wheat programme. A great deal will depend on the wheat crops in Canada. Canada is not losing the sale of a single bushel of wheat as a result of our price policy. As a matter of fact, there is to-day a tremendous demand all over the world for wheat and we cannot nearly fill the present orders for this product. Actually we have not the wheat to give them. We are giving a number one priority to the United Kingdom, and we are giving secondary priorities to our allies who have been overrun and who need the product very badly to sustain life in their countries.

The question was mentioned about tying in the price of $1.55 f.o.b. Fort William with our dealings with other countries in the purchase of wheat. It is difficult for anyone to rise in his place in this house and tell about things affecting the internal political policies of other countries, but I think it is a fair and reasonably proper statement to make that we have discussed with prominent representatives of countries concerned the point that, seeing we are doing this for them and putting this price on at the present time, they should not continue the policy they have had of highly subsidizing their wheat production. In at least one important country, while I cannot say that we have been given assurances, our representations were certainly treated sympathetically and, I believe, sincerely.

May I say one more word? I do not want to go into all the arguments regarding the announcement of the price of $1.55 a bushel for wheat at this time if I can avoid doing so. I covered that in a statement I made to the house on September 19. I could give that statement again; it covers the government reasons for the action that they took at that time governing the present wheat selling operations.

Mr. ROSS (Souris): That is just the point that both the hon. member for New Westminster and I were raising, namely, that the minister would be taking that into consideration in the future in negotiating with those people.

Mr. MacKINNON: Yes.

Mr. ROSS (Souris): I think that partly answers the question raised. I hope the minister is not arguing that our friends to the south are using undue pressure in the price they are getting.

Mr. MacKINNON: No; wheat is in great demand. People will pay anything asked.

Mr. ROSS (Souris): I want the minister to go farther and explain what the export situation will be in the winter months with regard to our wheat when navigation closes on the great lakes. Is it not right to say that we shall not be able to supply the demand before next year's crop is harvested, and that all we can supply will be taken before that?

Mr. MacKINNON: There is no question about that.

Mr. WRIGHT: I wish to raise a question which has to do directly with the conversations that took place. The minister said that a partial agreement was reached with regard to certain policies within the countries importing.

Mr. MacKINNON: I would not go so far as to say that a partial agreement was reached. I want to be very careful because my remarks may be quoted elsewhere. I want to be very careful in saying that our representations were sincerely and sympathetically received, and I myself feel that there are going to be results.

Mr. WRIGHT: There was one other question I wanted to raise with respect to that. Was there any conversation with respect to accepting basic quantities by those countries which are importing our products? That is important to us.

Mr. MacKINNON: The conversations to which I am particularly referring were not with countries which are now, or were in the last few years, customarily importers of Canadian wheat. They were former importers of our wheat, and we wanted to get into that market again when we had surplus wheat for export. In all our negotiations we have been assured as far as possible by the countries which we are supplying that basic imports would be continued.

Mr. CASTLEDEN: Would not the same arguments apply to other commodities? Would not the same principle apply to lumber, farm machinery, electrical machinery and other goods? Would not the high price of lumber or machinery going into those countries seriously affect their rehabilitation? Has there been any other commodity on which the government has set the price arbitrarily, as they did this price of $1.55, of other people who are exporting their materials to those countries? After all, Canada is buying; it is Canadian money buying Canadian goods, and it seems to me that if you are going to arbitrarily set this price on the farmer's wheat in the hope of a better agreement later on, why should you not do it with the other goods? The farmer is compelled to take a certain price. If he is paying for the good will, why should the world price of Canadian wheat not be paid to the Canadian farmer so that he could get the benefit? Why should he be discriminated against? It seems to me you are not treating the manufacturer, and the producers of lumber in the same way that you are treating the producer of wheat. He is a primary producer and is not being treated in the same way as other producers.

Mr. MacNICOL: There is no comparison between the shipping of wheat and the shipping of machinery and so forth.

Mr. MacKINNON: It might be advisable for me to make a brief statement in connection with the general price ceiling policy. I am not now referring to wheat, I am referring to other commodities. The Canadian export board was formed to carry out the procurement of civilian type goods, recognizing that as foreign countries begin to buy these goods rather than to receive them under mutual aid, the same rigorous buying policy that was necessarily and properly followed by the Department of Munitions and Supply might not now be practicable. For example, purchases through the export board are not subject to renegotiation, as were war contracts, and in agreeing to prices we usually have reference to general market prices rather than follow a prescribed formula of a fixed profit margin based on specified costing procedures. This policy recognizes that the Canadian export board exists primarily for the benefit of Canadian producers in assisting them to obtain and develop markets for their product and as such is filling an essentially different function from that of the wartime procurement agency primarily occupied in buying munitions of war with the money of the taxpayers.

What I have just said applies to the general run of goods of a commercial type—non-commercial type sales—that is very large items of an especial nature, such as trucks, locomotives and large volume sales of raw materials—are essentially on a cost-plus basis; that is a cost-plus contract or a negotiated price after an examination of costs. May I give the committee some examples? In connection with the Canadian export board, we have skilled and highly trained men of long experience doing the very best and most careful buying for us on behalf of foreign countries. We have secured capable men from business and other sources. We have called on, and freely obtained the use of such experts as I referred to from the Canadian National Railways and the Canadian Pacific Railway Company. For instance, trucks are bought on a cost basis plus five per cent; that is, following out the same system as the Department of Munitions and Supply followed. Locomotives are a continuation of a policy adopted by the Department of Munitions and Supply. Skilled and careful negotiations are carried on with manufacturers. In heavy chemicals exactly the same situation prevails. In all cases the

buying is done very carefully by hard-headed buyers of great experience. They also have the benefit of the prices which were paid by Munitions and Supply.

In the matter of subsidized goods, the ceiling price is charged plus the subsidy. One important objective of this very careful buying is to make the money we are furnishing go just as far as it possibly can in terms of employment.

Mr. CASTLEDEN: I thank the minister for his reply. I think what the minister has said with regard to the ceiling on trucks and machinery is what the farmer wants. He would like someone to give him his cost of production plus.

I do not think the minister has answered my question. I believe it would be better to postpone the whole discussion until the minister's estimates are before the committee. It does not really affect the Minister of Finance.

Mr. ILSLEY: I should like to correct one misstatement I made in a minor particular. I was asked whether our interest rates are higher than those of the United States, and I answered that they were. The interest rates charged by the United States on loans made to enable foreign countries to pay for material that they would have obtained under lease-lend are lower than ours. Those loans are made at lower interest rates than ours, but they are based on the same principle as ours; that is, the interest rate payable by the United States government to the public, plus perhaps a little more. But I am informed that on other post-war credits being extended by the export-import bank, about three per cent is being charged in the United States on long-term loans, payable from five to twenty years from the date of the loan. Therefore, if that is so, it may be found that their rates of interest are not only as high as, but perhaps a little higher than ours.

Mr. LOW: What form of security is taken by the corporation for any of the advances? In what form are repayments to be made, after credits are due? Are they to be made in bonds, dollars or goods?

Mr. ILSLEY: The hon. member referred to the "corporation." The corporation does not come into these credits.

Mr. LOW: It is straight government business?

Mr. ILSLEY: Yes, and they take bonds. The bonds are paid as they fall due.

[Mr. MacKinnon.]

Mr. LOW: In what form are payments to be made? Are they supposed to be paid in dollars?

Mr. ILSLEY: In dollars.

Mr. LOW: There is another point. When this $750 million is utilized over a short number of years—and I believe I understood the minister to say that two or three years is the usual period over which the credits must be utilized?

Mr. ILSLEY: Yes.

Mr. LOW: And it is repaid over a rather long term, in some instances stretching to thirty years.

Mr. ILSLEY: Yes.

Mr. LOW: What provision is the government making to ensure that there is no inflationary effect? We must realize that $750 million is a lot of money, and it is being spent in Canada. The goods are going out of the country and will not be available. What provision has been made to guard against inflation?

Mr. ILSLEY: No more than was made during the war. The war set up powerful inflationary influences. But under these credits, plus the credits to Great Britain, I should not think we would be sending out the same volume of exports we sent out during the war. We shall just have to keep up the fight against inflation by the same methods we have used formerly.

Mr. LOW: It is a bad bogey, but I think we have become more or less accustomed to it.

Mr. ILSLEY: We have quite a measure of it, at any rate. I do not know whether it is a bogey or not. However, the fact is that prices are up by a substantial percentage, and they would be up considerably more if we did not use every method in the world—taxation, savings and controls of every description—to try to keep them down.

Mr. LOW: It seems to me that this $750 million injected into the Canadian economy, with the goods going to some other country, would considerably increase the ministers' problem, and perhaps give rise to the need for exercising controls for some considerable time, perhaps at least for the period during which the credits are being advanced to the other nations.

One further point. What will be the effect upon the Canadian economy when these credits are being repaid? Will it be possible for us to accept goods in repayment, or will these people be able to hustle around and get

dollars? If so, how will they get them, and what effect will that have upon the Canadian economy at the time repayments are being made?

Mr. ILSLEY: These countries will have an opportunity of repayment by exporting either to us or to somebody else. Or they will have to send out gold—if they have gold. However, before Mr. Speaker left the chair I said that we would have to accustom ourselves to the fact that we must have a lot more imports than we had before the war.

Mr. LOW: I hope so.

The CHAIRMAN: Shall the resolution carry?

Mr. STIRLING: No. Perhaps the minister would be good enough to deal first with the questions asked by the hon. member for St. John-Albert.

Mr. MacKINNON: I believe the hon. member asked the nature of the goods being taken from Canada.

Mr. HAZEN: Goods that have been taken.

Mr. MacKINNON: Does the hon. member refer to goods that are being taken?

Mr. HAZEN: I am referring to the credit that has already been utilized.

Mr. MacKINNON: The U.S.S.R. took electrical equipment.

Mr. HAZEN: That has been explained.

An hon. MEMBER: What about Czechoslovakia?

Mr. MacNICOL: Cutting tools, is it not?

Mr. MacKINNON: Although these credits have been established, only a small part of them has been used. At present Czechoslovakia has taken only wheat.

Mr. HAZEN: Has she taken $700,000 worth of wheat.

Mr. MacKINNON: Does the hon. member want me to confine my answers to a statement of what has already been shipped, or shall I state what has been shipped and what has been bargained for?

Mr. HAZEN: I shall have to leave that to the minister. The Minister of Finance said that credits to the amount of $2,500,000 have already been utilized by Norway, if we may take that country as an example. I believe that was the way the minister expressed himself. How has that credit been utilized?

Mr. ILSLEY: So far, Norway has bought 4,000,000 bushels of wheat, and trucks and tires to the value of $6,414,000. There has been also a small purchase of leather.

Mr. HAZEN: But I understood that the total amount was only $2,500,000 for Norway?

Mr. ILSLEY: Let us get it straight. I said that the amount already utilized had been $2,500,000.

Mr. HAZEN: And I now understand the minister to say that trucks and tires to a value of $6,414,000 are included.

Mr. ILSLEY: Let us have the facts correct. I have accounted for $2,500,000. Then the difficulty has arisen in the hon. member's mind from my saying that Norway had bought 4,000,000 bushels of wheat, and trucks and tires to a value of $6,414,000. I pointed out, too, that a small amount of leather was included. The question is now asked as to how they paid for it. The answer is that they paid partly in cash. A credit of $2,500,000 was used, and the balance is cash.

Mr. HAZEN: That is the story with respect to Norway?

Mr. ILSLEY: Yes.

Mr. HAZEN: Then I understand that the amount of $24,976,000 was utilized in connection with the Netherlands.

Mr. ILSLEY: That is right. The Netherlands do some private buying which does not go through government agencies. We only know what they have bought through government agencies. They purchased 9,000,000 bushels of wheat and the following:

Trucks	$11,468,000
Agricultural machinery	510,000
Fertilizers	1,964,000

Mr. WRIGHT: Were those commercial trucks for peace-time use, or would that purchase include Bren gun carriers or other articles that might be used for war?

Mr. JAENICKE: Were they new ones?

Mr. ILSLEY: They may not all be new.

Mr. STIRLING: Is it a term of the loan that the borrower must pay a certain amount in cash?

Mr. ILSLEY: Yes.

Mr. STIRLING: Is he held to a percentage of the loan?

Mr. ILSLEY: Yes.

Mr. STIRLING: Has some of that cash been paid already?

Mr. ILSLEY: Yes.

Mr. STIRLING: The borrower would have to buy Canadian dollars as best he could in order to pay?

Mr. ILSLEY: Yes, he buys them from the foreign exchange control board.

Mr. STIRLING: He buys and pays in Canadian dollars?

Mr. ILSLEY: Ordinarily in gold or United States dollars.

Mr. STIRLING: Will War Assets Corporation be able to get rid of some of the enormous quantities of surplus goods they have to dispose of? Has that entered into the plan?

Mr. ILSLEY: Some countries have expressed a desire to purchase our surplus assets with these loans, but I do not know what sales have been made or whether any have been made as yet.

Mr. WRIGHT: Is any precaution being taken to see that these goods are not resold? For instance, our wheat is being sold under the world price.

Mr. MacKINNON: I am not sure that I can give a detailed answer except to say that the wheat board are fully cognizant of that problem and have taken steps to see that the wheat purchased cannot be resold. As a matter of fact, we are not able to give to the usual wheat purchasing countries anything like the quantity they want to buy. As far as I know, these wheat board sales are not sales to private parties but to governments.

Mr. ILSLEY: The hon. member for Cartier asked about the Netherlands East Indies and wanted to know whether arms were being sent there. The request for a loan was merely for economic construction and not for munitions or anything of that kind. I think I can say that we would take great pains to see that the proceeds of these loans are not used for that purpose.

Mr. STIRLING: Could they be used for the purchase of corvettes or some of the ships that have been declared surplus?

Mr. ILSLEY: We would be careful about selling military or naval equipment. That is not the purpose of this legislation. That may not be 100 per cent true, but the whole purpose is for reconstruction.

Mr. ISNOR: One important point that has been overlooked is the fortunate position in which Canada finds herself at the present time through being able to consider a resolution having to do with an amount of $750,000,000. I am thinking of the effect that this will have upon our future economy and its relation to manufacturing in our country. Could the minister give us an estimate of the amounts which have been spent up to the present time in the purchase of natural and manufactured products?

Mr. ILSLEY: I have not a division based on the distinction between natural and manufactured products, but naturally there would be a lot of natural products, wheat for instance.

Mr. ISNOR: Can the minister give us any idea of the effect this will have on manufacturing plants? He has given us details of some of the articles sold.

Mr. ILSLEY: I can give some idea. I gave some details to one hon. member a while ago. For example, France has bought 12,000,000 bushels of wheat through government agencies, as well as the following purchases:

Railroad equipment	$21,940,000
Road transportation equipment	27,149,000
Metals	3,270,000
Chemicals	3,866,000
Asbestos	1,398,000
Machinery and general purpose equipment	2,444,000
Agricultural implements	2,295,000
Electrical equipment	3,059,000
Fertilizers	7,341,000
Prefabricated houses	1,203,000
Printed matter	1,864,000

Mr. HATFIELD: Would that be mixed fertilizers or fertilizer chemicals?

Mr. ILSLEY: I do not know.

Mr. WRIGHT: In asking these questions I do not want any one to think I am opposed to the measure because I believe it is a good one. I believe that we should assist these countries in becoming reestablished. But the point I was raising was this: Are some of these countries using their cash to purchase war materials or certain other types of goods and then coming to Canada for a credit for the goods with which to reestablish themselves? Has any check been made by the government of Canada on the financial position of the countries to which these credits are being made available to ascertain the use they are making of their own finances? It seems to me that such a check should be made. I would not say that many of these countries are purchasing war materials, but there may be some.

Mr. ILSLEY: We go into the question of their foreign exchange position pretty carefully with them and get all the information we can about it, how much gold they have, how much in United States dollars, and so on, and we require these cash payments. But we do not require full payment in cash, because these countries that have been pretty badly

slashed by the war can always make a pretty good case for need. I do not know what they do with the rest of it; they may make some cash purchases in other countries with it, but so long as they look a fairly good credit risk and will make a reasonable cash payment we lend them the money.

Mr. MacNICOL: The Netherlands East Indies are entering upon a large programme of rehabilitating their rubber forests and Malaya is doing the same thing for their tin industry. Are we—I mean the Anglo-Saxon countries—supplying anything to the Netherlands East Indies or to Malaya for those purposes?

Mr. ILSLEY: They have made inquiries about aluminum latex cups and coagulating pans, which I understand are used in the industry. That is, I think, the only item about which they have made inquiries.

Mr. MacNICOL: Are we getting some orders from them?

Mr. ILSLEY: I do not think so as yet, but negotiations are taking place.

Mr. CASTLEDEN: Are the countries mentioned by the minister the only ones that are to be given consideration under this resolution? A serious situation exists in Greece and Austria.

Mr. ILSLEY: Yes, they are the only ones with which we have made agreements or had negotiations. Some inquiries have been made tentatively on behalf of other countries, but I do not think on behalf of Greece. There have been no negotiations; there has been an inquiry. Of course we have been giving wheat to Greece.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 217, to amend the Export Credits Insurance Act.

Motion agreed to and bill read the first time.

ALBERTA TAXATION AGREEMENT

PROVISION FOR PAYMENT OF INCREASED COMPENSATION AND SUBSIDY

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to authorize the Minister of Finance, with the approval of the governor in council to enter into an agreement with the province of Alberta to pay the province increased amounts by way of compensation and subsidy over the amounts agreed to be so paid under an agreement entered into with the province, dated March 30, 1942.

Mr. STIRLING: Will the minister make a statement?

Mr. ILSLEY: Mr. Speaker, I have not prepared a statement on this resolution. That, however, does not preclude my making a statement now, giving the house the general principle and purpose of the resolution. I can go into it much more fully on the bill.

This is, I think, an interesting resolution and what we are doing is an interesting thing. The province of Alberta in 1936 decided to notify its bondholders that it would pay them only half the rate of interest payable on their bonds; that condition obtained from 1936 until 1945, this year, and a very large amount of arrears of unpaid bond interest accumulated. In 1936 or 1937, I believe it was 1937, the Bank of Canada made some investigation of the economic conditions prevailing in the western provinces and made a report, which received some publicity, that certain of the western provinces be placed in a tolerable budgetary position and receive certain payments from the dominion government. The payment recommended for the province of Alberta was $600,000 a year, but to be paid to them on the assumption that they were paying their full bond interest. They did not pay their full bond interest, and we did not think we should pay them the $600,000 because they were saving it in another way.

In 1941 we had conversations with the provinces leading up to the tax transfer agreements under which the provinces agreed to vacate the income tax and corporation tax fields, in consideration of which the dominion agreed to make them certain annual payments. The payments that were offered to the provinces were based upon one or the other of two plans which the provinces had the option to select. A province could take from the dominion the amount of tax which it collected in the year 1940, or in the alternative it could take from the dominion the interest payable on its debt. In some cases the debt service option was more favourable to the province and in other cases the tax option was more favourable. In the case of Alberta the tax option was more favourable to the province because they had cut their debt service in two by the step they took in 1936. Had they been paying the full interest on their debt instead of only half the interest, the debt option would have been more favourable and they would have been entitled to a considerable sum more per year—I forget the exact amount—than we were paying them.

In 1945, after many conversations with the dominion government, in which it is fair to say that this government took a pronounced stand and expressed its view very strongly,

a view which was eventually concurred in by the Alberta government, and I am sure properly so, the province decided that they would correct this condition and pay up the back interest from 1936. and they entered upon refunding operations and so on. So that the dominion felt they should then treat Alberta retroactively just as that province would have been treated if it had continued to pay the interest throughout, from 1936 on. That meant paying them $600,000 a year for 1937, 1938, 1939 and 1940, and paying them an amount I have not before me at the moment for the years following, 1941, 1942, 1943 and on up to the end of the tax agreement, which they would have been entitled to under the offer we made if they had been paying the full interest on their bonds. We agreed with them, last spring or early last summer, that if they would take the step they have taken and arrange to pay up the back interest to their bondholders, which they are substantially doing, we would introduce legislation retroactively treating that province the same as we treated other provinces and on the same principle as we treated other provinces, none of which cut their interest to their bondholders.

That is the principle of the resolution. It is all covered by an order in council which has been tabled and on the strength of which the province of Alberta has proceeded. They have conducted extensive and successful refunding operations in the United States. Today their credit appears to be excellent, and personally, as Minister of Finance of Canada, I think it is a great thing that now, when people have bonds which are signed either by the dominion government or by any of the provincial governments, they have every reason to believe that the interest will be paid in full and that the principal will be paid in full on maturity. Everyone is now proceeding on that principle, and it is well worth this money we are now seeking authority to pay the province of Alberta. After all, it is only what they would have got if they had not taken the step they took in 1936.

Mr. SMITH (Calgary West): As I understand the situation, what you are now doing is putting into statutory form an agreement already arrived at with the government of Alberta?

Mr. ILSLEY: That is right.

Mr. SMITH (Calgary West): As I understand it, the amount of money being paid is a calculation arrived at on the basis that they had taken the other option at the time the tax agreement was made?

Mr. ILSLEY: That is right.

[Mr. Ilsley.]

Mr. SMITH (Calgary West): And now, all the provinces being on the same basis; taking care of their debts, let me say, on the same basis, and all their securities being really worth while, we in Alberta are now simply coming back into that line?

Mr. ILSLEY: Yes.

Mr. SMITH (Calgary West): And you are assisting us to the extent you would have, had we always maintained that position?

Mr. ILSLEY: That is correct.

Mr. SMITH (Calgary West): Then I can only compliment the minister on a job of work very well done.

Mr. CASTLEDEN: Did I understand the minister to say that two options were offered the province of Alberta?

Mr. ILSLEY: Every province.

Mr. CASTLEDEN: That they could either take the taxes of 1940 or the cost of funding their debt?

Mr. ILSLEY: No; the interest payable on their funded debt; the interest payable on their bonds.

Mr. CASTLEDEN: Alberta took the former option, I presume?

Mr. ILSLEY: Yes.

Mr. CASTLEDEN: And this payment you are going to make now is the difference between what you paid them under that option and what they would have received under the other option. Could the minister give us any idea of the amount of that?

Mr. ILSLEY: I am sorry; I should have that but I have not. I think the difference is $1,600,000 a year or something like that.

Mr. CASTLEDEN: It is really the difference, then?

Mr. ILSLEY: Yes.

Mr. CASTLEDEN: And what is the amount of this back interest which Alberta has not paid and is now paying?

Mr. ILSLEY: That is a large sum, I think about $25 million.

Mr. LOW: Yes, about that.

Mr. ILSLEY: I shall have the figures when the bill comes up, if the house would just take my word for them now.

Mr. E. G. HANSELL (Macleod): I rise to say only a word, and I am not one of those who go so far as to say that because a government is of a certain political stripe it is opposed

to everything which is not of that stripe. Perhaps this is a good example of the contrary being the case. A responsible government, it makes no difference whether it be Liberal or Conservative, I am quite sure has the interests of Canada at heart, and I am very happy that a move has been made so that as a result of an agreement with the dominion government, no one will now be able to say that the credit of some particular province is not good.

I really rose to pay a little tribute to the leader of this group. I think it should be mentioned here that at one time he was provincial treasurer of Alberta, and it fell to his responsibility to carry on a good deal of both the groundwork and the advanced work in these negotiations with this government, and with other people and institutions who were responsible in a measure for refunding. At the time the refunding was carried out the hon. member for Peace River (Mr. Low) was not provincial treasurer; he had become national leader of our social credit movement, but I think I can say without fear of contradiction that a great deal and perhaps the bulk of the work which led up to the successful refunding of Alberta's indebtedness was carried out because of the ability, foresight and good judgment of the leader of this group.

Mr. WILLIAM IRVINE (Cariboo): I have no objection to the compliment paid to my hon. friend to my left; I think it is probably in place. But I noticed that the minister pointed out that the credit of Alberta was better now than it was some years ago when the amounts which are now being made up were withheld. It seems to me that that is putting the cart before the horse. They needed credit badly then and it was withheld from them. Now they are in a much better position and we are donating to them. That is an extraordinary procedure. However, I have no objection to that if it is the way to do it.

But there is another point that ought to be made here as well as the compliment which has been paid to the leader of the Social Credit group. For a good many years the government of Alberta has taken a good deal of credit to itself for having saved to the people of that province $25,000,000 of interest, and now I understand it is getting this gift of money to which it was entitled before but which was withheld because it had deducted the $25,000,000. It is getting this returned because it has virtually paid back the $25,000,000 of interest. Is that clear?

Mr. ILSLEY: This does not amount to the $25,000,000. I am sorry I have not the total, but I think it is $10,000,000, or $12,000,000, or something like that. The province is paying quite a lot more than that. But with regard to future refunding, it makes all the difference in the world. Now that their bonds fall due they can refund at much lower rates of interest than they would be able to if they did not do this, so that apart from the principle of the thing it is good business for the province.

Mr. IRVINE: I know it is always good business to follow the financial system in vogue and anyone that goes against it will suffer greatly for doing so; but the minister misunderstood my point. My understanding is, from the resolution and the minister's comments thereon, that the government of Alberta has virtually made up to the bondholders the $25,000,000 they had supposedly saved the people of that province during the past ten years or so. That is the point I understood him to make.

Mr. SOLON LOW (Peace River): I did not want to interject anything into this debate, but it seems to me that the hon. member for Cariboo is attempting a little bit of propaganda in this whole business. As a matter of fact, in all our negotiations there was one thing uppermost in our minds, from the time I started these negotiations six years ago, and it was this. We feel that it was our obligation to the holders of Alberta bonds to see that the price of those bonds rose to or near par at the earliest possible date. That was our obligation, and we have taken whatever action was required to bring the market value back so that the holders of bonds might dispose of them and not take a severe loss.

Actually, this resolution, or the bill that may follow, is not for the purpose of making good the total of the unpaid interest on those bonds, and it is not a question of what the people of Alberta have saved or what they are saving. It is a question of carrying through an agreement between the federal government and the government of Alberta to make good a payment that would have been given to the province of Alberta since 1941 had that province selected the debt service option under the tax transfer agreement. If anyone wishes to make political capital of it this is rather a poor place to do so.

I compliment the minister on a good job done. My only regret is that it was not done years ago. It could have been accomplished had we got around the table a little more amicably and with a little more spirit of understanding. I am sure it could have been done. I wish to compliment the minister on having taken a fair attitude toward the whole matter and upon helping us to get the thing cleared away, because it has meant a great

deal not only to the people of Alberta and the government of that province but to the whole of Canada. I have felt that for some years.

I wish to thank my colleague for the kindly things he said about me. He did not have to say them because I have taken it in the line of my duty. I felt it was my responsibility.

Mr. ANGUS MacINNIS (Vancouver East): I simply rise to say that it hardly becomes the leader of the Social Credit group to take umbrage at anyone for raising a political point, because his own group is adept at that kind of thing. My colleague the hon. member for Cariboo asked a very proper question. Here the government of Canada has undertaken to pay certain sums of money to a provincial government, and he wanted to have it clear as to the particular reason for the Dominion of Canada paying these sums. I think he is entitled to an answer.

Mr. J. H. BLACKMORE (Lethbridge): There is one thing else that ought to be said. When Premier Aberhart led the social credit movement to the successful victory of 1935, it was never his intention, nor was it the intention of the social credit movement, that anyone should lose as a result of Alberta's determined effort to obtain some sort of justice in the matter of financial arrangements. It ought to be known, and for the sake of those who were not in the house at the time I am going to say, that the province of Alberta was owing a great deal of money at an interest rate which in the light of conditions was fantastic. Imagine owing millions of dollars at an interest rate of six and a half per cent! It was utterly impossible for that province to obtain an adjustment with regard to that interest rate without exactly the measures which they did take under Premier Aberhart.

It is due to Premier Aberhart, seeing that he has gone beyond the veil, that it be stated here that the very first thing he did after he became premier of Alberta was to come east with the object of seeing the financial authorities of Canada at that time in order to obtain a system of refunding Alberta's debt. Had the president of the Bank of Canada and other financial authorities in the dominion had the vision—and it is impossible now to see why they did not have it—they would have sat round the council table with Premier Aberhart and allowed him to refund that great debt of Alberta at a lower interest rate, and all the unhappiness which has resulted from Alberta's defaulting would have been avoided. I feel it is only fair that this be said with respect to the late Premier Aberhart. I look upon him as one of the greatest statesmen in the Dominion of Canada since confederation. Had it not been for the determined stand which that man took, with the province of Alberta behind him, we would not even yet be thinking in terms of interest rates as reasonable as we now know them. Very shortly after the determined stand that Alberta took, we found a tendency toward lower interest rates in Ontario and in other parts of the dominion. Interest rates should be even lower than they are to-day.

[Mr. Low.]

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

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 218, to authorize the Minister of Finance, with the approval of the governor in council, to enter into an agreement with the province of Alberta to amend the agreement entered into with that province under the authority of the Dominion-Provincial Taxation Agreement Act, 1942.

Motion agreed to and bill read the first time.

SUPPLY

The house in committee of supply, Mr. Golding in the chair.

DEPARTMENT OF MINES AND RESOURCES

126. Departmental administration, $152,565.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Hon. J. A. GLEN (Minister of Mines and Resources): Mr. Chairman, in connection with this item I think it would be well if I were to make a statement to the committee with regard to Abasand Oils Limited. The Minister of Munitions and Supply in 1942 recommended that the bituminous sand of northern Alberta should come under immediate and detailed examination, in order to determine whether large oil production could be obtained from it. At that time all possible sources of Canadian production were being investigated with a view to offsetting the loss of oil supplies through the sinking of many oil-tankers by enemy action.

On April 14, 1943, the minister reported progress made, outlining the problem still to be solved, and stated that the government had arranged to take title to the plant of Abasand Oils Limited near Fort McMurray as the best method of implementing a recommendation of the Consolidated Mining and Smelting Com-

pany of Canada which had carried on an investigation for the government the previous year.

The arrangement was that the government did not pay compensation to the Abasand company for the plant and equipment but was to provide funds to the company for rehabilitating the plant and for carrying out pilot plant operations on mining and treatment of the sand.

The company for its part accepted responsibility for reconstructing of the plant, developing processes for the mining and treatment of the bituminous sands, and obtaining cost data for the various operations.

On May 25, 1944, the then minister of mines and resources reviewed in the House of Commons the progress made under the agreement with Abasand Oils Limited and pointed out the difficulties that had arisen in connection with construction, owing to the scarcity of materials and of satisfactory labour. He indicated that the separation plant was expected to be in operation during the summer, and that operation of the refinery would follow a few months later.

In June, 1944, the separation plant was sufficiently completed for test runs, but operations were on an intermittent or limited basis for several months owing to the need for further separation and refinery equipment and completion of the power house as well as to lack of storage space for production. In December, 1944, the refinery made an initial run and from then on operations were continued on a larger scale. The various handicaps itemized above had been almost entirely overcome by June 16, 1945, when unfortunately, the separation plant, workshops and warehouse were destroyed by fire. It is possible, however, as a result of operations up to that time to arrive at tentative conclusions with regard to the project.

Mining. Commercial utilization of the bituminous sands unquestionably involves year-round operation. Work carried out under the Abasand agreement has demonstrated that mining presents no serious difficulty; in the summer a powerful shovel can excavate the sands without blasting, and in the winter, provided that a reasonably large tonnage were continuously handled, only a relatively thin surface layer of frozen material would require blasting.

Separation. Operation of the McClave hot-water process as it was carried out in the separation plant revealed several weaknesses. The amount of heat required to maintain the pulp at a temperature of 175 degrees Fahrenheit was costly, since thirty per cent to forty per cent of the products recovered from the bitumen were required for heating and power. Further, the distillation of a small amount of the lighter fractions of the bitumen created unhealthy working conditions in the separation plant.

A new method of recovering the bitumen from the sand was therefore developed which appears to have definite advantages over the hot-water process inasmuch as separation is carried out at a temperature of approximately 75 degrees Fahrenheit. Results of operation on the basis of treatment of about 100 tons a day over a period of three months, as reported by the Abasand management, indicated lower costs, higher yields of bitumen, and greater recovery of the diluent oil used in the process. An enlarged unit of 600-ton capacity was being installed to verify these results when the separation plant was destroyed by fire.

Refinery. Operation of the refinery was limited by the comparatively small output of the separation plant. Test runs indicated that the refinery had a capacity of 1,300 barrels of diluted crude, equal to about 600 barrels of bitumen, a day. It is designed for thermal cracking of the bitumen, after recovery of the diluent used in the separation process, yielding a small amount of gasoline, some diesel oil, residual fuel oil, and asphalt. Production of higher grade products from the bitumen demands a much more elaborate and more costly refining process, involving both thermal and catalytic cracking, isomerization and alkylation units, or, alternatively, hydrogenation.

Cost estimates. While the government has not yet received a final report from the company of the results obtained up to the time of the fire, from data collected in the intermittent operations of the plant, certain deductions and estimates have been made by the Abasand management on the cost of obtaining a barrel of bitumen from sands containing sixteen per cent bitumen, and on the cost of obtaining petroleum products from it on the basis of a production of 500 barrels of bitumen a day.

Assuming the removal of one ton of overburden to each ton of bituminous sand treated, the costs per barrel of bitumen according to these estimates would be as follows:

Operation	Cost per barrel of Bitumen
Stripping	$0 12
Mining	0 46
Separation	0 65
Overhead	0 40
Refining	0 88
Total	$2 51
Sales tax	13
	$2,64

Products derived from the crude are assumed to be, gasoline, 7 per cent; make-up diluent, 6 per cent; diesel oil, 10 per cent; fuel oil, 19·7 per cent; asphalt, 56·3 per cent; gas and loss, one per cent. The gasoline is not of the best grade as it contains two per cent of sulphur, removal of which would lead to a considerable reduction in yield and increased cost of production. The make-up diluent is delivered to the separation plant and is therefore saleable to the operation. The diesel oil is of reasonably good quality and is comparable to grades now being used commercially. The fuel oil is too heavy for domestic heating units but is suitable for central heating plant installations. The asphalt is of good quality but would require further processing for production of asphalts to specification.

The cost of producing bitumen as feed stock for complete refining or hydrogenation has been estimated, on the basis of 500 barrels a day throughout at approximately $1.60 a barrel.

Marketing. The estimated total revenue from the sale in Edmonton of such products as can be made by the refinery now installed at the Abasand plant has been estimated as equivalent to $2.85 a barrel of bitumen, showing an apparent return of $0.34 over and above the operating costs of the plant. However, the cost of rail transportation to Edmonton under current classifications and rates has been calculated as equivalent to $1.78 a barrel, which transportation would result in a marketing loss of $1.44 a barrel of bitumen processed.

Since freight rates are large factors in marketing costs, a study was made in order to estimate the effect of different rates on the revenue obtainable. Transportation costs were recalculated using alternative rates for heavy fuel oil and for asphalt. When a rate of 45 cents per hundredweight was used for both heavy fuel oil and asphalt, the freight charges were reduced from $1.78 a barrel to $1.61, and when a rate of 26 cents was used, they were reduced still further to $1.11 a barrel. However, the net revenue still failed to equal operating costs by $1.27 and $0.77, respectively, per barrel of bitumen processed.

Therefore it does not appear to be possible to recover the operating costs of processing bitumen by marketing the products at Edmonton under existing freight rates when the operating cost is $2.51 per barrel of bitumen processed.

It is possible that development of the mining industry in the Northwest Territories within the comparatively near future would expand the market for petroleum products very considerably. If development occurred around lake Athabaska the capacity of the McMurray-Waterways area to utilize pertoleum products would be correspondingly enlarged. In this connection the potential market at Yellowknife was investigated but the results were disappointing. Heavy fuel oil, such as could be produced at Abasand by combining the asphalt, fuel oil and diesel fuel oil fractions of the bitumen, sells at $0.19 a gallon laid down at Yellowknife, from Norman Wells; freight alone on the Abasand product from Waterways would amount to $0.16 a gallon, leaving a net return of approximately $0.03 a gallon to the company. This would make a total net revenue to the company of about $1.62 per barrel of bitumen processed.

With the decline in production of well petroleum in Alberta, imports of crude oil into the western provinces have increased. In the first seven months of 1945 these imports totalled 2,427,770 barrels, and in the same period a substantial subsidy was paid by the government in order to avoid the necessity of permitting increased prices for petroleum products in Canada. If it is found to be expedient to discontinue payment of the subsidy, then increased prices for crude oil and for petroleum products generally may be expected. If the price of crude increased by $0.70 a barrel, then a corresponding increase totalling two cents per gallon of products will follow. However, this increase will not likely be applied equally to all products, and it is practically certain that the lighter products such as gasoline and light fuel oils, which are in greater demand, will absorb practically all the increased cost. Therefore, it is believed that the competitive price of heavy fuel oil and asphalt will not likely be increased more than one cent a gallon for such increase of $0.70 a barrel in the price of crude oil. Such an increase would result in the net revenues of the company being increased by approximately $0.50 a barrel of bitumen.

The government entered into the present investigation of Athabaska bituminous sands under the stress of a war-time emergency and many factors combined to delay the completion of the programme. The objective was to obtain reliable data concerning treatment of the sand and the cost of extracting bitumen from it. A pilot plant of approximately 500 barrels a day capacity was used for the purpose, but it was not expected to be a revenue producing operation. Some results have been obtained which permit tentative conclusions to be drawn regarding the cost of obtaining petroleum products from the bituminous sands, but they are not as conclusive as is

desired. Under present conditions the cost would appear to approximate $1.60 per barrel of crude bitumen and $2.50 per barrel of refinery products therefrom. These figures, however, require to be verified by steady operation of the plant before they could be accepted with complete assurance and before they could be used as basic cost figures for calculations under changed conditions that will arise inevitably in the future. It should be emphasized that the Abasand plant is a pilot plant for investigational work; it is not a commercial production plant, and the revenue obtained as a result of its operation was not expected to exceed the cost by an amount sufficient to make it an economic operation unless a profitable market develops. Information as to this revenue is required for determining whether or not profitable operation of large-scale commercial plants is possible.

The expenditures made by the Abasand company in carrying out the investigation have clearly shown that the sands can be mined without any serious obstacles even under winter conditions, and with the more powerful equipment that would be used in large scale operations no mining difficulties should be encountered. Again, the investigation has resulted in the development of a new method of separating the bitumen from the sand. This process appears to have definite advantages over the hot-water process formerly used, indicating lower costs, increased recoveries of bitumen from the sands and lower loss of the diluent used in the process. It has been shown also that for high recovery of bitumen and low diluent loss, the feed to the separation plant should consist of freshly mined unoxidized sand.

A study of the markets for the products of the present plant shows that under prevailing conditions as to freight rates these products cannot be sold at a profit where consumption exists, and that the only profitable market would be within a radius of a few hundred miles of the plant where consumption at present is limited to a fraction of the plant's productive capacity. Mining and natural resources developments in the lake Athabaska area and in the vicinity of Waterways might make the operation of such a plant profitable. A much more favourable freight rate and an increased selling price for asphalt would be required before the plant output could compete with asphalt produced from present refineries in the western provinces.

It is appreciated that the cost of producing bitumen could likely be considerably reduced if a large commercial plant were constructed. It is evident, however, that there would not be a market for the quantities of asphalt produced from the large plant. Therefore it would appear that the commercial utilization depends not only on securing much lower costs for mining and separating the sands, but upon processing the extracted bitumen so as to produce a large proportion of the high price petroleum products. This can be done practicably only in a large-scale refinery of the order of 10,000 barrels a day capacity, embodying thermal and catalytic cracking, isomerization and alkylation units, or alternatively by hydrogenation. The investigation carried out by Universal Oil Products of Chicago into full cracking process indicated that the required products cannot be obtained profitably at the present time. Their estimate of the cost of a 5,000 barrel a day refinery in Canadian funds was $12,000,000. No reliable information is available as to the economics or as to the cost of building a commercial plant. From the information available it is not likely that a 10,000 barrel a day plant could be constructed for less than $25,000,000. When the cost of the same size separation plant, probably $10,000,000, is included it will be observed that substantial capital expenditures are necessary.

It will also be appreciated that the commercial utilization of the sands depends as well upon the costs of getting the products to the available markets. The present freight rate of $1.78 per barrel of products makes it impossible to compete with Turner valley crude oil. However, these costs would be substantially reduced if a pipeline were constructed to provide an outlet for the products of a large commercial plant.

As has been mentioned, the government has not yet received a final report from the board of management of the Abasand company. The report may change slightly the conclusions that have been reached as to the mining and separation costs.

This morning I received from the president of the company a letter containing a definite recommendation from the board of directors that the government should provide the necessary funds to enable the plant to be rebuilt and operated for one year. They estimate the cost will be $700,000, approximately one-half of which would be obtained from the insurance moneys. It is stated that this would permit operations with the improved process being carried through the climatic conditions encountered in each of the four seasons.

It must be realized, however, that although more accurate information as to costs would be secured, once the information had been

obtained there would probably be no further justification in keeping the experimental plant in operation.

It is now necessary for the government to decide what action should be taken and whether in the light of all the present known facts it would be justified in making this additional expenditure to obtain the further information suggested by the company. In reaching a decision, consideration will, of course, have to be given to the independent investigations being carried out by the provincial government. It will be recalled that the legislature some time ago appropriated $250,000 for this purpose, and it is understood that a plant will soon be erected some fifty miles north of the Abasand plant. It would be unwise for the two governments to compete with one another in this matter. The dominion undertook the investigation only because of the war. Now that the emergency is passed and the unfortunate fire has forced a reconsideration of our plans, perhaps it might be wise not to make any further expenditures in the Abasand plant until the province has completed its own investigation. Again, it might be the course of wisdom to postpone any further investigations at the Abasand plant until a thorough study has been made of the possibilities of hydrogenation. If we proceed with the proposed experimental hydrogenation plant at Ottawa, an opportunity would be afforded of obtaining reliable data as to the costs of this method of processing the bitumen. The cost of building the test plant is not much more than the amount the company is now asking the government to provide. By the time this investigation was completed the province might possibly have obtained additional information as to the other costs which would be helpful in reaching a definite and final conclusion as to the economics of developing the tar sands.

In the light of the letter received to-day from the president of the company, naturally the government will have to consider what is the best thing to do in the circumstances. The province, as I have said, is making its own investigations. They may have a viewpoint with regard to the development of those sands, and in view of that and the further reports that we have received with regard to hydrogenation, it may be that the best plan would be to proceed with the hydrogenation plant and ascertain more accurately and definitely the feasibility and desirability of erecting again a separation plant. I thought it well that the committee should know the result of the investigations which have been made by various agencies and the data which has been collected, which, of course, will be at the disposal of the provincial government of Alberta in an endeavour to arrive at some conclusion with regard to the operation of the Abasand plant.

Mr. MacNICOL: I wish to thank the minister for his report. I must say that I am greatly disappointed at hearing it, but it was not more than I had expected from what I had heard both from Forth McMurray and from those who had left Fort McMurray. I know very well that the minister is new in his department, but I hope that by the time next summer comes round he himself will go there and make his own investigation, as I have done five different times. I do not take much stock in the reports that I have heard from the department about Abasand, I am sorry to say, because my own investigations have proved otherwise. Commencing where the minister has left off, I am looking for great results from what the Alberta government will be able to show. I know that last summer they did a fine job and their plant shipped out a great deal of material. They have in their employ a former employee of the Abasand company, a capable man, who has got fine results. But unfortunately,—and this is no reflection on the minister because these things all came before his time—the project has been more or less damned—I am using my own language, Mr. Chairman—by the department. At the very commencement the department did engage a reliable and competent firm to make an investigation, the Consolidated Mining and Smelting company. That was, I believe, in 1943. I visited the plant while their engineers were there and talked with them and observed what they were doing, and when they submitted their report later it was a wholly different report from the one which has been submitted to this committee to-night. I want hon. members to realize that the present minister has nothing whatever to do with getting out this report, because I heard all of it on Adelaide street west in Toronto last January, when I was told the contents of such a report; it was very largely the same information, that the report would be damning against the production of oil at Fort McMurray. Here to-night we have the report presented, and it is very much along the lines that I was told it would be on Adelaide street west in Toronto.

The Consolidated Mining and Smelting company are a reputable Canadian company. No man can point a finger at them. Their report is wholly different from that which has been submitted here to-night and read by the minister, not prepared by the minister, because I know the minister has not been long enough in his department to prepare the report.

The Consolidated Mining and Smelting Company reported several things: first, that the sands can be commercially mined. I myself know they can, not from somebody telling me, but from having gone up there myself five times, and at a good deal of expense, but I love to contribute to anything that I am interested in getting to the bottom of. The Consolidated Mining and Smelting Company reported that the sands are easily mined and that the McClave process is a capital process, as I believe it is. Their report was very largely satisfactory so far as commercial production at Fort McMurray is concerned, and they recommended a pilot plant or that the then plant be used for a pilot plant. What happened? After I spoke on the matter in this house the government created a crown company; the principal men who were in the former company were in a very short time all out of the way and other men were sent in there to carry on. I would ask the minister to ascertain from his department just how many men in his department have been to Fort McMurray, and not only that, but how long each one of them has been there, when they arrived at Fort McMurray by plane, and how soon they got out by plane. I make an exception of one who, I know, has been there for quite a long time, who was there when I was there last, and whose name, I think, is Mr. Rosewarne. Find out how many men who passing comments on Abasand were on that job, and furthermore, how many know any mortal thing whatever about the taking of oil out of tar sands. I think the committee should have that information because, when the Consolidated Mining and Smelting Company made a report which cost this country at least half a million dollars, apparently that report was thrown to the winds and another lot of men were sent in to handle this work.

What are the facts? Even with the old original system of the Abasand company, in 1940, the first year I was there, they produced about 17,000 barrels of oil. That was something; the company must have had some success to do that. That was not a new plant and a very indifferent plant at that time. In late 1941 the plant was destroyed by fire some time in the fall, but it produced a considerable amount of oil during the summer. I again visited the plant that year, and I met there one of the chief geologists of the United States department of the interior. He was loud in his praise of the operation, and I will take his word in preference to that of others whom I have heard here, for there is no more eminent geologist in the United States than this gentleman. He went to the Fort McMurray plant and, as I say, he was loud in his praise of the system and of the capacity and possibilities of that area for the production of oil. I do not think a man of his high intelligence and ability, who was sent specially by the secretary of the interior on that same trip up to Norman Wells—I met him on his way back—would have been engaged in such work if he had not been thoroughly qualified to give his minister advice.

In 1942 the plant was rebuilt and in operation, and in that year, the plant and a system which is now condemned, produced about 10,000 barrels. Unfortunately, in 1943, the company operating that plant were displaced, and the government took over the plant. What has been produced since the government took it over? The minister will know that I am not criticizing him in any way. I should like to go with him up to Fort McMurray.

Mr. GLEN: You will.

Mr. MacNICOL: I shall be delighted to go with the minister to Fort McMurray. I know something about it, and I shall be glad to show him what went on and what has been going on. The minister will remember what the first intentions of the government were in this connection. I recall very well that the Minister of Munitions and Supply said, in taking the plant over—I believe it was in 1943-44—that they would be producing enough bitumen that fall for the Alaska highway to return the government the money which was being advanced to take over the plant. Why was that not done? Who interfered with the production of bitumen for the Alaska highway? The American officials on the job told me that the United States would give an order for one million barrels and supplement it with orders up to five million barrels of bitumen for the Alaska highway, and if they could have got it they could have used it. Who fell down? Who was responsible for the non-production of bitumen from the original plant that the government took over?

In 1943-44, instead of proceeding with a plant which the Consolidated Mining and Smelting Company said was a very good one, and quite capable of producing bitumen commercially up to the limit of its capacity, what happened? The plant was pulled down. Men were sent in there and pulled it down. I have said before and I say again that newcomers commenced to rebuild a plant in the wrong place. They deny it now, but I will stick to my statement, because that is what I was told at Fort McMurray. They started building it in the pit, but were advised that the river would overflow it in the spring, and they then proceeded to the highest ground to rebuild

the plant. It should not have been pulled down. It was not the intention of the Department of Munitions and Supply that it should be pulled down. The intention of that department was that it should be used as a pilot plant, but that was not done. The whole business has been nothing more or less than a comedy of errors from beginning to end since the government took it over. Up to now this country has invested between one and a half and two million dollars, and what has it got? The plant which the minister has referred to commenced about May of this year with a so-called new system of extraction. I am going to ask some questions about that in a minute. Now we are told that had it not been for the last fire it would have been a success. I can not swallow that. They do not know whether it would have been a success or not, because it had not been long enough in operation for anyone to decide. Why did the fire come along? That fire came along very fortunately, and not for the country, but it came along very fortunately.

The minister will perhaps remember that a year or two ago we were asked to vote an additional large sum of money, and upon my asking what the money was for we were told that it was to bring a water line from the plant to the Athabaska river. The old estimates will show it. The next time I went there I made a thorough survey concerning that water line. I engaged a boat to take me down the Athabaska river to where the line was supposed to come to the Athabaska river, but never reached it. I want to know who was responsible for wasting the country's money in attempting to build a line the better part of a mile long. A hole was dug on the rock on the shore of the Athabaska river, but there is nothing in it. I followed it up. I do not know how far back I went to where there was nothing in the ditch at all. But who was responsible for that? I should like the minister to find out. I am not blaming his department, but every specification and every plan which were used at Fort McMurray should have passed through the department. I want to know if the director refused or o.k.-ed every plan which was used in the work up there, and if he did not—I do not mean the director personally, but the department—why did they not do it? Were contractors allowed to do anything they liked in spending the country's money along that line—touch and go, guess and miss it? I asked why they did not take the water out of the Horse river. The reply was that the Horse river froze in the wintertime. So it did, but that is where they got water last summer—out of the Horse river. The line to the Athabaska river was never completed. The whole thing, as I have said, is a comedy of errors. I might say that I am very sorry I was one of those who advocated this work, but I should not be sorry, because I never did advocate that the government take it over, but that the government should support the company in charge of that plant in the development of the tar sands.

The minister referred to a new system of oil extraction. The system which is longest known in America, the system which is used in the various tar sand localities in the United States and in Brazil, is the McClave system. The McClave system could not be any simpler than it is, and I am convinced that it is the right one and, from what the report says, much better than the present system. That system called for a water temperature of 180 degrees. There were two cylindrical tanks, one after the other, and the water had to be that temperature. When the sand came out of the mine it was taken into the first cylindrical tank, went through a revolving process, then out of that tank into the second cylindrical tank and from there it was conveyed into the McClave flotation tank. Now we are told that something new has been tried. Who took the responsibility for that? Did the department assume the responsibility for throwing out the McClave system and installing the new Geco system? Someone must be responsible for it and we ought to know to whom that responsibility attaches. Furthermore, we ought to know whether this other system has been in use and where, and whether it has given results.

Certainly this country cannot any longer allow a great possible resource such as this to be damned by what I was going to call monkey-doodling business—that is about the best name I can find for it—such as we have seen in connection with the attempted extraction of oil out of the tar sands of Fort McMurray.

Last summer the plant burned down, but there was no water in the water pipes on the day that happened. That is my information on the most reliable authority. The fire could easily have been put out if there had been water in the water pipes, but it was alleged there was none. I have a picture of the fire. Why was there no water in those pipes? We paid enough for a fire protection system, and I am sure that had there been water in the pipes, and had the pumps been in operation, such a fire could have been put out. As it was, it was not put out until all that part of the plant had been consumed.

I hope the minister, who is new to the department, will take no one's word for this

but will make his own investigation, and make a thorough investigation, calling in those who have worked at the plant at Fort McMurray. Do not let him call anyone who has not been there or anyone who might have been there only between planes. Let him make the trip to Fort McMurray himself and talk to the men who were in charge and the employees there.

I am sorry to say that the department has lost two fine men. I learned only yesterday that Doctor S. C. Ells, than whom there is no more qualified or experienced man in this business, has retired from the department. Why was he allowed to go? For thirty years or more he has been the one man in Canada, or at all events in the department, who knew all about tar sands. He has made a thorough study of the subject and his advice had been used by the previous company. In fact, he was largely responsible for the success of that company. Yet he was allowed to go. Why was his resignation accepted?

I was a business man, and I do not care a fig whether a man is sixty-five years old so long as he knows his business. Indeed, it may be said that many men do not know very much until they are sixty-five. Certainly in business, in law, in mining or in any other profession requiring sound brains, the man who has applied himself to his subject will have acquired a very considerable knowledge of it by the time he is sixty-five, and there is no reason why such a man's services should be dispensed with.

An hon. MEMBER: What about women?

Mr. MacNICOL: The same applies to women. I myself wrote to the department when I heard that Doctor Ells was to be retired, and I suggested that until this business was cleaned up he should remain in the department. Another man at Fort McMurray, in my opinion one of the most successful men, was Mr. Bergehold. I do not know whether he has retired or has been released from Fort McMurray, but I understand he is now going to Brazil into the same line of business.

I had great hopes from the development of the tar sands but I have little hope now. I regret to say that. I have no hopes until some other group is sent in there or some private company is willing to invest some of its own money, with the support of the government, and takes over the business.

As far as freight rates are concerned, the rate from Edmonton to Fort McMurray is an outrage. Why? Because the road is considered an unfinished road. Well, just fancy a railway from Edmonton, 305 miles, extending to Waterways, and having only three miles to go to Fort McMurray and only another half mile around to the famous salt company, being regarded as an unfinished road. Until another three and a half miles is completed it is called an unfinished road and therefore the freight rate is away higher than it should be. Any commercial company taking over that plant and proceeding to produce oil from the tar sands would naturally build a pipeline to Edmonton, which would not be more than 250 miles in a more or less direct line.

Mr. BLACKMORE: Are there any particular difficulties in the construction of the remaining three miles of road?

Mr. MacNICOL: Absolutely not. During the war the United States government ran another mile and a half to what are called the plains where they built their tugboats and scows and they could have gone around the bend to what would have been the salt plant.

Mr. BLACKMORE: Did anyone try to explain why it was not completed?

Mr. MacNICOL: No more than the fact that as long as the road is not completed you get a higher freight rate. That is the reason I would give.

Mr. BLACKMORE: Perhaps another reason for sabotaging the whole situation.

Mr. MacNICOL: The minister said something about sulphur. I went into that question very carefully and, while I am not an expert at investigations along that line, I am not a novice. The sulphur can be easily removed. I was glad to hear the minister say that it contained only 2 per cent, and that is a reduction of from 3 to 5 per cent as compared with what we were told previously. In any event, the sulphur is a small item and can be easily removed. Furthermore, the diesel oil was excellent. I followed the ship with the oil right down to Yellowknife on Great Slave lake and to Box on lake Athabaska and talked the matter over with the engineers in these mining camps, and I was told that it was excellent diesel oil. I asked the engineers if the sulphur affected their engines and they said no.

I am hoping that the Alberta government, for the sake of their own province, will make a success of the undertaking. They have taken over Fitzsimmons plant fifty miles down the river. I have been there too, and my information from the men on the job is that they are getting splendid results. They have on the job a man who formerly worked with the Abasand company, and as he knows about taking oil out of tar sands he should be able to operate successfully.

I want the minister to find out exactly how many men who went to Fort McMurray ever had a mortal thing to do with taking oil out of tar sands before that. That is a fair question. I wish the minister would communicate with the men there who are on the job so as to get the facts correctly.

I must confess that this report has me warmed up because I had heard about it last January and it has been cooking since then. Now I find it is as bad as I was told it would be. What is to happen now I do not know. Are the sands to be given back to the original company, and will the government get out of the business? I would say that the government should get out of it in any event, no matter to whom it goes.

From what the minister said in conclusion I would judge that not much will be done with it until after we see whether the government of Alberta makes a success of its proposals. Of course the minister has been in the department for only a short time; but believe me, if I were minister I would produce oil at Fort McMurray and I would not wait to see what the Alberta government does. I would not want it to be demonstrated that the Alberta government can do better than the federal government.

We must have men with a really sincere desire to make this thing go and produce oil out of these sands. I must tell the minister that the department itself, through its staff, is responsible for the whole world believing that at Fort McMurray we have the greatest oil deposit in the world. For years I have read pamphlets issued by the department. Why were they issued if what they said was not true? Why did the department issue pamphlets which stated that we had five times more oil there than all the rest of the world combined? If these statements were not true, why were they made? All hon. members have read, in all sorts of magazines, reports about the tar sands; and those reports are based upon statements made by the department. Now we are told in so many words that there was little to those statements; that it is not a commercial proposition; that it costs too much to get the oil out of the sands; that it is too far away; that the oil has sulphur in it, which makes it unfit for commercial use, and so on. Personally I do not want that kind of report. I want a report along the lines of the report of the Consolidated Mining and Smelting Company, that the sands are commercial; that the oil can be taken out of them; that they make good oil, and that the bitumen is number one also. That is the report we should have, but we get a report like this after an expenditure of $2,000,000.

[Mr. MacNicol.]

Of course the minister is completely free of any criticism in this connection. Nothing I have said has anything whatever to do with him, but somebody is responsible. As I said a moment ago, I want to know whether all the plans and specifications that were used at Fort McMurray were sent here and O.K.-ed before construction commenced, and, if not, why not? We had men who were supposed to be in charge of the construction at Abasand. If they permitted this construction to go on without O.K.-ing the plans, then somebody is responsible; and if the plans came down here and were O.K.-ed by them, then they are responsible. There is no other answer to it. If they O.K.-ed the plans they must have thought they were all right. Finally I want to know whether the officials of the department O.K.-ed the Geco system and condemned the McClave system; and if that system is in operation I want to know how much oil has been produced under it, the names of the companies, where the sands are, and all about it. Up to the present we have been told that the McClave system is best for the development of the tar sands.

I want to ask one or two questions and then I am through. I want to know why the firefighting apparatus was not in readiness last June to fight that fire, because we put a lot of money into that plant. According to the reports I have right from the plant, the apparatus was not ready. Then I should like to know what is to happen now. Is the government going on to rebuild that plant and, if so, will it put in this so-called new system without a thorough test having been made? According to the reports I have, after the system was put in there was not time really to demonstrate anything before the fire occurred. I think I have pretty well covered what I wanted to ask. I particularly wanted to know if the department did O.K. the plans and, if they did not, why they did not. I also want to know why they abandoned the recommendation of the Consolidated Mining and Smelting Company.

Mr. GLEN: I will take the last question first, as to why the firefighting apparatus was not in evidence when the fire took place last June. I have here the report of the insurance company with regard to the fire. In the statement of William Spets, who was a carpenter in that plant, he states that he was working along with another man, Henry Olsen, welding and cutting braces for the feeder. His statement goes on:

When we commenced to loosen the top log I saw fire in the centre of the logs and flames coming over the top of the logs. Gilbert Olsen shouted for the fire-extinguisher and attempted

to extinguish the fire. In the meantime I ran into the separation building and shouted "fire" to the workers outside.

I then returned to help fight the fire, running through the separation plant to the garage and helped remove the fire hose and trained the fire hose on the fire. But there was a high wind and within a few minutes the entire building was enveloped in flames, while fire also spread to the warehouse and machine shop. One of the workers within the separation building turned in the fire alarm, which consists of sounding the steam whistle from the power house.

In my opinion the fire started from a spark from the acetylene welding torch becoming lodged between the logs and end wall of the ramp.

Mr. ROWE: Is it true that there was no water in the hose?

Mr. GLEN: This man said he helped to remove the fire hose and train the hose on the fire, so that I presume there was water in the hose. The hon. member also spoke, not in a very complimentary way, of those who had charge of the plant.

Mr. BLACKMORE: Is there anything in the statement the minister just read to indicate there was water in the hose, even though the hose was trained on the fire?

Mr. GLEN: The words are:

I then returned to help fight the fire, running through the separation plant to the garage and helped remove the fire hose and trained the fire hose on the fire.

Mr. BLACKMORE: But water is not mentioned.

Mr. GLEN: I would assume there was water or he would not train the hose on the fire.

Mr. BLACKMORE: But water is not mentioned in the report.

Mr. GLEN: The hon. member for Davenport also spoke, in a not very complimentary manner, of those who were in charge, and wanted to know if the plans for this plant had been submitted to the department and were O.K.-ed by the departmental officials. My information is that all major plans were submitted to the department and were O.K.-ed by the department. All the operations of the plant were under the charge of a body of directors. Those directors were in sole control not only of the erection of the plant but also of the carrying out of operations. It might be of interest if I were to give the names of the directors of the company:

John Irwin:
President, Abasand Oils Limited.
President, McArthur-Irwin Limited.
President, Canadian Oil Companies Limited.
President (formerly), McColl-Frontenac Co., Ltd.
Vice-President, Commercial Alcohols Limited.
Director, Power Corporation of Canada Limited.

George B. Webster:
Vice-President and General Manager, Abasand Oils Ltd.
Vice-President, Giant Yellowknife Gold Mines Limited.
Director, Broulan Porcupine Mines Limited.
President (formerly), Kerr-Addison Gold Mines Ltd.

H. R. Milner, K.C.;
Director, Abasand Oils Limited.
President, Northwestern Utilities Limited.
President, The Canadian Western Natural Gas, Light, Heat and Power Co., Ltd.
President, Anglo-Canadian Oil Co., Ltd.
President, Dominion Gas and Electric Co., Ltd.
President, Canadian Utilities Ltd.
Director, Burns and Co., Ltd.
Director, Calgary and Edmonton Corporation.
Director, Home Oil Co., Ltd.

P. A. Thomson:
Director, Abasand Oils Limited
1st Vice-Pres., Nesbitt Thomson & Co., Ltd.
Director, Canadian Oil Companies Ltd.

Aubrey Davis:
Director, Abasand Oils Limited
President and Managing Director, Davis Leather Company Limited.
Chairman, Davis Canadian Leather Limited.

Mr. SMITH (Calgary West): That name could not have been Milner, could it?

Mr. GLEN: Yes, H. R. Milner, K.C. I think the hon. member knows him.

Mr. SMITH (Calgary West): He never put out a fire yet.

Mr. GLEN: The engineering company that built the plant was the General Engineering Company of Canada Limited, of Toronto. This is an engineering company with wide experience in the design, construction and operation of industrial plants in Canada and elsewhere. A few of the plants erected by this company are:

Lead-silver-zinc concentrator and smelter—Mount Isa, Australia.
Concentrator, Rio Tinto copper mine in Spain—(rebuilt).
Concentrator, Hudson's Bay Mining & Smelting Company.
Concentrator, Noranda Mines.
Milling plant, Howey Gold Mine.
Milling plant, Pickle Crow Gold Mine.
Milling plant, East Malartic Mines.
Concentrator, Golden Manitou Mines.
Fuse-filling plant, Allied War Supplies, Project 24, at Scarborough, Ont.

That is the company which built the plant. These are the directors who were carrying on the work, and I submit with all deference

that men with the experience they had were certainly competent to build the plant in the best way.

The hon. member has referred to a statement I made to the house, and to the fact that this had been known to him from January of this year.

Mr. MacNICOL: The contents of it.

Mr. GLEN: I hold in my hand the report of operations of the Abasand Oil Company. This is submitted by Mr. George B. Webster, vice-president and managing director, and it is dated October 10, 1945. The statement I read to the committee is based absolutely upon the contents of this report. It embodies only what they, as directors, in the fulfilment of their duty were reporting to the government in connection with operations. The statement I made is a condensed form of what is in the statement made by the president of the company. That statement was received only on October 10, 1945.

The position the company takes to-day is, as I have already said, set forth in a letter I received from the president this morning. During the course of the day I have had no opportunity to decide as to what the government's policy shall be. But I submit, as a business proposition, that with the position of the Alberta government to-day, with their interest to the extent that they are spending $250,000 on the plant to explore the possibilities of these sands, with the statement that has been made by myself, and the report of the directors, surely this is a subject for consideration, and one concerning which a decision as to policy should be made.

As I have said, the dominion government entered this project with a particular purpose in mind, namely, the supplying of oil which was badly needed during a certain period. That emergency has passed. If there is virtue in all that is said by the hon. member for Davenport, in the light of what he has said and in the light of the experience gained by the directors of the company, this is surely a matter for consideration and for decision later. That must necessarily be the position I shall take now—to view the whole matter again in the light of the statements that have been made in the house, and in the light of the report that has been submitted by the directors of the company, and also having in view very materially the attitude of the provincial government, which may desire to make representations to the dominion government in this matter.

If they are satisfied that these oils can be worked commercially, economically, then surely the province of Alberta might desire to make some representations in the matter. They have a considerable interest in the development. It is a matter for future consideration. That is as far as I can go to-night.

Mr. IRVINE: I do not wish to take the attention of the committee from the very interesting subject that has been before us for some time. However, I understand that this is a general discussion on the estimates for this department, and that I would be in order if I were to bring up some other matters. Those who wish to revert to this matter later on, and to continue the discussion will, I presume, be permitted to do so.

I might state briefly that I believe the subject of the tar sands at McMurray is one of great importance. I do not think the report is perhaps quite as satisfactory as many of us would like to see it. However, I hope the government will not abandon its interest in the matter. If the Alberta government continues, so much the better. Perhaps it would receive some assistance from the federal government in connection with financing its experiments in this project. I hope that they will see it gets the assistance, if it is required, and that the industry, if it proves to be an economical one, will be held for the use of the Canadian people.

The hon. member who has just criticized the proposal thought some private company could have made a great success of it. Then he proceeded to say that if he had been minister of mines and resources he could have struck oil easily. This would seem to indicate that either the government or a private company, in his opinion, could be successful. That being so, I trust the minister will stick to his job, and see to it that either the Alberta government or this government develops that great resource in the interests of the Canadian people. However, I am not an oil man, and I do not know the details of such a project. For that reason I shall not discuss the matter further at this time.

I would ask the minister a question on another matter connected with mining. Was a grant of money made some years ago—I think since the war began, but I am not sure—for the building of a mining road in the vicinity of Finlay Forks? I do not believe that the amount of money granted reached Finlay Forks. I should like to know how large the grant was and, if it was expended, how many miles of road were built. If money has already been spent in the building of the mining road in that vicinity, why should the road be abandoned before it is completed?

There is great need for such a road. Indeed, not only is there need from the point of view

of mining, but there is a very great need in connection with joining up the Cariboo highway with the Alcan highway. It is only about sixty miles from Finlay Forks to the end of the Fort St. John-Hudson Hope road. If that sixty miles were built it would tap the great coal resources of Hudson Hope, and would be of service to the other mining interests. At the same time it would join up the Cariboo highway, which goes right on to Vancouver and the Alcan highway.

Would the minister give me his views on the proposal, and tell the committee whether it is the intention of the government further to extend grants for the building of mining roads in that vicinity?

Mr. GLEN: I am informed that a grant was given for the building of this road before the war, but that no money has been granted since the war. The hon. member will realize that that will be a post-war project, and his remarks will, of course, be considered in that light. We are hoping to have mining roads assisted now, as they were prior to the war. That is as far as I could go.

Mr. CROLL: I should like to deal for a few moments with the different aspects of the department, particularly immigration. I appreciate that the only immigration the people of Canada are interested in at the present time is the return of troops from overseas and then the return of wives and children.

Mr. GLEN: I do not wish to limit the discussion, but there is a vote which deals with immigration. Would it be asking too much to ask the hon. member if he would withhold his remarks until that vote is before the committee?

Mr. CROLL: I have no objection. I understood that we were getting far afield and I was going even farther afield.

Mr. GLEN: This is really a war item we are dealing with.

Mr. CROLL: I shall reserve all my rights.

Mr. GLEN: I shall take care that the hon. member has an opportunity.

Mr. MacNICOL: I listened with interest to what the minister said, and I should like to point out that the McClave system was in operation in that plant in 1944. In May, 1945, a supposedly new and improved system was put in operation, and the fire occurred on June 16, I believe. We are led to believe that in that short space of time this supposedly new and improved system, the Geco system, demonstrated its superiority.

Mr. GLEN: I have a comparison of the operations when we experimented with the McClave process and the Geco process. The comparative operations were from January 20 to February 4 and from February 21 to March 9; from March 10 to March 26; from April 24 to May 22; and from April 10 to April 12. There is another report which I received in October on the McClave and Geco operating efficiency. They were experimenting and testing as to the efficacy of either system, and one paragraph of the report states that in so far as is known the Geco flotation process is the simplest yet devised for the separation of bitumen from sand. Low temperatures are used. The high temperatures of other processes are offset by the rubbing action of sand particles in the agitation section of the Geco cells. It has been found that most of the middlings returned by the settlers were composed of sand particles from which the oil had not been removed. As the sand particles are under high heat during both separation and settling for many hours, it cannot be expected that the same treatment repeated will result in any further separation. On the other hand, middlings produced by the Geco process are composed of sand particles covered with oil which have mechanically come with the froth. The additional rubbing in the Geco middling cells cleans off the last of the oil.

Mr. MacNICOL: The McClave is as simple as anything could be. What could be more simple than water heated to 180 degrees and the agitation of the McClave quiet flotation tank in which sand goes to the bottom, oil comes to the top and then is taken off the same as is done in gold mining. I understood the minister to say that the Geco system operated at about 75 degrees. It appears to me that the hotter you have the water, the easier it will work because that is all that is required to disintegrate the sand. I doubt very much if water heated to 75 degrees will disintegrate the sand as rapidly as water heated to 180 degrees. The McClave system is in operation in the plants in the United States, and I am sure, if there is any other system better than the McClave system, they would be glad to know about it. The McClave system I am told is used in Brazil in working their large deposits. I am sure they would be glad to know that the government working at Fort McMurray and limiting itself to a few tests carried on almost before the plant was completed had decided that some new system is better.

It is not for me to say that the Geco system is not a good one. I hope it is a good system. I am going to advise the minister to make inquiries and get in touch with the best available men. I understand that next week there will be passing through Ottawa a man who is

expert in the taking of oil from sands. If I happen to see him I am going to send him to the minister's office. I did not know that this matter was coming up to-night and I was not prepared to talk on it. However, I have some recollections of my past investigations and I was able to say something.

I remember when this came up in the house previously and the matter of hydrogenation was discussed. That is a simple system. Hydrogenation is simply the use of a catalyst to crack, to break up the molecules. It is applied to many different things. The Germans had it down to perfection and I suggested that we send someone to Germany to try to get one of the plants they had. If the minister is going to come into the house to ask for a vote of $750,000 to build a hydrogenation plant here, he should make a full investigation. I am going to send to the best engineers I can get in touch with in the United States, men who are qualified, to see whether we are to have the proper type of hydrogenation plant.

We have good men here; I met some of them at the plant on Booth street. Some of these men could be sent to Germany, and perhaps the department has already done so; if so, they should have reports as to whether it would be profitable for us to bring over a German hydrogenation plant. I will support any vote to make use of these sands.

Mr. GLEN: When we get to the vote I propose to discuss that matter.

Mr. MacNICOL: That is about all I have to say. We were told in 1943-44 by the Minister of Munitions and Supply that by the fall of 1943-44 I believe this country would recover from those sands with the plant checked up by Consolidated Mining and Smelting Company enough bitumen to sell to the United States government for the Alaska highway to pay for our investment. I should like to know why that was not carried out and why we went through all this other business to try to get oil.

Mr. WEBB: I should like to make a few general remarks on national parks, but if the minister would prefer that I hold them over until that item comes up and promises me a little leeway on it, I am perfectly satisfied to wait.

Mr. GLEN: Yes, most certainly. When that item comes up the hon. gentleman will have every opportunity.

Mr. HARKNESS: I am still not clear about just what is intended in regard to the plant. I gathered from the minister's remarks that the government was undecided whether to continue with the Abasand oil operation; yet in the war estimates there is an item of $400,000 for "remodelling and expansion of plant of Abasand Oils Limited." Would the minister explain whether that is part of the amount which is to be paid to the company along with the insurance money, in compensation for the plant burnt down, or is it to build another plant at government expense?

Mr. GLEN: The amount of $400,000 was for the payment of expenditures on the plant. All of it has not yet been expended. I think the hon. member was not in when I spoke before. I stated that in the light of the report which I had received from the company this morning and in view of the fact that the provincial government are now dealing themselves with the same project, it will be necessary for the government to decide what action shall be taken in regard to Abasand.

Mr. HARKNESS: What is the $400,000 for?

Mr. GLEN: That was for the continuance of experiments in the operation of the plant for the whole year.

Mr. HARKNESS: If the plant is not to be operated, will the $400,000 be appropriated?

Mr. GLEN: Some of the money has not yet been expended.

Mr. SMITH (Calgary West): I read a statement by the president of the Standard Oil Company in New Jersey that he knows that there is a tremendous amount of oil there, and I have also read evidence given before one of the committees of the house last session when officials of the department had some doubt of the ultimate picture. I wonder if the minister knows that the Imperial Oil Company during the last twelve months conducted a lot of experiments there in charge of a friend of mine, Pearce, the son of William Pearce whom the hon. member for Davenport knows so well.

Mr. MacNICOL: I do not know the gentleman at all.

Mr. SMITH (Calgary West): Mr. William Pearce of the Canadian Pacific Railway, who is the father of your watering scheme from the Saskatchewan river.

Mr. MacNICOL: At Banff park?

Mr. SMITH (Calgary West): No.

Mr. MacNICOL: Then I do not know him.

Mr. SMITH (Calgary West): Imperial Oil have drilled over one hundred holes in the last twelve months, and this man has been in charge of the experimental diamond drilling done in that area. I am asking whether the

government, in deciding whether or not to continue with these operations at Abasand and therefore spending money there, are familiar with the results which have been achieved by the drilling of over one hundred holes in that area by the Imperial Oil Company. I know that has been done because I have talked with the people who did it. Has the department gained any information from that drilling, aside from expert advice from those persons who look from above the ground —and I can see as far into the ground as anyone else? It should be a factor in helping the government to decide whether to continue its operations.

May I say to my hon. friends to my left that I am very proud that the provincial government of Alberta have abandoned faith in what the dominion government are doing and are trying on their own to find out what those sands contain. This may be said in all truth, that in the two years and more in which this government has been spending its money there it has found out exactly nothing; we are not a bit farther advanced than when we started. It does seem to me that the government, without being too proud, might consult other people who have done a bit of work there and whose information might help to determine government policy. Apparently the distinguished gentlemen whom the minister is now consulting have heard nothing of what I am telling them, but I know for a fact that over a hundred holes were drilled by the Imperial Oil Company in that area and they got a lot of information. Their difficulty is that you find there the oil-bearing sand and then a strata of mud. That is not the technical name for it, but it is mud. They are not far up the river from where the government was doing its work, and I am merely asking whether the government officials, being wise gentlemen, have taken into consideration the facts discovered by the Imperial Oil Company.

Mr. GLEN: I am informed of the drilling that has been done by the Imperial Oil Company. They did quite a large amount of drilling, but the department has done very much more drilling. Any information that the Imperial Oil have with regard to their drilling is known to our officers. As a matter of fact, $200,000 has been spent by us in drilling alone.

Mr. SMITH (Calgary West): I do not pretend to be an authority, but I am sure that Imperial Oil Company, no matter what the amount of money spent, have drilled a great many more holes than the government ever thought of doing. I believe that to be the simple fact because that is all they were doing—just drilling these holes. I know what their difficulty was about six months ago. It was to determine whether in view of the unproductive sand that lies between the various oil-bearing strata which they struck admitted of commercially feasible operations. I am sorry even to seem to disagree with the minister. I am not saying that he is wrong, but I am much inclined to think there is some error in the information which he has innocently just given to the committee.

Mr. GLEN: I am informed that the facts are as I have stated them. We spent about $200,000 in drilling this year and have proved up 258,000,000 tons of sand in one area.

Mr. SMITH (Calgary West): It is very easy to say one has proven 258,000,000 tons, but have they found it in depth, without being interlarded with unproductive stuff, which means a great deal of course in the cost of operation? I am quite sure that the minister means to be correct, but did he say that they have proven 258,000,000 tons which are commercially feasible? That is the problem we have there. We know there is plenty of oil; there is no question about that. We know, for example, that there is plenty of gold in the world: you have it in the sea, you have it everywhere, but can you get it out commercially? Is the minister's statement to this committee this, that in this year they have proven 258,000,000 tons of commercially feasible oil sand in that area? I should be very much interested to know.

Mr. GLEN: The information I have given is that we have spent this $200,000 and have proved up 258,000,000 tons of sand averaging about 12 per cent. But the problem is as to its commercial value after it is processed; and that is the burden of the statement which I made in connection with the report on the Abasand company.

Mr. JOHNSTON: Just a word before this item passes. I do not intend to spend much time discussing this problem, because I have discussed it at great length on many other occasions.

Away back about 1912, I think, if I recall the history of it aright, the federal government first took a hand in investigating the feasibility of producing oil from the tar sands of Athabaska. Some $25,000 was spent at first in sending some of this tar sand over to England and having it analysed. The information which the federal government then got was negative. Since that time they have spent a good deal more money, the minister said about $200,000, and they have got to exactly the same place where they got about 1912; that is they have got nowhere.

As I said in the house a year ago, I was of the opinion that the federal government would not get very far in their experimentation with the Athabaska tar sand because, as my opinion was then and as it is now, they never took it seriously. That was a mistake. We should have gone ahead to develop it on a commercial basis. A year ago the urgency was great; the shortage of gasoline was extreme, and this country was in danger of defeat for lack of fuel oil. Yet this federal government did not see fit to go ahead and put forth the efforts which should have been put forth in developing the tar sands there. If an emergency such as the world war could not move them I am quite sure that a few speeches now will not move them.

The report which the minister has just given us is nothing more than I had expected. I am in hopes, though, that the provincial government will go ahead with their plans—of course they cannot do so on nearly the scale which is possible to the federal government—and will get somewhere. When I was in Edmonton last fall the provincial minister of public works, who was in charge of this operation, gave me the assurance that they were progressing very satisfactorily. It was his opinion then that the federal government had by their method sabotaged the Athabaska tar sands. That statement, which he made over a year ago, I read into *Hansard* when I was speaking here on the subject. It seems that the federal government are endeavouring to wash their hands of the whole thing, to get rid of it as quickly as possible. At the end of the minister's statement a while ago he said that the federal government were undecided whether to go on with it or not; that especially in view of the fact that the provincial government had gone into the field of investigation it might be better to wait and see what progress the provincial government would make before the dominion government incurred any further expense. Of course that is a very nice way of, shall I say, passing the buck to the province and now withdrawing gracefully from that field. The opportunity seems to have presented itself at the right time. I think the minister said that it would take something like $25 million to build a properly equipped pilot plant; that they were hesitant whether they should spend that money now in view of the provincial government's activity there, and that they would wait and see what the developments were.

Mr. GLEN: Not a pilot plant. A commercial plant.

Mr. JOHNSTON: I would suggest to the minister that, the federal government having spent a large amount of money without getting anywhere, it would be good business on their part, instead of spending $25 million there in the erection of a commercial plant, to give about $15 million of that amount to the government of Alberta to assist them in their research work. The provincial government of Alberta has an interest in that oil field and is determined to go ahead and see what can be done with it. My information is that satisfactory progress is being made. and I believe it would be a good financial investment and an important contribution for the federal government to give the provincial government $15 million to build a commercial plant. Added to the $250,000 which the province has already put into the operation it could make a worth-while investigation. It would not only help the federal government but aid this country in time of need. We need not bury our heads in the sand and think that all dangers of war have disappeared and that never again will there be a world war. Now is the time for us to begin to prepare ourselves to obtain those things which are necessary to the operation of the war and which were so scarce during that critical time a year ago. It would be both a gesture toward the safety of the country and a good business proposition from the point of view of the dominion if the federal government would give the province $15 million of that amount which they would otherwise have to spend for the erection of a commercial plant to carry on.

Mr. GLEN: The hon. member for Bow River is not quite correct in stating that nothing has resulted from the expenditures of money by the dominion government. I stated, on the strength of a report given by the directors, that the expenditures made by the Abasand company in carrying out the investigations have clearly shown that the sands can be mined without any serious obstacles even under winter conditions, and with the powerful equipment that we use in large-scale operations no mining difficulties should be encountered. That was one of the problems they had to solve, and they did.

The investigation has resulted in the development of a new method of separating the bitumen from the sand.

That also had to be demonstrated in some way before the operations on these sands could be accomplished.

This process appears to have definite advantages over the hot water process formerly used, indicating lower costs, increased recoveries of bitumen from the sands and lower loss of the diluent used in the process. It has been shown also that for high recovery of bitumen and low diluent loss, the feed to the separation plant should consist of freshly mined unoxidized sand.

That may have cost a lot of money to obtain, but it was necessary information before anything could be done in the way of utilizing these sands, and it has been obtained

The hon. member would be interested in the fact that the minister, Hon. Mr. Fallow, has made a statement himself with regard to their test operations. The Edmonton *Bulletin* of November 15 last reports him as follows:

That extraction of oil from the McMurray sands on a commercial scale will be proved by test runs by next summer, is the hope of the Minister of Public Works, Hon. W. A. Fallow, who said Thursday that separation equipment will be ready for shipment to the plant soon after the spring break-up.

If the machinery is received from the manufacturer during the winter it will be assembled at the waterways railhead and sent down the river with ready-cut building material as soon as ice conditions permit.

Because it has been manufactured to specifications, construction of this equipment is slow, Mr. Fallow explained, but if it can be got to the plant by summer the first test runs will be made some time before the fall.

Mr. MacNICOL: Was that the summer of 1945?

Mr. GLEN: No, next summer. This statement was made on the 15th of November last.

Mr. MacNICOL: A year ago?

Mr. GLEN: 1945, November 15 of this year.

Mr. MacNICOL: That will be for the new plant?

Mr. GLEN: Yes. That is what Mr. Fallow, the minister, said on November 15 of this year. The hon. member therefore will note that all the experiments which have already been made in that plant by the dominion government, at that vast expenditure of money, are available to the government of Alberta. Probably in the light of the information obtained and the experience gained, it is what Mr. Fallow is building his hopes upon with regard to the separation plant. As I said at the beginning, and I repeat it now, this is a matter that will have to be considered by the government, having in view what we have already heard from the directors of the company, and taking into account the project which the provincial government proposes to undertake.

Mr. JOHNSTON: The minister mentioned three things which the federal government had discovered, one being that now, after this tremendous amount of money has been spent by the Dominion of Canada, it is found that these tar sands cannot be properly worked. A year ago I said that mining was one of the topics being discussed, and after several years of experimentation the federal government decided to employ a man from the United States. That man went there and in a matter of hours he was able to tell the operators how to mine it. The old process was to use machines with cups on them; when they ran against the bank and struck anything granite-like the cups were broken off and their technicians were so good that they did not know how to get around the obstacle. This man simply told them to use a stick of dynamite and blow it loose. That was one of the biggest factors in solving the problem. The other method of separating the liquids was to use either hot water or hydrogenation. It is my information that while the federal government was building its hopes on the hydrogenation process, that was not so practical as even the hot water, and all hon. members will remember that when the Abasand company had the plant they were using the hot-water method.

Mr. MacNICOL: One hundred and eighty degrees.

Mr. JOHNSTON: Yes, and in using that method the Abasand company was able to produce 400 barrels a day; but since the federal government started the use of the new method they have not been producing anything, or at any rate a very small quantity. It is true that the plant burned down and that held up operations.

Mr. SMITH (Calgary West): How many times did it burn down?

Mr. JOHNSTON: Once. It was pulled down once and burned down once. These are the great discoveries that the federal government has made after the expenditure of over $200,000, or in fact more than that—a million and a half all told. That is rather expensive in view of the results obtained, and it would be much better and more satisfactory if the federal government would get out of the field, which I think they are gracefully trying to do after making such a failure of the venture, and give the provincial government at least half of that $25,000,000 which it would cost them to erect a new commercial plant. Give that half to the provincial government and let them erect a really worth-while pilot plant and produce the oil. It has been proven by the Abasand company, under Mr. Ball's direction, that it can be done, and he was doing it on a small scale. All it needed was effort and ingenuity on the part of the federal government.

Mr. MacINNIS: If the federal government should give up the work they are doing there now, what is to happen to the investment in

the plant that we have there? If that is intended, would it not be better, as the hon. member for Bow River suggested, to turn all this equipment over to the provincial government, with whatever records there may be, together with the proven work that the government has done? That is one question. Another question is this. If I heard the minister rightly when he was reading his report, the commercial development of oil sands has been proven, but the difficulty appears to be transportation of the product to where it can be commercially used. If that is the case, has the Department of Mines and Resources considered improving transportation facilities either by means of more reasonable freight rates or by what the hon. member for Davenport referred to as a pipeline from the field to Edmonton?

Mr. GLEN: The first question is, what will be done with the plant? Provision has been made that the company may purchase the plant for the amount of money the government has expended on it.

Mr JOHNSTON: Taking depreciation into account?

Mr. GLEN: The government of Canada will have the first option to take it over.

Mr. ROWE: Has the department had an offer from the company?

Mr. GLEN: No. All we have had is the report from the company's president stating that with an expenditure of $700,000 construction of the plant could be proceeded with and operations continued. That is the offer made at the moment, which I received only to-day.

Mr. MacNICOL: The report from the crown company?

Mr. GLEN: Yes. What was the other question?

Mr. MacINNIS: The other question was with regard to overcoming transportation difficulties.

Mr. GLEN: I did say that a pipeline would considerably reduce cost of production and make it much more profitable for any company to operate these sands, but there must be a large production in order to make it feasible. The hon. member spoke of its having been proven commercially. It has not been proved commercially possible. It has been proved physically possible but not commercially possible.

Mr. HERRIDGE: There is one question which I should like to ask, but I am not sure under which item it should come. Since the Prime Minister tabled the terms of reference to the international joint committee in March, 1943, in connection with the investigation of the possibilities of the Columbia river basin for the development of power, storage and conservation purposes, the people of my constituency of Kootenay West have been very much interested in this matter, which is of vital concern to them because they realize the possibilities in the future. I should like to ask the minister what work has been done and what progress has been made by the members of his staff in connection with the investigation into this question.

Mr. GLEN: At the moment that is in the hands of the Department of External Affairs, but next year I expect it will be transferred to the Department of Mines and Resources to be dealt with.

Mr. HARKNESS: I should like to ask the minister a simple question. After two years of experimentation and expert advice, obtained at considerable cost, does he, and do his advisers, consider that the development of the Fort McMurray tar sands is a feasible commercial propostion apart from transportation costs at the present time? In other words, do the results indicate that the undertaking is feasible? The minister said that at the present time, owing to transportation costs and various other factors, it probably was not.

Mr. GLEN: The hon. member is asking a question which is not easy to answer, because I would not wish to say it was a commercially feasible proposition until I knew the result of the hydrogenation process. That is a matter which is being dealt with now. As a matter of fact, as was indicated by the hon. member for Davenport, investigations are being made with regard to hydrogenation; officers of the department have gone to Germany in order to find out what was done there. Doctor Boomer of Alberta, and Doctor Warren of the department went to Germany in order to study the latest methods applied in that country in connection with hydrogenation, since they used so much oil during the war, most of which was produced by this process. Unfortunately Doctor Boomer died shortly after his return and was able to make only a general report. Doctor Warren has made a report which now is being correlated. I hope that within a short time we shall have that report so that the officers will have an opportunity of studying it and coming to a conclusion as to the advisability of constructing the hydrogenation plant. As the hon. member knows, we have another vote for the building of a hydrogenation plant, and if it is con-

structed the tar sands will be the subject of investigation by our officers to ascertain whether that process is the proper one to adopt. I believe that answers the hon. gentleman's question.

Mr. WRIGHT: Have the department any figures as to the volume of production that would be necessary at Fort McMurray before a pipeline to Edmonton would be feasible? That is, a certain volume of production would be required before it would pay to have a pipeline. Then I want to ask the minister one other question, having to do not with this particular development but with the development at Norman Wells. One company has been doing a great deal of exploration work there to determine the amount of oil that may be available in that district. I should like to ask the minister what liaison there is between his department and the company carrying on that work, and what information has been gained so far in regard to the oil reserves at Norman Wells. I think the committee would be interested in learning just what developments there have been so far.

Mr. GLEN: The reply to the first question, in regard to the volume of production necessary for a pipeline to Edmonton, is at least 10,000 barrels a day. As to the second question, we have had an engineer in the Norman Wells district all summer watching what Imperial Oil are doing, and we expect to have a complete report from him very shortly.

Mr. WRIGHT: You have not the report as yet?

Mr. GLEN: No, we have not. The report we have now, if I can summarize it briefly, is that a good deal of wild-catting has been done and they have not found oil outside the proven field.

Mr. TOWNLEY-SMITH: If we turn to the break-down of item 126, which is at page 106 of the estimates, we find quite a few matters turning up there for the first time, and I should like a little information on them from the minister. I daresay there is a reason for them, but I wish to know that reason. For instance, why does this department require three solicitors? Apparently it is the only department to require these people. Why a postmaster? Why so many purchasing agents, five in all? Why so many editors, four of them? They seem to require only one in the office of the king's printer. Why a head chauffeur, a chauffeur and an auto mechanic? I suppose what the head chauffeur cannot do, the ordinary chauffeur does, and what he cannot do, the auto mechanic does. It is interesting to see these things for the first time, and I should like to hear from the minister just what their purpose is.

Mr. GLEN: When the Department of Mines and Resources was constituted from the old department of the interior, four departments were joined together. Each of these departments had a solicitor, and they were taken over under the new set-up. With regard to the chauffeurs, we have twenty-three buildings in Ottawa. We have three trucks going all the time between these different buildings, on business of the department. We need them all, and we need the mechanic to keep the trucks in running order.

Mr. TOWNLEY-SMITH: What do the solicitors do?

Mr. GLEN: There are multitudinous matters in the department for which solicitors are needed. These men are earning their money, I can assure the hon. member.

Item agreed to.

Mines and geology branch—
128. Bureau of Mines—Bureau of Mines administration, $22,800.

Mr. CASTLEDEN: Would the minister give us an outline of what this particular branch has been doing in the past year?

Mr. GLEN: There is a decrease of $933 in the war risk insurance. This is offset by an increase in salaries and cost of living bonus, and to provide for increased disbursements in items charged to the primary allotment of sundries.

Item agreed to.

Mines and geology branch—
129. Mineral resources investigations, $455,790.

Mr. HARKNESS: I do not know whether this is the proper time to bring up this matter, but under the war appropriation there is an item for the investigation of petroliferous deposits and areas. Could the minister give us some explanation as to what the $200,000 to be spent under that heading is to be used for, and particularly if it has to do with the operation of Wartime Oils, to cover their losses?

Mr. GLEN: The $200,000 was the drilling expense of which I spoke in reply to the hon member for Calgary West, in connection with the tar sands. That was under the war appropriation.

Mr. HARKNESS: That is $200,000 in addition to the $400,000?

Mr. GLEN: Yes.

Mr. HARKNESS: Then I wonder if the minister could give us any information in regard to Wartime Oils, the crown company which was engaged in exploratory work in the Turner valley area.

Mr. GLEN: No, I cannot, because that is not in my department. That is under the Minister of Munitions and Supply.

Mr. DIEFENBAKER: I should like to obtain from the minister a statement showing the various amounts it is anticipated will be expended in the different provinces under this item. I wish also to ascertain what has been done during the last year, particularly in Saskatchewan, in connection with the exploration or investigation of potential mineral areas. When this vote was up last year I asked this question and pointed out that an insignificant amount was being expended in Saskatchewan, which I think is one province in which something should be done toward providing some complementary industries alongside agriculture. The potential mineral resources are there. The private companies which during the past ten years pursued these investigations ceased those activities during the period of the war because of the demand for the development of areas and in consequence exploratory work was not undertaken by them, having regard to manpower shortages and the like.

Mr. GLEN: If I may interrupt the hon. member, perhaps the information he requires could be given under the vote for geological surveys. This item is for mineral resources investigations, and consists really of laboratory work done here in Ottawa. All mining throughout Canada receives the benefit of what is done here in Ottawa. What the hon. member has been speaking about might come under geological surveys, and I would be able to tell him what was done.

Mr. DIEFENBAKER: What does come under this head of mineral resources investigations?

Mr. GLEN: Under this vote are carried on office, laboratory and field investigations relating to metallic minerals, industrial minerals, fuels and mineral economics.

Laboratories are maintained for investigations on small scale and on semi-commercial scale. They are housed in several up-to-date buildings on Booth street, at Lydia street, in the city of Ottawa. The investment in buildings and equipment to December 31, 1943, totalled more than $1,750,000. As a group the laboratories are probably not equalled anywhere. The services provided are in demand by industry to an extent that cannot be met with the existing staff.

[Mr. Glen.]

Mr. DIEFENBAKER: This has nothing to do with field exploration?

Mr. GLEN: No, except from the general laboratory point of view. Industry gets the benefit of it.

Mr. WRIGHT: Is the work done by this branch for independent prospectors?

Mr. GLEN: No.

Mr. HARKNESS: About one-quarter of this item is for temporary assistance. Of what does that consist?

Mr. GLEN: All the labouring staff in the mines laboratories.

Mr. CASTLEDEN: Would the minister give us the details of the work which this branch has been doing in the past year? I went through the laboratory a couple of years ago, and I remember that at that time they were doing certain work in connection with coal. Could we have an idea of the work now being done, or what has been done during 1945?

Mr. GLEN: The anticipated activities for the year 1945-46 are as follows:

Physical metallurgy tests and investigations in reference to the production of war equipment, as required by the Department of National Defence (naval, army and air services), the Department of Munitions and Supply, and British missions in Canada and the United States; tests and investigational work on ores and industrial minerals, some of which are still classed as strategic and required for war use; studies and investigational work on fuels, including hydrogenation, for the coal controller and the royal commission on coal; and specialized economic studies pertaining to minerals and metals.

New premises for investigations in physical metallurgy (with a floor area of 32,345 square feet) were occupied in January, 1944, and to these there is to be an addition, now under construction, for the housing of metal forming equipment so necessary in investigations on the most efficient use of metals. Magnesium metal is likely to be the first one investigated.

Funds having been provided for a new hydrogenation laboratory, to produce about 200 gallons of gasoline a day, a considerable proportion of the time of the fuels division staff will necessarily be given to interior design of the building and the equipment to be housed therein.

It should be kept in mind that this "regular" vote, which now includes some $28,000 for cost of living bonus, will be supplemented

because of the demands from war services for work which can be done in the bureau of mines, by $340,000 from the war appropriation.

Item agreed to.

Mines and geology branch—
131. To provide for the fabrication, erection and equippng of a hydrogenaton plant in the fuel research laboratories, $770,000.

Mr. HARKNESS: Is this the same hydrogenation plant which was put up to deal with the McMurray tar sands, or is it another one?

Mr. GLEN: This is the same one. The plant is not yet constructed.

Item agreed to.

Mines and geology branch—
133. Geological surveys, $341,000.

Mr. DIEFENBAKER: Is this the item under which my question should have been asked?

Mr. GLEN: Yes. The hon. member for Lake Centre asked a question, the answer to which would come under this vote. Vote 132 is to provide for the administration of the bureau of geology and topography. This is to provide for administration of the bureau of geology and topography; the maintenance of a national aerial photographic library, studies arising therefrom and interpretations from aerial photographs for industry; the operation of a photographic laboratory for the performance of work related to map making and other branch activities; and the maintenance and operation of the geological survey library (upward of 80,000 volumes). In 1945-46 there is an increase of $3,000 in salaries and of $1,300 for purchase of air photographs to permit of purchase of photographs from companies engaged in exploration for oil. There is a decrease of $1,500 because of dropping of war risk insurance.

Then the hon. member for Lake Centre was asking as to the survey field parties in 1945-46. In the northwest territory there were five parties; in the Yukon and Northwest Territories, one; on the Yukon and Alaska highway, one; in British Columbia, seven; in Alberta, five; in Saskatchewan and Alberta, one; in Saskatchewan, two; in Manitoba, three; in Ontario, two; in Quebec, six; in New Brunswick, one; in Nova Scotia, two; various provinces, one. In all there were thirty-seven survey parties.

Mr. SMITH (Calgary West): Do they still confine themselves to surface work?

Mr. GLEN: Then, the topographical field survey, 1945-46: vote 134, number of parties in Yukon and British Columbia, two; Northwest Territories, one; Alberta, four; Manitoba, one; Quebec, one; New Brunswick, one; Nova Scotia, two. This makes a total of twelve.

Mr. DIEFENBAKER: Is there to-day any activity in the minister's branch leading to exploratory work which is taking place with a view to ascertaining where minerals are located.

Under the report of the reconstruction council, one of the activities which the government intended to undertake, with a view to providing employment, was exploratory work to be carried on as part of the general scheme of rehabilitation.

Is any provision being made by the minister's department for the training of men returning from overseas as prospectors, and the sending out of these prospecting parties in order to improve the economy? I have in mind particularly the province of Saskatchewan, where preliminary investigations have shown tremendous mineral wealth, which must be developed as a result of leadership from the federal government. It will not be developed provincially because the responsibility primarily must fall on the dominion government in any national scheme of rehabilitation. We in Saskatchewan have found ourselves in the position that during the war very little was spent in our province for industrial development. Only a few industries were opened.

With the coming of peace we are returning once again to an agricultural economy, although investigations show that our mineral wealth is such that with proper leadership from the department much could be done toward expanding our economy so as to include a mineral economy, with a consequent advantage to the province and to the dominion as a whole. I make the plea to the minister, because in recent years Saskatchewan has been left out of the picture in regard to industrial development, not only by his department but generally. If the government would undertake the ascertainment of the areas and the general location of areas peculiarly fitted to potential mineral development, it might well improve the economy of the province and assure a greater measure of employment and self-sufficiency in that direction.

Mr. GLEN: I have listened with interest to what the hon. member has said. As he may know, we have had great difficulty in getting geologists because, like other staffs, our staff has been depleted owing to the loss of men. Men are not being educated in this profession in sufficient numbers that we may hope in the immediate future to have many

additional geologists whom we can send out into the field. This is a matter of great concern to the department and has been the subject of a good many conversations. What the hon. gentleman has said with regard to the post-war period is certainly ever present in the minds of the officers of my department.

Mr. FULTON: I should like to refer briefly to the Merritt district in British Columbia. I have on my desk two publications of the department under the minister's jurisdiction, one dated 1905 and the other 1915. I requested the department to let me have the latest information about surveys made in that area and they sent me a number of publications. These are the only ones in which any reference is made to the district. The first quotation I should like to make is from a report by an official of the department at that time, Doctor R. W. Ells, who made a survey of the Nicola coal basin in British Columbia. I should like to quote from page 47A of this report of 1905 as follows:

The length of the main coal basin of the Nicola-Coldwater area, from the foot of Nicola lake to the south limit on the Coldwater, in a southwest direction, is about ten miles, and the greatest breadth is about three miles. The western portion, from the forks of the Coldwater to the volcanics of Ten Mile creek or Lower Nicola, is about five miles, with an extension, north and south, along the creeks of about ten miles. The length of the eastern or Quilchena basin is about seven miles from north to south and the maximum breadth apparently about two and a half miles.

We have it established there that there is a substantial potential coal field in that area. The point I intend to make by my further quotation is that the surveys made of the area were never completed. Discussing the lay of the land, Doctor Ells says, as reported on page 48A of the same report:

Unfortunately, of several borings made during the season of 1904, none succeeded in penetrating the drift, and as the underlying rock was not reached, no light was afforded as to the structure of this part of the basin.

I quote only to show that there was established the presence of a coal field, but the report is not conclusive as to the economic value. In the report of 1915 Doctor Camsell is reported on page 281 as saying.

The importance of the district about Merritt depends primarily on the presence of oligocene rocks containing bituminous coals.

There were further reports on the coal seams which were found in that area, the thickness of one being reported as being thirteen feet six inches. But again no sufficient survey appears to have been made, and we find Doctor Ells reporting again on page 284 as follows:

In view of the widespread nature of the drift throughout the entire area the actual economic value of these areas can only be ascertained by a number of bore holes.

Further on in the same report he makes the statement that unfortunately none of those further surveys were made. From time to time a number of small mines have operated in that area, but none of them had sufficiently large financial resources behind them to make exhaustive surveys. While this was not the responsibility of the minister, during the war period certain directives were issued by the emergency coal production board. Admittedly that board was not concerned with the small operator; their main concern was to get the largest body of coal out as efficiently as they could. Nevertheless, owing in part to the directives issued by that board, one of the mines operating in that area was closed down.

This operator has undertakings that if he can show the presence of a large body of coal in that area he can interest other capital in the Merritt area and possibly start his mine again now that labour is becoming available. However, as I say, no complete survey has been made, and this man has not at his disposal sufficient capital to undertake the survey himself. I should like to make the same plea as was made by the hon. member for Lake Centre. At one time this was a prosperous community. There is the established presence of a large body of coal in that area. At present the area is largely agricultural and it requires some other industry to produce a balanced economy. I should like the minister to allocate some of these moneys so that an exhaustive geological survey of that area can be made to find out the potential economic resources of the coal fields there.

Mr. GLEN: I have listened to the hon. gentleman, but again may I say that our trouble is lack of expert men to cover the field. This is a large field, but I have noted what the hon. gentleman says and will give consideration to it.

Mr. CASTLEDEN: As the hon. member for Lake Centre has shown, there is need for an extensive investigation by the Department of Mines and Resources into the mineral resources of Saskatchewan. I should like to ask for whatever assistance the government can give to the exploration of the mineral resources generally in that province. The area has already proven itself in the case of Flin Flon on the Manitoba border and Goldfields

in the north where gold has been discovered. The northern parts of Saskatchewan are beginning to show that they are capable of producing fairly substantial resources in the way of minerals.

I would point out that in that province are some valuable gold mines, some glass sands, some volcanic ash and an inferior quality of lignite coal. Saskatchewan has gone ahead itself rather than as the hon. member for Lake Centre has said. The province was not looking upon this as an entirely federal responsibility; it is sending out investigators to look into the resources in the north. Saskatchewan considers that these natural resources are the birthright of the people and intends to go into the business of developing those resources to the very limit of the resources at its command.

I suppose topographical surveys would come under the next item, but I should like to know when the last geological survey of the province was made and whether it would be available to any one on request.

Mr. GLEN: Geological surveys?

Mr. CASTLEDEN: I want data of the last geological survey, together with any revisions that have since been made.

Mr. GLEN: There were two altogether, one in Goldfields, a rare element investigation, and the other in Rotten Stone lake, in connection with metallic minerals.

Mr. CASTLEDEN: What was the date?

Mr. GLEN: This summer, 1945.

Mr. CASTLEDEN: Has a general geological survey been made of the northern part of Saskatchewan and is the data completed?

Mr. GLEN: Just a portion of it.

Mr. CASTLEDEN: Are maps available?

Mr. MOORE: I should like to say one word in connection with the suggestion of the hon. member for Lake Centre, who asked if it was the intention of the government to train some of our returned men as prospectors in our northern regions. If that is to be done we should see that our returned men who act as prospectors receive better remuneration than prospectors have received in the past. It is very important that we should train men to act as mining prospectors; it will mean much to the development of the country, and I know of no class that have contributed more to the development of mining than the prospectors. It is doubtful if there is any other group that has received less remuneration for the work they have done. It is up to the department to lay early plans whereby our prospectors will receive more remuneration than they have received in the important industry of mining.

Item agreed to.

Lands, parks and forests branch—
137. Branch administration, $20,000.

Mr. STIRLING: Before the war there was a disposition on the part of the dominion government to put up dollar for dollar with the provinces for the purpose of building connecting roads from the international boundary to the provincial highways, largely for the purpose of enabling tourists to reach the parks. I should like the minister to tell the committee whether that is now in contemplation once more, because a good deal of interest is being taken in the tourist movement and a good deal of money has been spent in advertising the tourist business. It will certainly be of great assistance in British Columbia to get tourists from the various entry points on the international boundary up into the park.

Mr. GLEN: Post-war work and projects will be duly considered, and one that will certainly come up for consideration will be the building of roads leading to our parks to invite and encourage the tourist traffic.

Mr. STIRLING: It is not covered by this item?

Mr. GLEN: No.

Mr. WEBB: I should like to say a few words about our national parks under this item. I am particularly interested in it, because for many years I have been in a business in which I have been closely in contact with people who visit our parks from year to year and I have been very much impressed with their reports. I am prompted to speak on this item particularly as it relates to the tourist traffic.

On November 7 of this year, a Mr. A. O. Seymour, of Montreal, speaking at a meeting of the members of the Canadian Association of Tourists and Publicity Bureaux, predicted that some 26,000,000 United States anglers and hunters with more than four billion dollars to spend annually on their hobbies will be in the North American tourist market within a few years. This figure may or may not be exaggerated; I hope it is true, and in support of that I was pleased indeed to see a statement made by the minister of health at the same meeting outlining a new programme of federal activity in the tourist field, including the further development of our national parks. That is a commendable project. I do not think we can go too far in the expansion of

our national parks across Canada, because they are so closely linked with the great tourist industry. I should like to bring before the members of the house some important facts which I believe will be of interest. Often we are tempted to become more or less complacent and sit back and think someone else will do the work. We do not regard our parks as important as they really are.

From a small beginning nearly sixty years ago Canada's national parks have expanded until to-day there are some twenty-six parks beckoning visitors to every province. They contain about 30,000 square miles, all under federal ownership and administration, and they are fairly well spread across Canada. with four in British Columbia, six in Alberta, one in Saskatchewan, two in Manitoba, five in Ontario, two in Quebec, one in New Brunswick, one in Prince Edward Island and four in Nova Scotia. In addition, I am told that recently some 10,000 square miles have been set aside adjacent to the Alaska highway in the Yukon territory, as well as two sites offered by the province of Quebec and one by the province of New Brunswick. I believe that discussions are proceeding at the present time for a national park to be located partly in the province of Ontario in my own constituency of Leeds and partly in New York state. If it becomes a reality it will to a great extent be unique, and with its beautiful setting be another link in this great chain of show places across Canada. I hope to have more to say about that later on. Our present system of parks, even without these proposed extensions, is one of the finest and largest in the world. The parks include regions of outstanding beauty, natural phenomena, historic sites, wild bird and animal life. They conserve the country's wild creatures under natural conditions, and provide places for vacationing, no matter in what phase of outdoor life the visitor may be interested. There is, however, a great lack of accommodation in some of these parks for the casual visitor of moderate means, and also a shortage of small roadside parks with sanitary and cooking facilities.

I submit that more small parks should be established. If I may use for example my own constituency of Leeds, there is the famous chain of Rideau lakes. People travel thousands of miles to fish and hunt and enjoy the beautiful scenery, but absolutely no national park exists in the area where tourists can feel free to recuperate and receive the hospitality of our people. In the area there are several ideal spots suitable for small, well-equipped parks, and I am sure there are many such places across Canada. I hope the government will give some consideration to these matters at the earliest opportunity.

To bring out my point, which is the importance of increasing the number of these parks across Canada, and especially the upkeep of those already in use, I am going again to refer to my own St. Lawrence islands national parks, principally located in my own constituency of Leeds. One of the most picturesque regions on the north American continent is the fifty-mile stretch of the St. Lawrence river between Kingston and Brockville. Along this section of great inland waterways its waters are studded with upwards of 1,700 beautiful islands varying in size from less than an acre to several square miles, and separated one from another by picturesque channels. These islands are clothed with groves of pine, oak, maple and birch, which rise above the bluffs of granite and limestone to cast shadows and deeper colour across the emerald waters. Nature has undoubtedly created here one of her masterpieces in river landscape.

For nearly three-quarters of a century the Thousand Islands, as they are called, have been a paradise for the summer visitor, so much so that most of the islands are now privately owned. However, as early as 1904 the government of Canada in their wisdom set aside as national recreational areas a number of these islands which now form the St. Lawrence Islands national park. At the present time the park is composed of thirteen islands accessible from rivers and towns along the St. Lawrence river and mainland area at Mallorytown landing. On many of these islands improvements have been carried out and conveniences provided for visitors. Attractively designed pavilions and shelters have been erected, outdoor camp stoves, tables, benches, and, as a rule, firewood provided, and wharves and boat landings constructed to facilitate approach. Several of these islands have bathing beaches, and excellent fishing may be enjoyed in the surrounding waters. These parks have for many years supplied recreation for thousands of people from many countries. From my summer camp I am able to see three of the islands which form this group of parks, and therefore I have a first-hand impression of the activity about them. Hundreds of boats anchor at the wharves, some just overnight, some for days, some for weeks, and many times when they are caught in a storm. Believe me, I have a pretty fair idea of the value of such parks in the St. Lawrence.

Having said this, I wish to bring before this committee the deplorable condition of these

parks and docks at the present time. I believe the same condition applies to several of these parks across Canada. I do not offer this, to any great extent at least, in the way of criticism, because I am cognizant of the shortage of material and labour during the war years, also the high water which has taken its toll in the way of heavy damage to wharves. However, now that hostilities have ceased, I submit that no time should be lost in restoring these parks and wharves to their original usefulness and beauty. I believe this is urgent for, as I see it, we must be ready to receive and provide recreation and entertainment for the vast numbers of visitors moving from one province to another, and the tremendous influx of people from other countries which we are bound to have very shortly, now that the condition of peace again exists.

We must not look at this great tourist industry purely from a monetary point of view; we must meet these people with a sense of genuine welcome, and treat them in a realistic manner while they are our guests. Our national parks were established, in the words of one of our great statesmen, "to recuperate our people and to recoup our treasury." Let there be no possibility of misunderstandings, but let the greatest sense of friendship prevail with these people from all provinces and from all lands.

In conclusion, may I say that all across Canada nature has provided us with the most beautiful settings in the world for national parks and playgrounds—gifts that cannot be set by hands—and no government can or will sit idly by and allow any of these parks to deteriorate when a nominal expenditure will keep up and expand these beautiful show places that present a "welcome" to people of our own country, and particularly to people from other countries, which will leave with them a lasting remembrance of the greatest country on God's green earth—Canada!

Some time during the discussion I am sure the minister will be good enough to comment on the suggestions which I have made.

Mr. McCULLOUGH (Assiniboia): Just before we leave this item I should like to ask the minister a question. Does the federal government give any assistance for the development of our provincial parks, and, if not, is there any contemplated under dominion-provincial agreement?

Mr. GLEN: The best answer I can give the hon. member who has just spoken and to the hon. member for Leeds is to read a paragraph from the reference book for the dominion-provincial conference on reconstruction with which I agree:

> The matter of coordinating dominion and provincial activities in the development of interprovincial and international tourist travel, mainly by means of establishing adequate graded facilities for the use of tourists; the development of national and provincial parks to the highest point of attractiveness consistent with the principles of conservation upon which they are based; and the devising and financing of publicity campaigns representing the experience and interests not only of the dominion but of all the provincial units, surely presents a large and profitable field to be studied and explored by all the interests concerned.

I can assure hon. gentlemen and the committee that the department is keen on establishing parks wherever possible. There is nothing it will not do to encourage such an establishment of parks in any of the provinces of Canada, knowing of course that the land must be surrendered and be given to the dominion by the provinces, and the dominion will then have charge of it. I know from my experience of Riding Mountain park in my own constituency the benefits of a national park to the whole of Manitoba. In particular, I know what an attraction it is to United States tourists. We are getting more and more of them all the time, and I am hoping that in the post-war period we shall have further attempts to make our parks so attractive that our tourist trade will be one of the biggest industries in Canada.

Mr. McCULLOUGH (Assiniboia): As to the first part of my question—?

Mr. GLEN: No assistance is given to provincial parks.

Mr. BOUCHER: Could the minister give information as to what national parks there are in Ontario, where they are, what the acreage is, and to what extent the parks department of the federal government cooperate with that of the provincial government?

Mr. GLEN: There are three parks: Point Pelee, Ontario. Recreational area on lake Erie, with fine beaches and unique flora. Resting point for migratory birds. Established 1918; area, 6·04 square miles. Georgian Bay islands, Ontario. Thirty islands in Georgian bay. Unique formations on flowerpot island. Recreational area. Established 1929; area, 5·37 square miles. St. Lawrence islands, Ontario. Mainland area, and thirteen islands in "Thousand Islands" group with recreational facilities. Reserved 1904; established 1914; area, 185·6 acres. Then there are the historic sites, but that is not the question.

Mr. ROSS (Souris): Can the minister give us the numbers that have gone through the national parks in the past year?

Mr. GLEN: I shall have to get that information.

Mr. BOUCHER: While the deputy is getting that information, I would urge the minister, on behalf of Ontario, to give a little more consideration to the province so far as park sites are concerned. I do not believe that the parks described by the minister are anything like the extent that they should be in a province bordering on the United States, with the vast number of tourists passing through Ontario. I believe it would greatly benefit not only Ontario but the dominion as well if a much greater effort were made by the department at Ottawa to foster tourist trade and sports of various kinds in Ontario, by the establishment of many more national parks than we have now and also by greater cooperation with the province in the direction of tourists to Ontario. We have a large area near to the United States, bordering on the great centres of that country, and it would be a profitable investment if the dominion were to do much more than it has done so far, because I do not believe that the dominion government has done its proper share in the establishment and maintenance of parks in Ontario in comparison with other provinces. If you calculate the acreage and the expenditures made in other provinces and compare those figures with similar figures in Ontario you will find that it has been pretty well left to the Ontario government to maintain our national parks. There are many places in the province where national parks could be established which would be a real source of revenue to the people of Canada as well as to the residents of Ontario. I should like the minister to give that point his consideration.

Mr. GLEN: The hon. member knows that for any national park to be established in Ontario the land must be offered by the province to the dominion. I will consider what he has said in this regard. As regards the question asked by the hon. member for Souris, I have here a list of parks, with attendance. Would it be in order for me to put that list on *Hansard*, or do hon. members wish to have me read it?

Mr. ROSS (Souris): I would be willing to have it put on *Hansard*. It would give useful information.

Mr. GLEN: The hon. gentleman is no doubt more interested in the fact that Riding Mountain, in which he is interested, was in 1945 the second largest in attendance in Canada. The list is as follows:

STATEMENT OF ATTENDANCE AT THE NATIONAL PARKS

(For the Six Months ended September 30)

National Parks	1945	1944
Banff	118,444	99,001
Cape Breton Highlands	16,612	10,095
Elk Island	24,184	13,144
Geo. Bay Islands	3,787	4,283
Glacier	170	170
Jasper	12,820	8,864
Kootenay	25,286	15,588
Mt. Revelstoke	5,794	3,170
Nemiskam	....	17
Point Pelee	50,873	32,312
Prince Albert	18,858	13,059
Prince Edward Island	47,088	32,571
Riding Mountain	102,287	84,554
St. Lawrence Island	10,323	10,165
Waterton Lakes	46,734	37,278
Yoho	8,960	5,576
National Historic Parks*		
Fort Anne	4,731	5,494
Fort Beausejour	4,829	2,975
Fort Chambly	14,047	13,206
Fort Lennox	655	....
Fortress of Louisburg	2,749	2,171
Fort Malden	10,164	9,178
Fort Wellington	2,391	2,349
Port Royal	2,863	2,196
	534,649	407,416

*Museum registrations only.

Mr. SMITH (Calgary West): I have extensive notes, Mr. Chairman, and I wish to say something about national parks, but since I do not want to be accused of reading my speech I may say that my notes are: "Banff National park, Indians, fish." I gather that Indians come a little later, so that I will give my notes to the hon. member for Lake Centre and he will work on them tonight and do a good job on them to-morrow. What I intend to say is in a sense critical, but I begin by thanking the minister and his staff for meeting the hon. member for Calgary East and myself shortly after I came here and being very generous to us with the information which they had. I spent two hours very profitably with Mr. Smart yesterday, or perhaps Saturday, and I wish to say how much I appreciate the honest endeavour which was made to answer the questions that were given to me to ask by those persons who reside at Banff. Banff being in my constituency—and I hope they are all listening—I have to say something on their behalf.

I think it fair to make this criticism. I realize thoroughly that during the war period there was little opportunity for the dominion government to do anything for that park,

and I assume that had equal application elsewhere. I have looked through these estimates and have sought in vain, although perhaps I missed it, for some assistance to tourist traffic; and that applies, I think, generally to all the parks we have.

It has been well said that tourists are becoming perhaps our second major industry. It may be that I have overlooked the vote; if so, we will cover it at the proper time. With respect to Banff, it is in close proximity to the place where I live and have lived for a long time. It is a place I have gone to often, and its transformation in recent years is something of which this parliament might well take cognizance. I mean this. Years ago these places were summer resorts, but that day has gone. To-day it is impossible to get even a room in which one may live in Banff, as a result of the introduction of this new art called in Norway "She-ing", but which I prefer to describe by our own expression—skiing.

An hon. MEMBER: Use a combination.

Mr. SMITH (Calgary West): You do not use combinations in skis. The hon. gentleman has an old pair of spring skates. Standing by this hotel over here yesterday, Sunday—that of course will not be appreciated by Quebec and Ontario members because none of them are here then—I watched people disgorging from that place by hundreds—and you have not enough snow to fill a hollow tooth. Nevertheless they were enjoying themselves. So that winter and summer these parks of ours are an asset which the department—and I say this with great respect—has so far failed to appreciate fully.

I mention in these extensive notes which, as I said a moment ago, I gave to the hon. member for Lake Centre, the business of fish, and here I do criticize the administration of the parks. We have a fish hatchery at Banff, the only one in that park. They have endeavoured to cover a great deal of territory. It may be they were assisted by the government of Alberta; I do not know. However, I have been fishing for a long time, and I have no unkind remarks to make to you fellows who fish with live minnows or frogs or worms or anything of that sort, but you do miss the most scientific thing in the world, next to golf or billiards; that is, to cast a proper fly in a proper spot. I have been in Kamloops, from which my young friend over here comes, though he has been here for months and has not even mentioned this, and there they have the greatest fly-fishing the world knows. We should have it on this side of the Rocky mountains. Why do we not? Because in the Banff national park sufficient attention has not been paid to it. One need only study the number of licences issued to fishermen in the United States to see what an immense attraction it would be; but as a federal department we have been using only that little hatchery. It has been working hard, and is operated by splendid people, but we have been supplying fish to other portions of Alberta which should be looked after by the province.

Let us go along a step further. I hope no one will think I am talking nonsense while speaking of fish in the House of Commons, because I know how stupid and foolish fishermen are supposed to be, since I am one of them myself. We will go miles and miles in order to drop a fly in a certain spot; then things happen, and who knows who shall succeed?

Mr. CASTLEDEN: How long are they?

Mr. SMITH (Calgary West): Perhaps I had better answer that question. In Peter Hope lake, thirty-five miles north of Kamloops, you can take Kamloops trout just about the length my hon. friend indicated; they will weigh six pounds and you can get them on the fly. In one afternoon my wife and I took six fish weighing thirty and a half pounds. That was the greatest afternoon of my life, not excepting the time I have spent in this parliament. But come over to our side of the mountains and it is different, with the exception of one lake where you pack forty-two miles—and that is a big two days' pack—and where you can catch three-pound cutthroats. Other than that I know of no place outside of the mountains where you can catch any fish, certainly no place that can be approached by people who drive a motor car and like to catch a fish or two. Just before coming here in September, my wife and I packed with the greatest guide in the world, a man by the name of Jim Boyce, into the Skoki country. We fished Baker lake and Red Deer lake. The fish in Baker lake were about the size indicated by my hon. friend a moment ago. We caught quite a number, but nothing over two pounds. The answer is very simple; it is failure to have regard to feed conditions, and to stock according to them. The hon. member for Kamloops will know that about eighty-five miles south of his city—I almost called it a town—there is a lake called Penask lake where a man by the name of Dole, the pineapple Dole, built a club. I was foolish enough to join at $50 a year, which meant that the fish I caught cost me about $50 a pound.

In that part of the country we have the greatest opportunity to attract tourists. It has been often figured out that tourists—and

I do not care whether they come in a jalopy or in a big car—leave about $7 per day per person, and that goes to our people here engaged in feeding them, selling gasoline, bedding people down and all that sort of thing. I would wish that the department might get a new inspiration, might have vision to see this grand picture, this great thing that may be done. Some of you bait fishermen may say, well, once you make these places available, then you fish them out and there are no fish left. I can give an example to prove that statement completely wrong. Twelve miles north of Kamloops there is a little lake twelve miles long and not more that three-quarters of a mile wide at any point. It has been intensively fished for thirty odd years. The commission in British Columbia regard that lake and call it their test tube, for the reason that they know pretty well the approximate number of fish that come out, and the number of fish they put in. As I say, it has been intensively fished for thirty odd years; I have been there for fifteen years without a single break. You can catch fish on the fly there roughly from May 24 to the end of the second week in June and then again after September 15. I wish the hon. member for Davenport were here, because he would take you up one side of that lake and down the other without missing a single tree as he went along. I mention that particular lake, because the theory that lakes get fished out is quite true if you do not restock. That lake is restocked by the British Columbia authorities. Try to get a room there this summer; you will fail unless you have made reservations a long time ahead.

I am going back now to the town of Banff; and may I say that with a new minister I trust we shall have a new inspiration with respect to our national parks. These remarks are not made in criticism of Mr. Smart or any of those other gentlemen associated with him. I know what their difficulties are. When a man sets up a business in Banff he goes to live in the cheapest place in the world. He does not pay very much for his lot, on which he gets a long lease. Now you have a town planner who is going to make it a city beautiful, or something like that. A building will be torn down there; a sign will be taken off over there, and I know it is going to be wonderful. But we have there what is called an advisory council, which was formed when the late Sir James Lougheed was minister of the interior and that place came under his department. I have spent some time with those people in Banff. My hon. friends to my left will be happy to know, I am sure, that more of the people of Banff voted for me than all the other candidates put together, and there were four against me there—so that I am very happy to tell you what wonderful people they are.

I hope that the minister, inspired as he will be with his new job and the great future that opens before him, will do something, though frankly I am unable to tell what to do, to end the dissatisfaction that exists as between the local council and the government officials. I am not criticizing Mr. P. J. Jennings, a very old friend who is the superintendent, but I am sure this thing has become so big that you cannot operate the Banff national park from two thousand miles away. There must be a little more delegation of authority and more active cooperation given those who have been elected by their people and who think they know something about the problems of Banff.

May I put it in this way. I am not suggesting that they are right; I do not know. I know they have grievances, although I am inclined to think this will apply to other parts as well. They may be wrong. I am happy to learn that Mr. Smart is going out there in February. Yesterday I was able to write them and say, "You have put all this on my shoulders, but Mr. Smart will be there in February, so jump on his back and see how you get along with him." I told them what a delightful gentleman he was—and of course they already knew it. But I told him to take the matter up with them.

That is what I am trying to get at. I do think—well, I do not even think; I know that parks are a national problem, because of the tourist traffic. I know that the department wants to get United States dollars, and the department has done something. It has joined with the province of Alberta in building two highways leading to Banff national park. It seems to me a liaison could be arranged, through the hon. member who leads the Social Credit party. Let us have a lot more of that partnership, by which even now so much has been done. And yet it is so little, having regard to the main objective.

The complaint to-day in Banff is that you cannot get a lot, or lease one, under any circumstances. I appreciate the minister's difficulties. Water services and light services have to be laid on. I know that the minister is giving this sympathetic consideration, and that the veterans affairs committee—and the Minister of Veterans Affairs knows all about this—made a splendid recommendation the other day to the Minister of Mines and Re-

sources. Our returned chaps have not a chance there, because the assistance which is given in other places really has no application. However, I know that those are little difficulties which will be ironed out.

Now, having talked about fish—and I am not joking; I know how important it is; there is not any doubt about that—

An hon. MEMBER: Eleven o'clock.

Mr. SMITH (Calgary West): I heard someone say "eleven o'clock", and I am sure it was not the clock that said it.

An hon. MEMBER: Go ahead.

Mr. SMITH (Calgary West): I will be only a minute or two—but perhaps I had better stop there. I might get my second wind if I were permitted to go on.

An hon. MEMBER: Eleven o'clock.

Mr. SMITH (Calgary West): Very well; it is eleven o'clock. Perhaps to-morrow morning at eleven o'clock you will hear something, Mr. Chairman.

Item stands.

Progress reported.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Tuesday, December 4, 1945.

The house met at eleven o'clock.

PRIVILEGE—Mr. TUCKER

RESOLUTION OF CANADIAN UKRAINIAN ASSOCIATION RESPECTING SPEECH IN HOUSE ON SEPTEMBER 26

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, I rise to a question of privilege. In this morning's *Ottawa Citizen* there is a headline which reads: "Score speeches by three M.P.'s on Ukrainians." The article then goes on to say:

> Protesting "slanders and falsehoods" which, it claimed, are being disseminated through speeches by Walter Tucker, F. Zaplitny and A. Hlynka in the House of Commons, the Canadian Ukrainian Association has passed a resolution which states that the views expressed by these men are not those of the majority of Canadian Ukrainian people.

The article continues:

> The association points out in the resolution that a body with headquarters in Winnipeg, the Canadian Ukrainian committee, is collecting money to be used to aid "these nazi collaborationists and traitors to settle in Canada."

It goes on to say:

> In the opinion of the association, the three members of parliament mentioned in the resolution, "actually speak on behalf of fascist and semi-fascist committees among the Ukrainian Canadians who have had previous connections with the nazi in Germany."

This refers to a speech which I made in this house on September 26, 1945, in reference to that subject. I have uttered no slanders and falsehoods. I merely asked that our troops have nothing to do with the forcible repatriation, into Soviet hands, of displaced Ukrainians whose only offence was that they had worked for and favoured a free Ukraine and who feared their fate if they fell into Soviet hands. I pointed out that no one knew for certain what was happening behind the iron curtain that divides Europe to-day and that if this policy were maintained we should not forcibly repatriate these people to what they claimed might be a terrible and undeserved fate.

The Canadian Ukrainian committee is headed by a distinguished Canadian clergyman. Its members are all loyal and distinguished Canadians. It supported, and the bulk of Ukrainians supported, our war effort, not only after Russia was attacked in 1941 but in the dark days of 1940, when those who followed the communist line were attacking the war as an imperialist war and doing their best to hinder our war effort.

When I speak on behalf of this committee, representing as it does the vast bulk of Canadians of Ukrainian origin in Canada, I do not speak "on behalf of fascist and semi-fascist committees among Ukrainian Canadians who have had previous connections with the nazis in Germany." I deny this categorically. I say from long experience that the members of this committee are loyal and true Canadians. They have proved their loyalty. If they have sympathy with their kith and kin in Europe and seek to assist them in their misery, that does not make them pro-nazi or fascist.

Ever since I have spoken on behalf of these people I have been the victim of a slanderous smear campaign. The object is clear. It is to intimidate all public men from saying anything distasteful to the communists, no matter how true or justified it may be. I call on all responsible newspapers to study the situation and not lend themselves to these tactics in any way. I would say in conclusion it is an attempt subtly to undermine freedom of speech in Canada. It will not succeed in this free country.

REPORTS OF COMMITTEES

Fourth report of standing committee on banking and commerce.—Mr. Cleaver.

Sixth report of the special committee on veterans affairs—Mr. Tucker.

COMMITTEE ON PRINTING—CHANGE IN PERSONNEL

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved:

That the name of Mr. Whitman be substituted for that of Mr. Brunelle on the standing committee on printing.

Motion agreed to.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 204 for the relief of Leopold Levesque.—Mr. McGregor.

Bill No. 205 for the relief of Myrtle Elizabeth Fraser Bennett.—Mr. Rose.

Bill No. 206 for the relief of Sylvia Pamela Solomon Lande.—Mr. Cleaver.

Bill No. 207 for the relief of Annie Kandel Ashkanazy.—Mr. Brown.

Bill No. 208 for the relief of Rose Acomsky Bloom.—Mr. Boucher.

Bill No. 209 for the relief of Ethel Meakings Downs.—Mr. MacLean.

Bill No. 210 for the relief of Evelyn Isabel May Ramsay Jarvis.—Mr. Brown.

Bill No. 211 for the relief of Arthur John Frederick Temperton, junior.—Mr. Casselman.

Bill No. 212 for the relief of Myrtle Ann Westover Coleman.—Mr. Rose.

Bill No. 213 for the relief of Marie Gertrude Owens Conant.—Mr. Maybank.

Bill No. 214 for the relief of Louis Humble.—Mr. Casselman.

Bill No. 215 for the relief of Sarah Silverstone Michelin.—Mr. Maybank.

Bill No. 216 for the relief of Roderick Auguste Robert de Lotbiniere Harwood.—Mr. MacLean.

EXPORT CREDITS INSURANCE ACT

INCREASE IN AMOUNT OF LOANS AND VALUE OF SECURITIES HELD UNDER SECTION 22

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 217, to amend the Export Credits Insurance Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Aggregate amount of guarantees.

Mr. MACDONNELL (Muskoka-Ontario): I should like to know whether the government consider that they have sufficient power, whether by order in council or otherwise, to deal with similar credits to the United Kingdom if any such question should arise between now and next session. I understand that the Minister of Finance made a reference to this yesterday, but having regard to the negotiations now going on at Washington there is a chance, perhaps even a likelihood, that matters of great interest to us will arise in the interval. Do the government consider that it is a question that will not arise; or if it should arise, do they consider there is power now to deal with it by order in council and therefore it is not a question that should be discussed during the present session?

Mr. ILSLEY: There are powers under the Export Credits Insurance Act to make a loan or loans to the United Kingdom, but the financial limits of the government's powers are such that we do not propose to avail ourselves of the powers in that act to make a loan to the United Kingdom. We are not asking for enough money to give us the scope that we shall require. As I said yesterday, we have not discussed in any real sense a loan from Canada to the United Kingdom, the terms of the loan, the size of the loan or anything of the kind. We shall undoubtedly be discussing those terms before very long.

The only powers that we have to advance money on behalf of the United Kingdom to producers in Canada are the powers contained in section 3 of the War Appropriation Act, and we are making advances under section 3 of the War Appropriation Act at the present time. It will be understood that we owe the United Kingdom money on various accounts, and they owe us money on various accounts. These many and complicated matters are being examined and studied, but in the meantime I do not anticipate that we shall be embarrassed by the lack of any statutory power other than section 3 of the War Appropriation Act to make loans to the United Kingdom.

Mr. MACDONNELL (Muskoka-Ontario): What is the limitation on that?

Mr. ILSLEY: It is the amount of the appropriations of the acts. There was a war appropriation act last spring, and there is also the War Expenditures and Demobilization Act which was passed recently. The total money which has been appropriated under these acts is something like $3,300 million, if I remember correctly, but of course a large part of that has been used up for other purposes.

Mr. MACDONNELL (Muskoka-Ontario): I have no desire to cause any delay this morning, but might I suggest this. It is not immediately apparent to me why we have no opportunity to discuss somewhat further the situation *vis-à-vis* the United Kingdom, which seems to me even more important than the one we are discussing now. Would it be satisfactory to the minister if it were understood that this matter might be brought up and perhaps some further questions asked, let us say during the estimates of the Department of Finance, or on some occasion of the kind?

Mr. ILSLEY: Yes, I will agree.

Mr. MACDONNELL (Muskoka-Ontario): In the alternative, I might as well ask the minister if he will say a word further about it now. This may be the appropriate time. Let me repeat what I said a moment ago. Does the minister not agree that the situation with regard to the United Kingdom is more important, perhaps overwhelmingly more important, than any other situation which we have? He has explained to us that it does not come to any considerable extent under this act, because although there is a small residue of power under the act they do not propose to use it there.

The minister has explained to us the situation generally under the War Appropriations Act. Frankly I have been disturbed, as I suppose everyone in this house has been disturbed, by what has been going on at Washington. The situation there is fraught with results whose importance it is hard to find words to express. I hear people talk blithely about our keeping up our national income. They speak of the national income we have had during the war, and I sometimes wonder if the people who talk in that strain are taking into account the way that national income arose. I do not propose to take time on that. I only propose to say that for that reason I think this bill is of tremendous importance. I suppose we should bluntly face the fact that there is the possibility that we are giving this money away. Why are we giving it? Because we do not dare at the present time to do anything else. We do not dare to refrain from taking measures which will temporarily help to sustain our export trade. We hope that a degree of sanity in world trade matters may emerge within the next few months. Apart from humanitarian considerations, which I take for granted, we are moved by the hope that we are going to get an open door in these countries for our trade; or, putting it a little differently, that we are staking people who will be good customers.

Mr. ILSLEY: That is right.

Mr. MACDONNELL (Muskoka-Ontario): I might ask another question while I am on my feet. I have no desire that we should take a huckstering or technical attitude. The minister spoke yesterday and, if he then said all he wants to say, I will not press the point, but I take it that a very important question arises as to what agreements or understandings we have with those countries to which we are proposing to make these large advances. In the case of France the advances are very great indeed. The French are pretty hard and realistic people in their trading arrangements, and I assume we have given full thought to that.

But I come back to my first point—one, it seems to me, of overwhelming importance—and that is, where are we going to stand with regard to the United Kingdom at the end of the negotiations now going on at Washington and which, week after week, we hoped to hear were successfully terminated The well known United States correspondent, Herbert L. Matthews, writing from London the other day, spoke gloomily about it and said that even if the agreement went through, the British would feel that they had been dealt with in a rather harsh manner, and that they might not go on with the Bretton Woods agreement. The Bretton Woods agreement may prove to be a matter of life and death to people like ourselves.

Mr. LOW: Mostly death.

Mr. MACDONNELL (Muskoka-Ontario): I would ask the minister again if he does not think that something more should be said on this matter and an opportunity given to the house, before it adjourns, to discuss the tremendously important question of what we are prepared to do and what we should do in the matter of loans and credits and the like. In the case of Great Britain they are not, as I understand it, really covered by this bill at all.

Mr. COLDWELL: This morning it was intimated over the air that within the next forty-eight hours some anouncement might be expected from Washington or London regarding the negotiations at Washington. The way in which the matter was worded leads me to believe that the announcement might be of a kind which may involve the discussion here of our own interest in this matter. I think what has been said by the hon. member for Muskoka-Ontario is very much to the point

in that respect. I do not go all the way with him in some of the other points he raised, but I do go all the way with him in that there should be an opening for a discussion in this house, and we should understand whether or not there is sufficient power to do what we may find it not only in the interest of humanity but in our own interest to do within the next few months. The point made in that connection is, indeed, one which the minister should consider.

I do not know what agreements or understandings are involved in this proposed expenditure. Perhaps the house should be more fully informed. To be told, as we were a few moments ago, that the war appropriation and other measures would give the government under the act some $3,300 million, is not sufficient information upon which we can base any opinion. I would urge upon the minister, as suggested by the hon. member for Muskoka-Ontario, that he provide an opportunity for discussion should the occasion arise, as it may well arise. My thought is that if an announcement is made from London and Washington within the next forty-eight hours it may not be that an agreement has been reached, but something quite different.

I am more convinced than ever that the house ought to see to it that the Bretton Woods agreement gets a thorough investigation in the banking and commerce committee before we are asked to vote on it here. I do not think that this is the place to give it the investigation it requires. This is not the place to call the departmental officials whom we must call in order to understand all the implications of that agreement. While on balance we may have to support and accept it, I am much disturbed about it. I am not convinced, and I do not like to be put in the position of having to approve agreements of this sort without having much more information than we have at the present time. However, I rose to concur in the point of view expressed by the hon. member for Muskoka-Ontario in respect to this particular bill.

Mr. McMASTER: Perhaps when the minister answers the questions asked by the last two speakers he will answer one which I should like to ask. It is a very considerable sum which he is asking us to consent to have guaranteed, and I should like to know whether the government has a policy as to what exports shall be subject to this guarantee. It is easy enough to give stuff away, or sell it cheaply, or sell it to one who cannot pay. I should not expect, for instance, that automobiles would be guaranteed. I suppose the government has in mind some products for export which will benefit Canada to a great extent while also benefiting very much the people who receive them. I hope the minister while he is on his feet will state what is the policy of the government in that regard.

Mr. ILSLEY: I said that the limit contained in the War Appropriation Act of $3,300 million limited our powers to make advances on behalf of other governments as agent. There is no such limit, I find. The power to advance there is to make advances out of unappropriated money. Under the foreign exchange order, there is power to buy sterling as well which would furnish the United Kingdom with Canadian dollars to enable them to make purchases. I wanted to make these corrections so as to keep what I say strictly accurate.

Mr. COLDWELL: That gives a little better picture.

Mr. ILSLEY: It gives a little more freedom.

Mr. COLDWELL: That is what I mean.

Mr. ILSLEY: Whether it is too much is for the house to say, but I do not think it is. There are many uncompleted transactions with the British. We shall be paying bills to the British for one thing or another for the next few months, and all sorts of accounts are being adjusted. We have claims against them and they have claims against us, and it would be impossible for me with any definiteness to describe that situation. Mutual aid was concluded on the second day of September, and we knew that with these accounts against each other, and power to make advances, under section 3 of the War Appropriation Act, as agent of the British government we would be able to keep trade flowing until we could make a definite agreement with the United Kingdom. I do not know what agreement they are making with the United States government. As soon as that agreement is made we shall look at it. We have great interest in such an agreement, and the agreement we make will have to take that into account. I am willing to give the committee any information I have when the estimates of the Department of Finance are under consideration, but the government cannot give now a statement of its intentions with regard to size of loan or terms of loan to the United Kingdom, and will not be able to do so for some time. I should think the situation would be clarified before next session, and I anticipate that it will be necessary to have a special act authorizing financial arrangements with the United Kingdom.

As the hon. member for Muskoka-Ontario says, that is a matter that is more important than our dealings with any other country in the world, with the possible exception of the United States, our dealings with them being on a different basis entirely—the basis of each one paying for what he buys and neither lending to the other, and so on.

It would be premature for me to say anything definite about what we intend or expect to do or can do with the United Kingdom. I agree with what the hon. member for Muskoka-Ontario says; in fact, from what I recollect of what he says, I agree with it all. It is of tremendous importance that we should make satisfactory arrangements with the United Kingdom. It is of tremendous importance that we should keep trade flowing both ways with them. I do not intend to deal with that, except in passing, under this bill, which is designed to authorize loans to countries other than those in the sterling area. I indicated the possibility that some parts of the sterling area might avail themselves of the privileges of this bill, and in that connection I mentioned India, but I have nothing definite in mind.

Yesterday I said—and this touches upon the point raised by the member for Muskoka-Ontario—that in our dealings with France we had stipulated for most favoured nation treatment, and that it was a term of the agreement. I find that the matter is referred to only in correspondence between the two countries, in a letter which I wrote to the representatives of the government of France as follows:

> At this time, when Canada will be assisting France to increase substantially its imports from Canada for purposes of reconstruction, and when the Canadian government hopes to see an increase in exports from France to Canada, it seems to me appropriate to suggest that Canada and France might agree to extend to one another most favoured nation treatment in commercial policy. Such action would, I think, impress upon the people both of France and of Canada our intention to develop future trade between the two countries on a mutually advantageous basis.

I went on to say that I understood the Department of External Affairs would welcome an opportunity of discussing the possibility of such action with representatives of that government at an early convenient day. The relevant passage in the reply is as follows:

> As regards your suggestion concerning the most favoured nation clause, this is a question which in due course will be discussed between the representatives of our countries, but in conformity with the general principles included in the lend-lease master agreement, which is well known to you, and that France has signed, I can now assure you that the French government will collaborate with the Canadian government in concerted action to elminate all forms of discriminatory treatment in international commerce and to the reduction of tariffs and other trade barriers.

It is true that in these loan agreements we have not tied up these countries with regard to tariff treatment or similar treatment on Canadian exports into those countries, nor do I think it would be practicable to do so. The subject matter of these loan agreements is certain goods which will be ordered for the next two or three years, and of course we need have no worry about these goods because they are buying them and taking them into their own country. So that the question of tariff treatment of these goods is not one of indifference to us, though it need not give us any worry, inasmuch as they are borrowing money to buy the goods.

To get a long-term agreement covering other goods during a subsequent period would be a very difficult task. It would involve long commercial negotiations, and the view we have taken is that such commercial negotiations should rest on their own feet. Our policy is to seek and try to obtain reciprocal reductions in trade barriers. The concessions that we would make would be tariff reductions, and the concessions we would seek would be tariff reductions in consideration of our reductions in tariff, without attempting the almost impossible task now of trying to tie up with these loans trade negotiations involving tariff treatment on a wide range of products coming into this country as well as going into those countries.

It may be that some principle should be laid down. In fact, principles were laid down in our mutual aid agreements with these other countries, but apart from general principles I do not think it would be practicable to incorporate in these loan agreements trade agreements covering goods other than the goods they intend to buy with these moneys.

Mr. MACDONNELL (Muskoka-Ontario): I perhaps gave the minister a slight misunderstanding of what was in my mind. I should be loath to see us tie up with individual agreements, because, if I understand tariff matters rightly, every time you enter into a bilateral agreement with some country it raises difficulties in relation to the broad question of multilateral trade, which seems to me, frankly, the only solution for this country. I wish to reiterate a point I made a few minutes ago. I have been disturbed to find that apparently we have regarded ourselves as nothing more than interested spectators of

what has been going on at Washington. To me, we are so vitally concerned in this that I have never been able to feel that we were merely interested spectators.

I inferred from what the minister said that we had nobody actually sitting in at the Washington conference. I had thought that we had some economic observers, and I hoped that they were more than observers because I have always felt that we Canadians ought to be able to do more to bring Britain and the United States together than anybody else. We have talked a lot on that and I think with considerable justification. We have talked a lot about our influence in the world. I think we should have more influence on what is going on in Washington now. We should let it be known. If other hon. members feel as deeply concerned about what is going on in Washington as I do, I think that the house should go on record in the matter. It may be that what we say here would not fall entirely on deaf ears. We played a considerable part in the war; Britain has acknowledged that.

I think the time has come for us not to ask a *quid pro quo* but to try to play a very considerable part in connection with these trade negotiations which are going on. I want to make my position clear. We must have multilateral trade so that world trade will move, let us say, as freely as it did in the first decade of this century. I am not talking about free trade; that raises all kinds of difficulties. I am talking about a reasonable degree of freedom. Without it the prospect for this country is very bleak. I think we had better be specific about it. I hear people chant about full employment in a kind of incantation; they think that by repeating it we are going to get it. Well, many of the people who talk so glibly about full employment do not seem to understand the full implication of it.

I understand that yesterday someone said: "Why do not we take the money that it is proposed to use for these advances and use it for social services?" The reason we are making these advances is to build up foreign trade so as to give us an income which will enable us to have social services. I hope I have not got the cart before the horse. Let us be frank about this. Let us not make fools of ourselves. Let us look at it in a realistic way and not forget the influence which I hope this country has. I suggest to the committee that there ought to be a debate on this matter in the house. If my views are the views of the members of the house then I think it is desirable that the people of Britain should know it and know it in time, because they are not going to disregard what the people of Canada think.

I believe, and I say it again, with somewhat tiresome iteration, that multilateral trade is essential to this country. If we do not get multilateral trade we face economic reorganization. I was talking to a very competent economic friend of mine yesterday. He told me he had been discussing these matters with a man whom you might describe as an apostle of the new economic thinking. My friend asked the man to be specific and I will also be specific. Suppose we increase the consumption in this country by as much as we possibly can by internal arrangements; how much of the present wheat production will be consumed in Canada? The utmost that we can expect to consume in this country would be about twenty-five per cent of our production. If I am wrong in that, hon. gentlemen to my left will correct me. Am I wrong? If I am right, then where is the remainder of the wheat to go? If we are to have a tied-up regional world where are we to export if we are not in the sterling bloc, into which incidentally we do not fit. Let anyone in the house tell me where. I want to use moderate language. If there is a bloc and all that it entails it is a serious thing for this country. I think we should omit nothing to prevent this. I do not think that a day or two devoted to this talk in parliament would be wasted. If other hon. members present have the views I hold, and to which I have been giving expression, their voice would be heard in Britain, and the views we hold would be known.

Mr. MacINNIS: Perhaps a debate on this question would be worth while, even though hon. members do not hold the views of the hon. member for Muskoka-Ontario. Views have interest and relevancy although they may differ. After all, if all hon. members held the same views I suppose there would be no need of a debate.

A question was raised as to the power which the government may have to make financial and trade agreements with the United Kingdom. To my mind that is a very important question. I do not believe that we can settle the exact terms of that at the present moment, first because of the short time that this parliament expects to be sitting, and second because of the unsettled state of world affairs and the arrangement between ourselves and the United Kingdom. But this house should do something before we adjourn to make certain that the government has sufficient power to deal with any situations which may arise between the time of prorogation and the open-

ing of a new session. If the government has that authority, then I should feel quite satisfied to leave it at that. In fact I am convinced that in any case we shall have to leave it at that, because of the factors I have indicated. I have no objection to the matter being discussed, but I think it will be left in that position.

A moment ago the hon. member raised a point in regard to the conversations going on in Washington between the representatives of the United Kingdom and the United States, and indicated that Canada should have an observer at this conference. To me that appears to be a peculiar doctrine in our international affairs if Canada is an autonomous nation. While we may have ties with the United Kingdom, I am sure that those ties do not give us any right to sit in and observe what goes on between the United Kingdom and any other country with which the United Kingdom does business.

An hon. MEMBER: That is wrong.

Mr. MacINNIS: All right; then I should like to hear the right view. If Canada should be sitting in on this conference, then there is no reason in the world why she should not sit in on the conference between the United Kingdom and China, the United Kingdom and Brazil, the United Kingdom and the Argentine or the United Kingdom and any other country. I have no objection to this country having observers at the conference if we are asked so to do, but I am satisfied that it would not be the proper thing for Canada to assert that we should sit in at the conference.

The hon. member for Muskoka-Ontario said he had heard someone ask this question: "Why could we not expend for social services in Canada the moneys we are now expending to promote trade with other countries?" Perhaps that version of what he heard arose out of what I said in the house yesterday. Let me first of all assure the hon. member for Muskoka-Ontario that I gave my wholehearted support to the export credits insurance bill and supported it, I think, on reasonable grounds. When he spoke a moment ago he said it was likely that we would be giving this money away. He then qualified that by saying that there was a possibility of our giving it away. If we are giving it away, if it is a matter of chance, is there any reason why we cannot give the same amount of money in social services to the people of Canada who need it? There is not. In the past as we looked across from Canada to some other country we have had the hope—I do not know whether we have got over it or not—that we could sell our goods there. We always looked on those countries as a place where we could sell something. There are very fine people in China, we said, and we wondered if we could sell them something. There were very fine people in Brazil, and we wondered if we could sell them something. We always thought of them in terms of what we could sell them. That day has passed. We still have to think of them in terms of what we can sell them, but we have to think of them also in terms of what we can exchange with them in order that we may build up their economy, and by building up their economy we are assuring our prosperity and theirs. If it is not done on that basis it will not be done at all. That is what we must be concerned with from now on. As a matter of fact the old system of capitalist trade was a system which destroyed itself.

When we come to make trade arrangements and bring about freer trade with the rest of the world I am convinced that the people whom we shall find most opposed to that freer trade are the very people who are supporting the hon. member for Muskoka-Ontario. I have already seen signs of that in the *Financial Post,* in a statement to the effect that we in Canada could not expect to accept imports to pay for our exports, that the exports would have to be paid for by Canadian loans. There may be certain ways in which that can be done without giving our goods away, but if there are such ways I do not know of them. I do not believe that there are any. If we do not accept either directly or indirectly value for value for the goods which we export, then we are giving those goods away. I am in favour of discussions and debates on this matter, but there are certain fundamental facts which we shall have to keep continually in our minds while those discussions are being carried on.

Mr. QUELCH: I find myself in accord with what the last speaker has said. I could not help but be amazed at the implications of the statement of the hon. member for Muskoka-Ontario. Every once in a while we hear members of the house talk about a large national income and the comparatively small population of the country. They emphasize the fact that it would be impossible for a small population to consume the total production of the country. Then invariably they bring up the question of wheat and try to make people believe that some hon. members suggest we in this country can consume our total production of wheat. Well, in the first place let us remember that the national income is only around nine billion dollars and the population around twelve million. That works out to an average income of

around $3,000 per family of four. Does anybody suggest that a family of four could not consume an income of $3,000 a year if they had the opportunity? Nobody suggests that we should consume all the wheat we produce, but we do believe that the people of this country can consume the imports that could be brought back to Canada in exchange for that wheat. We feel that that is the right thing to do, and we have an interest in trying to build up large foreign investments as a result of the sale of that surplus wheat, investments that can pay for losses in the future.

I quite agree that we have a moral obligation, resulting from the war, to help countries which have been overrun by the enemy. That is an entirely different question. Any contribution we make to mitigate the suffering those people have had to endure as a result of the war should be dealt with in an entirely different way from the method adopted in this measure. I know that to a certain extent UNRRA has helped, but the operations of UNRRA have been greatly reduced since the first year it was brought into operation. Originally it was to help to rehabilitate and reconstruct certain areas, but by resolution 12, passed at Atlantic City, it was made into a straight relief organization rather than a relief and rehabilitation organization. The point I am interested in in regard to this bill is exactly how do we provide for repayment of those loans. I take it they are to be repaid in Canadian funds. Do we acknowledge the responsibility of accepting imports to provide the people with Canadian funds to pay the bill? There is a joint obligation. There is no use in giving another country credit in Canada to buy our goods unless we are also prepared to accept credit later in their country to buy their goods. I agree that we need multilateral agreements, but there is nothing to prevent us from trading our credit for the credit of another country on a multilateral basis. The important point is that there should be trade balances. All nations should try to balance their trade. You cannot balance trade by merely balancing the money resulting from the overdrafts as suggested by Bretton Woods. Bretton Woods in reality is nothing more than merely a device to try to bring about balances of payment by having large scale overdrafts. It is interesting to know what is going to happen when each country has exceeded its quota by two hundred per cent.

I should like to know from the minister what main point of disagreement there was between the Department of Finance and Professor Keynes when he was in this country. A good deal of publicity was given to the fact that the main point of disagreement was that England wanted to have the right to repay with her exports whatever loans she got from Canada; in other words, that England was interested only in getting goods from this country that we would be willing to take payment for by accepting imports from England. I think everybody will recognize that that is a sound basis for trade. I should like to know from the minister whether or not that was one of the main points of argument.

Mr. ILSLEY: No, there was no point of disagreement. Certainly that matter was not up for discussion at all.

Mr. QUELCH: It was given prominence in the press.

Mr. ILSLEY: I know; I cannot help that.

Mr. HACKETT: Will the minister say whether or not Canada did participate in the negotiations which have been going on in Washington between the United States and Great Britain, and whether or not we had somebody observing those negotiations?

Mr. ILSLEY: No. The negotiations at Washington are not trade negotiations; they are financial negotiations. We had no observer present. We were not there because we were not invited to be there. Those were financial negotiations btween two countries, just as we are carrying on negotiations, on a much smaller scale, of course, with other countries at which we have no other observers present.

Mr. HACKETT: If we can rely upon the press, those negotiations involved trade. In any event it is astonishing to most people who know of the close relationship which has existed between Britain, the United States and Canada, to learn that we were not present at negotiations which may have a far-reaching effect upon our trade and our whole economic welfare. The hon. member for Vancouver East suggested that inasmuch as Canada is an autonomous country there was no reason for its being present at negotiations between two other autonomous countries. Well, that is a general proposition which may be defended in a general way. I submit that when the relationship is that which has existed between this country and Great Britain, when we have pledged our future in support of a trade upon which our very lifeblood depends, it is not satisfactory to learn that these negotiations have been

going on without our knowledge and may be terminated to our utter detriment and undoing.

Does the minister not consider that Canada's interests are such that it should be intimated to the high contracting parties that we should be heard before any definite conclusions are arrived at? If we cannot export our wares, if we cannot export our wheat, then truly a blight will fall on the prosperity and welfare of this country. Our friends to my left, the hon. member for Vancouver East and the hon. member for Acadia, make some reference to the principles to which they give adherence. That is their right and privilege, but the world at the present time is organized under a different system, and for the present—

Mr. MacINNIS: The world at the present time is not organized at all.

Mr. HACKETT: It is possible that we may be on the fringe of chaos, but that is no reason to find fault with those who are attempting to redeem us from that situation. When there is in the offing a trade treaty which may upset the welfare, the prosperity and the influence of Canada, Canada should be represented when the negotiations are in progress. We hear so much about friendship, we hear so much about community of interest throughout the world, and yet if we are to believe the press, negotiations which may be vital to our existence have been going on in the capital of a friendly power between friendly powers and allies, and we are not consulted. There has been an oversight somewhere. I am inclined to place the blame on the doorstep of the government whose privilege and duty it is to watch over the destiny and welfare of Canada.

Mr. ILSLEY: Mr. Chairman, there has been no oversight whatever on the part of the government. Canada's views with regard to trade are well known. They are well known as the result of public statements by this government and they are well known as a result of representations made to the British government, of which I think the United States government is well aware. I want to emphasize what I said before. These negotiations that are going on in Washington are financial negotiations.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister deny that while they may have started as financial negotiations they went on and became trade negotiations? I was credibly informed, and I think it was stated in the press, that subsequent to the beginning of the financial negotiations British trade experts had been brought out.

Mr. ILSLEY: I do not know whether that is so or not, but I am satisfied that no trade negotiations of any consequence in which Canada has an interest will go on without Canada being a participant. We have no power to bore our way into discussions between the United States and the United Kingdom. Australia has the same right that we have; South Africa has the same right; New Zealand has the same right; many other countries have exactly the same rights. Those autonomous dominions which are part of the sterling area, I was going to say had a greater interest financially in the negotiations than we have. This is not a conference of a number of nations; it is financial negotiations between the United Kingdom and the United States.

With regard to our trade views, with regard to the desirability of multilateralism as contrasted with bilateralism, the desirability of keeping world tariffs low and of eliminating or avoiding the imposition of quotas and embargoes and exchange controls which prevent the flow of trade, our position has been stated repeatedly to the United Kingdom, both to delegations that came here and publicly. The delegation that went to Washington came to Ottawa first. We cannot properly do anything more than we are doing at the present time.

There may be a lot of nervous people around who are afraid that the United Kingdom is going to sell us down the river. I do not expect that they will, but if they do, then we shall have to adapt ourselves to that situation. We cannot run around outside a closed door down there clamouring to be let in to say something about a deal that is being made between the United Kingdom and the United States.

Mr. HACKETT: The door should not be closed.

Mr. ILSLEY: Let us consider what our position is. We have to act with a fair measure of self-respect and dignity in these matters, and with some regard to usage and propriety.

Mr. GLADSTONE: Mr. Chairman, I think it might be helpful if we changed the setting at Washington just for a moment. Suppose this conference were between Russia and the United States. Would either of those countries look with favour upon Brazil or China or Canada or South Africa or any other country sitting in on their conference? It does not seem to me that Canada is in any different position with respect to this present

conference than if the conference were between the United States and any other country.

Referring to one other aspect of the situation that has been dealt with, namely, this credit of $750,000,000, I rather view it in this way. Supposing a private individual who was in difficulty and hard circumstances arranged a loan from a friend. It would not be expected that that loan would be paid back immediately. The loan would be made for the purpose of tiding him over for a period. Then when he had recovered himself through his own efforts he might be able to resume repayments. This is exactly what our attitude should be with respect to the credits we grant at this time, not only to Great Britain and France but to various other countries. We should not expect that they will be able to give us goods immediately in return for the goods we supply them. As they are able to rebuild themselves in the years to come we hope that they will be able to repay the loan, either in goods or in cash. I simply suggest that this is a measure which will help out those nations in the meantime. We all realize that the future welfare of the world depends upon the prosperity not only of our own nation but of all other nations.

Mr. FRASER: I do not think that any member of the house said that the credits should be paid back at once, as suggested by the hon. member—none in this group anyway; far from it.

Mr. GLADSTONE: Not in your group, but it was suggested in another part of the house that almost immediately we should receive goods in return for our exports.

Mr. FRASER: I think the main concern at the present time is that we protect the interests of the Canadian worker and farmer. That is what we have to think about, in granting these loans to other countries. But I rose to ask a question. On November 22 I asked the following question of the Minister of Trade and Commerce:

> I should like to ask a question of the Minister of Trade and Commerce based on what Premier Attlee said when he was here on Monday, namely, that it was not true that His Majesty's government in Great Britain had told the Canadian government that Canada could do business with the United Kingdom and the sterling area only if they erected plants there. I would ask what information the Department of Trade and Commerce has in regard to the United Kingdom refusing to grant import licences to ship Canadian goods to the United Kingdom.

I think this question should be answered before we dispose of this bill. That is the way I feel about it.

Mr. MacKINNON: I stated in reply that certain representations were being made by this government to the United Kingdom government. That has been done but so far we have received no reply. When we receive the information I shall be able to make a statement to the house.

Mr. FRASER: On November 23, the following day, the minister said:

> I wish to advise the house that at the very earliest opportunity I intend to make a statement on the question raised by the hon. member for Peterborough West, which is attracting a great deal of attention not only in the house but throughout Canada generally. More completely to inform the house upon the situation, certain communications are being carried on, and just as soon as they can be brought to finality I propose to make a statement to the house.

Mr. MacKINNON: That is still the situation.

Mr. FRASER: I think the minister will agree that it is important that we should have a definite understanding with Great Britain before this bill goes through. I personally suggest that we pass only part of the bill now and let the rest stand over until next session.

Mr. ILSLEY: I have tried repeatedly to make it clear that we do not intend to use this bill for the purpose of making loans to Great Britain. I do not see why the hon. gentleman connects the two matters.

Mr. FRASER: The reason I connect them is this. If we do not know where we stand with Great Britain, we certainly do not know where we stand with any other country.

Mr. FULTON: I wish to refer to a question I raised yesterday after the minister had made a general statement on the resolution and intimated that it was not contemplated to use the extended provisions of this act to conclude agreements within the sterling area. I asked the minister if he would state or give the house some indication of what he had in mind with regard to restoring trade relations between Canada and other empire countries exclusive of Great Britain. I had in mind particularly Australia and New Zealand. The minister in his statement had made a reference to India. This whole question is tied up closely, I feel, with the discussion which has taken place here this morning on the economic negotiations between the United Kingdom and the United States. The minister attempted to make the point that Canada should not be running around outside a closed door, and he said that Australia and New Zealand had not asked to be included in those negotiations.

But Canada is in an entirely different position from Australia and New Zealand, which are in the sterling bloc. Canada, while not definitely tied to the dollar bloc, has largely a dollar economy, but at the same time we are very much concerned in and closely allied with the sterling bloc, and I think we should be consulted. As the hon. member for Muskoka-Ontario has said, if we are not consulted we should make our views known in the negotiations that are being carried on between the sterling bloc and the dollar bloc, because we are in a peculiar dual position. The minister put us in a wrong position when he said that we should not run around outside a closed door. Neither Britain nor the United States would put us in that position; indeed it exists only in the minister's mind. He should give a fair answer to the representations that have been made on this subject.

Mr. JACKMAN: This bill is of great importance. In involves $650,000,000, in addition to the $100,000,000 already set up under the Export Credits Insurance Act. That $650,000,000 is an amount larger than our total pre-war budget, and yet this measure comes up for consideration late in the session and we are expected to pass upon it in very short order. It is impossible in such a short time, or by the methods at present adopted, to give matters of this financial magnitude the consideration they deserve.

The minister said that the Washington conference was largely a financial conference. Finance is but the bookkeeping of trade, and if we are to believe the many dispatches which have appeared in the newspapers in regard to the conference, now long drawn out, in Washington between the British and the Americans, trade certainly has entered into their discussions in very large measure. As the hon. member for Kamloops and the hon. member for Muskoka-Ontario have said, we in Canada are in a peculiar position, because, while not of the sterling area but more largely of the dollar area, we are greatly concerned with the ability of the sterling area to take our goods and to pay for them with goods in return.

Some statements have been made in regard to whether or not we should have bilateral or multilateral trade. I believe what we need in this country is trade, and whether we get it under one form or another is not of particular concern. What we need is the ability to make goods, to provide jobs for our people, and to have those goods bought and paid for by other countries where necessary and that we get something in return. One thing we have surely learned in the last twenty-five years is that we cannot receive money in return. The only way that a foreign country can pay for Canadian goods is by our taking goods in return, although that may not be by a pure bilateral process but through a three-cornered movement or otherwise.

Mention has also been made of the fact that perhaps Canada could use some of the labour and materials which will go into the export of goods which will be financed for the time being through this act by using these goods for our own needs. I believe in foreign trade; Canada, as the fourth largest foreign trader in the world, must rely to a large extent upon that means, for our whole economy —our food economy particularly—and our natural resources must find an outlet for the time being in other great population centres of the world, and we must rely therefore on foreign trade; yet foreign trade is never the equal of domestic trade. If we can build up domestic trade, trade which we can to some extent control, we are much better off. Let us make no mistake about the bill now before us. It is to finance trade largely with countries outside the sterling area which have been the largest consumers of our products, and which have bought far more from us than we have ever bought from them; yet they were able to balance their accounts through their other world trading. If there are at the present time unsatisfied needs of the Canadian people, and we are now suggesting that we should develop exports in certain directions, and we do not know whether those exports will be of a permanent nature or whether this measure is a mere stop-gap, let us carefully consider in this committee whether or not some of the man-power and materials which would go to the furnishing of these goods might not be better applied, not only in the short run but in the long run, to the production of more housing in this country, to satisfy more of the needs of the people of Canada, and to raising their standard of living.

As I have said, domestic trade is infinitely better than foreign trade. We of course must rely to a large extent on foreign trade, but where we can put the emphasis on domestic trade let us do it rather than encourage stop-gap foreign trade, if that is what this should be.

To revert to my original topic, while we may not have been invited to sit in or to be a partner in the British-American conference at present going on in Washington, and we cannot demand entrance, yet I believe that if suitable representations were made we would not find the door so closed that we should not know what was going on there. The discussions have a most direct bearing on the future

of this country and on jobs for our people. If we are to grant large credits to foreign countries to take our goods for the time being, what are we to get in return? Shall we obtain any assurances that they will give us long-term trading agreements to take certain of our export surpluses, or are we simply going to find, after we have given them a certain amount to tide over the present time, that we have accomplished nothing, whereas we might have been satisfying the wants of our own people?

I point out that this bill is not, as is the UNRRA bill, a contribution for the relief of distressed areas in Europe. This, as I understand it, is purely a business bill having to do with trade relationships. If we find that we cannot export so much of our present and pre-war surpluses as formerly, it will be necessary gradually, and with as little hardship as possible, to reorientate our own economy and provide more things which our own people can use, rather than continue to have these great export surpluses which we now have in certain commodities.

It is very difficult for us, with all the duties we have as members of this house, to give to this measure the consideration to which it is entitled. I believe that we must apply ourselves to this problem, because of the incursion of parliament and government into the activities of the people, their daily lives and their whole economy depending upon government action to some extent, for direction at least. How different that is from the old days, when everyone believed that the less governments had to do with business the better. Now, every party in any parliamentary system has taken upon itself the responsibility for job creation and for the prosperity of the country. We must realize that our duties have changed in nature, and it is about time we changed our methods of procedure. We cannot possibly give this measure the consideration it requires if we are to do it in the formal body of a committee of the house or in the house itself. We must adopt more of the United States system of committees, if you like—perhaps not in its extended form; but we must be able to have before us those who are experts on these particular subjects, those who attend conferences with other nations with whom we are dealing, so that we may have a fair idea of what all the implications are and not just hit the high spots, which often is as much as is done in the house upon the most important measures. I would therefore suggest to the minister that consideration be given to bringing these matters before a suitable committee so that full representations may be made before that body, and adequate knowledge may be had before we come in this house to discuss such important measures.

Mr. ROSS (St. Paul's): I did not agree with the hon. member for Vancouver East when he said he did not think Canada ought to be in the capacity of observer in connection with what is going on at Washington at the present time. It is definitely my belief that we ought to have the best observers down there that we possibly can have, because of what is happening to-day, because of all the influences which are being brought to bear from all over, aiming at the disintegration of the British empire through the breaking up of the system of inter-empire preferences. That system was a great advantage to Canada, and empire trading preferences are one of the things which hold the empire together. I believe it is most important that we make it clear that we are not consenting parties to the disintegration of the British empire through the breaking up of our trade arrangements. Canada is not in the sterling bloc, but individual Canadians have a tremendous number of frozen credits in the sterling bloc and they cannot do anything about it. We are therefore as much interested in the sterling bloc as we are in the dollar bloc; indeed we are more interested than any other of the nations of the commonwealth, and therefore we ought to see to it that competent observers are watching these proceedings very closely.

Mr. GREEN: There are one or two questions, Mr. Chairman, which I should like to direct through you to the minister about the policy with regard to export trade.

The first has to do with mutual aid. This present bill provides to a degree for the continuation of mutual aid, and there was a statement made some three days ago by the Canadian ambassador to the United States reported in the press of December 1, under the heading:

Pearson says Canada wants no settlement for mutual aid goods.

That heading may not represent accurately the statement which was made. However, the first paragraph of the report reads as follows:

Atlantic City, N.J., Nov. 30.—Canada did not allow financial consideration to interfere in making war supplies available to her fighting allies "and we don't ask now for any settlement for goods given under mutual aid and used by others to fight for us", L. B. Pearson, Canadian ambassador in Washington, said to-night.

I think the minister should state whether or not that announcement coincides with government policy. Also he should explain to the committee whether or not it is ex-

pected that further sums will be required for guarantees or loans to other countries apart from the United Kingdom and the other nations in the sterling bloc. I understood last year, when this Export Credits Insurance Act was first brought in, that the making of a guarantee or a loan to another government was only a temporary measure, that the long-range policy of the government for assisting export trade was contained in the first part of the act, which provides for export credits insurance. I have here *Hansard* for August 1 of last year; at that time the Minister of Trade and Commerce made this statement, as reported on page 5897:

> It is the intention of the government to have part I become operative as soon as possible. Part I is essentially looking toward the carrying on of this export business in time of peace. I do not think it is necessary to wait until then for it to begin to function, and in the meantime part II will operate. Conditions during the war and possibly immediately after the war will make it difficult for part I to become operative in a very large way during this particular period.

Then I asked:

> Am I correct in saying that the basic policy of the government for increasing the export trade of Canada is to insure transactions between the Canadian exporter and the foreign importer?
>
> Mr. MacKinnon (Edmonton West): Yes, that is correct.
>
> Mr. Coldwell: Transactions as between individuals?
>
> Mr. MacKinnon (Edmonton West): Yes.

That was the announcement of policy last year. I should like to know whether or not that is still the long-range policy of the government, in promoting export trade, and that this business of providing guarantees and direct loans to foreign governments is only a temporary measure to tide us over the post-war period. I think I am correct in saying that if this amendment goes through, there will then be available for promoting export trade $200 million, which can be used by way of guarantee to foreign governments; $750 million which can be used by way of direct loan; this makes a total of $950 million; and under part I of the act, the export credits insurance provision, there will be available another $50 million, making a total of $1,000 million. The minister said in introducing the bill yesterday that at the next session there would have to be amendments made to part I of the act, and I assume that one of these amendments will be to increase the amount that can be used by way of insuring business. I ask the minister to state whether or not this is correct.

Mr. MacKINNON: As to the amendments which will likely be brought before the house at the next session, I am not able to make any definite statement now, but I do not want the hon. member for Vancouver South to misunderstand the amount of business involved in the money which is provided under part I of the act. That is simply a guarantee; there is no relation to the volume of business which is transacted under part I of the act.

Mr. GREEN: It is not a guarantee, it is insurance? Is not that what the minister means?

Mr. MacKINNON: It is insurance; it is a guarantee—

Mr. GREEN: By way of insurance.

Mr. MacKINNON: By way of insurance. That is it exactly.

Mr. ILSLEY: With regard to the questions asked by the hon. member for Vancouver South, the first question was whether what Mr. Pearson said correctly represented government policy. I should say that substantially it does. The mutual aid agreements are public documents; the reports on mutual aid have been placed before the house, and generally speaking the supplies which were sent under mutual aid are not to be paid for; they were regarded as contributions to a common cause. Some of them, such as ships, were chartered only, the ownership being retained by the Dominion of Canada, and those will be returned; and there was the right also reserved in the agreements to claim the return of certain other property.

Mr. GREEN: Mr. Pearson's statement appears to be waiving that right to claim a return. That was why I asked the minister about it.

Mr. ILSLEY: Does it? I did not understand that it did at all. I understood from everything I heard there that Mr. Pearson was simply saying that Canada did not expect settlement for the goods delivered under mutual aid. I think that under the lend-lease legislation of the United States the president has reserved the right to require certain return advantages, or something of that kind. Well, we had the power to do that under our mutual aid legislation, too, but it is largely an empty right. Here we are, under these export agreements, seeking to sell goods, not to get goods from other countries now; it is the other countries which need the goods, rather than ourselves. So, if I understood correctly the citations from Mr. Pearson's speech, I should say that they substantially represent government policy.

With regard to the next question whether this policy of loans by the government to foreign governments is a temporary or permanent policy, it certainly is intended to be a temporary policy. Part I embodies a permanent policy; it sets up an institution, a corporation which will continue and which will function indefinitely.

Mr. GREEN: Part I is really the long-range policy of the government to promote export trade.

Mr. ILSLEY: Well, one of them only.

Mr. GREEN: So far as this bill is concerned.

Mr. ILSLEY: So far as this bill is concerned, yes. Indirectly perhaps the loans will promote export trade in the future. That is, they enable countries to reconstruct themselves and convert themselves into healthy trading units. But the policy of lending I would not expect to go on indefinitely or as a permanent policy at all, and I do not know of any money which will be required beyond the amount asked for in this bill, for any country except the United Kingdom.

Mr. GREEN: This bill is meant to cover all possible loans?

Mr. ILSLEY: It is meant to. I cannot say that we shall not be back some time, but we do not know of any other requirements that we will have for export loans to any country except the United Kingdom. We are providing or we are asking the house to provide us with enough money to cover everything reasonably in prospect, with a small margin, in that $750 million; that is $650 million additional. Is there any other question?

Mr. GREEN: Will there be provision made in the amendments next year to the first part of the act that a larger sum of money than $50 million can be used for insurance of export trade?

Mr. MacKINNON: In answer to the last question of the hon. member for Vancouver South, I would say that at the present time there is no evidence that a larger amount of money is required under part I of the act. But, to supplement the answer I gave a few minutes ago, I should like to point out that it was found, in the working out of part I of the act, that certain amendments were necessary. There were half a dozen of these, and they were put through by order in council P.C. 5845, which has been tabled in the house. These amendments at least will be introduced by way of legislation next session.

Mr. GREEN: How much business has been done up to date under part I of the act?

[Mr. Ilsley.]

Mr. MacKINNON: I could not give that information offhand, but it will run into very large figures. I think the policies run from a few dollars up to two or three million dollars.

Mr. GREEN: The minister has no idea of the approximate total?

Mr. MacKINNON: I have not the figures before me. I might get that information later.

Mr. GREEN: I should also like to ask the Minister of Trade and Commerce whether consideration has been given to the type of goods Canada would have to be prepared to import from these countries to which loans are to be made. I think the principal countries are France, Norway, Netherlands, Netherlands East Indies, Belgium, the U.S.S.R. and China. I presume the Department of Trade and Commerce has given pretty careful consideration to what products we would expect to get from those nations. Everyone in the committee admits that if we are to get payment at all a good deal of it will have to be by way of goods from these countries. Can the minister tell us to-day what products it is expected we will have to take? I mean the main products; I do not want them all.

Mr. MacKINNON: Well, Mr. Chairman, I have not the details before me which would enable me to answer that question, but I can say that in our negotiations with the people who have come to Canada in connection with obtaining these credits, our people have held discussions. We have considered what goods they were anxious to have, and in most cases those people had lists of the things they wanted to buy. In some cases we had to tell them we could not give them what they wanted because we had not those certain goods in surplus supply. In other cases we were able to tell them we had the goods which we could let them have. In other cases we had to try and keep them down somewhat in their requirements. In other cases we suggested that they might be able to use other goods we had in surplus supply for export. I may add that conversations are going on continually in the recently established import division of the Department of Trade and Commerce, in connection with what goods can be profitably and economically brought in from the various countries with which we are hopeful of extending our trade.

Mr. GREEN: The minister will agree, I think, that this is a very important feature of the bill. We are loaning huge sums of

money to other countries. We will have to take back goods from those countries for at least a portion of those loans; otherwise in effect we will be giving away this money to these other nations. Surely it is the duty of the Department of Trade and Commerce to consider very carefully in connection with this whole transaction and in connection with this bill what are the main types of goods we must take from each of these other countries. There are not so many of those countries, only six or seven and I would ask the minister to let the committee have a more detailed statement on that point. Both the committee and the country are entitled to that information. The Canadian people should have the opportunity to size up this whole policy and to decide whether or not they are in favour of it, and those people who are going to be hurt by the importation of these goods should know ahead of time what to expect. We hope no one will be hurt, but probably someone will be hurt financially by those imports. That information is of the utmost importance, and I would ask the minister to get it and make a statement to the house before this bill goes through.

Mr. ILSLEY: I want to point out that we do not necessarily take imports to the same amount as the instalments due us.

Mr. GREEN: I realize that.

Mr. ILSLEY: All the other country needs to do is export goods or services to somebody, and perhaps get the gold with which to pay us. The hon. gentleman is asking us to cover our plans in regard to imports in some cases for the next thirty years, and I do not think we can give him that information.

Mr. GREEN: No. The Minister of Trade and Commerce has already said his department has given consideration to the type of goods that will have to be imported from the countries who have come here to ask for credits.

Mr. MacKINNON: Not under this particular legislation. It is a continuing matter in the import branch of the department, through our trade commissioners, to ascertain what goods we can profitably import from other countries with which we are dealing.

Mr. GREEN: The information would be very beneficial even if it were not tied up with this act. The Minister of Trade and Commerce has said his department has considered it and that the other nations coming here to negotiate have given that information.

Mr. MacKINNON: No, they have not.

Mr. GREEN: That has entered into the discussions, as it naturally must; it is the businesslike thing to do. We should have a statement of the main types of goods each of these nations could export to Canada.

Mr. ILSLEY: It is rather remotely connected with this matter. I should think all we could do would be to try and foresee the kind of imports this country will be taking from the world at large.

Mr. GREEN: No; there are only six or seven of these countries.

Mr. ILSLEY: But that is not necessarily the way in which these advances are going to be repaid at all. Take the case of France, for instance. France may export to a South American country and that South American country may export to us. So long as France exports to somebody we get paid. It is just a matter of compiling a list of imports.

Mr. GREEN: I know that just as well as the minister does, but I also know as he also knows that France will want to export as much as possible to Canada to help repay this loan of $242,500,000. I should like to know what probably will be the goods France will want to export to Canada. We are stepping into a new field here. The government is either going out to give away Canadian goods, or it is going out to promote trade between the nations. It is a new step, and the Canadian people are entitled to information of the type I suggest. I realize that it is embarrassing for the government to give that information—

Mr. MacKINNON: Not at all.

Mr. GREEN: —that they do not want the men who will have to compete with goods coming in from France, for example, to be upset about this business. But I suggest there is no reason why the Minister of Trade and Commerce should not make a statement of this kind. He has set up a division for imports, so why all the hesitation; why all the secrecy? Why can he not say we would expect such and such goods from France, largely; we would expect from the Netherlands East Indies such and such goods; we would expect this and that from the U.S.S.R., and so on. Surely this committee and the Canadian people are entitled to that information.

Mr. MacINNIS: I knew we would get into this business of trade pretty soon.

Mr. GREEN: I am not opposing it at all; I am simply asking for the information. I have not said one word to the effect that it is a bad thing. I am all for export trade, as much as anyone in this committee.

Mr. MacINNIS: For import trade, too?

Mr. GREEN: My province of British Columbia depends on being able to export, it is true largely to the United Kingdom and the other parts of the commonwealth; but I think this information should be given along with the other information that has been given by the two ministers during consideration of this measure.

Mr. MacKINNON: I can assure the hon. member there is no information concerning any possible imports that is being withheld from the members of this house. On my own estimates I can be asked as to what imports we may expect from any country in the world.

Mr. GREEN: Then why cannot the minister give that information to the committee now, for the different countries that are mentioned?

The CHAIRMAN: Shall the section carry?

Mr. MACDONNELL (Muskoka-Ontario): No, Mr. Chairman; I want to make a comment and ask a question. My comment is this. I did not raise this question this morning just to waste the time of the committee; I raised it because I thought it was a very serious matter, and I still think so. I was disappointed with the minister's answer, on the whole. I was disappointed when he spoke about Great Britain selling us down the river. I assume he was not attributing any such thought to me.

Mr. ILSLEY: What is the hon. gentleman afraid of, if it is not something like that? That is what I would like an explanation about. Do not connect me with the phrase in the sense that I approved it at all. I was trying to find out what my hon. friend was so much excited about. He was implying that somewhere, in some room or rooms in Washington, something was being concocted that was going to happen to the Dominion of Canada, and it was to come from the United Kingdom, not from the United States. That would be selling Canada down the river in the sense that I understood it. I said I did not believe it would occur, because I said we had been very emphatic in presenting our views but that we could not go to the length hon. gentlemen opposite wanted us to go and sacrifice our dignity and self-respect by going and knocking on a door and trying to get into the discussion. What would we have thought, when we had the Hyde Park discussions between Mr. King and President Roosevelt, if the United Kingdom had said, "Now, look here, we would like to be in on this. We would like to get in there and find out what you are going to do, because you may be doing something to hurt us." We would have said, "You come when you are invited, please, and not until then." That is what we would have said.

Mr. MACDONNELL (Muskoka-Ontario): I am not greatly impressed by that, but I do not propose to press that point. Actually we have sat in on a great many matters, including the atomic bomb. The point I should like to make is this; I will answer the minister as well as I can, and I think he will agree it is a quite good answer. I am not afraid of Great Britain selling us down the river, but the British are in some mental perturbation, let us say, as to whether they can go for the joint arrangement, let us call it multilateral trade, or whether they will retire into the sterling bloc. They have been debating at Washington for weeks as to whether the offer they are going to get there will be sufficient, and my point, which I believe is a very substantial one, is this. If this thing is on balance between the United States and the United Kingdom, then what we are prepared to do might just affect the balance one way or the other. We should not just go along after the door is banged, barred and bolted and say we would have done so and so; we should be prepared to put our weight on the scales now. In spite of the minister's rebuke, which I do not quite take at its full value, I suggest again that if this thing is still on balance, as it appears to be, it might not be too late even yet for us to indicate what we are prepared to do.

That brings me to another point. I quite realize the government has gotten into the habit of thinking they do not need the endorsation of the house, that they can go ahead and do things themselves. Up to a point that has been perfectly proper, though some of us think that attitude has been continued perhaps too long. But now I come to this. If I am right, as I think I am, in saying that our contribution might just tip the scales, I believe we should make known now what that contribution may be. I inferred from what the minister said that we were waiting to see the conclusion at which they arrived, but then it may be too late.

Now before I sit down I am going to direct a question to the minister. I am still uncertain in regard to an answer the minister made,

because if he is correct it seems that what the newspapers have been saying is all wrong. I understood the minister to say that these negotiations, these pourparlers in Washington, were purely financial. Am I correct?

Mr. ILSLEY: That is what I understand them to be.

Mr. MACDONNELL (Muskoka-Ontario): I understood they started out in that way but my understanding is that long ago they began to be trade negotiations. Well, I am not suggesting that we should be undignified, but I am suggesting that the Minister of Finance of this country is a person with considerable standing in any negotiations between these countries, and I am suggesting that if he had wanted to be represented at those negotiations he could have been. The minister has told us the British people were here and got our views before they went down to Washington. To me that is not the same thing at all, and I entirely refuse to accept the suggestion that we could not do anything in respect of this. Indeed to some extent the minister has accepted my view by saying that we indicated our position while the British people were here en route. Now I want the minister, if he would be kind enough, to find out whether these reports we have been reading in the newspapers are wrong and there have been no trade negotiations, or whether they are right and he was wrong a few minutes ago. In the next place, and perhaps this is important, I should like the minister to tell us whether in fact there have been economic observers from the Department of External Affairs who have been perhaps not sitting in, which is a rather equivocal phrase, but who have been in the neighbourhood, who have known what is going on and who perhaps have been consulted off the record.

I think that is a fair question to ask, for this reason. I have a feeling, and I am quite unrepentant in this, that the minister's own department might have had more to do with this than apparently it has. My final suggestion, and again I am unrepentant, is that the part Canada is going to play in this might well be decisive; that it should be known, and that it should not be decided by the cabinet while parliament is prorogued but that we should have a chance to discuss it now. And I repeat my further suggestion that if I am right in thinking the contribution we make may be decisive it should have not only the sanction of this house but should have all the publicity it can get. I am not suggesting that the minister can be tied down to this or that detail. I have enough sense to know that if they are going to deal it has to be in a large way. But I do suggest the government might still come to this house and discuss this all-important matter before we prorogue, because if it is as important as I think it is an extra day or two would not matter.

Mr. ILSLEY: My hon. friend says Canada should perhaps inform the United Kingdom what we are prepared to do, and that might tip the scale. Will he tell us what he means by "what we are prepared to do"?

Mr. MACDONNELL (Muskoka-Ontario): As I understand it from the reports of competent observers in London, the British are troubled. They feel that the terms of the advances that have been proposed are—well, the word "harsh" has been used, and another word I have forgotten. At any rate the report is that they are in some doubt as to whether the proposals made by the United States are adequate. I am suggesting that if they had proposals of a similar kind from Canada—because after all ours are of a very similar kind—it might have a very profound effect. The dispatch I quoted said they were seriously considering in London whether they would go it alone, I think the phrase was. To go it alone, as I understand it, means the sterling bloc, and what that implies for us.

Mr. ILSLEY: Then I want to ask one other question. What is it the hon. gentleman fears may be happening which will be prejudicial to the future of Canada?

Mr. MACDONNELL (Muskoka-Ontario): A dispatch, again from a competent observer, suggested that if the British were not satisfied with the termination of these negotiations they might go it alone, to repeat the phrase I used a moment ago; and my strong recollection is that one of the things this might very well mean was that Britain would not enter into the Bretton Woods agreement.

Mr. ILSLEY: Then it is not trade negotiations the hon. gentleman is concerned about at all; is that right? I am trying to grasp the hon. gentleman's idea.

Mr. MACDONNELL (Muskoka-Ontario): Let me answer that question by saying it is a debating point, because we all know Bretton Woods, while a financial measure, is really ancillary to trade; it will stand or fall eventually by trade; and after all I really do not feel that the answer the minister has given is a substantial answer at all.

Mr. ILSLEY: I want to get somewhere with this thing. I understand that the suggestion of hon. gentlemen opposite is that trade negotiations are going on. I said that

to the best of my knowledge they were financial negotiations. I am told that trade experts went to Washington, but whether that was for the purpose of this conference or not I do not know. Trade negotiations are coming on, and they are coming on pretty fast, but they are not these negotiations.

Mr. MACDONNELL (Muskoka-Ontario): Unless the newspaper people are all wrong, such important trade questions as empire preference agreements have been under consideration. The newspaper people say also, and we believe them, that pressure has been put on that as one of the conditions of this loan from the United States the empire agreements are to be played down. Personally I am not arguing against that for the moment. If we can have multilateral trade, that to me is the thing, but surely it cannot be said that what I have been talking about is not a substantial matter. After all, what Britain needs will come mostly from the United States and Canada, and she is to have valuable assistance in the way of credits and trade arrangements and what not. As I understand it, a whole field of that kind has been under consideration and has been explored at Washington. To split it up seems to me to be meaningless.

Mr. ILSLEY: Great Britain knows exactly what our views are with reference to preference and tariffs.

Mr. MACDONNELL (Muskoka-Ontario): They should know what we are prepared to do in the way of granting credits to assist.

Mr. ILSLEY: We do not know what we are prepared to do.

Mr. MACDONNELL (Muskoka-Ontario): Should not our government know?

Mr. ILSLEY: No.

Mr. MACDONNELL (Muskoka-Ontario): Why not?

Mr. ILSLEY: Because we must see what arrangements she makes with the United States. The hon. gentleman's view is all distorted. In proportion the deal with the United States is so much greater, so much more important, of so much more magnitude than anything that would be done with the Dominion of Canada.

Mr. MACDONNELL (Muskoka-Ontario): The minister could have said that our contribution to the war in 1940 was small.

Section stands.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

NATIONAL EMERGENCY

BILL TO CONFER CERTAIN POWERS UPON THE GOVERNOR IN COUNCIL

The house resumed from Friday, November 23, consideration of the motion of Mr. St. Laurent for the second reading of bill No. 15, to confer certain powers upon the governor in council during the national emergency following the war.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, in the first place I desire to congratulate the Prime Minister (Mr. Mackenzie King), the Minister of Justice (Mr. St. Laurent) and the other members of the cabinet who have discussed this important matter with the representatives of the provinces. It is a very great problem that they had to face, and they have come to a certain compromise regarding the distribution of powers between the dominion and the provinces. The subject has been argued, discussed and debated for a long time. Some jurists hold the view that as the jurisdiction of the dominion on the one hand and of the provinces on the other are both exclusive, it is impossible for the dominion and the provinces to come to an arrangement on matters which are not already provided for by the British North America Act, and that any change in the distribution of those powers should be ratified by Westminster; in other words, that the agreement with the provinces to abandon part of their jurisdiction to Ottawa and the decision of Ottawa to abandon part of its jurisdiction to the provinces is null and void unless ratified by Westminster. I shall not argue that point. All I shall say is that I am sure that my colleagues realize the tremendous importance of this legislation.

During the war parliament did not function as it used to before. Its powers were delegated to various bodies and individuals, and the law of the land most of the time was no longer the enactments by both houses of parliament with the sanction of the king; it was instead just an order. Naturally conditions were most difficult, and we were told that it was necessary to act in that way because matters of urgency might arise at any moment. That was a very good explanation in some ways.

I should like to tell you, Mr. Speaker, that as soon as a state of war was declared between this country and certain countries of Europe the member for Temiscouata wrote to the Prime Minister to inform him of the increase in the price of sugar which was then taking place. The reply was that the government

would see to that matter, and the government intended to do it in a way that is unknown to most members of the house. The first intention of the government was to have it done by two members of parliament under the jurisdiction of the then minister of national defence, the Hon. Norman Rogers. Mr. Rogers called two members of parliament to form a committee of internal security, the purpose of which was many-sided. It was to look after dominion-provincial relations, food, commodity prices, protection against air attacks, and finally a survey of the press and public opinion. It meant that the government wanted to have all those matters looked after by a couple of members of parliament. The only trouble was that the job was too tremendous for any two members of parliament to be able to do. But that was the offer. Those two members declined—they were to be paid a living allowance in virtue of an order in council passed under the War Measures Act—because it was impossible for any two or even three human beings to deal with matters of such magnitude. But the government should be given credit for the offer that was made at that time for the settlement of those difficulties, and also for foreseeing the inflation which would have resulted if no action had been taken by the government at that time to control prices. It was wise to do it, and the government showed foresight. To govern is to foresee, and the government showed foresight by doing its best to prevent inflation.

On the other hand there is always the question of responsibility and control. I remember a long time ago, after the last war, when Sir Henry Thornton was appointed as the big boss of the Canadian National Railways, there was a certain element of the Canadian Press which suggested that Sir Henry should be free from politics, that he should be left alone to carry on his job as the big boss of the Canadian National Railways. I knew Sir Henry Thornton very well. He was undoubtedly a great man, but he needed the control and supervision of parliament to do what he would have been able to accomplish under wise guidance. A small number of people who represented the yellow spirit of a few individuals in the management of the railway objected to it and told the government. "Now that you have appointed Sir Henry, leave him alone"; and that feeling has continued to exist, even in this house, when we have been told that some people were doing so well and were such great men that we had to give them the reins although they were not responsible to the people.

We have a responsibility to the people. Each member of parliament is a shock-absorber for all the policies of the government. We are in contact with the people. We meet them every time we go home. They come to us, they tell us their troubles, and then we come here to try to redress wrongs.

Since the institution of parliament there have been two ways for us to correct wrongs. One is by the sponsoring of public legislation by private members, the other is through the control of expenditure. During the war members of parliament were not allowed to present public legislation. Some public bills were moved by private members but they did not go further than the second reading, and all the initiating of legislation, I mean regular legislation, passed by both houses and sanctioned by royal authority, was left to the government.

With regard to the control of expenditure, I have complained many a time about the shape of the public accounts, suggesting that they should include the details of all expenditure, because it is much better for the country when all expenditure is brought to light in detail, even though nobody reads the public accounts—and each one of us must confess that reading them is not as interesting as reading the latest novel. But so long as the figures are given and all the information is available to all persons, not only members of parliament but everybody, those who have made that expenditure are much more careful. Seldom is crime committed in daylight; it is the darkness of the night that favours crime; and the same principle applies with reference to information which is lacking in the public accounts. We were told that so much work was done on account of what is properly called war effort that it would have been impossible for the king's printer to publish details of all accounts. Here again we fought for detailed accounts, and I pay homage and respect to my hon. friends the members for Davenport and Broadview for their assistance in the matter.

Well now, there is a great distinction between the settlement of dominion and provincial taxation and the prevention of an oncoming crisis in this country. Even though the arrangement which has been reached by the dominion cabinet ministers and the provincial cabinet ministers is splendid, and I assume that it is, and that they have all shown good will, for which I congratulate them, and have done their best to achieve results, I do not see how the proposal which is contained in the corrected bill No. 15 will prevent the crisis which we are bound to expect in this country, on account of the lack of purchasing power of gradually increasing numbers of unemployed. When a man manufactures a

suit, a pair of boots, an electrical fixture or anything else, he applies his skill to do it and to do it well, and he should earn enough money to be able to purchase adequately, because he is entitled to the comforts of life as much as anybody else. If we consider the tactics of some of our large employers we may wonder whether they will not kill the goose which has been laying the golden eggs, by keeping their men at work for too many hours and preventing others from securing work. It is a great problem. As a rule, now, the hours of employment are ten per day. On the other hand there are man who do not work, who have been let go, who may get something for a limited time from the unemployment insurance fund but whose future is far from being bright. They are greatly concerned because their skill is not being put to use at the present time, Others, too, may be laid off and increase the numbers of unemployed. How long will they be out of work? Well, it is the secret of God. But here our duty is to see to it that the wheels of business in this country turn regularly so that the least possible number of Canadian citizens shall be affected by the period of transition which we have reached.

It is very easy to paint a rosy picture of the future. It can be done when someone tries to convince himself by auto-suggestion that conditions will improve. Sir, I may be contradicted in some quarters but I believe that those who are the true representatives of the people are precisely the men who have been elected by the people to enact legislation for the benefit of the people at large. Those men are found here and in the other legislative assemblies of this country, and their duty is not always to consider the accomplished fact. Their duty is to proceed exactly as the government did at the start of the war and even before the war began, with regard to anticipated inflation. The duty of all public men to-day is to prevent the crisis that otherwise will inevitably come. I do not wish to pose as a prophet of evil; not at all. But it is enough to listen to people in all walks of life to know that their hearts are not full of that joy that one could expect after we have won a victory over the common enemy. There is worry in every home; we do not find the exuberant joy that we saw everywhere after the first war. Of course, in many countries in Europe the war is still on. It is the same in Asia; the fires of hate are not yet extinguished throughout the world. Far from it. So much so, that in the bill I hold in my hand it is mentioned that the war is not over. Fortunately it was changed in the new draft Think of it, sir. After V-E day in May last and V-J day in August the war is still on—most extraordinary. But fortunately it was decided by the dominion-provincial conference that the war will be over on the first of January.

I have some suggestions to offer before I resume my seat, and one of them has reference to the responsibility of members of parliament. We have not only a responsibility for answering the letters that we receive, which is one of our duties, and for acting honestly and fairly with all our electors, which is another of our duties. Our task is much more than that. Foresight is not the exclusive possession of the government. Members from all over the country are here to inform the government about disturbances that may occur in their far distant constituencies. They are here to make suggestions.

My first suggestion is that we put an end to the crisis of irresponsibility. I do not mean ministerial irresponsibility, but clerical irresponsibility, which has been the curse of the country since the beginning of the war. I am ready to give credit to some men who have been at the controls. I am ready to say they have done their best. But my contention is that they would have done much better had they been submitted to the control of parliament and had they not been called supermen, men who cannot make a mistake. With the problem of irresponsibility we have that of infallibility, and in this case it means that those who are not responsible to the people are infallible while those who are responsible to the people are fallible. The latter proposition is just as true as the former is not. We are fallible, of course, but the others are fallible too, and I do not see why members of parliament who are responsible to the electors for all the errors and mistakes of these men should always receive the blame.

We can make friendly suggestions for the improvement of things in this country, but they are always and inevitably turned down, and they are turned down because they come from members of parliament. If any member of parliament who makes a suggestion were a dollar a year man he would be considered a genius. It is precisely because the member of parliament is elected by the people and is responsible to the people that he is not accorded the same degree of confidence and respect as the others are.

It cannot go on like that. I am for the Tudor system of government and not for the Stuart system. You remember very well, sir, the difference between parliaments under the Tudors and under the Stuarts. The Tudor

kings were friendly to parliament and the Stuarts were not. And how did that struggle end? By the triumph of parliament.

My impression, sir, is that we live now in an atmosphere of illusion. Members of parliament work hard. They are in committees early in the morning and sometimes they sit there during the afternoon, and their work on those committees may be done very conscientiously, leaving them not a moment of leisure. But what purpose does a committee serve? What purpose does any committee serve here as things are at present constituted? Members are bound to make decisions, because if they do not reach a decision there is no agreement and there is no report. And when a report comes in it is put on the shelf to wait for future generations.

My impression of what is done by members of parliament is that each of us could be compared to a horse on a disconnected treadmill. The horse walks all the time on the treadmill but does not advance one inch. It is covered with sweat, but the mill is disconnected and nothing is done, although the horse has the illusion of accomplishing something. I do not say that to deprecate the work of members of parliament. I have the greatest admiration for my colleagues, but I find that in spite of the enormous quantity of work that is done by each of us we do not achieve the results which we should get, because perhaps we are not taken sufficiently into the confidence of the government in the drafting of policies of national concern.

I do not think that the present system of various boards will help to prevent a dangerous state of affairs in this country. To a certain degree it is a question of taxation. It is not so much a question of restriction as the foremost question of adjusting difficulties between capital and labour in order to settle them.

We are about to contribute to the establishment of an international peace court somewhere in Europe or in Canada. Why not have our own peace court here, a peace court composed of men who are outside of the government and outside of the civil service, men who are free from big business and who will not represent classes?—because the representation of classes inevitably brings about a clash. What we need is the representation of the nation, as we represent it here in parliament. We need a body really independent of government, a body which is not a stool-pigeon of the government or the servant of the government; a body which is entirely free. This body should be composed of men of the soundest judgment, men who will be able to deal with the question of the fluctuations of labour, of wages and even of salaries. It should be a kind of tribunal on which the dominion government as well as the provinces can be represented. They should represent the nation for the benefit of the nation.

There are serious-minded people who think that should be done at the earliest possible moment. Perhaps it is not too early to do it now. Sometimes I have spoken of things that were not believed when I said them, but I now ask my colleagues to think about realities, to think about the things as they are now, and also their trend. I am sure that they agree with me that something has to be done to meet unusual conditions. Moreover it is impossible for any government to find jobs for all the boys returning from overseas. It is impossible for the government to keep in their former jobs all the men who have been working in munitions plants. There are many things that should be done; there are many wrongs that should be redressed. When I think of the boys of the merchant marine who have no preference in the civil service I am ashamed.

How many corrections are to be made? Suggestions may come from any member of parliament, but my suggestion to-day is that while this legislation may be needed at the present time, if we are to bring about lasting and favourable results we must adopt something different at the next session of parliament. I do not want my constituents to be the slaves of anyone for a certain number of years. The question is not so much the issuance of permits for tires or the removal of some restrictions as it is the organization of the thing that we should never have departed from—order in society. I distinctly remember that in February, 1939, at the beginning of the session before the war, I mentioned all the speeches that had been made about discipline in England, in the United States and even in Canada. Some of those people who were so strong for discipline were praising Hitler. There was an Anglican archbishop who was praising Hitler. He said that Hitler was a coming man, a man who had a policy that would benefit the world to the utmost. Of all those whom I have mentioned there was only one man who spoke of order, and the surprising thing is that he was the Minister of Finance. He spoke of order in a speech he made in New York.

I am against discipline. If we call for discipline it is because order no longer exists. Our work here should not be for the continuation of discipline of the Canadian people; it should be for the reestablishment of order, which is

the gift of God to man. The men who are not of good will in this country are very few. We must work together for the reestablishment of that order. It cannot be done in one day; it cannot be done in two days or in two months. It should be the work of the future sessions of parliament to see that that is brought about. I say to the government it will be much more important for members of parliament to meet in committee for that purpose than to waste their time discussing the extradition treaty with the United States, a horse on a disconnected treadmill.

I deeply regret that in the first place, so many of those experts do not know how to work. In the second place they lack imagination. In the third place I find that they are imbued with an exaggerated sense of importance, an importance that is attached to them by others. I do not say that to depreciate them too much, but they need control. We are here to control what is done not only by the government but by all the boards which administer Canadian business. There must be a great reform, and that reform must start in this very house, where hon. members must display their sense of proportion and give as much importance to any of their colleagues as to anyone who is not responsible to the people. It was quick and easy to depart from centuries-old tradition; it will perhaps take us a long time to come back, but this is the right way. We shall not find the right road by going farther along the wrong one. We shall have to retrace our steps to the crossroad, find the right way and then proceed farther along it; and the right way is that which has been beaten by our forefathers. It is the way of ministerial responsibility. We have had some troubles in this country. They always occurred because the government of the day departed from the principle of ministerial responsibility. I will not say any more for the time being, but perhaps I may do so later on.

I have spoken with great concern about the future, and those who have children will understand my feelings. Most of us are old enough; we do not know how long we will live. Perhaps we shall see the next war, perhaps not. What is to be hoped is that the next war will be put just as far as possible into the future, so that neither the living generation nor their children nor their grandchildren will see it, because when it comes it will be the end of the world. But the end of the world may not only come through the atomic bomb. There are civil wars that are to be averted at all costs, and this is one of them. Hon. members of the House of Commons should put aside all their political differences to consider this matter as it deserves to be considered. I hope at this time the government will be broad enough to accept some earnest suggestions offered by a veteran of parliamentary life who has at heart the welfare of his fellow citizens.

Mr. PAUL EDMOND GAGNON (Chicoutimi) (Translation): Mr. Speaker, the motion now before us must once more bring home to the Canadian people the fact that the optimistic views they had entertained when victory was achieved by our armed forces are not quite in line with the government's plans.

It is distressing to realize that the dismal wake of blood, tears, worries and troubles which the European storm has carried over this country, instead of giving way to new visions of joy and splendor, continues on its march winding and gloomy toward restraint and distress.

When the honourable member for Terrebonne (Mr. Bertrand) said on July 3, 1944 that—

> We shall come out of this war overburdened with the most gigantic financial effort in our history, struggling with an economy upset by the present conflict, and compelled to undergo numerous privations and sacrifices for many years to come.

—he was perfectly justified in voicing concern about the future of this country.

Mr. Speaker, in the name of the great principles of peace, security, order and freedom, the most sacred rights of the citizens are sacrificed upon the altar of a deified state and a permanent character is given to an abnormal system which has lasted but too long and which, unless checked by parliament, will result in the disappearance of the last vestige of that democracy for which thousands of human lives will have been sacrified in vain.

The passing of bill No. 15 will enable the government to continue controlling by order in council the material and social life of this country.

By adding the word "transitional" in the title of the bill the government has only lengthened a sentence which already contained too many words, since the bill might simply have been entitled "Dictatorship, second stage".

Section 2, worded in terms somewhat different from those of the section formerly proposed, has the advantage, from the standpoint of the government, of being less explicit, more sentimental toward the starving people of Europe, as well as more vague and nebulous for the man in the street.

Section 3 is an improvement on the original wording, but nevertheless it is still unacceptable.

Mr. SPEAKER: Order. I may point out to the honourable member that bill No. 15 as reprinted and amended is not before the house. The reprinted and amended bill will first come up in committee. The bill cannot be amended before the second reading.

Mr. GAGNON: I thank you, Mr. Speaker. (Text).

Mr. SPEAKER: I might repeat to hon. members what I have just said in French to the hon. member for Chicoutimi (Mr. Gagnon). The hon. member was discussing the amended and reprinted bill, and I informed him that the reprinted bill would come only before the committee of the whole; so actually we have before the house the original bill. I must add that on the motion for second reading it is not permitted to discuss the amendments. The question before the house is the principle of the bill.

Mr. GAGNON (Translation): Finally, parliament will find itself before a definite situation which it may criticize but which will not have been submitted to it for approval and for which it will be held responsible by the people. The golden age of governmental boards will thus have reached its height. The czars in charge must feel secure; they are and will remain above the law. They are and will remain above the representatives of the people. Being accustomed to controlling trade in all its forms and to pry into everybody's business, Mr. Gordon will continue to dictate to everyone, including the provincial legislatures, to dominate the unruly, to prosecute them before the courts and, by way of amusement, to assume the role of supreme arbiter of fashion, and to determine with his learned advisers, the colour, the length and the thickness of ladies' under-garments and men's shirts.

The ineffable wartime prices and trade board has permitted and encouraged, by its untimely interventions and culpable omissions, the manufacturers to abandon the making of low-priced articles in favour of goods on which they make large profits.

The quality of garments, canned goods, gasoline, has deteriorated but the authorities, however, have not decided to alter the standard prices of the basic period, and this has contributed to an important rise in the cost of living.

Now we come to the selective service. It is an unmitigated conscription system, placing the country's man-power under the grasp of the all-powerful officials who force everyone, employer and employee alike, to bow to their rulings and comply with their demands. They may tell one of the good people from my constituency that although there is no work for him in his town, there is plenty of it in northern Ontario; that he had better leave his family and go to work as a miner in a place hundreds of miles from his home; or else, there will be no unemployment insurance for him.

Mr. Speaker, the workers in my constituency, who have toiled like galley-slaves during the war and have often received, at the end of the week, nothing better than tax receipts for their pains or cheques reduced by half by fiscal deductions, are tired of these annoyances and vexatious measures. They want work but they also want to remain free to sell their services to whatever employer they prefer, without having to report to a superior whenever they quit a job or take on a new one.

On the other hand, the property owners have had enough of the lessons taught them by the rent administrators during the war and they now wish to be again masters in their own houses and be entitled to rent their properties to whatever tenants they choose. However, the infallible creatures of the government tell them that they may not do it.

What does it matter to me that, in order to gild the pill, some restrictions on a few commodities have been removed and some orders have been cancelled; our people are tired and have had enough of boards of all kinds, who have taught nothing but crime and moral turpitude, by forcing our citizens to resort to all sorts of tricks in order to evade the law and get what they sorely needed.

Bill No. 15 authorizes the governor in council to adopt rules which he deems necessary, according to his liking, in the fields of production, trade, exchange, transport, etc. It is a blank cheque handed the government, not in order to safeguard the rights and privileges of the ordinary man, the humble citizen, the poor or the masses who have suffered and are still suffering, not in order to allay and reduce the effects of six years of privation, but to preserve in the country a war-like atmosphere which will allow the government to please the brass-hats thirsting for military prestige and the bureaucrats stricken by the evil of internationalism, who want an armed force in time of peace to defend foreign countries in time of war. Our people will have to go without sugar, so as not to displease monopolists who will not import this product from South America in order better to control the market.

We will ration meat so as to send more to certain European countries which buy their wheat in Argentine and their bacon in Denmark, when that suits them, but which gracefully accept gifts in critical times.

The Canadian people have sacrificed a great deal during the war; they have, according to civilian and military authorities, both Canadian and foreign, come forward, since 1939, with a tremendous effort on behalf of the allied cause. A heroic task has been achieved, and we are proud of our soldiers, sailors and airmen who fought that the principles of free peoples might triumph, just as we are proud of our workers, farmers, technicians, engineers and scientists who, in the rear, have given an outstanding performance in keeping our armies supplied with munitions, clothing and first rate services. Our people, to whom we held out bright prospects of paradise on earth in a new era of peace and prosperity, accepted without grumbling every hardship and annoyance, in the hope that by working and helping to shorten the slaughter, they might the sooner enjoy the blessings of the usual everyday life under normal economic conditions. Unfortunately, at present, they must be satisfied with casting envious glances on our neighbours to the south.

As a matter of fact, as soon as hostilities ended, the United States relaxed their control in order to give employment to a greater number of workers and to make it possible for private enterprise to reach maximum production in a minimum period of time, to attain world supremacy in trade and to compete profitably with other countries on international markets. They have put into practice the saying that "Charity begins at home".

Do you not think that the American republic is setting the example for us? Canada, one of the largest producers in the world, may lose the place she occupies in international trade unless the barriers imposed upon her trade by the various control boards are lifted as soon as possible. Our country's prosperity depends on our export trade and if we want to keep employment at the same level as during the war, we must continually increase production in order to export the greatest possible quantities of goods produced by our workers and farmers.

I am aware that the British government has obtained from parliament the authorization to administer the country in conformity with the War Measures Act, but I am also aware that Mr. Anthony Eden stated in the British House of Commons when Prime Minister Attlee introduced that measure "never before has a British government asked in peace time for such far-reaching powers as requested by the Labour government—

Mr. LALONDE: The British government asks for the continuation of controls for five years.

Mr. GAGNON: —such extended powers are not necessary", he added. I would like to know if a spirit of interdependency moves us to imitate Great Britain in this regard and whether the main purpose of bill No. 15 is primarily to help European nations by supplying them with the materials and foodstuffs which are left after the people of Canada have been rationed.

I should like to know also whether farmers will still be forbidden to partake at their own table of the honey and cheese which they produce on their own farms, whether furniture manufacturers, for instance, will be allowed to manufacture beds with pressed-board end panels, selling for three times the price of pre-war steel beds and to manufacture living room suites costing a minimum of $100 whereas in 1938 we would get three suites for that price.

Will the workers and their fellow employees be prevented to travel to their shops in their own motor cars, under the pretence that we must save gasoline, we must not exceed the prescribed travel limits in order to enrich the powerful transportation companies?

Jefferson said that "the countries where the government is least autocratic are the best governed". When the state seeks to dominate the individual, Mr. Speaker, it always finds arguments to justify its untimely interference in spheres which do not concern it.

By entrusting the administration of the country to a bureaucracy which is frequently incompetent, always troublesome and irritating, and which serves the state and not the people, democratic principles are disregarded and a further step is made in the path leading to dictatorship. I recognize that it is necessary to maintain some supervising bodies, but I do not believe that bill No. 15 as amended is urgently needed—

Mr. LANGLOIS: Name them.

Mr. LALONDE: Could the hon. member name those bodies?

Mr. GAGNON: It is up to the government to name them,—and I shall vote against such a comprehensive bill—

Several hon. MEMBERS: Oh! Oh!

Mr. HEON: Let him continue, there still is some courtesy left in this house.

Mr. LANGLOIS: That suits you.

Mr. HEON: Courtesy suits those who know its meaning.

Mr. GAGNON: —as this one. It is a principle of law that a general legislation must not be based on exceptional cases. The war might have justified such a drastic and despotic measure, such an outrage against individual freedom, but to-day there are no such military reasons, even though the hon. Minister of Finance (Mr. Ilsley) is appropriating again this year billions for military expenditures. If controls are necessary, I endorse the views expressed by a prominent Toronto business man who suggested that such controls be enacted by means of legislation and that parliament should sit as frequently as necessary.

I should fail the workers, the farmers, the merchants and the industrialists of my country if I did not protest against this unhealthy encroachment of public authorities upon the field of private enterprise and I should deserve the censure of my constituents if I approved a measure intended to deprive them of clothing, transportation, leisure, bread and freedom.

Mr. JEAN LESAGE (Montmagny—L'Islet): Mr. Speaker, I sincerely believe the speech which the honourable member for Chicoutimi (Mr. Gagnon) has just delivered is indeed ill-advised. He is one of the personal friends whose acquaintance I have made in this house and whom I have valued. He has greatly disappointed me.

He discussed in the most superficial way a matter which is most difficult. I do not wish to impute motives to the honourable member and I dare say that the views he has expressed and the way he has expounded them, have originated in the minds of people who do not sit in this house. The hon. member has mentioned the prices which prevail in the United States, in his remarks, he said that there is no control in the United States—That is true, but everyone in this house knows how much during the recent war—and even since the end of the conflict—prices have risen in the United States. They have gone up to such an extent that there has come an economic upheaval which, I regret to say, is evidenced by the constant increase in the number and importance of strikes in the neighbouring country.

Would the hon. member for Chicoutimi (Mr. Gagnon) like to see economic chaos happen in Canada? Did his electors send him to this house for the purpose of holding out to them the prospect of the abolition of controls that were established in the general interest?

I am sure that the hon. member has not thought that his constituents were merely voters to whom he would ask a renewal of his mandate in a few years. I still hope that he has considered them as Canadian citizens who are entitled to economic and social security, and I hope that in this debate, within the next few days, he will repent for having delivered a speech which, in spite of the sympathy and friendship I have for him, I consider as ill-advised.

(Text).

Mr. Speaker, if I understand correctly the mandate which has been entrusted to us, we are here to study the present conditions as well as those we may foresee, and to write the laws which will meet such conditions for the benefit of the people, the whole within the limits of the constitution, the rights of the provinces and the sovereignty of parliament. We are here to meet the economic conditions of the reconversion period with legislation that will enable the people of Canada to go through that period without violent shocks. That is our primary duty.

What are those conditions? How can they be met? And then, what effective laws should be adopted? Those are the questions which I intend to discuss.

What is the present economic condition? May I summarize it in a few words? The supply of goods is far below the demand for goods. Before the war our economic life was governed by the law of supply and demand. During the war the supply of goods and services became so low that some controls had to be established in order to avoid inflation and to distribute adequately the few goods and services available. The situation has not changed since the war ended, and will return only slowly to normal conditions. I quote from the proposals of the government of Canada at the dominion provincial conference on reconstruction:

> Rehabilitation of men in the armed services, re-conversion of war plants, relief for areas devastated by war and participation in emergency international commodity controls are all emergency requirements arising out of war and call for continuation of national controls for a temporary period. The requirements and duration of this emergency cannot be defined in advance; they must be continuously examined and dealt with in the light of conditions as they develop.

These last words are very important and must be borne in mind in any discussion of the means of going back to a normal economic life. The conditions must be continuously examined and dealt with in the light of conditions as they develop. That is to say, during the period of reconversion some organization must be set up and given the necessary power

to examine constantly and speedily deal with the requirements of any emergency. Before examining what that organization should be let us go further into detail with respect to the economic situation.

Every member of this house will admit that the danger of economic disturbances and especially of inflation has not disappeared with the defeat of the axis powers. Our prices have been fixed during the war on a basis which is called "the basic period prices". Should the price control be removed suddenly, we would witness an immediate upward surge in prices. The supply of goods is not sufficient; deferred needs have piled up and the accumulated demands would bear a terrible pressure on prices, a pressure which would be even greater than during the war.

Higher prices in other countries are also a threat to our own price level. If the price control were suddenly removed, the prices of imported goods would rise immediately, and a lot of commodities that we export would either disappear from the domestic market altogether or be so dear as to be out of reach of the people.

We must not minimize the terrible pressure on prices caused by the tremendous purchasing power at present held by Canadians. The relaxation of personal income tax announced by the Minister of Finance, together with the gratuities paid to veterans, have also increased the buying power within this country. We have to admit that the danger of inflation is even greater than during the war. Let us remember that it was after the first world war, in 1919 and 1920, that inflation was the strongest and highest.

I have here some interesting figures showing the extent to which retail food prices increased after the armistice in 1918. These figures are taken from a publication of the Dominion Bureau of Statistics entitled: "Living Costs in Canada—1913—August 1939". The price of one hundred pounds of flour in July, 1914, was $3.30; in November, 1918, $6.90; and in the spring of 1920, $8.40. One hundred pounds of sugar cost in July, 1914, $5.50; in November, 1918, $12.30; and in the spring of 1920, $25. Similar increases occurred in the prices of butter, bacon, milk, coffee, eggs and potatoes. For example, one peck of potatoes in July, 1914, cost 25 cents; the same price in November, 1918, and in the spring of 1920, $1.08.

Are we ready to take responsibility before the people for letting the same thing happen from 1945 to 1947? If we have inflation, the value of our dollar will decrease. What will be the reaction of the worker if the buying power of his $100 victory bond decreases to the extent that it will buy only from sixty to sixty-five dollars' worth of the one hundred dollars' worth of the same goods and services that it would have bought at the time he purchased his $100 bond?

And what about our returned men? Is it not out duty to prepare for them a Canada which is worth living in? According to the booklet published by the wartime information board, entitled "Canada at War", the July issue, 1945, the total number of persons in the armed forces as at December 31, 1944, was 759,879. As of March 31, 1945, a total of 1,800,033 men had at one time or another been in the armed forces. This does not include more than 40,000 women. A large proportion of these have returned or are returning to civilian life as speedily as possible. This means an increased demand for goods of all sorts and for housing. It means an increased drain on domestic food supplies, although it must be admitted that the personnel of the armed forces were largely fed with Canadian food. The effect is much more striking in the case of clothing. Every man knows how difficult it has been during the last year or so to obtain men's clothing. Let us assume that one-third of the population of Canada consists of adult males. Let us assume also that 700,000 discharged men require clothing. This means a sudden increase of from twenty to twenty-five per cent in the demand. Unless price controls are maintained, it requires little imagination to see the possible effect.

By the same token there is a great increase in the pressure on housing. Many returned men will wish to marry immediately and set up homes. Many will wish to build homes with their discharge benefits provided for that purpose. Many whose wives lived with parents during the war will now wish to set up separate establishments. Again realizing that not more than one-third of the population are wage earners and probably not more than one-fourth of the population are actually tenants or occupiers of housing accommodation, the discharge of service men means a sudden increase in the demand of probably close to twenty per cent, and this means increased pressure on rentals, on new houses, on building materials and on furniture.

The control of prices, including the rentals, must be kept in force, otherwise we go directly to inflation, and we, who have the responsibility of legislating for the people as a whole, will be responsible for an economic chaos.

In preventing economic disturbances we have the primary duty to see that the essential needs of the population are satisfied. A sufficient quantity of essential goods has to be either produced or imported and then equitably distributed. Even at present, now that the war is over, some domestic and imported materials are in very short supply, and will be for a time which is impossible to determine. It is understood that large quantities of raw materials will be released and made available as component parts for civilian industries, but the need of the public for such important items as automobiles, electric stoves, refrigerators, et cetera is so widespread that we should see that they were equitably distributed. On the other hand, the shortage of certain imported materials, as fats, oils, tin, rubber, sugar, textiles, will be continued for an undetermined period of time, and will be made worse by the terrible needs of the liberated countries for such supplies. In a considerable number of cases the imports are subject to international agreements. As long as bulk purchasing is necessary on the international markets, purchases have to be made by government agencies.

The same is true of exports. Owing to the higher prices outside Canada it is necessary to regulate all exports in order that some essential goods are not exported to the detriment of internal needs. For example, in normal times Canada does not export textiles to the United States. At the present time their export is controlled. Canadian prices are, however, definitely lower than United States prices. If the export controls were removed, the small quantity of textiles we have would disappear over the border very quickly. Exactly the same thing applies to meat, poultry, timber, charcoal, et cetera. That is why I think, Mr. Speaker, that the words "exports and imports" should remain in any other draft of the bill.

Exports and imports, however, are only one aspect of the problem. Domestic production has to be directed towards the needs of the population, and that means central production directions as long as the supply of goods and services in Canada has not reached the level of the demand. Rationing and priorities are still necessary, and will be as long as essential consumer goods are in short supply. It is the only way of ensuring their fair distribution.

I respectfully submit, Mr. Speaker, that I have mentioned a few facts which demonstrate that there is still, and for at least one year to come, a national and economic emergency. It is essential for the security, defence, peace, order, welfare and good government of Canada that all practical measures should be taken to prevent economic dislocation, hardship and suffering to Canada as a whole until such national dangers as the risk of inflation, of shortages, and national maldistribution of essential goods and services have passed. That is why I am going to vote on second reading for the principle of the bill.

As suggested by the Minister of Justice (Mr. St. Laurent), we shall have the opportunity of discussing the extent of the powers needed when we study the bill in committee. I repeat now what I said at the beginning, that during the period of reconversion some organization must have the power to examine constantly and speedily deal with the requirements of an emergency. What should be the organization?

The British North America Act distributes the legislative powers between parliament and the provincial legislatures. The British North America Act is a bilateral contract, and one party to it cannot ask the other to surrender some of his rights for a certain period of time unless he is ready to do the same when it is necessary for the good of the other party. In certain exceptional circumstances it has to be done, either by one party or the other for the benefit of all. I am a strong believer in the confederation pact, and I hold that neither party should be asked at any time to surrender some of its rights in the political field, but I am ready to admit that under certain emergency situations, one party may ask from the others the surrender of certain rights and privileges in the economic and social fields. It is in virtue of that principle, which acts reciprocally, I repeat, that some of the provincial legislative powers on given matters have to be surrendered to the dominion parliament in a time of emergency to attain, through central laws and regulations, economic stability for our country as a whole. Unless such laws or regulations are uniform and enforced in a uniform way throughout Canada, there will be chaos similar to that which we should suffer without any control at all. No one will pretend that such uniformity could be attained now through all the provincial legislatures or governments.

If the power to fix maximum prices on all commodities were left to the provinces, I submit there would possibly and even probably be unrestricted competition between provinces. For instance, the automobile industry is exclusively located in Ontario. Nothing could prevent the legislature in Toronto, or the provincial government, from raising the prices of automobiles and trucks for the benefit of local industries or to permit such industries to raise wages of workers in order to avoid strikes, for example. Let us admit that

at least the temptation would be great. What would happen in Ontario would normally carry reactions and retaliation from other provinces on the commodities they produce; and any control of prices would be torn to pieces. But let us admit for one moment that it would be possible for all the provinces to reach an understanding in order to keep prices down. It would be at the cost of nine different price administrations and enforcement offices, at the cost of constant interprovincial conferences held by hundreds and thousands of representatives, even if there were only one for each field of commodities, everyone trying to get the most for his own province. I am drawing in my mind a picture of these thousands of representatives meeting together somewhere in a large room, and I ask hon. members of this house to picture for themselves what a Capharnaum it would be. But price control is not all. Let us suppose that the provinces reach uniformity of price control. What about supply and distribution? The normal course for each province would be to try to satisfy the province's demands before selling elsewhere in Canada. Butter, which is in short supply, is produced mostly in the west. If the prairie provinces satisfied all their people's needs before selling elsewhere, some people in Canada would be completely deprived of all commodities.

The same is true for maple syrup produced only in Quebec. It is true also for the automobile industry located exclusively in Ontario. How would the citizens of the rest of Canada like to look at our friends from Ontario driving beautiful and brand-new cars while they themselves would be walking? These things would certainly happen if the control of supply and distribution were provincial. The provinces might try to reach some agreement and we would witness between them the bargaining which has caused the ruin in the Balkan states, not to mention that the procedure would be so slow that the shortages would be over when the agreements were reached.

Our economy is a complete national whole and any control of it has to be one and must apply to Canada as a whole. Uniform economic control by the provinces is a Utopia. I am a strong advocate of provincial autonomy; I am not a centralizer; but I have to be practical. I would ask those who hypocritically shout about provincial autonomy in everything whether they are ready, before the people of their own province or even of their own riding, to take the responsibility for economic chaos. The constitution provides for the temporary transfer of rights in a time of national emergency and the present emergency is as serious for Canada's economic structure as the emergency of war was for its political structure. If the emergency regulations are to be enacted by the federal authority I now ask the question, are they to be enacted by parliament.

The British North America Act gives the legislative power to parliament and executive powers to the governor in council. In law it would be the right of parliament to enact all regulations on prices, imports, exports, supply, production, distribution and so on. But from a practical point of view, how could parliament, with its slow and complicated procedure, enact the hundreds of orders which would be necessary in the period of one year provided in the bill? How could parliament be ready at every moment of every day to face any economic emergency which is apt to arise at any moment?

Since the creation of the wartime prices and trade board there have been almost six hundred formal orders issued by the board and almost 1,800 administrative orders issued on behalf of the board. It is true that at the present moment there are only a few hundred basic orders in effect. The number that has been enacted in the past, however, illustrates the complexity of controls generally and the need of continued revision and change as conditions change. One has only to look at a few orders and regulations of the past years to realize the amount of detail involved in control legislation, and consequently the impossibility of parliament itself handling controls by ordinary statutes.

Nothing is dearer to my heart than the sovereignty and the rights of parliament, but is it not our duty under the emergency circumstances to delegate part of our legislative rights to the government and those boards which are in a better position than we are to deal with the matters mentioned in the bill? As has been said by the member for Chicoutimi the government and its agencies have successfully maintained the Canadian economy during the emergency of war. The wartime prices and trade board, for example, has accomplished a tremendous and wonderful job. Canada stands first in the world for its record in the struggle against inflation. Who wants now a programme of free competition which would, under the present conditions of lack of supply, lead us directly to high self-price-fixing by monopolies and cartels?

The only practical and possible solution at this moment is to surrender to the government part of our legislative powers. Let us not exaggerate. After all, the government is always responsible to parliament for all its acts and those of its boards, agents and con-

trollers. Whenever parliament is not satisfied with the government's actions, it may reverse the government at any time.

I have already said that I am going to vote for the bill because I deem it essential that we surrender our legislative powers to the government in certain definite maters, but I do not feel that I have the right to do more than give the government such legislative powers as are necessary to meet the emergency situation. I do not feel that the people of my constituency gave me a mandate merely to pass that mandate over to the government.

I cannot accept without explanation section 5 of the bill introduced in the house on October 5—section 4 in the new proposed bill which will be studied in the committee has the same meaning. In that respect I am not far from the opinion expressed on Friday, November 23, by the hon. member for Lake Centre, which I quote at page 2457 of *Hansard:*

> That section means that all the orders in council that have been passed since 1939 will, on the day that this bill becomes law, be deemed to have been enacted by parliament and to be thereafter in effect.

The hon. member went on to say:

> Section 5 ratifies everything that the government has done under the War Measures Act and all the orders in council in effect on the date when this bill becomes law.

Further on the same page the hon. member said:

> I repeat, under section 5 parliament is asked to give approval to orders in council passed under the War Measures Act, sight unseen, in some cases unheard of by parliament.

Further on in his speech the hon. member said:

> Under the guise of giving support to certain controls we are asked to stand up manfully in this parliament and say to the government: We place our approval on everything that your controllers and ex-controllers, your boards, agencies or commissions have done under the War Measures Act whether we know of their existence or not.

I understand it is necessary, in order to avoid chaos, that the orders now in effect remain in force. But if the governor in council has taken the responsibility of enacting them, he should also take the responsibility of reenacting them under this bill.

Is section 5 necessary? Could not the governor in council renew the now existing orders on January 1, 1946, or even issue only one order in council which would state that all orders issued under the War Measures Act are reenacted? Could not the governor in council do it under a paragraph which could be drafted as follows—I understand that I have not the right to say that it is paragraph (e) of subsection 1 of section 2 of the new bill:

> Continuing, and discontinuing in an orderly manner as the emergency permits, measures adopted during and by reason of the war.

There is another point to which I should like to draw the attention of the house, namely, the possibility of the existence in the bill of a section under which the senate alone could jeopardize the whole economic structure of the country without the consent of this house. It might be argued that under this bill the government will be passing legislation which in ordinary times would necessitate the consent of both houses, and that consequently the withdrawal of the consent of one house only should be necessary to annul any legislation so passed. But it may be answered that if both houses in adopting this bill consent to surrender some legislative powers to the government, only both houses can withdraw such consent, even if it is on one specific matter.

If there is an emergency situation, and I believe there is one, can we take any risk even with the senate? I will go further and say that we cannot take the risk that any order enacted under this legislation after serious study by the cabinet and men of the trade concerned should be revoked by the senate, which is not a body responsible to the people, to the detriment of our economy. No order should be repealed without the consent of both houses and after thorough study. There are some means of assuring such an end, and at the same time of safeguarding at least in part the sovereignty of parliament. A joint committee of both houses could be set up which could examine, through subcommittees if necessary, the regulations and orders of the governor in council and the boards, and promote a gradual and yet as speedy decontrol as is wise in the national interest.

Decontrol is going to be a difficult job as far as prices are concerned. Let me quote from page 15 of the reference book on economic controls:

> The decontrol of prices will involve some risks. This is particularly true of retail or "final purchaser" ceilings since these represent the ultimate line of defence. It is not easy to judge when price control over a single commodity can be safely removed—the appearance of some unforeseen obstacle to the expansion of production or some unexpected increase in demand, possibly resulting from a shortage of another commodity used for similar purposes—might result in a substantial price increase. Moreover, the removal of price control over a particular article is likely to lead to prompt demands for freedom of bargaining on the part of producers of similar or competitive articles, which would obviously become very strong if the price of the released article rose above its former ceiling while manufacturers of competitive products were still held

to their ceilings. Even if there were no significant price increase for the released article, the freedom to rearrange the price structure concerned, untrammelled by basic period prices, would be regarded by many manufacturers still subject to price control as a very real advantage. There is the further difficulty that ceilings once removed would be extremely difficult to reimpose both from an administrative and public relations standpoint.

It is true, however, that on all procedures of decontrol in all fields parliament should have something to say, and the proposed committee could safely do the work through subcommittees for the various kinds of controls. Why not have, as in the United States, a special committee on economic planning and policy? Such a committee, given the necessary powers to report on government and board regulations and orders, and procedure of decontrol, could at the same time assemble further material for the preparation of still more definite plans for Canada's economic future under normal conditions.

Let me say that we cannot dive into the future, into the dark of the unknown and risk the obligation of finding expedients when a sudden storm arises as we sail on the sea of laissez-faire. We cannot go blindfolded to a return of the economic conditions of 1930-39. Some planning has to be done.

If I am for individual freedom, I am against the abuse of it. I am against the unavoidable disappearance of economic and social freedom and security in a world of laissez-faire. I do not mean that government controls should remain when supply and demand are normal. I do not mean that the provinces should not get back their complete autonomy and parliament its complete sovereignty. But parliament has the responsibility of looking ahead to normal times. It has the duty of planning Canadian economy and enacting laws to avoid the errors and faults of a regime which many hypocritically call free enterprise, but which due to such errors and faults is apt to bring about a real enslavement of the people through monopolistic and cartel methods.

To conclude in a few words, Mr. Speaker, we need government economic control for the period of reconversion. We need planning for the future in order to attain two main objectives for the people of Canada: one, the establishment and maintenance of world and interior peace; and two, the provision of a higher standard of living and of economic and social security for all Canadians.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, to repel the onslaught of totalitarian peoples, Canada found it necessary to adopt their methods. At this moment we are endeavouring to extricate ourselves from the situation created by these methods. May we hurriedly review the situation? When war came, the dominion government invaded the provincial field, and the cabinet took over the law-making for the dominion. The invasion of the provincial field by the dominion was carried out under an interpretation of the constitution. It was held that in the emergency of war the dominion had power over matters which normally fall within the provincial field; and under the War Measures Act the cabinet assumed powers which ordinarily reside in parliament to legislate for the people of Canada.

The war is over. During the emergency of war the War Measures Act gave powers which are mentioned in sections 3, 4 and 5 of that act; but the emergency came to an end when the war was over; the validity of all orders in council enacted since the end of the war may be properly questioned under section 6 of the War Measures Act, which says that the act shall avail only as long as the state of war exists. If anyone doubts this proposition he has but to turn to the preamble of bill No. 15, where it is so stated in terms.

What is to be done to get the Canadian people back to normal methods of government? Bill No. 15 has been brought down. It declares frankly that an emergency exists other than an emergency arising from war. There has been brought into this house and distributed to hon. members another bill No. 15, which I will style the second edition. It has been stated that it is not competent to hon. members to discuss the second edition of this bill until it has been introduced. I doubt very much if that be the government's wish. It is quite apparent that the government found that for reasons good or bad it could not maintain the position it took in bill No. 15, first edition, so that it caused to be distributed bill No. 15, second edition, as an intimation of its intentions. I assume that it was to preclude the necessity for two debates that bill No. 15, second edition, was made available to hon. members, in order that they might direct their remarks to the legislation the government intends to enact, provided that the second edition of the bill does not meet with the same sorry fate that was meted out to the first edition.

I do not think, Mr. Speaker, we need be very much disturbed in discussing the second edition because, with the exception of section 3(g) of bill No. 15, first edition, which is something in the nature of a combination of a naturalization act, an immigration act and an extradition treaty which would confer

upon the executive power to deal in stringent fashion with people in the country as well as those who wish to come into it, the terms of the second bill in the result are identical with those of the first. Possibly with this exception, that bill No. 15, first edition, is clear; everyone understands what it means. Bill No. 15, second edition, is confusing; it has succeeded in confusing everyone a little.

Mr. MITCHELL: Not everyone. Speak for yourself.

Mr. HACKETT: Possibly the minister has had more experience with confusion than I have had, and I will let him speak to that point. But I would ask him to listen for just a moment, and perhaps he may have an opportunity later on to explain what this means. In bill No. 15, first edition, we find there is an emergency; here is the language:

. . . the War Measures Act be continued in force and that the governor in council be authorized to do and authorize during the said period such further acts and things and make such further orders and regulations as he may by reason of the national emergency resulting from the war deem necessary or advisable . . .

The second edition is not quite so clear. It is in these terms:

. . . and certain orders and regulations made under the War Measures Act be continued in force and that the governor in council be authorized to do and authorize such further acts and things and make such further orders and regulations as he may deem necessary or advisable by reason of the emergency and for the purpose of the discontinuance, in an orderly manner as the emergency permits, of measures adopted during and by reason of the emergency . . .

Now that the Minister of Labour (Mr. Mitchell) has composed some of the great difficulties with which he has been confronted, I wish he would turn a few moments of his leisure when opportunity offers to the paragraph which I have just read and enlighten the house as to its meaning. There are a few of us who are perplexed by this multi-emergency, which seems actually to mean that there is and there is not an emergency. If I grasp the significance of the terminology, it means that there was an emergency, that there is not an emergency now, but to retreat from the emergency we must have emergency powers. That is what I believe the bill means.

If there be an emergency, it is not a war emergency. If there be an emergency, it is an emergency which arises from the totalitarian legislation which we enacted to fight and defeat a totalitarian people. That distinction is important. A system of controls can be effective only in so far as it is all-embracing. We have it on the high authority of the minister who said at page 2452 of Hansard: "That the whole of these controls are integrated, and each part is necessary to the harmonious functioning of the whole system." If it be necessary to maintain all the controls in order that they may function and we have an emergency arising out of the operation of these controls, I submit that it is futile to perpetuate controls for the purpose of releasing ourselves from controls. It does not make sense.

I do not criticize those who had the responsibility of enacting the legislation that brought these controls about. They were anxious to win the war. They had but one aim in view, and they have achieved that aim. But to achieve it they paid a price. I say to the hon. member for Montmagny-L'Islet (Mr. Lesage) that the Canadian people paid a price which is spelled out in liberty and freedom and that a price in that coinage is too high to pay for anything but life itself. When we come to consider our present situaton and determne what course we should follow, we cannot hope to get back to normal without going through some turbulence, without experiencing some inconvenience. Anybody who takes a stimulant, anybody who develops artificial energy within himself must pay a price and Canada just cannot afford to taper off in a matter of this kind.

I submit that the emergency which confronts Canada to-day is not a war emergency; it is an emergency which arises out of the legislation which we enacted to win the war. We cannot ease ourselves out of it, because that is impossible. You cannot dam half a river; a dam to be effective has to go all the way across. I would draw to the attention of the house the fact that bill No. 15, whether it be edition No. 1 or edition No. 2, goes farther than the War Measures Act. It reenacts everything that was passed under the War Measures Act and it adds everything that was forgotten or omitted in framing the War Measures Act. We are told that this is being done for the purpose of maintaining order.

Somebody has threatened us with terrible trouble, with great evils, unless these controls be continued. What are these great perils? The hon. member for Montmagny-L'Islet tells us that flour went up, that sugar went up in price. Supposing it did; supposing it goes up again. Is that to be weighed on the same scales with the intolerable situation in which the Canadian people find themselves now that the war is over? I submit that the control of prices is the first step in the first mile toward a situation which makes of a

whole people so many vassals. That may sound somewhat extravagant, but anybody who is inclined to examine the situation, anyone who is inclined to find out just what it means to curtail the freedom of buying and selling, just what it means to those who are subjected to it, will not question the accuracy of that statement. If you control prices, of necessity you control wages. When you control prices and wages, you determine where men are to work. When you determine where men are to work, you tell them that they are to leave the province of Quebec to go to another province to earn their bread. They are no longer free; they are bound to accept dictation; they are bound to accept the rule of some master. Who he may be matters little; it is an infringement upon liberty and upon the right of the individual to make his own selection and live his own life.

Not infrequently we hear it said in the house that this is done in Great Britain, that something else is done in the United States. I do not think such instances are very helpful, because conditions are entirely different in Great Britain and in the United States. In Britain the area is much smaller; the British are a homogeneous people, and they have but one legislature. The Americans have a different form of government. We forget that we have in this country nine legislatures with definite functions, nine legislatures that came into existence to meet the needs of this country. When we are told that some ogre is going to pounce upon the Canadian people and squeeze its life-blood from it if these controls be not reenacted, if cabinet controls be not continued, I wonder whether one has thought that there are competent and going legislative bodies in each province across this country which can look after, as it is their duty to do, the welfare of the people in their respective provinces. Are rental controls required in Prince Edward Island? I do not know. Are they required in Saskatchewan? I do not know. But I venture to say that the rental situation may not be as acute or as difficult in Prince Edward Island or in Saskatchewan as it is in Ontario and Quebec. Ontario and Quebec have legislatures competent and well able to deal with these situations. I for one think they should not only be permitted but be obliged to deal with them. Let the provinces take up their duties. That is the scheme under which the dominion came into existence. It is well that we should decentralize the power which has gradually been concentrated and kept in the dominion cabinet.

[Mr. Hackett.]

If a man should come back to parliament after having been out of Canada, say on an extended trip to Mars, for fifteen or twenty years, and witness the degradation, the desuetude, the complete abnegation of parliamentary functions, he would be amazed and wonder what had happened to the Canadian people.

Gradually and because of the existence of war parliament has entrusted its lot to the cabinet. The cabinet has enacted something like one hundred thousand orders in council. But we are not dealing only with the cabinet. I doubt if there is a cabinet member in the house to-day who could put up his hand and say that he had not been embarrassed by the autocrats who have drafted orders in council that he has not had time to read and have enacted laws of which he knows little or nothing. There has grown up in this country, in this city I might say, a body of autocrats who are making legislation for the people and who are telling the harried members of the government opposite: Oh, if you relax these controls even the least little bit, great and irreparable damage will be done to the country, and there will be no remedy because we shall all be swept into the gulf—of oblivion possibly. I for one do not believe that. I am of those who think we took the right course during the war. But as Francis Thompson has said:

> Nothing begins, and nothing ends;
> That is not paid with moan,
> For we are born in other's pain,
> And perish in our own.

We shall perish in the anguish that is brought upon us, not by the war, but by the measures to which we resorted in order to win the war, unless we exhibit that measure of energy which enabled us to win the war to rid ourselves of the shackles that are fastened upon us at the present time.

I cannot do more than point out to the house that these emergencies do not come from the war. They are indirectly incidental to it. There is no hope of getting away from them, because they cannot be effective unless they are all maintained, and we are only deluding ourselves if we perpetuate this type of government.

Power does something to people. It does something to good people. It does something to decent people. I do not know that I can describe exactly what it does to them, but it certainly warps their point of view. It certainly raises themselves vastly in their own esteem, and it certainly has a tendency to diminish any appreciation of their own fallibility. We have consented that we be governed

for the period of the war with absolutely blind confidence in the righteousness and virtue of those upon whom power was conferred. That was the proper thing to do. But just as it was the proper thing to do then, it is just as much our duty now to react against the philosophy and doctrine of those who preach that Canada will disintegrate and crumble if the We shall perish in the anguish that is brought upon us, not by the war, but by the measures to which we resorted in order to win the war, unless we exhibit that measure of energy which enabled us to win the war to rid ourselves of the shackles that are fastened upon us at the price of flour goes to $6 a barrel or if the price of sugar is raised. There are some things that are not measured, as I said earlier in my remarks, in terms of the market. We did not compute our position in that way at Dieppe. We did not compute in dollars and cents our position through the whole period of the war, and I submit that at the present time it is folly to endeavour to do so. I consider that many members of the government, who are just as much devoted to Canada as men can be, are being led astray by the whisperings of those on whom they had to rely during the past five or six years.

We have heard a lot about democracy of one kind and another. It has been described as an especially European form of government. Until recently it was assumed to be the form of government best suited to all civilized peoples, and there was an implicit belief that it was destined ultimately to triumph over all other forms of government and become itself the vehicle of the permanent golden age. But recent experience and the long story of history go to prove, on the contrary, that democracy is an unstable and impermanent system of government.

Thirty years ago a dictatorship was thought to be merely a passing unpleasantness and anarchy a brief catastrophe. The truth, which is now more evident, shows that dictatorship has been the most lasting of all methods of ruling civilized people and that if the history of anarchy were written it would be shown to have existed for much longer periods than democracy itself. Like the highest and most effective type of citizenship, democracy is a delicate flower of short life. The reason for this comparative impermanence of democracy is plain enough. Like civilization, democracy is a difficult enterprise, a complex and subtle way of life. Autocracy, the way of the order in council, on the contrary is the easiest and safest way for humanity when the high and more dangerous form of government has broken down. It is a short-cut for civilization to rescue itself from anarchy.

Mr. Speaker, what we require here, what Canada requires is not more legislation continuing controls. What Canada requires is an energetic government, a government with nerve enough to remove controls and give Canada back to democracy and democratic institutions.

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) (Translation): Mr. Speaker, we are called upon to vote the second reading of bill No. 15, as submitted to the house by the Minister of Justice (Mr. St. Laurent), on November 23 last, and to scrutinize the reasons he enumerated in support of the measure. Indeed, as mentioned a while ago by the hon. member for Stanstead (Mr. Hackett), there has been a second edition. However, whether we consider the first or the second versions, we have to draw the same conclusions, for the difference is in form rather than substance.

The object of this bill seems evident. Since the outbreak of war, the government, under a statute known as the War Measures Act, may, by orders in council, be entrusted with powers which, in peace time, come under the jurisdiction of the federal parliament or the provincial legislatures.

Now that the war is over, the government wish to be entrusted, in peace time, with the same powers, under a different formula. To my mind, this measure has a dual aspect, both dictatorial and constitutional, and it is from these two viewpoints that I intend to consider it.

First, the dictatorial aspect: as I have already pointed out, due to the war, the government has assumed the functions of parliament and governed by orders in council. For six years we have been under a real dictatorship. We had reasons to believe that the war being over this system would come to an end. But no, it is intended that it will be maintained. One has only to read this bill to be convinced of this. It is truly an attempt to establish dictatorship in peace time, in spite of the constitution. It is a flagrant denial of responsible government.

I do not claim that, in certain cases, a measure of control may not be resorted to for a time, but then, let the government ask us to consider a legislation covering specific cases, let them prove to us the necessity of taking such a course, let them demonstrate that these powers are not devolved on the provinces, or that they are unable to exercise them; then we shall be in a position to decide with full knowledge of facts. But we are asked at the present time to give a blank cheque without being shown sufficient reasons for doing it.

However, we know how the government intend to exercise these powers. We all remember that, a short time ago, the Minister of Finance (Mr. Ilsley) who was then acting prime minister told us, in support of his refusal to table orders in council, that it was up to the minister to decide whether it was in the public interest to supply these orders to the house and that the house had to be governed by his decisions.

Never had such an autocratic and dictatorial pronouncement been uttered in this house.

Just imagine, Mr. Speaker! While parliament is in session, the cabinet legislates by order in council, and the assembled representatives of the people are not even entitled to information about this legislation which belongs to parliament. If that is not dictatorship, I do not know the meaning of the word.

Never in peace time has a more anti-democratic measure been introduced in parliament.

After a six year war which proved tremendously costly in life and wealth and which was waged, we were told over and over again, to overthrow dictatorship and to defend democracy in Europe, the most anti-democratic measure one could possibly devise is introduced. What a joke!

What is even more astounding is that such a bill should be introduced by a Liberal government, headed by the present Prime Minister (Mr. Mackenzie King).

On August 2, 1935, before the general election held the same year, the Prime Minister expounding the Liberal philosophy in a broadcast speech to the Canadian people in which he criticized the legislation put through by the Bennett government during what were perhaps the most critical years in our history—unemployment at that time endangered the economic future of the country—spoke as follows:

Restoration of Responsible Government

The Liberal party believes that the present crisis has been made an excuse for the usurpation of the rights of parliament, and the assumption of autocratic powers by the executive. Liberalism stands, as always for the principle of a free parliament, and for the supremacy of parliament. To this end it would repeal the legislation enacted by the present administration, which deprives parliament of its control over expenditures and taxation, and invests the executive with unwarranted arbitrary powers, as for example:

(1) legislation permitting the executive to enact measures by order in council for peace, order and good government, and

(2) legislation providing the executive with a "blank cheque" for expenditure of any kind.

[Mr. M. Raymond.]

What the government alleged to be emergency measures, to aid in the relief of the unemployed, have turned out to be a part of a deliberate policy, directed towards accustoming the public mind to the framework of the fascist state. We cannot too soon, once more, subject the executive to the control of parliament, if we are longer to have responsible government in Canada.

No better qualification could be applied to this bill or help us weigh its merits. These words I commend to the consideration of the house.

Some of the absolute powers the government seeks come under dominion jurisdiction while others are provincial prerogatives.

Let us first look into those which may be delegated by the dominion parliament. We will then discuss the others in relation to the constitutional aspect of the bill.

What reason has the Minister of Justice alleged to justify the section of the act which deals with the powers of the federal government? None whatever.

Of course, he said, without proving it, however, that a state of national emergency prevailed, but that was mainly to justify the government's encroachment upon provincial rights.

Parliament was assembled on September 6 to pass the legislation needed to meet present conditions.

The speech from the throne stated that everything had been foreseen and that, accordingly, plans had been prepared and were already in operation. I quote the following excerpt from the speech from the throne:

So far as the future could be foreseen, my ministers had taken steps to see that Canada was prepared to meet the very difficult situations which would arise when victory had been won.

We were told that everything had been foreseen.

Preparations for the demobilization, rehabilitation and reestablishment in civil life of the men and women in the armed forces were well under way when Germany surrendered. The same is true of measures for the reconversion of the economic life of our country from a war-time to a peace-time basis, and for the maintenance of a high level of employment and national income. The plans thus developed to meet the requirements of the period of transition are now being put into full operation.

In view of those official statements, I do not see any justification for parliament delegating its powers to the governor in council.

More than that, we have been sitting since September 6, ready to pass any necessary legislation to meet any emergency and I am still endeavouring without success to find any justification for Parliament delegating its powers to the government.

What are the exceptional measures submitted by the government since this session began or since September 6, to meet an emergency?

Certainly not that dealing with a national flag bearing the union jack as advocated by the Minister of Justice.

Certainly not that dealing with British nationality under the camouflaged name of Canadian citizenship.

The Housing Act was amended but it was already on the statute books. A special act has been passed to provide for the welfare of returned soldiers.

If other measures were necessary, why have they not been introduced?

There has been a strike in Windsor for the last three months. But when some hon. members brought up the matter in the house claiming that it was urgent, it was held that it was not sufficiently urgent to warrant discussion at that time and the strike is still going on. I wonder what the government is doing with its dictatorial powers to settle the condition prevailing at Windsor?

In short why are we here? In what respects has parliament been unable to cope with the situation? This has not been shown.

But the bill goes farther than that and encroaches on the prerogatives of the legislatures, which is more serious, and that is what induces me to discuss the constitutional aspect of the bill.

If one refers to the bill, he finds that several of the powers specially requested fall under section 92 of the B.N.A. Act and therefore come under the sole jurisdiction of the provinces.

When the government requests the authorization to take over those prerogatives from the provincial legislatures they violate the constitution.

To justify its actions the government invoke, as it appears from the preamble of the first edition of bill No. 15, a "National Emergency", stating that the security, defence, peace, order and welfare of Canada are at stake, while in the second edition of the same bill the words "peace, order and welfare of Canada" have been deleted.

I do not know whether unusual changes have taken place since November 23; but what evidently was the basis of bill No. 15 on November 23 last is apparently no longer the basis of bill No. 15 on December 4, that is ten days later.

The "national emergency" invoked in the bill is not proven and we are entitled to ask the Minister of Justice how Canada's national existence is endangered and what is meant by a "national emergency"; in addition it must be shown that the provincial legislatures are unable to cope with the situation.

Clause 91 of the constitution which formed the basis of the first edition of the bill, expressly states:

> It shall be lawful for the Queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order and good government of Canada in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces.

Now that the honourable the Minister of Justice has deleted the words "peace, order and good government" from the preamble of the bill, I do not know on what grounds he will seek to prove that his bill is constitutional.

I think I can summarize as follows the arguments advanced by the Minister of Justice in support of this bill on November 23 last:

He claims three grounds; first he considers as a legal principle the decision which the Privy Council gave in 1923 in the Fort Frances case; the legislation passed by the United Kingdom for the purpose of conferring certain special powers on His Majesty's government since the cessation of hostilities; the fact that from November, 1918, at which time the first great war came to an end, to May and July, 1920, the cost of living and wholesale prices indices rose considerably, a thing which might occur again and would constitute a national emergency.

Let us examine the first argument, of a legal character, based on section 91 of the B.N.A. Act and on the Fort Frances case.

(a) It should first be noted that the above mentioned case related to control powers on the supply of paper, that is one commodity only, which is entirely different from the present case in which the provinces are to be deprived of most of their prerogatives.

Thus, in paragraph (c) of section 2 of the reprinted copy of bill No. 15, which corresponds to paragraphs (d), (e) and (f) of section 3 of the original bill, mention is made of a number of matters, besides the others that are included in the other paragraphs of the same section.

Mr. LESAGE: Does not the hon. member think that this is necessary, from an economic standpoint?

Mr. RAYMOND: It is up to the minister to prove that, and that is why I am discussing the reasons which the Minister of Justice has put forward in support of his measure. If the hon. member will kindly wait, I shall come to that later when dealing with the third reason

which the Minister of Justice has adduced in order to show that a special emergency existed. I am now discussing his first legal argument, namely his reference to the Fort Frances case.

(b) Besides, the Fort Frances case more especially related to the validity of the war measures act, which has nothing to do with this discussion.

(c) As regards the principle expounded in the above mentioned decision, to the effect that parliament is in a better position than the tribunal to determine the special circumstances creating a national emergency, I may say that the privy council did not hesitate to declare *ultra vires* certain acts that had been passed by parliament under section 91 of the B.N.A. Act, on the grounds of peace, order and good government, especially in 1921 and 1925 in connection with the Board of Commerce Act, 1919, and the Combines and Fair Prices Act, 1919, as well as in the Snider case. I shall quote from the decision given in 1925 in the Snider case. It was then ruled:

> The act could not be justified under the general power in section 91 to make laws for the peace, order and good government of Canada, as it was not established that there existed in the matter, any emergency which put the national life of Canada in unanticipated peril.

We have there the proof that parliament can decide one way while at the same time the privy council can take an opposite stand. Therefore the legal authority of the Minister of Justice, based on the Fort Frances case, no longer applies, because not only in 1925 but even in 1937, as the Minister of Justice is aware, since he was representing the government, the privy council put aside parliament's conception of a national emergency when it invalidated the social legislation passed under the Bennett government in 1934 and 1935 on the grounds of "peace, order and good government".

But I would add, in connection with the Snider case, Justice Duff's remarks, when he declared that "social legislation" *ultra vires:*

> The legislation in question there was framed for the purpose of dealing with industrial disputes and authorized the Minister of Labour to take steps to convene, in the case of such a dispute, a board composed of a representative of the workmen, a representative of the employer, and a third person, to be nominated by the Minister of Labour himself. The act prohibited a strike or lockout pending the consideration of a dispute by the board. The importance of the matters dealt with by the statute, the fact that the statute was making a provision for meeting a condition which prevailed throughout the whole of Canada, and for dealing with industrial disputes which, in many and, indeed, most cases, would affect people in more than one province, the fact that the machinery provided had proved to be a valuable instrument in the interests of industrial peace, were not disputed . . .
>
> Nevertheless, the board negatived the existence of the general principle that the mere fact that dominion legislation is for the general advantage of Canada, or is such that it will meet a mere want which is felt throughout the dominion, renders it competent if it cannot be brought within the heads enumerated specifically in section 91.

As I have just said, as recently as 1937, the Privy Council ruled *ultra vires* the laws enacted by parliament in 1934 and 1935 under the Bennett government, at a time when unemployment was at its height.

At all events, that principle does not exempt the government from proving the existence at the present time of "a national emergency" endangering the "security, defence, peace, order and welfare of Canada."

Then, the minister mentioned the United Kingdom legislation.

We cannot compare things that do not suffer comparison. Not only does Great Britain's legislation apply to questions of limited import, when compared with those covered by bill No. 15, but conditions are different over there, as the hon. member for Stanstead has just remarked. In Great Britain there is not, as in Canada, a division of powers between a central parliament and provincial legislatures, and for this reason, there is no jurisdictional conflict nor constitutional issue involved.

Moreover, Great Britain is in Europe, Canada is in America. The disorders which prevail in Europe are inexistent in this country. In Canada, famine is unknown while it is more or less prevalent in the United Kingdom which depends upon our exports to live.

Thirdly, the minister, as reported in *Hansard* of November 23, mentioned as a condition of national emergency, the possible increase of the cost of living—and this is the only condition he has mentioned—recalling that, after the end of the first great war, that is from November, 1918 to July, 1920, the cost of living index had shown an increase of thirty-eight per cent, while the wholesale price index had risen by fifty-five per cent from November, 1918 to May, 1920.

I shall be content to point out to the Minister of Justice that the Privy Council has decided that such circumstances did not warrant the central authority to encroach on provincial prerogatives. I refer him to the case relating to the Board of Commerce Act, 1919 and the Combines and Fair Prices Act, 1919, heard in November, 1921. This is a direct answer to the allegations of the hon. minister.

I quote the judgment and a few notes reported in 1 App. C. 1922, pages 191, 197, 198 and 200:

The Combines and Fair Prices Act, enacted by the parliament of Canada, in 1919, authorized the board of commerce, created by another statute of that year, to restrain and prohibit the formation and operation of such trade combinations for production and distribution in the provinces as that board might consider to be detrimental to the public interest; the board might also restrict accumulation of food, clothing, and fuel beyond the amount reasonably required, in the case of a private person for his household, and in the case of a trader for his business, and required the surplus to be offered for sale at fair prices; and the board could attach criminal consequences to any breach of the act which it determined to be improper:

Held, that the acts were ultra vires the dominion legislature, since they interfered seriously with "property and civil rights in the provinces," a subject reserved exclusively to the provincial legislatures by section 92, head 2, of the British North America Act, 1867, and were not passed in any highly exceptional circumstances, such as war or famine, which conceivably might render trade combinations and hoarding subjects outside the heads of section 92 and within the general power given by section 91.

Now I am going to quote the notes of the privy council:

It is to the legislatures of the provinces that the regulation and restriction of their civil rights have in general been exclusively confided, and as to these the provincial legislatures possess quasi-sovereign authority. It can, therefore, be only under necessity in highly exceptional circumstances, such as cannot be assumed to exist in the present case, that the liberty of the inhabitants of the provinces may be restricted by the parliament of Canada, and that the dominion can intervene in the interests of Canada as a whole in questions such as the present one. . .

And further on:

It has already been observed that circumstances are conceivable, such as those of war or famine, when the peace, order and good government of the dominion might be imperilled of a character in reality beyond anything provided for by the enumerated heads in either section 92 or section 91 itself. Such a case, if it were to arise would have to be considered closely before the conclusion could properly be reached that it was one which could not be treated as falling under any of the heads enumerated.

Mr. Justice Duff, rendering judgment in the cases to which I have already referred, concerning the act enacted by parliament in 1934 and 1935 under the Bennett government, said:

In the board of commerce case the judicial committee had to consider legislation by which a dominion board was constituted and empowered, broadly speaking, to inquire into, and prohibit, profiteering and practices in connection therewith in dealings in the necessaries of life. In particular, the board had authority to regulate the price of such necessaries of life.

The question arose upon a case stated as to the validity of an order made by the board regulating the prices of ready-made clothing in certain establishments in Ottawa. The validity of the order was attacked by the association of manufacturers concerned and was supported by counsel on behalf of the board and of the dominion. The litigation raised the concrete question inter partes as to the legality of the particular order; and the answer to that question turned upon the answer to the question concerning the validity of the legislation, which it was, therefore, essential to determine. The statute was supported on various grounds and, among others, on the ground that in the year 1919, when it was enacted, the evils of hoarding and high prices in respect of the necessaries of life had attained such dimensions "as to affect the body politic of Canada." Nobody denied the existence of the evil. Nobody denied that it was general throughout Canada. Nobody denied the importance of suppressing it. Nobody denied that it prejudiced and seriously prejudiced the well being of the people of Canada as a whole, or that in a loose popular sense of the words it "affected the body politic of Canada." Nevertheless, it was held that these facts did not constitute a sufficient basis for the exercise of jurisdiction by the dominion parliament under the introductory clause in the manner attempted.

This, I believe, is a direct answer to the facts put forward by the Minister of Justice to justify the existence of a national emergency.

After the first world war, ended in November, 1918, the cost of living, as the Minister of Justice pointed out, went up considerably with the increase in wholesale prices. The government adopted an act to control prices, thereby assuming a right which in peace time belongs to the provincial legislative bodies.

The Privy Council decided those were not sufficient grounds to disregard section 92 of the B.N.A. Act. More recently the measures enacted by parliament under the Bennett administration in 1934 and 1935 on the plea of a national emergency were declared *ultra vires* by the Privy Council because they infringed upon the rights of the provinces, which alone have the power to pass legislation regarding labour agreements, wages and working hours.

The Minister of Justice has not substantiated the preamble of the bill, that is, "the national emergency" which might endanger the security, defence, peace, order and welfare of Canada. That was essential. According to the Privy Council only in an emergency such as war or famine would the federal government be justified to deprive the provinces of their powers.

Well, the war is over and there is no famine. According to the Prime Minister we export "nearly half of all our inspected meat."

In peace time the provinces have the exclusive right to legislate in regard to property and civil rights, in matters of labour or other

contracts and to fix the quality and prices of goods and services. And as the privy council ruled in 1937:

The apportionment of powers as between the dominion and the provincial legislatures is one of the most essential conditions, and very likely the most essential one, of the interprovincial pact to which the B.N.A. Act gives effect.

If controls are necessary, they should be exercised under the authority of the dominion or of the provincial legislatures, as the case may be, but within their own jurisdiction. I am afraid that this legislation is a further step leading to the centralization of powers, in order to gradually deprive the provinces of their powers. I am opposed to that.

Let us respect provincial autonomy.

Mr. LESAGE: And invite economic chaos.

Mr. RAYMOND: I say that it is an encroachment on the part of the dominion upon the rights of the provinces. This legislation is null and void and *ultra vires*. I call the attention of the house to section 9 of the original bill which reads as follows:

This Act shall come into force on a day fixed by proclamation of the governor in council and on and after that day the present war shall for the purposes of the War Measures Act, be deemed no longer to exist.

Well, should this bill be passed and subsequently be declared *ultra vires*, what would be the consequences? It would cease to be in force. More than that, it would be considered as never having been in force, as it would be null and void *ab initio*. And all the consequences of the act would disappear at the same time. As section 9 says that, for the purposes of the War Measures Act, war shall be deemed no longer to exist from the day that this act shall come into force, the War Measures Act would have continued and would continue to be in force.

Whether this bill is *ultra vires* or not, we are asked thereby to grant dictatorial powers to the government, and to strip the provinces of their rights.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, the bill before us, an act to confer certain powers upon the governor in council during the national emergency following the war, is nothing more or less than an extension for another year of the powers of the cabinet which they enjoyed under the War Measures Act. The proposed act will authorize the governor in council to continue legislating by order in council, as has been the case during the war. The system proved to be a very useful and convenient instrument in the hands of the government in legislating as it pleased whether parliament was sitting or not. The question before us now is, should this power of the government be extended for another year? My personal view is that it is essential at this time that the governor in council should have a certain amount of power but only to the extent necessary to enable the government to deal with ordinary routine matters and matters which are truly emergency matters; but unlimited power of the government should definitely be curbed.

I have personal knowledge of the manner in which many of the various controls operate, and I might as well say frankly that there is altogether too much red tape in their administration. I shall give only one illustration, which is a good example of maladministration called the control. Some of these controlling agencies have simply gone the limit. Their chief aim seems to be to control for the sake of controlling and nothing else.

Several months ago I referred to the construction controller the case of a farmer who, by the way, lives in the constituency of my hon. friend the member for Athabaska. This man applied for a permit to build a small hall and a candy store at a country resort. The value of the building was to be in the neighbourhood of $300. The farmer had his own lumber, which was exposed at all times to country fires, and being an amateur carpenter he was going to build the hall himself in his spare time. He owns one or two boats which he hires out, and manages to keep and clothe his family on the income he receives from that source. The construction controller could not see his way clear to grant him a permit "at the present time".

I submit that in that case there was absolutely no excuse for refusing the permit. The farmer had the lumber and he was going to do the work himself. But no; the controller was on the job controlling for the sake of controlling. I could recite many other cases where similar things have been done. In view of my experience with the various controllers, therefore, I can only come to the conclusion that many of them control for the sake of controlling only.

Nevertheless I am in favour of some of the essential controls. I cannot, however, subscribe to all these controls being maintained in a wholesale manner, especially when I know the extent to which this power has been abused even during the war. Does one need to mention the various orders in council

which were passed while the house was sitting? It might as well be said that altogether too many of these orders in council have remained a government secret far too long. True, the ministers try to justify every action of the government, but the fact remains that these numerous orders in council and controls have placed this nation in a strait-jacket, which is an unhealthy condition for an individual or for a nation to be in.

It must be remembered that all this maladministration and abuse took place during the war. But now that the war is over, the people of this democratic nation resent the undemocratic and unreasonable controls. In other words, the Canadian people demand that parliament exercise some control over the controllers.

I did not rise, however, to discuss merely the administrative inefficiencies of the various controls. I rose chiefly to discuss an important principle. I have in mind the unjustifiable disregard of the rights of some of our citizens. Apparently bill No. 15, as originally presented, has been or will be withdrawn and with it section 3(1)(g), and I was wondering whether the amendments which the government will propose will cover the objective of section 3(1)(g). I want it clearly understood that I am not objecting to the granting of some power to the governor in council to deal with what are emergency matters and matters of merely routine significance. But we must draw a line somewhere when we deal with naturalized or Canadian-born citizens. Let me point out what I mean.

At the beginning of the war the government under the War Measures Act passed what is known as the defence of Canada regulations. Under section 26A it was directed that all unnaturalized persons born in territories which were under the sovereignty or control of enemy countries on the dates on which Canada declared war on those countries must register with the police and report from time to time to the police as ordered. It is my personal view that persons who were not British subjects and who were nationals of enemy countries should have registered in the interests of the safety of our country. But persons who were born in countries which fell under the pressure of the enemy were wronged when they were ordered to register as enemy aliens. The original order in council revealed that those who framed it had little knowledge of the history and geography of Europe. For instance, former Czechoslovakian citizens were asked to register as enemy aliens after Czechoslovakia was given away to the nazis at Munich in 1938 against the will of its inhabitants. Having thrown them into the clutches of the nazis we then proceeded to ask persons who originally came from that country and resided in Canada to register as enemy aliens. Whoever conceived that bright idea certainly made us look ridiculous in the eyes of the nations of the world. Eventually representations were made to a committee of this house by Czechoslovakian representatives in Canada, and the Canadian government amended section 26A of the defence of Canada regulations by passing, on February 7, 1941, order in council P.C. 2420. Other representations were made on behalf of other nationals who found themselves in similar circumstances, and eventually all of them were exempted from this registration.

I might mention at this point that the officials who interpreted these regulations did not even know the difference between Austria as it existed before the first great war and Austria as it existed before this war. For that reason, any person whose naturalization certificate showed that he came from the Austro-Hungarian empire was asked to register if he had taken out his naturalization certificate after September 1, 1922.

But that was not by any means the worst thing the government did. The defence of Canada regulations as originally framed applied only to enemy aliens, but later section 26B was enacted by order in council which brought under these regulations even some British subjects, namely those persons who were naturalized since September 1, 1922, and who were born in territories which were under the sovereignty or control of enemy countries on the dates on which Canada declared war on them. That is the point to which I wish to draw attention in particular.

I also wish to say at this point that it is time we made up our minds whether we are going to trust naturalized British subjects or not after we have granted them naturalization certificates. We cannot continue to suspect and hold responsible every naturalized Canadian citizen for everything which happens in the country from which he came. I certainly object to the idea of permitting anyone to push around any of our citizens, regardless of where they may have come from originally. Should any one break the law, we have the courts of justice to deal with offenders, whether they are of Canadian or any other origin.

I maintain that nothing positive can be accomplished by such orders as those to which I have referred. On the contrary, they can do us a lot of harm, especially when we assist in promoting suspicion against our own citizens. As I have already remarked, if an individual among a group of naturalized Canadians should break any of our laws, whether in time of war or in time of peace, such individual

should be brought before the courts of justice and dealt with as an individual. I maintain that once we grant a person the status of Canadian citizen he must be regarded as a Canadian. We must do everything possible to help our naturalized citizens to feel completely that they are a part of our nation. When we shall have eliminated suspicion and distrust from our midst we shall then have a truly strong and united Canada.

I should like to place on record a paragraph or so from an order in council which was passed by the governor in council on November 2, 1940, amending the defence of Canada regulations. I am placing these paragraphs on record to show what a ridiculous stand was taken and how little we know about our own people. On November 2, 1940, order in council P.C. 6150 was passed. This is the first paragraph:

Whereas the Minister of Justice reports that it has been reported by the Royal Canadian Mounted Police that certain persons who are guilty of technical offences of not registering in accordance with the provisions of the defence of Canada regulations relating to enemy aliens, have been ordered interned under the provisions of paragraph (9) of regulation 25 of the said regulations.

Further down in the order in council I find this paragraph:

That in view of the fact that certain persons who were not required to register under the original regulations were under the impression that they were not affected by the subsequent regulation due to the fact that they were naturalized, some of them have been guilty of the offence of failing to register.

In substance, this order in council goes so far as to offer another opportunity to these Canadians, who had been naturalized since September 1, 1922, to register as enemy aliens, and therefore paragraph 9 of regulation 25 was revoked, and another paragraph 9 was substituted so that these persons might register within one month after the notice. It further states:

. . . or if he refuse or fail to answer truly any of the questions put by the registrar, or if being registered he fail to report as hereinbefore required or to observe any of the conditions upon which he is permitted to be at liberty, he may in addition to any other penalty to which he may therefor by law be liable, be interned as a prisoner of war on the order of the Minister of Justice or the registrar general of enemy aliens.

As I have stated, the reason I wished to place these two or three paragraphs on record was to show to what extent the government may go in legislating by way of orders in council. It seems to me that, had this matter been brought before the house, the house surely would not have approved any such legislation. I wish to emphasize as strongly as I can that, when we deal with this particular phase of the problem concerning persons who do not happen to have been born in this country, once such persons become naturalized citizens of Canada we must not entertain any idea of deporting them wholesale, no matter who they may be; because to-day it may be one group of people, and in a year's time or five years' time it may be another group and so forth.

I wish to read from an article that was published in Toronto in *News* of November 24, 1945. It is not very often that I agree with Mr. Elmore Philpott, because he is inclined to be pinkish, but on this occasion I consider that he has hit the nail on the head. I quote:

When a person acquires Canadian citizenship, either by birth or due process of law, possession of that right should be absolute and inviolable. It might be argued that for certain offences nationality should be revoked from people who have shown themselves unworthy of it. I doubt even that. But, if so, the power should be conferred only on judicial tribunals where the subject would have all the customary protections of British law. It is nothing short of an outrage to propose that the cabinet be given power to discuss in secret session cases involving revocation of nationality. That is nothing more nor less than the writing into the laws of Canada of one most outrageous feature of the nazi system.

Surely we all recall the dark days of the depression of the thirties when, through no fault of their own, scores of thousands of immigrants to this country were unemployed, the government of Canada arbitrarily deported whole shiploads of them.

If at that time there had been on the statute books of Canada the arbitrary and outrageous powers now asked in Bill 15, every foreign-born person would have been made liable to secret revocation of citizenship—and deportation without even so much as the right to say good-bye to friends or even close kin.

Bill 15, subsection (G) of section 3, is the most outrageous proposal ever introduced into the parliament of Canada. It should be stamped on and killed so emphatically that all the world will know that the Canadian people want no thin edge of the nazi doctrine wedged into our most sacred laws.

I agree with that view wholeheartedly, and having chosen to touch upon this very aspect of our legislation, I might say that we have too long entertained the view that if a person does not behave we must brand all other individuals of the same race or the same background as being disloyal to the country. I hold that once a person obtains his citizenship certificate and becomes a Canadian citizen we should not even dream of revocation. If a man commits a crime he should be punished, but I see no justification for holding a stick over the heads of all those people who do not happen to have been born

in this country. The governor in council, by passing these various orders in council, has been wielding this stick altogether too long, and for that reason I am bringing this matter to the attention of the house. I am sure the present Minister of Justice will take my remarks into consideration, and I believe that in the future he will avoid the recurrence of similar action on the part of the government.

Mr. D. KING HAZEN (St. John-Albert): The bill that was presented to us this afternoon differs in some respect from the bill that was introduced in this house on October 5 last. While it limits to some extent the powers which the government sought under the former bill, nevertheless, if it is passed by the house in its present dress, which is somewhat more modest than the dress it previously wore, it will give the government powers which in my opinion no government should possess in the days of peace.

I wish to place myself on record as opposed to the bill. The Prime Minister (Mr. Mackenzie King) said in this house yesterday that he understood no exception was likely to be taken to the principle of the bill. Well, if the principle underlying it was that the government have authority for a period of one year to make orders and regulations, when this house was not sitting, to meet any national emergency that might suddenly arise in consequence of the war I would not find it objectionable. But as I read the bill that is not its principle.

As I read this bill the principle that underlies it is, that the government shall have dictatorial powers for a period, which is not altogether definite, to carry on a great part of the business of the country by order in council and by regulations when, how and as it sees fit; or, to put it in another way, the principle that underlies the bill is, not to provide for emergencies in peace time but to provide means of continuing government dictatorship now that the war is over.

I am opposed to the government having such dictatorial powers, and unconstitutional powers in times of peace. The War Measures Act gave the government dictatorial powers during the war. It gave the government power to do what it thought was necessary for the security and the defence of Canada. It took away the functions of parliament, or a great many of them. It deprived the provinces of many of the rights given to them by the British North America Act.

I do not find fault with the government having such great powers in times of war; there are good reasons why they should have them. But the war is over now and government orders in council and government regulations are not going to help us win the peace, nor are they going to help us maintain freedom, justice and democracy in this country.

I do not suggest for one moment that all controls should be taken away immediately. I believe it is essential that some controls be maintained for a time, but there is a right way and a wrong way of establishing them.

The wrong way, the unconstitutional way, the undemocratic way, is by government orders in council and regulations.

The right way, the constitutional way, the democratic way is by legislation properly introduced into this house, and after it has been discussed and considered by the elected representatives of the people and by the senate, passed by parliament.

Now that the war is over, are there any good reasons why parliament should surrender one of its most important functions, that of legislating, and let the government legislate by orders in council and by regulations on all subjects set out in section 2 of this bill? If there are any good reasons I have not heard them; if there are such reasons I think the members of this house should be made acquainted with them by the government before this bill is passed.

What is a national emergency? It is not defined in the bill and we have not been told by the government what it is. We should be told that; there should be some definition of a national emergency in this bill before we give the government the great power for which it asks.

Mr. CRUICKSHANK: What does Drew say?

Mr. HAZEN: The function of this house—

Mr. CRUICKSHANK: I asked what Drew said.

Mr. HAZEN: The hon. member should tell us; I do not know.

Mr. CRUICKSHANK: The hon. member is reading every word of what Drew said.

Mr. HAZEN: The function of this house to enact legislation—

Mr. CRUICKSHANK: What did Drew say?

Mr. SPEAKER: Order. When an hon. member has the floor no interruption should take place without his permission.

Mr. HAZEN: The function of this house to enact legislation will be abrogated to a

great extent if we pass this bill in its present form. The Minister of Finance said recently in this house:

There is danger that the House of Commons may be losing sight of its real functions, which are to vote supply, control expenditures and to enact legislation.

Mr. CRUICKSHANK: That is the second page.

Mr. HAZEN: If this bill becomes law in its present form our function to enact legislation will be lost to a great extent and for a considerable time. Let us not lose sight of that danger. We should insist that legislation by government orders and regulations be brought to an end, and that the people's representatives in this house, who are much more familiar with conditions in their constituencies than are members of the cabinet or deputy ministers or civil servants, make the law of the dominion.

Mr. CRUICKSHANK: Hear, hear.

Mr. SPEAKER: Order.

Mr. HAZEN: Under our constitution and under our democratic form of government the men and women whom the electors of this country send to parliament to represent them and to whom they are responsible at the next election, are supposed to make the laws.

Mr. CRUICKSHANK: That is going to be tough for some of us.

Mr. HAZEN: And independent judges have the duties of administering those laws.

Mr. CRUICKSHANK: The hon. member said all that before.

Mr. SPEAKER: Order. For the second time I would ask the hon. member not to interrupt the hon. gentleman who has the floor.

Mr. CRUICKSHANK: Mr. Speaker, on a point of order, according to the rules an hon. member is not allowed to read his speech. The hon. member is reading every word.

Some hon. MEMBERS: Oh, no.

Mr. CRUICKSHANK: Yes, he is, every word he is saying.

Mr. ROSS (Souris): The hon. member is just in a haze.

Mr. HAZEN: Mr. Speaker, as I said—and I propose to repeat it now—under our constitution and under our democratic form of government the men and women who are elected to this house by the people throughout the country are supposed to make the laws, and independent judges have the duties of administering those laws.

[Mr. Hazen.]

That, sir, is a principle that should not be lost sight of; it is a principle that should be carefully observed; it is a principle that should be guarded jealously by the members of this house and should not be surrendered in times of peace if we are to have government by, of and for the people.

Every person in this house was elected by the voters of his constituency to make the laws or to assist in making the laws of the dominion. As I say, we are responsible to them at the next election for what we do here. In my opinion we do not keep faith with them or with parliamentary institutions, nor are we true to the principles of British justice, if we fail in our duty in this respect on the ground of expediency or convenience or national emergency, call it what you will, and let the government make orders and regulations which have the force of law and impose fines and penalties for their violation, which directly affect the lives of the people throughout the dominion.

The people of this country are becoming alarmed at government by order in council. They are losing patience with controls and regulations. They are becoming fed up with bureaucracy, and they have good reason to be.

The hon. member for Lake Centre (Mr. Diefenbaker) has given instances of how some orders in council have overridden the fundamental rights of the people of Canada by depriving them of the right to counsel when investigations are being carried on by officers of the crown.

He has rendered a service to the dominion by bringing those orders in council into the light of day; he has rendered a service to freedom and to justice in bringing them to the attention of the house and the country, and yet by this bill we are asked to approve all orders in council which have been passed under the War Measures Act. Under section 2, subsection 3 of the bill, we have no right to look into those orders in council or to have them annulled, as is provided for other orders in council.

There are always some people about, and present company is not altogether excepted, who hold the view that the underlying principles of British justice and of our constitution are very fine principles indeed, so long as they do not interfere with their plans or activities, or prevent them from taking short-cuts to achieve the ends they have in view. No matter how good their intentions may be or how earnest they may be in their endeavours, such persons are a menace to the state if they have the power to override those principles.

A chief justice of England once said that "high capacity and ardent zeal never need to be more carefully watched than when they appear to have entered with all their might upon a wrong course."

In this connection I am reminded of a letter that Lord Disraeli, when Prime Minister of Great Britain, wrote to Queen Victoria who wanted a certain gentleman appointed Archbishop of Canterbury. He said: "The Bishop of London sympathizes with everything that is earnest, but what is earnest is not always true. On the contrary, error is often more earnest than true."

It seems to me, sir, that the government of the dominion, in bringing this bill into the house, has proceeded upon a wrong course, very earnestly and no doubt very sincerely, but on a course that violates constitutional principles and, I may add, the principles of British justice.

I propose to give one or two illustrations that have come to my notice to show how government orders and regulations affect men's lives, interfere with their means of livelihood and violate their fundamental rights.

Early this year a young man showed me a letter he had received from a government department. He was a carpenter in a very small way, and in 1942 had taken a contract to construct some small buildings, an undertaking with which he was not very familiar. Neither was he familiar with government regulations, but he made an honest effort to comply with them. When he paid the men who worked for him he deducted the tax from their wages, as required. A year or so after he had finished the contract, government officials inspected his books and sent him the letter to which I have just referred. In that letter he was informed that he was short about $10 of the amount he should have deducted from his workmen for taxes in 1942, and about $60 short of the amount he should have deducted in 1943. The letter went on to say in effect that, as he was just getting started in business and was not familiar with the regulations he would be fined only $25.

What is British justice coming to when a thing like that can happen in this country? Do hon. members realize what it means? It is a fundamental principle of law, which is subject to some exceptions, that a man is not guilty of a crime if he commits an innocent mistake. But the most shocking feature of the case is that under these regulations, government officials have the right to act as complainant, prosecutor, judge and jury, and impose a fine on a man without giving him an opportunity to be heard.

I say that this kind of thing must stop if we are to remain a free people.

Let me give another example, this time under selective service. A man who was a vulcanizer by trade had been ill for about six months. When he was well enough to go to work he looked about for a job and found a vulcanizing firm in the city in which he lived, engaged in essential war work, which required his services. He knew the boss of this plant and wanted to work for him. He went to the selective service office, told them he was a vulcanizer and said he would like to work for this particular firm which required his services. Selective service officers, after looking through their cards, ordered him to go to work with another vulcanizing firm. He said he wanted to work with the man he knew, and an argument ensued. He noticed the card stated that the wages would be $140 a month, but he was told the wages would be $120 a month. This led to another argument, but in the end he was forced to go where he was ordered.

It is only natural that he did not go in a very good state of mind, and it followed that he and his boss did not get along very well. Finally he said to the boss, "This is not fair to you and it is not fair to me," and the boss who was fed up with him by this time, no doubt for very good reasons, called up selective service who said to send the man in. Before he went, however, a discharge card had to be filled out. Under the heading, "Reason for release" the boss wrote the words, "Claims to be sick," and this card was signed by both employer and employee.

When the workman went back to the selective service office with this card, though there was a shortage of vulcanizers in the town he was ordered to go to work for a certain company as a carpenter. He said that he was not a carpenter; that he had done carpentering work at one time but had sold his tools years ago, and that he was a vulcanizer. He was told, "Well, you can either go to work as a carpenter or you can go to work as a labourer."

Apparently selective service officials thought they had the right to punish him because he had the effrontery to speak up for himself in the belief that he had some rights as a Canadian citizen.

When he came to look at the card he had brought to the office, which both he and his employer had signed, he found that some official there had scratched out the words "Claims to be sick" and had written in their place "Unreliable." This, of course, was an out-and-out forgery and could not be justified on any grounds whatever.

This story gives us an example of how men are treated when they are governed by bureaucracy established through government orders in council and government regulations, and I say it must stop.

Now let me give another example of the way in which bureaucracy is carried on under national selective service. A man who conducted a restaurant business and rendered service to men engaged in heavy work by providing them with substantial meals had difficulty in obtaining waitresses. Selective service could not supply them. On one occasion after a long search he engaged a girl and drove her to the selective service office to have the necessary forms completed. When she came out of the office and got into his car he looked at her card and found that she had been directed to go to work for another restaurant.

Now let me give an example of a different kind. A man who had a service station and repair shop on the outskirts of a city went into the used car business in a small way in 1941. Last year he was notified that he must get a permit from the government to carry on a used car business. He filled out the form and received a permit.

This year he applied again to the government authorities for a permit, and received a letter in reply informing him that his application was refused on the ground that he had not adequate facilities to deal in second-hand cars. He had a service station, a repair garage and a good-sized lot adjoining it on which to park cars, but evidently this was not sufficient for some reason or another and a licence was refused. Not only was it refused, but he was ordered to sell the cars he had on hand and report to the government department when the sales had been made.

These are only a few instances that have come to my notice. I could cite many others, and no doubt many hon. members could cite a great many more of how affairs in this country are being carried on under government orders in council and government regulations rather than by acts of parliament.

In conclusion, may I quote again from Lord Hewart, who said:

> Writers on the constitution have for a long time taught that its two leading features are the sovereignty of parliament and the rule of law. To tamper with one of them was, it might be thought, a sufficiently serious undertaking. But how more attractive to the ingenious and adventurous mind to employ the one to defeat the other, and to establish despotism on the ruins of both.

The government by this bill is attempting to defeat the functions of parliament and the rule of law and by means of orders in council and regulations to establish a new despotism in time of peace.

The great national emergency that exists in Canada to-day is the attempt that the government is making to maintain a dictatorship now that the war is over.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, I hesitate to enter into this learned discussion on controls; but as a member since the beginning of the war of the government which has been administering the affairs of Canada, possibly I should reply to some of the statements which have been made in the discussion up to this time, more particularly those which were made this afternoon by the hon. member for Stanstead (Mr. Hackett). Before doing so, I should like to say that I do not think there is anyone in this House of Commons or in Canada who is more opposed to controls of any kind than I. Liberalism has always taught me to have objection to controls in so far as they are not necessary to preserve the rights of others. Naturally those of us who have been brought up in that belief have objection to the infliction of controls of any kind upon the people of the country to which we belong which are not absolutely necessary to the welfare of all of us.

But I think those of us who have had the privilege, unfortunate or otherwise, to have lived in this generation, we have all learned through the experience of time. We certainly have had an opportunity, equal to that of any generation that has ever lived, to understand the necessity for controls at a time when our nation is being attacked by the enemy. On two occasions within the lifetime of those of us who are gathered here democratic countries have found it necessary to defend democratic institutions. On each occasion that we have found it necessary to do so, it has been natural that we have had to utilize instruments in which we did not personally believe.

Anyone who believes in the freedom of democracy does not believe in war. But anyone who believes in the freedom of democracy knows that when democracy is attacked by those who believe in force, there is only one way in which that force can be effectively met, and that is by force. We all realize, too, that when we are placed in the position where we must of necessity use force, we must use instruments which are not the common instruments of a nation which is free. So that under those circumstances we have control.

I object to those who consider themselves radicals, who looking at the effectiveness of controls during war time advocate their main-

tenance during a time of peace. My reason for opposing that is very much the same reason as was given expression to a few moments ago by the hon. member for Saint John-Albert (Mr. Hazen); my reason for opposing that is the same reason as was given this afternoon by the hon. member for Stanstead, namely, that if the application of controls is continued long enough we shall be afflicted by the same kind of totalitarian state and totalitarian institutions against which we are compelled to fight when we defend democracy against those totalitarian institutions. I am as anxious as any one in this house to get rid of controls. I am sure I have in agreement with me, not only every member of the government but every member who sits on this side of the house. We always have wished to get rid of controls.

After having made that statement, I should like to say that there is a middle course between wishing to rid ourselves of controls overnight and wishing to maintain those controls for an exceptionally long period of time which may eventually land this country in a position where we would be threatened with a totalitarian form of government. That middle course is not necessarily expressed by Liberals, nor is it necessarily expressed by those who would take the course of totalitarianism. However, it is often expressed by people by whom we would least expect it to be expressed; it is expressed by businessmen; it is expressed by the people on the street; it is expressed by the leaders of finance. I should like to quote to the house an expression of opinion, given by one with whom many of us on this side of the house do not always agree, one with whom some hon. members on the other side of house never agree. Mr. Spinney of the bank of Montreal is reported in the Montreal *Daily Star* of December 3, 1945, as follows:

> At the same time, Mr. Spinney said, there must be a realization that for many months to come there still would be a need for some of the controls introduced during the war years.
>
> "It is quite evident that inflationary pressures are now, if anything, more intense and more fraught with potential danger than at any time during the years of actual conflict.
>
> In consequence, the need for continuance of the war-time pattern of voluntary restraint, and for intelligent acceptance of appropriate stabilization controls still remains as a challenge to the good sense of the Canadian people.
>
> The manner in which we meet that challenge will determine whether we tackle the tasks of reconstruction against a background of stable monetary conditions or in the turbulent atmosphere of inflationary boom and subsequent collapse.

With that statement which appears in the press of yesterday I think most members of the house will agree, particularly the latter part of it which says that if we took off overnight all controls at the end of a war such as we have just passed through, the result would be the subsequent collapse of our institutions. All one needs to do to be persuaded of that is to read the history of the period immediately following the last war, when countries which followed that course brought upon themselves great difficulties from which they had greater difficulty in extricating themselves. With that statement of the president of the bank of Montreal before us together with the experience of other countries following the last war, may I now refer to some of the remarks that were made this afternoon?

The hon. member for Stanstead took the position that this bill was most confusing, and in order to prove his point he read from the preamble of the bill to show that it was most confusing. I should like to read part of the preamble to the bill, and I submit, Mr. Speaker, that the intention of the government could not be set out more plainly than it appears in the preamble. The preamble says:

> And whereas the national emergency arising out of the war has continued since the unconditional surrender of Germany and Japan and is still continuing; and whereas it is essential in the national interest that certain transitional powers continue to be exercisable by the governor in council during the continuation of the exceptional conditions brought about by the war and it is preferable that such transitional powers be exercised hereafter under special authority in that behalf conferred by parliament instead of being exercised under the War Measures Act; and whereas in the existing circumstances it is essential that certain acts and things done and authorized and certain orders and regulations made under the War Measures Act be continued in force and that the governor in council be authorized to do and authorize such further acts and things and make such further orders and regulations as he may deem necessary or advisable by reason of the emergency and for the purpose of the discontinuance, in an orderly manner as the emergency permits, of measures adopted during and by reason of the emergency: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows . . .

That language seems to me to be perfectly plain; there is no confusion in it at all.

Mr. FLEMING: On a point of order, Mr. Speaker, the minister is reading, not from the preamble to bill No. 15, but from the preamble to the bill which has been circulated since yesterday and which will not be introduced until the house is in committee of the whole.

Mr. GARDINER: That, of course, is the bill which is to be submitted to the committee for consideration. That is the bill I am speaking to. For bill No. 15 which was before the house, another bill is being substituted which expresses very clearly the position. May I say that I am only replying to the hon. member for Stanstead, who this afternoon read part of the preamble from the original bill and part of the preamble from the second bill and indicated that the preamble of the second bill was confusing. I am simply reading from the preamble of the second bill to indicate that it is not confusing; that it is perfectly plain.

In the speeches to which I have just listened the statement has been made over and over again that we are asking the members of this house to permit the government to pass legislation over which this parliament will have no control. The members who make that statement have not read the bill. The bill definitely says that what we are doing is just what the preamble outlines, namely, asking the house to permit the government to continue in existence the orders in council which were passed during the war and which it is necessary to have continued for a few months after the war. The bill goes on to provide that within a certain period of time the government must place on the table of the house any order that it passes and, further, that either the House of Commons or the Senate can take action to make that particular order inoperative. There is nothing in the bill which says that but for more than a few days the government has authority to legislate without that legislation having been given consideration by the membership of the house and the senate as well, and the bill contains the further extraordinary provision, one that I never heard of before in any bill, that in order to protect the rights of the members of this house and of the members of the senate, either house may prevent such an order from becoming the law of this country. With such a provision in the bill I cannot understand why all this discussion is taking place at this time. It must be because certain members of the opposition have in their minds ideas which I am sure are not in the minds of the great mass of the people of this country, and in order to make plain what the hon. member for Stanstead did have in his mind this afternoon, I should like to read some of the statements he made, bringing them a little closer together than they appear in the long legal argument that he put before the house.

[Mr. Fleming.]

In the first place I read this:

> If I grasp the significance of the terminology, it means that there was an emergency, that there is not an emergency now, but to retreat from the emergency we must have emergency powers. That is what I believe the bill means.

Well, Mr. Speaker, if anything could be more confusing than that particular statement except confusion itself I do not know what it is. After having read part of the preamble into the records of this house the hon. member immediately proceeded to state that this part of the preamble means exactly the opposite of what it does mean. Then he went on to say:

> If there be an emergency, it is not a war emergency. If there be an emergency, it is an emergency which arises from the totalitarian legislation which we enacted to fight and defeat a totalitarian people.

Well, Mr. Speaker, if it was legislation enacted to fight and defeat a totalitarian people, surely it is legislation which has arisen out of the war to cover emergency acts of this government done for the very purpose of assisting in fighting and defeating a totalitarian people; and this legislation arises out of the fact that we have been at war and that there are continuing results from that war. He goes on to say:

> I do not criticize those who had the responsibility of enacting the legislation that brought these controls about. They were anxious to win the war. They had but one aim in view, and they have achieved that aim. But to achieve it they paid a price.

Mr. Speaker, I do not look for any higher eulogy of the government of the Dominion of Canada which carried on during the war than that which was made by the hon. member for Stanstead in his criticism of the government. Let me read it again:

> I do not criticize those who had the responsibility of enacting the legislation that brought these controls about. They were anxious to win the war. They had but one aim in view and they have achieved that aim.
>
> But to achieve it they paid the price.

Yes, Mr. Speaker. Not the members of the government paid the price, particularly. The people of the Dominion of Canada paid the price. The people of all the democratic nations of the world fighting against the totalitarian form of government paid the price, but I do not know that I am in agreement with the hon. member for Stanstead in all that he said in regard to what that price was. He does go on to say this:

> When we come to consider our present situation and determine what course we should follow, we cannot hope to get back to normal without going through some turbulence, without experiencing some inconvenience. Anybody

who takes a stimulant, anybody who develops artificial energy within himself must pay a price, and Canada just cannot afford to taper off in a matter of this kind.

May I call attention to the fact that my hon. friend believes that we cannot get away from this war without turbulence. We, the members of the government, believe that by acting sensibly we can get away from this war, in Canada, without turbulence, and we intend to try so to conduct the affairs of Canada, in getting ourselves from the war into a period of established peace, that turbulence will not be necessary within the dominion. Of course I think he is correct when he says that we cannot get away from it without experiencing some inconvenience; and this inconvenience the people of Canada are prepared to meet, even the inconvenience of the continuation of those controls which are necessary to bridge us over from the period of war into the period of peace. The hon. member goes on to say:

I submit that the emergency which confronts Canada to-day is not a war emergency; it is an emergency which arises out of the legislation which we enacted to win the war. We cannot ease ourselves out of it, because that is impossible.

The inference from that is that we should go out with one jump. We must not ease ourselves out; we must take one leap right out of the war and into peace, and in doing so avoid the necessity of having legislation of this kind. That not only would be most ridiculous, but would have an effect upon the people of this country such as nothing which has been done up to date, either by the government or by any of those who are attempting to hinder what is being done by the government, to bring turbulence; it would have an effect more detrimental to the people of this country than anything else which I can conceive of. He says:

Somebody has threatened us with terrible trouble, with great evils, unless these controls be continued. What are these great perils? The hon. member . . . tells us that flour went up, that sugar went up in price—

I assume, at the end of the last war.

Supposing it did; supposing it goes up again. Is that to be weighed on the same scales with the intolerable situation in which the Canadian people find themselves now that the war is over?

Well, there may have been some questioning during war time when price controls were imposed as to whether all those price controls were necessary. But when an hon. member in one breath says that controls were necessary in war time—

Mr. COCKERAM: Why do you say that?

Mr. GARDINER: He said that in what I read a moment ago, and if the hon. member reads his speech to-morrow he will find it there. The remarks he made were definitely to that effect.

Mr. COCKERAM: But the minister puts on the emphasis.

Mr. GARDINER: I put emphasis on in my speeches. Some people do not emphasize theirs at all; they just get up and recite from a piece of written paper. The hon. member continued:

Is that to be weighed on the same scales with the intolerable situation in which the Canadian people find themselves now that the war is over?

An hon. MEMBER: Louder, please.

Mr. GARDINER: If I had made as many speeches as my hon. friend has made since the war was over I would not need to be explaining anything. Listen to this one on top of that one:

Mr. ROSS (Souris): The minister is reading a good speech pretty closely now.

Mr. GARDINER: He says:

If you control prices, of necessity you control wages.

I may say for the benefit of the hon. member for Souris and his friends that when I do not read their remarks very carefully they accuse me of misquoting them.

Mr. ROSS (Souris): Hear, hear.

Mr. GARDINER: The hon. member says:

If you control prices, of necessity you control wages.

I think I should read something which comes even before that; it is very interesting:

I submit that the control of prices is the first step in the first mile toward a situation which makes of a whole people so many vassals. That may sound extravagant.

I do not think I am a radical. I know I am not a C.C.F.'er.

Mr. MACKENZIE: And certainly not a Tory.

Mr. GARDINER: But when some people talk about controlling prices I am tempted to express some of my own views with regard to that. I doubt if there has ever been a time in my lifetime—I believe I could go back much further than that—when there has not been somebody controlling prices; and I do not know that they have ever been controlled to the advantage of the farmers and of the great mass of labouring people in this country when the government did not take a hand in it. I suggest that, if there is to be any control of prices and any control of wages,

the one authority which ought to have that control in Canada is the government of Canada and not some other organization. We are having built up in this country, on the one hand, organizations which some people call cartels and which try to control prices. We have organizations on the other hand which are called by various names and which are trying to control wages. I submit, Mr. Speaker, that if all the people of this country are to be dealt with in the manner in which they should be dealt with, the proper authority to deal with such matters, if they must be dealt with, is the parliament of this country and particularly acting through the members of this government. So that I am not so much afraid of what my hon. friend speaks of here when he says:

I submit that the control of prices is the first step in the first mile toward a situation which makes of a whole people so many vassals.

If we have democratic government in this country, if we have elected representatives to this House of Commons, and if they speak their mind here as they should speak it and as they do speak it in order to get votes in the country, we do not need to worry about people becoming vassals.

Mr. HARKNESS: What about the price of hogs?

Mr. SPEAKER: Order.

Mr. GARDINER: My hon. friend is talking about hogs. You will find more people over there who are experts on hogology than I am.

If you control prices, of necessity you control wages. When you control prices and wages, you determine where men are to work.

I think we did all that during the war. We controlled prices and we controlled wages. We said, as my hon. friend remarked, where men were to work. Even sometimes we said whom they were to work for; and I may say there was not any group in this house which advocated more strenuously and more continuously that we ought to tell them where to go than hon. members who sit in that part of the house. They were insistent upon that throughout the whole period of the war. They wanted everybody to be told what they were to do, how many hogs they ought to produce, how many cows they ought to milk, how many bushels of wheat they ought to grow, and so on.

An hon. MEMBER: And everybody told them how many Germans they ought to kill.

Mr. GARDINER: Now, when we suggest that for a few months longer, until we tide over the period between all these controls and the period of peace when we can get along without them, we ought to have a bill to make that possible and thus ease off from what we have been doing to what we all desire to have, it is called tapering off and it is said that we do not require that. I am not an expert on tapering off, so that I cannot discuss that question at any length.

The speech which is before me, however, has some other remarks which I should like to bring to the attention of the house. Here is one:

I cannot do more than point out to the house that these emergencies do not come from the war. They are indirectly incidental to it.

Well, when I started out in the hope that some day I might be a lawyer—I did not arrive there; I arrived somewhere else—I was taught to believe that a man should be very careful about his statments and that he should not make a statement in one sentence which he denies in the next, particularly if he is before a careful judge, and this house ought to be a careful judge. The hon. gentleman says: "I cannot do more than point out to the house that these emergencies do not come from the war", and then he says in the next sentence: "They are indirectly incidental to it. There is no hope of getting away from them because they cannot be effective unless they are all maintained, and we are only deluding ourselves if we perpetuate this type of government." Then he goes on to show that these controls will ultimately lead to the totalitarian state, and in the last sentence he has the gem of it all. After telling us that these controls were necessary to the conduct of the war, that they were essential to the defeat of the totalitarian states, that they were used by the government of Canada—and he even gives us credit for having used them so effectively as to have won the war—something we would not claim for ourselves—after having done all this, then he says that this condition which we have now is not brought about by war, this emergency condition. He says it is only indirectly incidental to it. And he makes this statement:

Mr. Speaker, what we require here, what Canada requires is not more legislation continuing controls.

An hon. MEMBER: Hear, hear.

Mr. GARDINER: My hon. friend says "hear, hear". He goes on:

What Canada requires is an energetic government—

Some hon. MEMBERS: Hear, hear.

Mr. GARDINER: Well, listen to this:

—a government with nerve enough to remove controls and give Canada back to democracy and democratic institutions.

Well, my hon. friends do not say "hear, hear" to that. What does that mean? The whole argument of this speech is to the effect that we needed controls during the war, that the emergency that has existed following the war is indirectly at least incidental to the war, and then he goes on to say that we do not need these controls, that if we do keep these controls we are going to have ultimately the totalitarian state. Then he says that we should not taper off but that we should jump right out of the frying-pan into the fire and ease ourselves off in that way. Finally he says that what we want is a government with nerve enough to do that.

I submit that that is not what we want at all. What we want is a government with the same kind of nerve that was exercised during the war, the same kind of nerve which this government exercised during the early part of the war when our hon. friends opposite said to us, "You are never going to get a higher production of hogs. The man-power policy of this government, the policies enunciated by the Department of Agriculture are not going to yield a greater and greater production of hogs." They kept that cry up for two years. They did not even have the information which made it possible for them to stop until they found themselves under such an avalanche of hogs coming across Canada and going to Britain that they just closed up and said nothing more about the matter.

What we want is the same kind of nerve which, in spite of the fact that they talked about man-power in season and out of season, results in the Dominion of Canada being recognized to-day as one of the allied countries that did its utmost during the war not only in the production of necessary food and the production of necessary munitions and machines of war, but in sending men to the front line in all the services in greater numbers than any other policy that could have been conceived of by any other government in Canada would have put them there. That is admitted to-day by everyone—

Some hon. MEMBERS: No.

Mr. GARDINER: —except a few.

An hon. MEMBER: Were you there?

Mr. GARDINER: I was about as near there as you were. I was in Britain when it was bombed every night, and my hon. friend was about as close as that. Not only do we require that kind of nerve but we require the kind of nerve, in the present period, which was exercised at all times. No matter what criticism may have been made of the policy of the government, that policy brought about the results which we knew it would achieve; and after we have had these experiences during the war period, now that we have come into the period which is the transition between war and peace, we want a government with the same kind of nerve which this administration had in the last session before the election when we brought down the family allowances bill. When it was first brought down my hon. friends opposite sent their leaders out into the country to condemn it; but when it was finally voted on in this house, you could not find a single member in his seat who had enough nerve to stand up for what had been advocated by his leaders. The only man who had the nerve to do so was the hon. doctor sitting over there who appeared the next day and registered his objection to what had been done by his own bed fellows the day before.

That is the kind of nerve which is wanted. I even prefer the nerve of the hon. member who came back and stayed with the position that had been taken by some of his leaders outside the house. To-night we are asking the house to permit this government, which has shown nerve, which has exercised that nerve to get results, to put this measure through the house. Those results have caused the chief critic of this particular legislation to get up and say: Yes, every bit of it was legislation that was necessary to win the war against the totalitarian states; I admit that every part of it had to be enacted; I admit that all these controls were necessary. And yet all he can say about it now is that if we are to go on from here we must kick it all overboard overnight and start off from a fresh point. I do not think we can do that at all. What we ought to do is what is proposed in this bill. As a House of Commons and as a parliament we ought to give the government of Canada the authority to go ahead and handle this position during the period of transition, and bring us from that period of transition toward peace. I hope that it has to be enacted only once, as does every hon. member. The terms of the bill state that it will remain in force for only one year if parliament meets in November or December of that year, and if parliament does not meet during those months, fifteen days after the commencement of the ensuing session. It must be reconsidered at that session, and I hope it will never require to be reenacted. I can assure hon. gentlemen that it would only be reenacted if it is essential to carry on our activities which would bridge us over the period of war into

the period of peace. With that idea before us and the suggestions I made a few moments ago that this bill has safeguards which no other bill has ever had which was introduced into this house—

Some hon. MEMBERS: What are they?

Mr. GARDINER: Read the bill and you will find out. I see that you have not read the bill. This bill has safeguards such as were never in any other bill introduced into this house by any other government.

Mr. JACKMAN: Who put the safeguards there?

Mr. GARDINER: Those safeguards are put there in order to preserve the rights of the people and of the representatives of the people of Canada. My hon. friend asks who put them there? The government of this country takes—

An hon. MEMBER: The premiers of the provinces.

Mr. GARDINER: The government of this country takes the responsibility for anything that is put in any bill which is brought into this house by the government. We take the responsibility for this legislation. We are not such hidebound Tories that we never take information or advice from anybody. The only people who will not listen to advice die in their tracks. We sometimes listen to it—

An hon. MEMBER: You are already dead.

Mr. GARDINER: We hope that this measure meets not only with the approval of the premiers of the provinces and the members of this house, but with the approval of the great majority of the people of Canada. I am sure it does, and therefore I support the second reading of the bill.

Mr. G. RUSSELL BOUCHER (Carleton): Mr. Speaker, I shall not attempt to answer in detail the speech made by the Minister of Agriculture (Mr. Gardiner). He spent his whole time in discussing nerves and controls. His whole speech demonstrated nerve without control. It was amazing to sit and listen to the speech of the spokesman of the government in power in which he tried to illustrate to the house the necessity of controls and nerves without attempting to portray the role of members of parliament in the situation.

In his opening speech on Bill No. 15 in its original form the Minister of Justice (Mr. St. Laurent) pointed to two main questions before the house. He said that this bill required two distinct things, a declaration of a post-war emergency and the delegation of the powers of parliament to the government of Canada. There is nobody in Canada who does not realize that in war time stringent controls are necessary in many aspects of human life. Nobody will disagree with the government when they say in the bill, as amended, that the war-time condition will stop on the first day of January, 1946. We all agree with the government when they say that because of war our social, economic, trade and home conditions have been upset. We all agree with certain measures which the government brought in during the war. By this bill the government seeks to extend and increase them to meet a different emergency in post-war days. The emergency we have now is not that of war entirely; it is the consequence of our war-time economy and a consequence of the present government's war-time controls, by order in council and administrative regulations.

After listening to the speech made by the minister to-night, in which he emphasized his viewpoint and, I believe, the viewpoint of the government, one would almost be compelled to come to the conclusion that there was nobody but Hitler who could govern. There is nobody but the little autocrat who spoke to-night who has sole power and who wants to increase that power, who can better exemplify the autocracy he wants to extend.

Mr. ABBOTT: Explain.

Mr. BOUCHER: No explanation of mine could be better than the demonstration already given by the previous speaker.

The War Measures Act, which was passed at the beginning of the war, declared that because a state of war existed certain powers must be vested in parliament and that parliament must delegate certain of those powers to the government. Then we find that the government has delegated to the executive of the government, the cabinet, the privy council, the right to carry on by order in council the hitherto unknown and undemocratic policy of legislating to the extent of abrogating statutes and interfering with civil and property rights, of interfering with the privilege of carrying on your trade, of marketing your own produce, of living your own life as you might see it. I agree that to an extent many of those policies were necessary. We now find that after the war is over, so far as combat is concerned, the government are coming back to parliament and telling us that they are going to declare it over within a few short days and asking us to approve everything the order in council government did up to that date and to grant them the power to extend their regulations. In other words, it definitely illustrates, as did the minister's

speech to-night, the total forgetfulness of this government or of the cabinet of the government of any legislating power in Canada other than the King cabinet. I hope that all hon. members do not agree with this. The government is forgetful of the fact that there are provincial legislatures and municipal institutions which can take the burden off this government of displacing the war-torn economy of Canada and of helping it to restore peace-time conditions. The minister did not refer to that; it did not occur to him that anybody but a little secret council, a little cabinet, an executive committee, could handle the situation which the law and the constitution of the country requires to be handled by other than the parliament of Canada, except in an emergency.

I say to him and to hon. members that certain controls are necessary. During war time, and because of a war economy, government action must be centred more in the federal parliament than in peace time, and to a degree parliament must place more confidence and more power in the executive or the privy council.

As Mark Antony said, Caesar was ambitious when he tried to turn autocracy into tyranny and lost his life. He illustrated for all time the lust of those in power for greater power, and the unwillingness of those with power to surrender that power. That has been further demonstrated not only by this bill, not only by this cabinet but, to the umpteenth degree, by the remarks of the minister who preceded me.

What does this bill do? For a while I thought we were to speak only on the original bill, that bill No. 2 was only a suggestion as to what the government might do at a future date if we gave our blessing to bill No. 1. However, the minister took the liberty to discuss bill No. 2, and emphasized the wording of the preamble where in three or four places it stated that the situation to-day required certain transitional powers to be given by parliament to the executive, that it asked that certain things should be done and that certain orders and regulations under the War Measures Act should be continued. The bill contains very little that is certain. Let me read the powers which are sought:

(a) providing for and maintaining the armed forces of Canada during the occupation of enemy territory and demobilization and providing for the rehabilitation of members thereof . . .

Power to do every bit of that, with the possible exception of some rehabilitation measures, is already in the hands of the cabinet; but as far as the army is concerned, how could they ask for more outright and absolute power? Then the next paragraph states:

(b) facilitating the readjustment of industry and commerce to the requirements of the community in time of peace . . .

To what community, may I ask? Is it the community of the hon. gentleman who just spoke, the Minister of Agriculture, or is it some other little community within our country? Is it the community of the cabinet, as someone suggests? Perhaps that is the meaning we should take from it. They want power to facilitate the readjustment of industry and commerce to the requirements of the community in time of peace. Perhaps it is the world community. What does that not cover? It covers anything the government—not the government, but the executive committee of the government—may hereafter think will tend to facilitate the readjustment of the war-torn world. Could one get any broader power than that? Then the next clause goes on:

(c) maintaining, controlling and regulating supplies and services, prices, transportation, use and occupation of property—

They should have put "real and personal" there, so that we would know there was no property they could not control.

—rentals, employment, or salaries and wages . . .

I wonder why they did not include the control of going to church. That is about the only thing I can think of that they have omitted.

(d) assisting the relief of suffering and the restoration and distribution of essential supplies and services in any part of His Majesty's dominions or in foreign countries that are in grave distress as the result of the war . . .

Does that not mean every place where distress may exist, in the minds of the executive committee of this house? Then:

(e) continuing and discontinuing in an orderly manner, as the emergency permits—

It does not say as the war emergency permits, but any emergency.

—measures adopted during and by reason of the war.

The first bill No. 15 had something that was specific, something that was certain; but in the second bill No. 15 the only certainty was the word "certain" used in the preamble. Does this bill represent the government's intention to give back the powers which under the constitution heretofore belonged to the parliament of Canada. It does not purport to give any powers to parliament but gives them directly to the executive committee. It is a case of all power to the privy council and no power to parliament. Does it favour the legislatures of our provinces reassuming any of their pre-war privileges and obligations? It does not. It seems to represent the

very opposite. Does it diminish the powers of the non-elective boards and commissions? No. This bill as now drafted wants the parliament of Canada, the legislatures of Canada, the municipal councils of Canada, the people of Canada, the government of the day and all members of this house to delegate to the cabinet not only the power to legislate but the power to delegate to other men and other boards, who have never been elected by the exercise of any franchise, power to abrogate statutes and make orders and regulations having the force of law. That is not democracy. I say that the time has come when parliament should not delegate any powers it has to men who have not been appointed to their positions by the democratic franchise. To me that is the important thing about this bill. It does not by any means limit, curtail or show any desire to stop the order in council government that has been so obnoxious to the Canadian people. Under the amended bill the powers are so general and so all-inclusive that I cannot conceive of anything being more all-embracing. Surely we in Canada, having beaten the totalitarian states, must work against totalitarianism within our own state. The people now desire to see a return to pre-war privileges, to peace-time prosperity and happiness, to the privileges of British and Canadian citizenship and freedom, to the use of their property without having the government take control of all property rights, without submitting its orders even to the members of the House of Commons until long after they have been passed.

The minister said that ample provision is made for these orders in council to be tabled in the house and for hon. members to pass upon them. I ask hon. gentlemen how practical it is to place a resolution on the order paper and have it discussed, with the government taking precedence for its business as it has for the last five years. How will that be worked out? I do not want to go through all the provisions of the bill in detail, but let us see when it may be terminated. Section 6 of the amended bill states:

> Subject as hereinafter provided, this act shall expire on the thirty-first day of December, one thousand nine hundred and forty-six, if parliament meets during November or December, one thousand nine hundred and forty-six—

The Prime Minister or the cabinet, who heretofore have not called parliament to meet to sanction their orders in council, are not likely to change their ways and call a meeting of parliament next November or December for the sole purpose of submitting to the members of the House of Commons the products of their imagination and those of their dollar-a-year men, unless they have a complete change of policy. But it goes on:

> —but if parliament does not so meet it shall expire on the fifteenth day after parliament first meets during the year one thousand nine hundred and forty-seven—

It does not say when it will meet, because it may be postponed until the next fall. We have been running a year late now in our parliamentary sessions, so that we do not know whether it will be called until November or December, 1948. The section continues:

> —provided that, if at any time while this act is in force, addresses are presented to the governor general by the Senate and House of Commons respectively, praying that this act should be continued in force for a further period, not in any case exceeding one year, from the time at which it would otherwise expire and the governor in council so orders, this act shall continue in force for that further period.

As the Minister of Agriculture has shown so well to-night, we can well imagine a continuation of order in council government without even the possibility of calling parliament to let members have an opportunity of seeing these matters, whether the government ever lets them come to a discussion or not. Under those circumstances we have to look at this bill, not as a declaration of the necessity of controls, but as a declaration by the cabinet of contempt for parliament, of contempt for the legislators, of contempt for democracy and of contempt for the people. I see nothing in it to indicate in any way any desire, hope, wish or possibility of returning to the democratic and freedom loving people of Canada privilege of having their elected representatives make and sustain their own laws.

Mr. DONALD FLEMING (Eglinton): Mr. Speaker, I think at this stage of the debate it is necessary to pause and take stock of this situation. We have had presented to us bill No. 15, the original bill, by which we had understood until a few moments ago that we were bound and circumscribed in this debate. Then, after certain significant events of recent days we have had held out an enticing bit of bait in the form of a revised bill. Notwithstanding what the Minister of Agriculture (Mr. Gardiner) said a few minutes ago, the bill before the house at the moment is the original bill No. 15 and when this house votes on the second reading it is voting for the second reading of the original bill. In the meantime the government is holding out a little bit beyond our grasp this bait in the form of a revised bill which cannot be put before this house until we are in committee of the whole. There is the issue before this house on the second reading of the original bill No.

15. What is the principle of that bill? I say that the principle of that bill is such that no self-respecting parliament in this month of December, 1945, could possibly consider it. There has been introduced a bit of window-dressing, a bit of bait, but parliament is faced with the stark reality of bill No. 15.

Since this bill was first introduced and since this debate first began a week ago last Friday, several mysteries about it have perhaps been cleared up. But one mystery has not been cleared up. The veil of secrecy still enshrouds the author of the bill. The hon. member for Lake Centre (Mr. Diefenbaker), in his masterly address in this chamber a week ago last Friday challenged the government to declare who was the author and draftsman of this bill. That challenge has not been met and secrecy still surrounds the authorship of the bill. But if one will look for a moment at the substitute bill which is being dangled just out of the grasp of this chamber, he will perhaps see a familiar hand in the authorship and draftsmanship, a hand which apparently was not present in this country when the original bill No. 15 was drafted.

Let us face certain simple facts which I fear have been lost sight of somewhat, certainly in the speech to-night by the Minister of Agriculture. In passing, I wish to pay the Minister of Agriculture a compliment. When the government get deep into a hole they always call upon the Minister of Agriculture to pull them out. We need no further proof of the fact that in this debate the government are in a hole, a deep hole, than the fact that they have called upon the Minister of Agriculture to come to the rescue.

It has been said that the constitutional position is such that in a time of national peril the authority to enact extraordinary measures to meet extraordinary situations is vested in the governor in council. Of course that is absolute nonsense. All that the privy council has ever said is that in times of great national emergency, where the whole nation is in dire peril, the classes of subjects enumerated in sections 91 and 92 of the British North America Act take on new aspects. Under the peace, order and good government clause extraordinary powers are vested, not in the governor in council but in parliament, to take the measures required to meet such situations.

Those powers rest, not in the governor in council but in the members of parliament, the elected representatives of the people. Are we to discharge our responsibility at this time by saying, "Well, we are content to go on and adopt what the nineteenth parliament did in time of war, even though we have now come to a time of peace." That is the responsibility which faces this house at the present time.

Section 5 of this bill means this: The government is seeking to get out from under its responsibility, the responsibility for that teeming mass of orders in council and treasury minutes which now number close to 100,000. The government is asking this parliament to adopt a whole mass of orders in council and treasury minutes, in many cases sight unseen. Are we, the twentieth parliament, elected in a time of peace, elected to restore parliament to its proper function, prepared now to abdicate so completely that we not only transfer to the governor in council the powers that we possess but assume the whole load of responsibility for everything the government has done by order in council, by regulation and by treasury minute since the War Measures Act came into effect in September, 1939?

Can any self-respecting parliament in December, 1945, take on that responsibility? I say it cannot.

In the three months that I have sat in this chamber I have been impressed with the care which has been exercised on many occasions in scrutinizing the particular form of the legislation placed before the house and the committees. That is most commendable; that is parliament doing its duty. It should scrutinize every letter and word placed before it in the form of bills and resolutions. But what does this government ask of us? It asks that without so much as seeing the contents of many of these orders in council we simply adopt them and take full responsibility for them. In time to come, when we find out what we have done in our folly they will say to us, "Oh, that is not our act, you took that over; you took the responsibility and it is your responsibility, the responsibility of the twentieth parliament of Canada."

There is no escape from that position. Does the new bill make any improvement in that respect? It does not. Look at section 2, subsection 1 (e) and section 4 of this bill, and you will see that the position under the new bill is precisely the same as the position under the original bill. Parliament is asked to accept all responsibility for what has been going on in this country since September, 1939, by order in council, by government regulation and by treasury minute. I see no improvement in the new bill in that regard.

I say further that the effect of section 3 of the bill is that parliament abdicates, and abdicates completely, its functions. It does not matter apparently that peace has come. No; the war complex still remains with the

government because with the war goes power, and that is the complex of the government which has conceived and presented this bill to parliament.

Let no one be misled by the provision requiring tabling of the orders in council. The old bill, by section 3, subsection 4, provided for the tabling of orders in council as soon as might be. Section 4 of the new bill expands that provision to some extent. But what is the situation in fact? Suppose the orders in council are tabled—not the old orders in council because there is no obligation on the government under either of these bills that the governor in council shall table the old orders in council. Not one of those orders does the governor in council have to table, only orders passed in the future. Then the government tells you that if parliament does not like these orders, parliament can annul them; but what is involved in that? It means that a private member's resolution must be presented and carried through both houses of parliament. If there is one thing that all the new members of parliament have learned it is this, that private members' resolutions have no hope whatever of getting to a vote. How many private members' resolutions have come to a vote this session, although we spent many days and evenings in discussing them? Only one, and that because it apparently happened to suit the government. There is no safeguard whatsoever of the rights of parliament in that provision.

Some hon. members on the other side of the house speak as though this were the only legislature in the land. It is a convenient view for the government to take. As a matter of fact, if the government goes on pursuing the course which it has pursued since September, 1939, this parliament will become in fact the only legislature in Canada, because the rights of the provincial legislatures have been constantly trampled and trespassed upon by this government without regard to the rights of the provinces. There has been no indication whatever of a change of heart or a repentant attitude on the part of the government in this regard, and so we can go on expecting the same disregard of provincial rights. Our system of government is not a unitary system but a federal system. We have legislatures which are capable of assuming responsibility for property and civil rights in the provinces, and this government is not required to adopt extraordinary measures to meet problems which can be coped with by legislatures acting within the scope of their constitutional powers.

In the impassioned contribution which was made to this debate this evening by the Minister of Agriculture, he put a glowing picture before us. I am paraphrasing the gist of his remarks. It may be, he said, that this bill gives the government extraordinary powers but, after all, you can trust us because we are not the kind of people to use extraordinary powers in an arbitrary way. Look at us, he said; we won the war.

I say, Mr. Speaker, that the government did not win the war. The boys who fought on the battlefields, the labourers working in the factories and munition plants, the farmers toiling in the fields, the people of Canada won the war. The government takes a great deal of credit for winning the war, credit which is not theirs.

Let us see what we can expect from this government. Can one find a better test of what one might expect in the exercise of the extraordinary powers the government is asking parliament to confer than to look at what the government has been doing under the powers conferred upon it by the War Measures Act? We do not need to go back very far, not farther than the 6th of September, 1945. What has been happening while parliament has been in session? I do not need to weary the house by an enumeration of the occasions upon which the government denied parliament essential information for which it asked. It became monotonous, these denials of information which parliament sought. We remember what happened about the Canadian information service. The government at one fell swoop, while parliament was in session, without consulting it at all, did away with the wartime information board and by order in council placed the appropriations which parliament had provided for the wartime information board at the disposal of the government's new creation, the Canadian information service, and when we asked for the minutes to be tabled we were told: "Oh, no; that is a privileged document. We cannot trust parliament with that information. Only the government is capable of treating that information as it ought to be treated."

The last hon. member who spoke in this debate spoke truly when he said that this government has treated parliament with contempt. I go farther and say that it has treated parliament with studied contempt.

I refer to the situation with regard to appropriations. As long as government by order in council continues, parliament will be asked to vote blindly tremendous sums of money to be expended in any way the governor in council sees fit, without any effective restraint, restriction or control by parliament. We have put hundreds of millions of dollars at the disposal of the governor in council.

Have we had any proper accounting? Hon. members know that the money was spent before we were ever asked to vote it. You know, Mr. Speaker, that we were not offered any details of the items of expenditure in the estimates. Frequently they were brought in with apologies. Are we to continue that situation in time of peace? It would be an abdication of the functions of parliament, and I say that no self-respecting parliament dare do such a thing.

We know perfectly well that as long as this bureaucratic system continues, the power is not exercised by hon. gentlemen sitting on the treasury benches opposite but by controllers, administering policies that daily affect the lives of all our people. Very often when we wanted to know what great policies were in the making we had to wait for some public pronouncement by one of these bureaucrats. We did not get it from the government; we did not get it in parliament. We had to wait until the bureaucrats announced it publicly.

Is that democracy? Never. In this new bill we have the very same thing. The governor in council may continue to legislate by order in council while parliament is still in session. That alone is enough to condemn the bill. Let every hon. member understand that if he votes for the second reading he is voting in support of legislation to provide that the governor in council may continue to legislate by order in council even while the representatives of the people are assembled in session in parliament.

The situation would not have been so bad as it is if, along with the power which the government has enjoyed, there had been a proper appreciation of and a rising to its responsibilities, but we have had a deplorable situation revealed in this house. Although all aspects of labour relations were vested in the federal government under the extraordinary powers conferred by the War Measures Act, when the Ford strike took place at Windsor the members of the house asked what this government was going to do about it, and the Minister of Labour (Mr. Mitchell) rose in his place and said in effect: We wash our hands of this; it is not a matter for us because the responsibility rests on the provincial government. Although this government had deprived the provincial governments of jurisdiction in these matters, this government said that the responsibility still rested on the provinces even though the power was vested in the dominion. I say that was a denial of this government's responsibility even while they possessed the power.

We have not been offered in this debate what every member had a right to expect, and that was an undertaking by the government when they brought in this bill that they would bring in at the same time a programme for the demobilization of the bureaucracy with which this country has become enmeshed. We have not had laid before us a properly integrated or comprehensive programme of demobilization of controls. They have not told us what, if any, objectives they are aiming at in connection with doing away with these war-time controls. No; we have waited in vain for that, and apparently we are not to be told. Are we told that there is any hope of easing the pressure of ceilings on wages and salaries? No; we have not been told that. Has there been any indication of any attempt on the part of the government to eliminate the inequalities which have existed with respect to wages, where people engaged in civilian production have not been paid on a scale commensurate with that paid to people engaged in war-time production? No; there has been no word of that. Has any hope at all been held out for the salaried workers, the white-collared people upon whom these controls have rested so oppressively during the war? No. There is not one ray of hope in anything which has fallen from the mouth of a member of the government during this debate—not one word. It is an amazing exhibition of bankruptcy of policy and lack of vision on the part of this government.

Some hon. MEMBERS: Oh, oh.

Mr. FLEMING: Hon. members opposite can treat this as a matter for laughter and levity. I tell you, Mr. Speaker, that it is not so regarded by the people of this country who elected us to sit in this house.

Mr. MACKENZIE: They elected us too.

Mr. FLEMING: They expected something higher and better from us than to treat this issue with levity.

What is the significance of this bill? I have said that there is in section 3 a complete abdication by parliament. That is what is involved. We may prate about the supremacy of parliament; but if this bill passes, the so-called supremacy of parliament becomes nothing but a snare and a delusion, a shell and a sham. Parliament is invited by this measure to turn its supremacy into a sham, because real power will rest not with parliament but with the governor in council, and it will be based on the abdication by parliament of its proper constitutional function.

Something like three hundred years ago a man strode into the parliament hall at West-

minster and, pointing to the mace which rested on the table, said, "Take away that bauble." The government of the day is not saying to this parliament, "Take away that bauble", but, "Hand that bauble over to us." we might as well see in fact that mace preceding a procession to the executive council chamber, because that is where the effective legislative power of this country will rest if bill No. 15 is passed.

I said something about judging this government on its recent record. We do not need to go back very far to find enough wherewith to answer the question, "Can the leopard change its spots?" with an emphatic "no". I refer back to the twelfth day of November, when the then Acting Prime Minister dropped on this chamber an atomic bomb. His statement, which is to be found on page 2020 of *Hansard,* is unquestionably the most amazing which we shall have in this session. I daresay it will be many a year, and many a parliament will come and go in this country, before a more remarkable, a more astounding statement will be made in this chamber, certainly by a minister of the crown. There are two or three sentences of it which ought to be impressed by now indelibly on the minds of hon. members. The Acting Prime Minister said this:

> There is danger that the House of Commons may be losing sight of its real functions, which are to vote supply, to control expenditure and to enact legislation.

Look at those three things: vote supply, control expenditure, enact legislation. Compare them with this bill, and what do we see? Voting of supply? Yes; voting in the dark. Certainly we can go on voting money in the dark. That is the situation to-day. Second, to control expenditure. Seriously, Mr. Speaker, what effective control over expenditure exists so long as government by order in council can be continued, so long as they can go on spending the money in advance and come back to parliament later and ask parliament to vote the money, not to vote it according to proper estimates, but to vote it in the dark. "Trust the government"! Is parliament prepared to trust the government to the extent that it is ready to abdicate? I hope not. The third function is to enact legislation; and we as a parliament are asked now to abdicate in favour of the governor in council this last of our remaining powers and responsibilities, the enactment of legislation. Yes; turn all these functions over to the government. And to a government with what conception of its relationship and responsibility to parliament? A government which measures its responsibility in these terms: *Hansard,* page 2020:

> The authority of the government is not delegated by the House of Commons; the authority of the government is received from the crown.

I want to put alongside of that amazing statement a more orthodox statement. It is this:

> It is impossible to imagine that the people of Canada will consent to pay the enormous sums which they are being called upon to provide by way of taxation . . . and will sit silent under the government's refusal to give them any information as to how their money has been spent.

That is the exact situation we have to-day, where we are not given information to which we are entitled. These last words I have quoted are those of the right hon. gentleman who is now Prime Minister of this country; they were uttered in this house in 1921, and reported in *Hansard* of that year, at page 1292.

What has already happened as a result of the introduction of this bill? I say to you, Mr. Speaker, that the whole cause of interprovincial cooperation, of cooperation between the dominion and the provinces, of constitutional reform, has been set back a long distance by the introduction of this bill, which plainly shows the hand of the government. It is a good thing that the provincial premiers met last week while parliament still had this bill before it. You know what happened. The voice of the provincial governments was heard speaking emphatically and unanimously in demanding that this bill be withdrawn, because inherent in it is the denial of the constitutional rights of the provinces. If this parliament should pass this bill it will have gone a long way toward rewriting the British North America Act to the infinite disadvantage of the provincial legislatures.

Another result which has followed the introduction of this bill in the house has been the most widespread expression of an outraged public opinion. That is one reason why the government to-day is holding out that bait in the form of a revised bill, which still is just beyond the grasp of parliament. I say to you that we are witnessing, in the step which the government has taken this week in dangling this new bill before us, an abject, even if a strategic, retreat on their part. There has been no more complete vindication of the stand of an opposition at any time in the history of this land than has been seen in the vindication of the stand of the opposition on this bill since its attitude was shown in this chamber a week ago last Friday. We have seen the most widespread expressions of con-

demnation from all sections of the Canadian public, a denunciation of the arbitrary measures and arbitrary intent on the part of this government; and if I may say so, I feel sorry for hon. members opposite, who were put in the humiliating position of having to choose between support of the government and the course which they know they ought to follow on this bill; that is, the putting aside of arbitrary measures.

Many hon. members opposite have taken a firm public stand on many an occasion against any trespass upon the rights of the provincial legislatures. But here, without so much as consulting the provincial legislatures, the government has undertaken to trample upon and ride roughshod over the sacred constitutional rights of these legislatures. It is interesting to note that the public has rebuked the government. It is not only the opposition that has rebuked the government but the public. The provincial premiers have rebuked the government, and now the government appears to be accepting the rebuke. At least it would have us think so.

Let the government learn its lesson out of this: That this parliament has no intention of abdicating its functions in favour of an arbitrary government. Look at these bills. Time does not permit an exhaustive analysis, but I say that every power the government sought under the original bill it has under the new bill, and those vaunted safeguards that the Minister of Agriculture boasted about to-night do not amount to a snap of the fingers. Those safeguards are a sham. They are a snare and a delusion.

I said at the outset that we have to face the question whether in this approaching vote we as a House of Commons will give support to the principle of the bill. The principal of the bill is the abdication of the functions of parliament in favour of a cabinet which shows it does not regard itself as responsible to parliament. That is the principle of the bill. The principle of the bill is the right to go on legislating by order in council while parliament is in session, the right to prevent parliament from having any effective means of bringing those orders in council under review even when we are called into session. Here we are told that the emergency is so great that we cannot wait until the next session of parliament, a scant two and a half months away, and that the government must have all these powers they had under the War Measures Act, and the powers sought under the original bill No. 15. The government has shown its hand, a greedy hand, reaching out for power. The complex that has dominated this government in time of war dominates it to-day. That is the principle of the bill and there is no escape from it.

Is parliament going to permit itself to be reduced to a rubber stamp? I offer this quotation to the house, and I give it as precisely fitting the situation that is facing this country to-day.

> . . . the government has proceeded, in practically everything it has done, as if it were an executive wholly independent of the House of Commons, rather than an executive which derives its powers from and is responsible to the House of Commons. Indeed, the House of Commons has come to be, in the phrase used by the Prime Minister himself not so long ago, a sort of rubber stamp for what the ministry may choose to do, regardless of how its own wishes and desires may be expressed, and regardless of how much those wishes and desires may represent the wishes and desires of the people at large.

That quotation is taken from a speech delivered in this house by the present Prime Minister and is to be found in *Hansard* of 1934, at page 42.

If the government really meant to show a change of heart in that phantom bill which is not before us yet officially, but which is dangled before us, what course would they have followed? Certainly not the course they have actually followed. The course they would have followed, the manly course, would have been to come to the house and say, "We wish to withdraw this bill; we made a blunder, we frankly confess it; we know we have outraged public opinion and are in the wrong and therefore we wish to withdraw this bill and introduce a new one." That is what they ought to have done but it is what they did not do. They would have brought before us a comprehensive programme for the demobilization of this bureaucracy that oppresses us. They would have shown us the objects at which they should be aiming and toward which they should be bending every effort. But they did not do that. They had not the courage to do it.

An hon. MEMBER: Don't get mad.

Mr. FLEMING: I do not get mad, Mr. Speaker, but I believe in calling a spade a spade, and I denounce the lack of courage shown by the government when they did not withdraw bill No. 15 and bring in whatever modest measure may be required to meet the admitted exigencies of the situation. We know we have to have some measure of price control; no one has denied that. But we wish to see that measure couched in terms no wider than are necessary and commensurate with the needs of the moment. We wish to see what the objective of the govern-

ment is; what it aims at, so that it can give the promise of restoration of constitutional equilibrium in this country in terms of the British North America Act.

The record of this government in the debate has been a record of retreat, surrender, confusion and confession. In the face of that, no self-respecting parliament could support the principle of the bill.

Mr. M. J. COLDWELL (Rosetown-Biggar): When this bill was originally introduced we saw some of the objectionable features of it, and we followed, I think, the course that should have been followed by any critics of the bill. We appointed a committee to look into the bill and suggest certain amendments to it which we thought might bring it more into line with what was required, with the result that the hon. member for Kindersley, a week ago last Friday, presented to the house amendments which we thought would make the bill more acceptable to the house and the country. I am very glad to note that in the amendments to the bill which the government have now brought down, most of these objections have been met and most of the amendments have been accepted by the government.

I suggest that we have to consider a bill of this description from the point of view of what one would do if one were in power and faced with the situation that now confronts the country. I have no sympathy with those who stand up and denounce the powers which a bill gives to a government when on occasion, from time to time, the party that makes these criticisms has adopted similar measures under certain circumstances. I have before me at the moment a bill that was assented to on August 3, 1931, when the Conservatives were in power, and I would remind hon. gentlemen to my right of what that bill contains.

Mr. MACKENZIE: Lest we forget.

Mr. COLDWELL: Let us look at it:

Whereas it is in the national interest that parliament should support and supplement the relief measures of the provinces and other bodies in such ways as the governor in council may deem expedient—

Not as this parliament may deem expedient but as the governor in council may deem expedient.

—and for that purpose should vest in the governor in council the powers necessary to insure the speedy and unhampered prosecution of all relief measures and the maintenance of peace, order and good government in Canada.

Mr. ROSS (Souris): What was the stand of the official opposition at that time?

[Mr. Fleming.]

Mr. COLDWELL: Just a moment. Nothing more comprehensive has ever been introduced in this house than an act of parliament which was passed by the government of my hon. friends to the right. The way I am inclined to look at this measure to-night, is, what do we need to cope with the situation with which we are confronted in this country? I cannot understand the official opposition speaking at this time of getting rid of controls and telling us in the next breath that we need controls, as the last speaker has said, in order to see that the people of Canada who have to rent homes are not victimized in the renting of those homes, in order to see that the people who need clothing and food are not victimized by interests who would victimize them in the prices of those products if there were no controls.

I think the government is ill-advised and wrong in bringing down the amendments as they have been brought down. It would have been far better from the point of view of every hon. member who has to cast a vote if the government had withdrawn the original bill and brought down the bill which is now actually before us in the form of amendments to the original bill. It makes it difficult for hon. members to vote for the principle, which we believe is sound at this time, that the government must have power to do those things which are in the interest of the people of Canada and will protect them. I would prefer to have seen a new bill brought in, but when we cast a vote on this bill now before us we shall cast a vote for the principle, the principle being that in the circumstances which now exist this parliament must give to the government the right to exercise certain controls in the public interest. If the government exceeds that power, then this house must discipline the government.

An hon. MEMBER: It is then too late.

Mr. COLDWELL: Too late, we are told. My hon. friends well know that in three months this parliament will meet again. Let me say that the composition of this house is such to-day that if the government exceeds its power and adopts measures or institutes orders in council which are not in the interests of the people of Canada, public opinion alone will see to it that a sufficient number of members vote that government out of office.

Mr. ROSS (Souris): They have not done so yet.

Mr. COCKERAM: It has not been done yet.

Mr. COLDWELL: We are in a position to-day that we were not in in previous parliaments where the government had an overwhelming majority. To-day the government has to pay attention to the state of public opinion as represented on all sides of this house.

Mr. ROSS (Souris): They pay more attention to the whip than to the public.

Mr. COLDWELL: We are told now that they pay more attention to the whip than to the public.

Mr. COCKERAM: They do.

Mr. COLDWELL: That may be so; but let me point out, as the interjection came from this side of the house, that there was a time when my hon. friends who are interrupting paid attention to the will of one man in this country and placed Canada under as firm a dictatorship as this country was ever under or likely to be under. Peace, order and good government! Let me remind my hon. friends—

Mr. POULIOT: The governor in council was then R. B. alone.

Mr. MACKENZIE: The leopard does not change his spots.

Mr. ROSS (Souris): Neither do you.

Mr. COLDWELL: Let me remind my hon. friends that that was used not only to give assistance to the provinces in providing relief, but in using the mounted police of this country in cities, where they had no right to enter without direct instructions from the provincial governments, to cause conditions in those cities which I think everyone who lives in them regrets to-day. I am thinking of Regina on July 1, 1935, when the boys who were asking for bread were fed tear-gas bombs. I know something about these things, and I am going to remind the house of them to-night.

Let us take another look at this act, which reads as follows:

> This Act may be cited as the Unemployment and Farm Relief Act, 1931.
>
> There may be paid out of the consolidated revenue fund such moneys as the governor in council in his discretion may deem expedient to expend for relieving distress, providing employment, and maintaining within the competence of parliament peace, order and good government throughout Canada.

The widest possible powers which could be conferred by parliament upon any government were conferred by this act to which I am giving some attention; and then without—

Mr. MITCHELL: Was that not after the statement: "I will cure unemployment or perish in the attempt!"

Mr. COCKERAM: Was it at the time of "not a cent to Ontario"?

Mr. ROSS (Souris): "Not a five-cent piece".

Mr. COLDWELL: Section 3 reads:

> Without restricting the generality of the terms of the next preceding section hereof, and notwithstanding the provisions of any statute or law, the governor in council may . . .

There is no stronger language contained in any measure which was ever adopted by any parliament than what is contained in this particular measure.

Mr. ABBOTT: Shocking!

Mr. COLDWELL: I repeat:

> Notwithstanding the provisions of any statute or law, the governor in council may—

An hon. MEMBER: Do what?

Mr. COLDWELL: Do a number of things.

> —provide for the construction, extension or improvement of public works, buildings, undertakings, railways, highways, subways, bridges and canals, harbours and wharves, and any other works and undertakings of any nature or kind whatsoever.

Mr. FLEMING: Build public works.

Mr. JACKMAN: To help unemployment.

Mr. COCKERAM: He does not believe in helping unemployment.

Mr. COLDWELL: My hon. friends do not like this. I am reminding them of this because I am a little bit tired of this debate. I think any party in this house that rises to criticize should not be guilty of doing the thing it criticizes. Any party that rises in this house—

Mr. JACKMAN: What are you doing now?

Mr. COLDWELL: —to suggest anything ought to ask itself this question: What would we do if we were in a similar position to that of the government and had to ask for powers to do things?

Mr. COCKERAM: We know what your party would do.

Mr. COLDWELL: I have no hesitation in saying that if my hon. friends were in power—

An hon. MEMBER: Heaven forbid.

Mr. COLDWELL: Yes, heaven forbid.

Mr. ROSS (Souris): Take him over with you and put him to work.

Mr. COLDWELL: If my hon. friends were in power they would probably use the language of this act to which I have referred, which indicates—

Mr. COCKERAM: You would do worse.

Mr. COLDWELL: —that they could do anything regardless of any statute whatsoever, and I say that if we were in power at this time—

An hon. MEMBER: Heaven forbid.

Mr. COLDWELL: All right. We would have to do what every other government in the British commonwealth of nations has done in similar circumstances, namely, to ask for the power to meet a situation which has arisen. I am not forgetting when I am speaking to-night that a government with which I sympathize very deeply, the British labour government, has had to extend its powers for five years in order to do the things which are necessary to be done in Great Britain.

An hon. MEMBER: We will do it in one year.

Mr. COLDWELL: I am not objecting to the principle of this bill. I do not like the language of the bill which was introduced. I do not like some of the powers that were implied in that bill, and as I say, I am sorry that the bill is now before us and that we have amendments instead of a new bill. But let us face this situation squarely. We are faced with a test of our democratic institutions. To my mind, democracy involves self-discipline. And if in a democracy it is essential in the public interest that powers shall be granted to a government in office temporarily to do things in the interests of that democracy, then that power must be given to that government to do the things which are required.

As far as this debate is concerned, we hear about voting supply, controlling expenditure, and so on. This parliament must vote supply and must control expenditure; we agree with that. But the government under this bill is not asking for the blank cheque that my hon. friends received in 1931. Therefore I say that while we support the principle of the bill, we propose to do this. We made our position clear, and I believe the government paid some attention to the speech of the hon. member for Kindersley (Mr. Jaenicke) who placed our point of view before the house, because we find incorporated in the amendments which have been brought down much of the point of view which was expressed on our behalf. But when this bill gets into committee, if the critics are honest in what they are doing they will have an opportunity to deal with it clause by clause and to attempt to amend it in such a way, if the powers are too wide, as to restrict the government in those powers. That is the proper thing to do. When I listen to the speeches and hear support for the principle of the control of prices, of rent, and so on, and then hear a denunciation of this bill; when I hear, as I did a few minutes ago, a wholesale denunciation of the bill and the new amendments, and then in the next breath a statement to the effect that the government had surrendered to the house and to public opinion, it seemed to me that if the amendments constituted a surrender to the criticism of this house and of the country, then surely to that extent the opposition has won its point in criticizing the bill. You cannot have it both ways. You cannot argue that the bill is as bad as ever it was, and in the next breath say that the government has surrendered to the criticism of the house and the country.

Therefore, as far as we are concerned we believe the principle of the bill granting powers that may be necessary is a principle which this house should support at this time and under these circumstances. We believe it is the duty of those of us who may think the new amendments are inadequate to make up the sort of measure we require to attempt to amend the provisions of the bill so that they meet with approval to a much greater extent than may be the case at the moment. Under those circumstances, Mr. Speaker, when the vote is called we propose to vote for the principle of the bill.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, I have listened to two very fine election speeches to-night, taking us back over a considerable portion of the history of this country. It is not necessary to say whose they were; I think hon. members will know to whom I am referring. Before I proceed to address myself to the principle of this bill, I should like to correct what I feel was one error in the very fine address delivered by the hon. gentleman who is my deskmate, the hon. member for Eglinton (Mr. Fleming).

Some hon. MEMBERS: One error?

Mr. FULTON: My hon. friend said that when the government is in difficulty it always calls upon the Minister of Agriculture (Mr. Gardiner) to pull it out. I am not quite certain he was absolutely correct, or perhaps I should say he did not tell the whole story, because sometimes they seem to call upon the leader of the C.C.F. party (Mr. Coldwell) for the same purpose.

Mr. COLDWELL: I rise to a question of privilege. At no time has the government called on the leader of the C.C.F. to do anything for it. The leader of the C.C.F. speaks for himself and his group when he speaks.

Mr. SPEAKER: Order. I should like to direct the attention of some hon. members to standing order 12, which requires hon. members not to interrupt any hon. gentleman who has the floor, without his permission. They will see that it is the duty of the Speaker to maintain order and decorum in the house, and also to preserve freedom of speech.

Mr. FULTON: If I may be permitted to say so, Mr. Speaker, I agree entirely with what you have said, but I hope we shall not depart too much from the freedom of exchange and discussion which is characterizing the debate at the moment. Possibly the leader of the C.C.F. party was not called upon by the government, but hon. members cannot fail to have remarked how, on measures of this sort, the government and the C.C.F., by accident as it were, seem to find themselves almost at one. It is notable that the applause from the government benches was rather louder than the applause from the C.C.F. party itself. Perhaps it is not going too far to suggest that some slight reason for that was that this is a bill which seeks to introduce the principle of control into this country, and there is no bill which would be more welcome to hon. members who sit to my left.

We have heard criticism, or what purported to be criticism, of this party based upon something that took place in 1931, fourteen years ago.

Mr. ABBOTT: Before your time.

Mr. FULTON: That is the point, and I entirely agree; before my time and before the time of a good many of us here in this house. I am surprised to find that my friends of the C.C.F., which claims to be a new party, should have such a very long memory for certain things which are past history. As I was saying, the criticism was directed toward something that took place in 1931, when a measure of control was sought to be introduced into this country under new circumstances, when we had a depression such as the world has never seen before.

That brings up the question of the attitude of this group, and I am talking of the group that is in this house to-day. The Progressive Conservative party in this house represents the Progressive Conservative party in Canada to-day and I should like to define to some extent our stand on this matter of control. It has been said several times in this house that we agree that a certain amount of control is necessary for the orderly transition from war-time to peace-time conditions. That was said by the hon. member for Lake Centre (Mr. Diefenbaker) when the war expenditures appropriation came up at the beginning of the session. It was said by myself on that occasion. It has been said in the past—not in the dim and distant past but in the spring of this year—by the leader of this party. It was said again a week ago last Friday by the hon. member for Lake Centre. That is our position, and we have no hesitation in avowing it. We realize that a certain measure of control is necessary for the orderly transition from war-time to peace-time economy. That, then, is what we believe with regard to the principle of control; that only a limited control is necessary, and that it should be maintained only for the period of the emergency. There is no inconsistency as between our belief and our stand on this bill.

While we believe in the principle of that limited control for that limited period, we also believe in those principles of our constitution which guarantee to the subject his full liberty and the preservation of his initiative and enterprise. Because we believe in the principles of our constitution; because we believe that this bill infringes those principles; because it infringes the liberty of the subject in an unwarranted and unjustified and unnecessary manner, we oppose this bill.

This bill should have been a new one, not, as the hon. member for Eglinton has said, a sort of bait dangled just out of our reach. I am glad to find that the leader of the C.C.F. is in agreement on that point. I do not just know where we stand here, whether this is a new draft of a proposed bill or whether we should be discussing the original bill. However, let us say that we are considering the new bill which will be submitted when we get into committee. It still goes too far. It attempts to grant powers which are unnecessary to cope with the emergency, but chiefly it is objectionable because it seeks to grant in the transitional peace-time period powers which were sought and used for war purposes. That is what we object to. We have it from the government's own statement that the powers which they needed during the war are not necessary in peace. They cannot understand why we criticize them for seeking to extend those powers.

In this connection I should like to refer to the speech made in this house this evening by the Minister of Agriculture (Mr. Gardiner). While the minister was making his speech, I could not help thinking that he

should have been a lawyer, and I was not surprised to hear him say during the course of his remarks that at one time he had studied for the law. At the commencement of his remarks he outlined his absolute detestation of controls; he said that he could not get rid of them too quickly, and then we heard him say in his speech that he was a pretty good controller. As I listened to him announce his detestation of controls, I was reminded of a story which attaches to a famous lawyer.

When confronted with a troublesome piece of evidence a friend said to this lawyer, "You cannot use that piece of evidence on appeal because it will destroy your case if you mention it." This famous lawyer replied, "No; that will not be any trouble. I will read the evidence through once; I will repeat it again with comments on each sentence; I will repeat it again the third time and contrast it with the evidence on the other side. Then, when my learned friend gets up to deal with his case the court will say to him, 'Oh, we have heard enough about that; we cannot be bothered to go into it.'" As the minister dealt with the extent of his detestation of control, I could not avoid being reminded of that story.

Hon. members will recall that not much later in his speech the minister proceeded to tell us just how much had been accomplished by controls, just how good the controls were and how good he was as a controller. He told us of the avalanche of hogs he had finally sent over to England, or something like that. There is really no doubt as to the attitude of mind of the ministers who sit on the government benches. They like controls. They have done what they regard as a good job by means of controls and they are reluctant to part with them now in time of peace.

We detest controls as much as the minister. What we are saying in effect is that we think the controls can be got rid of a great deal faster than they are being. But the government is asking for war-time controls and a further extension of them. If controls are inherently bad, there should be no objection when we criticize this bill. The government should have gone farther; they should have thrown out the old bill and brought in a new bill so that we would not have been presented with this sort of strip-tease bill, half undressed and half clothed and then when we are just going to grasp it, it is suddenly fully clothed in its old garments—it is the old bill.

One further point before I come to the actual subject-matter of the principle of this bill. The Minister of Agriculture read the

[Mr. Fulton.]

preamble of the new bill, so that I assume I shall be forgiven if I deal briefly with that preamble. He said that it was very certain and very specific. I will not argue that point; I will accept his words on it. Referring to the measures taken under the War Measures Act, the preamble says:

> And whereas in the existing circumstances it is essential that certain acts and things done and authorized and certain orders and regulations made under the War Measures Act be continued in force . . .

That is the preamble. We are told that it is only those acts and measures which are necessary for limited control that will be continued over the transitional period, but when we come to section 4 of the new bill we find:

> The orders and regulations made under the War Measures Act or pursuant to authority created under the said act in force immediately before the day this act comes into force shall, while this act is in force, continue in full force and effect . . .

Everything that was done under the War Measures Act is being continued under the provisions of this bill. We find that this burlesque, this strip-tease show is resolving itself into a simple farce and illusion and we are back again dealing with the original bill No. 15.

On motion of Mr. Fulton the debate was adjourned.

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

Wednesday, December 5, 1945.

The house met at eleven o'clock.

REPORT OF COMMITTEE

Second and final report of joint committee of the Senate and House of Commons on a suitable design for a distinctive national flag. —Mr. Harris (Grey-Bruce).

PRIVATE BILLS

SUSPENSION OF STANDING ORDER 105

Mr. RALPH MAYBANK (Winnipeg South Centre) moved:

> That for the remainder of the session standing order 105 respecting the posting of private bills be suspended.

Motion agreed to.

FIRST AND SECOND READINGS—SENATE BILLS

Mr. RALPH MAYBANK (Winnipeg South Centre) moved that the following bills from the senate be now read a first and second time:

Bill No. 219, for the relief of Emile Bastien.

Bill No. 220, for the relief of Cecilia Kate Burrows Andrea.

Bill No. 221, for the relief of Helen Eaton Gair Curnew.

Bill No. 222, for the relief of Jack Bailey.

Bill No. 223, for the relief of Winnifred Pearl Simcox.

Bill No. 224, for the relief of Robert Dickerson Silverman.

Bil No. 225, for the relief of Mary Arden Stead Eberts.

Bill No. 226, for the relief of Omer Guindon.

Bill No. 227, for the relief of Leona Mary Murphy de Marky.

Bill No. 228, for the relief of John Robert Mackenzie.

Bill No. 229, for the relief of Gertrude Silverson Holmes.

Bill No. 230, for the relief of Herbert Lawrence Loucks.

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

Some hon. MEMBERS: On division.

Motion agreed to and bills read a first and second time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

DORVAL AIRPORT—EMPLOYMENT OF UNITED STATES NATIONALS

Mr. BROOKS:

1. How many United States nationals are employed at Dorval airport, Montreal, by the R.A.F.T.C. in the capacity of pilot?
2. What is their salary per month?
3. What action has been taken by the government to replace United States nationals with Canadian R.C.A.F. pilots capable of doing this work?

Mr. McILRAITH: Mr. Speaker, it will be noticed that this question asks how many United States nationals are employed at Dorval airport, Montreal, by the R.A.F.T.C. in the capacity of pilot. This question has to do with the British Air Ministry. The Canadian government therefore has no way of answering it.

ELECTRIC ENERGY—FEDERAL TAXES, MONTREAL AREA

Mr. BLACK (Cumberland):

1. What was the total federal taxes for electric energy paid by utilities and their customers in the Montreal area for each fiscal year from April 1, 1939, to December 1, 1945?
2. What was the total electric energy distributed during such years?

Mr. McCANN (On behalf of the Department of National Revenue):

1. No information.
2. No information.

ANTI-SEASICK SERUM

Mr. COLDWELL:

1. Have any steps been taken to place the anti-seasick serum developed by the Canadian Navy on the public market?
2. If so, in what manner will this be done?
3. If not, why not?

Mr. McILRAITH:

1. The seasickness remedy was made for the navy by a commercial firm according to a formula accepted by the Department of National Defence (Naval Service). Further research indicates that a change in the formula may produce a more satisfactory remedy and the research group in charge has recommended that this work be completed before the product is released for sale to the general public.
2. Answered by No. 1.
3. Answered by No. 1.

ARMOUR HEIGHTS, TORONTO, R.C.A.F. STAFF COLLEGE

Mr. HAZEN:

1. Were the premises of the R.C.A.F. staff college at Armour Heights, Toronnto, offered for sale to the government?
2. If so, at what price?
3. Was the offer accepted or refused?
4. What orders in council if any, have been passed for the expropriation or purchase of the property?

Mr. GIBSON (Hamilton West):

1. Yes.
2. $100,000.
3. Accepted.
4. P.C. 6795 dated November 15, 1945.

FAMILY ALLOWANCES

Mr. LACOMBE:

1. Has the government received any complaints concerning delays in the payment of family allowances?
2. If so, what steps are being taken to avoid such delays in the future?

Mr. CLAXTON:

1 and 2. In a number of cases, as would be expected in a mass operation involving 1,400,000 applications, delay has resulted in

issuing the first family allowance cheque. These delays have in part been caused by the fact that many forms were incorrectly or incompletely filled out and had to be returned to the applicants for revision. Shortage of space, trained staff and equipment have now been largely overcome. In cases of such delay payment is retroactive.

MOBILIZATION SURVEY

Mr. ZAPLITNY:

1. Is the federal government employing any persons in connection with the mobilization survey?

2. If so, what work are they doing?

3. What salaries are they receiving?

Mr. MITCHELL:

1. No.

2 and 3. Answered by No. 1.

PRODUCTION OF UNDERWEAR

Mr. HANSELL:

1. How many suits of underwear, (a) men's; (b) ladies'; (c) children, have been produced in Canada during, (1) 1943; (2) 1945, as far as the records show?

2. How much of each year's production of this underwear was used by, (a) the armed forces; (b) for domestic consumption; (c) for export?

Mr. MAYHEW:

Note: All purchases for the armed forces are made through the Department of Munitions and Supply.

1. (a), (b), (c).

2. (a), (b).

	Production in dozens for D.M. & S.		Civilian	
Men's	1943	1945 Estimates	1943	1945 Estimates
Combinations	17,806	4,000	374,591	373,000
Shirts	208,745	80,000	239,556	276,000
Shorts and drawers	235,593	70,000	376,592	367,000
Ladies'				
Combinations	....	....	5,917	5,478
Vests	492	2,500	230,359	224,000
Panties and drawers	420	4,700	936,983	1,003,000
Children's				
Combinations, shirts and vests, panties and drawers and knitted sleepers	....	....	806,409	1,043,000

2. (c) Exports: (statistics obtained from the Dominion Bureau of statistics do not segregate exports except as between cotton and wool).

Exports	1943	1945 (to Oct. 31)
Cotton underwear	$199,013	$93,534
Woollen underwear	58,040	39,698

CRUDE PETROLEUM

Mr. HENDERSON:

What was the quantity and value of crude petroleum produced in the province of Ontario in the fiscal years ending March 31, 1940, 1941, 1942, 1943, 1944 and 1945?

Mr. MacKINNON:

Petroleum Production in Ontario

Calendar Year	Barrels	$
1939	206,379	401,430
1940	187,644	397,078
1941	160,238	337,760
1942	143,845	306,242
1943	132,492	311,356
1944	125,067	296,420
1945 (9 months)	83,703	no value

DRY DOCK SUBSIDIES

Mr. McGARRY:

1. What are the names of firms, individuals or corporations in the maritime provinces receiving subsidies from the government under The Dry Dock Act?

2. What was the amount of annual subsidies received by each of such firms, individuals or corporations?

3. What is the total amount of the subsidies received by each of such firms, individuals or corporations to date?

Mr. FOURNIER (Hull):

1. The Montreal Trust company, trustees for the St. John Dry Dock and Shipbuilding Company, Limited.

2. $247,500.

3. $5,769,173.89.

FAMILY ALLOWANCES—RECIPIENTS BY PROVINCES

Mr. GAGNON:

1. How many families are in receipt of family allowances in each province of Canada?

2. What is the total amount paid to recipients in each province?

Mr. CLAXTON:

1 and 2. For the month of October, 1945, the information asked for is as follows:

	Number of families	Total amount paid
Prince Edward Island	11,877	$ 180,724
Nova Scotia	74,146	1,065,667
New Brunswick	57,264	914,078
Quebec	365,987	6,160,887
Ontario	434,218	5,584,078
Manitoba	84,621	1,103,908
Saskatchewan	103,006	1,470,796
Alberta	100,535	1,367,858
British Columbia	102,101	1,187,474
Northwest Territories and Yukon	820	15,502
	1,334,575	$19,050,972

Note—Figures for the month of November are not yet available.

FAMILY ALLOWANCES—PRINTING OF CHEQUES IN FRENCH

Mr. GAGNON:

1. How many family allowance cheques, printed in French, have been distributed to recipients residing in each of the provinces of Canada during (a) July; (b) August; (c) September; (d) October; (e) November?

Mr. CLAXTON: Family allowance cheques printed in both French and English have been issued in the province of Quebec as follows:

(a) July	354,881
(b) August	349,062
(c) September	388,853
(d) October	366,080
(e) November	408,749

LOANS UNDER NATIONAL HOUSING ACT

Mr. HAMEL:

1. By provinces, what is the number of loans authorized under the National Housing Act, 1944?

2. By provinces, what is the amount of loans authorized under this Act since its coming into force?

Mr. MAYHEW:

		Loans
1.	Prince Edward Island	—
	Nova Scotia	54
	New Brunswick	21
	Quebec	464
	Ontario	2,271
	Manitoba	629
	Saskatchewan	92
	Alberta	460
	British Columbia	635
		4,626

		Amount
2.	Prince Edward Island	$ —
	Nova Scotia	242,820
	New Brunswick	92,000
	Quebec	2,902,580
	Ontario	9,945,905
	Manitoba	2,742,260
	Saskatchewan	393,340
	Alberta	2,058,260
	British Columbia	3,099,980
		$21,477,145

CIVIL SERVANTS—1938

Mr. STEPHENSON:

1. How many civil servants did the government employ in the year 1938?

2. What was the total salaries paid by the various departments for the year 1938?

Mr. MacKINNON:

Department	Month of March, 1938 Permanent & Temporary	Expenditure on Salaries for Fiscal Year ended March 31, 1938 Permanent & Temporary	Non-Enumerated Classes	Grand Total
	No.	$	$	$
Agriculture	2,926	5,027,231	901,415	5,928,646
Archives	74	137,647	—	137,647
Auditor General	226	422,619	—	422,619
Chief Electoral Officer	6	15,870	—	15,870
Civil Service Commission	230	306,345	—	306,345
External Affairs	185	373,349	—	373,349
Finance (Main department)	293	466,668	—	466,668
Comptroller of Treasury	1,034	1,751,260	—	1,751,260
Gov't contracts supervision	—	4,794*	—	4,794
Royal Canadian Mint	115	198,088	—	198,088
Supt. of Bankruptcy	13	27,379	—	27,379
Tariff Board	20	71,729	—	71,729

Department	Month of March, 1938 Permanent & Temporary	Expenditure on Salaries for Fiscal Year ended March 31, 1938 Permanent & Temporary	Non-Enumerated Classes	Grand Total
	No.	$	$	$
Fisheries	301	589,489	448,380	1,037,869
Governor General's Secretary	12	32,715	—	32,715
House of Commons	568	451,784	—	451,784
Insurance	54	123,035	—	123,035
International Joint Commission	6	31,489	—	31,489
Justice	1,044	1,624,276	—	1,624,276
Labour (Main department)	157	272,061	137,863	409,924
Dom. Unemployment Relief	87	171,372	—	171,372
Library of Parliament	25	56,636	—	56,636
Mines and Resources:				
Departmental Administration	63	143,623	—	143,623
Immigration	587	1,060,808	31,649	1,092,457
Indian Affairs	1,047	1,008,538	—	1,008,538
Lands, Parks, Forests, Surveys and Engineering	949	1,757,276	—	1,757,276
Mines and Geology	460	1,019,796	93,058	1,112,854
National Defence	1,306	1,593,259	675,497	2,268,756
National Research Council	185	386,640	—	386,640
National Revenue (Main Dept.)	4,523	8,055,615	6,247	8,061,862
Income Tax Division	1,261	2,025,769	—	2,025,769
Pensions & National Health:				
Pensions	1,776	2,639,173	—	2,639,173
Can. Pension Commission	213	435,004	—	435,004
Health	259	487,930	73,540	561,470
Pensions Appeal Court	12	41,348	—	41,348
Veterans' Assistance Comm	28	73,796	—	73,796
Post Office	12,122	18,846,427	13,228,583	32,075,010
Privy Council	18	45,635	—	45,635
Public Printing and Stationery	635	1,155,022	—	1,155,022
Public Works	4,027	4,026,868	1,355,977	5,382,845
Royal Canadian Mounted Police	100	140,139	2,472,595	2,612,734
Secretary of State	324	586,193	—	586,193
Senate	143	152,994	—	152,994
Soldiers' Settlement Board	307	579,704	117	579,821
Trade and Commerce	1,607	3,241,125	197,733	3,438,858
Transport (Main Dept.)	4,725	4,977,670	1,840,858	6,818,528
Board of Railway Comm	91	243,140	186	243,326
Grand Total	44,144	66,886,328	21,463,698	88,350,026

*April-Aug.

Note—Non-enumerated classes are seasonal help and the numbers change from day to day. They are not included in the first column showing the number of employees.

A special survey of these employees was made in September, 1943, and the number totalled 30,700.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SERVICE PERSONNEL—CHRISTMAS AND NEW YEAR'S LEAVE

Mr. CHURCH:

What Christmas and New Year's leave will be arranged for personnel of the armed forces, navy, army and air force, this year (a) for those now serving in Canada or adjacent territory (b) those overseas?

[Mr. MacKinnon.]

SERVICE PERSONNEL—DEMOBILIZATION IN VANCOUVER

Mr. PEARKES:

1. How many men have been demobilized in Vancouver and Victoria who did not enlist in the province of British Columbia?

2. Will the Minister of National Defence refrain from demobolizing any more men in British Columbia who did not enlist in that province, or whose dependents are not now residing there, until such time as the employment situation in British Columbia is relieved?

CHICOUTIMI AND ARVIDA MILITARY CAMPS

Mr. GAGNON:

What was the total cost of the construction of military camps (a) at Chicoutimi; (b) at Arvida?

ST. HONORÉ, QUE., LANDING FIELD, ETC.

Mr. GAGNON:

1. What was the total cost of the purchase and construction of the landing field, camps and equipment of every description at St. Honoré, county of Chicoutimi, Quebec?

2. How long have these camps and landing field been used for military training purposes?

3. How many servicemen were stationed there in 1940, 1941, 1942, 1943, 1944, 1945?

BRITISH IMPORT LICENCES

STATEMENT WITH RESPECT TO POLICY OF UNITED KINGDOM GOVERNMENT

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, I wish to make a statement in answer to a recent question by the hon. member for Peterborough West (Mr. Fraser).

The question of the hon. member touches on a matter that has been of great concern to this government for some time and has been the subject of repeated consultation with United Kingdom representatives both here and in London. The situation with which we are now faced is one which was foreseen and one which both governments have hoped to avoid. Unfortunately, that has not been possible. It was anticipated that these questions would arise after the termination of mutual aid and lend lease and, accordingly, plans were laid for discussions with the United Kingdom to follow immediately on the conclusion of the United Kingdom-United States talks which we expected to be finished early in November.

The Washington discussions have continued much longer than was anticipated, and of necessity our talks with the United Kingdom have not yet taken place. Because of the magnitude of the problems involved, it would have been quite impossible for us to have any productive discussions with the United Kingdom until the results of the United States talks were known.

On the matter of the import policy which the United Kingdom is pursuing, I am now able to give the house a statement that we have received from the United Kingdom government:

> The stringency of Britain's external financial position resulting from the war, has left the United Kingdom government with no alternative but to restrict by licence for the time being, the United Kingdom's imports of manufactured goods. Until her industry can be reestablished, and her export trade developed to a level substantially in excess of pre-war, the United Kingdom will have an adverse balance in her overseas payments. This means that she must forgo, for the present, many articles which she would like to import. Thus, essential supplies of foodstuffs and raw materials have, for the present, to receive priority, and in the case of manufactured goods, import licences have perforce to be restricted to such goods as are urgently needed to supplement home production and quicken her economic recovery.
>
> This, however, is an interim policy only, dictated by present necessities. As Britain's external financial position improves, there should follow a progressive relaxation in import controls. It is the aim of the United Kingdom government that this relaxation should be as rapid as possible, but it is difficult to make any forecast as to the rate of relaxation since this will depend on many factors, particularly the extent of such financial assistance as may be forthcoming from abroad, the improvement in United Kingdom exports, and the reduction in the United Kingdom's expenditure on external commitments consequent on the war. The United Kingdom government hope, however, that it may be possible to proceed to a more definite policy before very long.
>
> In the meantime, certain Canadian firms have approached the United Kingdom government for facilities to establish production in the United Kingdom. I am informed, however, that it is not the policy of His Majesty's government in the United Kingdom to use the import licensing system to bring pressure on Canadian firms to do so.

This is the end of the statement by the British authorities. I wish briefly to supplement this statement. It is gratifying to make public this assurance that the policy which the United Kingdom finds itself forced to adopt is an interim policy only and is subject to reconsideration in the light of changing circumstances. It is our hope that the conclusion of the Washington negotiations is not far distant, and I can assure the house that immediately the results of those discussions are known, we shall proceed to examine these with United Kingdom representatives and discuss with them arrangements for formal discussions between the two governments which we would hope to hold shortly.

Apart altogether from the statement by the United Kingdom which I have just read, I should like very briefly to draw the attention of the house to a matter which may serve to illustrate the reluctance of British authorities to discriminate against imports from Canada and of their desire to safeguard our traditional place in the British market, in so far as present circumstances permit.

The house is aware that we have been in consultation with the British authorities on a number of important individual cases. The British austerity programme has dictated the continuation of the general policy of a four-page newspaper. But as the result of Cana-

dian representations that have been made, assurances have now been received from the United Kingdom that Canada will supply a fair part of the reduced British consumption of newsprint.

Other representations made resulted in the reinstatement of orders for agricultural implements which the United Kingdom authorities had cancelled some months ago. The Canadian export board of my department estimated that these cancellations alone would have amounted to more than $1,600,000. Continuing representations are being made on other matters, and I cite two cases simply to illustrate the general British attitude and their desire to cooperate as much as their circumstances permit in acceding to our representations.

Personally I do not in any way question the assurances that are given from time to time by leaders of the United Kingdom government with respect to the principles that will guide the future trading policies of Great Britain. I recognize, however, that the time which may elapse in giving them full effect is a matter of the utmost concern to individual Canadian companies that have relied heavily upon the British market, and to our own national trading position in the great British market.

I need hardly add that I realize that it is of importance that we press on as quickly as possible with our discussions with the United Kingdom authorities, having in mind that we must reach the earliest possible solution of our United Kingdom-Canada trade arrangements which are so vital to our whole trading position.

LABOUR CONDITIONS

CANADIAN NATIONAL DRY DOCK AT PRINCE RUPERT

On the orders of the day:

Mr. H. G. ARCHIBALD (Skeena): I wish to direct a question to the Minister of Transport. Can he give a statement on future Canadian National construction in the Canadian national dry dock at Prince Rupert? The men are being laid off and are worried, and so are the business men.

Hon. LIONEL CHEVRIER (Minister of Transport): The hon. gentleman was kind enough to send me notice of the question, as well as a telegram which has been received from the Prince Rupert industrial development committee. The dry dock at Prince Rupert is owned and operated by the Canadian National Railways and I have asked the officials of that company for a report both on future shipbuilding and on the present position of employment. I am informed by the Canadian National that 622 shipyard workers were in employment at Prince Rupert on November 24. This staff will be reduced around the end of January to between 400 and 450, when the first vessel will be completed, and will be further reduced to about 250 by the end of February, when the second vessel is expected to be completed. Normal pre-war employment at Prince Rupert has been between 90 and 100. The management of Canadian National Railways is proceeding with the preparation of plans for the design of one or more vessels for the west coast service of Canadian National Steamships, and it is exploring the possibilities of making arrangements for such vessels to be constructed at Prince Rupert. The plans are not yet sufficiently advanced to permit the management at this time to make any definite statement.

ATOMIC BOMB

DEVELOPMENT AND PRODUCTION—COST TO CANADA

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): I should like to ask a question of the Minister of Reconstruction. On Monday there appeared on the order paper this question:

What was the total cost to Canada in connection with the discovery and production of the atomic bomb?

The minister replied:

I would not care to answer the question in its present form. . .

On November 5 there appeared on the order paper a question of mine as follows:

What share did Canada have in the cost of discovering and producing the atomic bomb?

On that occasion the minister said—

Mr. SPEAKER: Order.

Mr. FRASER: The minister said:

If the hon. member would like to know what Canada has spent, we shall be glad to tell him.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I must remind the hon. member that when the Speaker calls "order" he should resume his seat.

Mr. FRASER: Mr. Speaker, I apologize for not resuming my seat, but I did not know you were standing, because there was a noise in the left-hand corner. The question I would ask the minister is this: why can he not answer my question as it appeared on the order paper on Monday? That is the form in which I understood he wanted it, and the question has been on the order paper for four weeks.

Hon. C. D. HOWE (Minister of Reconstruction): There was a question on the order paper asking for the total expenditure for atomic energy, and we are prepared to answer that. The objection to the other question was that it asked how much we had spent in manufacturing atomic bombs. We have not manufactured atomic bombs, we have no intention of manufacturing atomic bombs, and therefore I should not like to have it suggested that any great sums of money have been spent in that occupation.

Mr. FRASER: I understand from the minister's department—

Some hon. MEMBERS: Order.

Mr. FRASER: —that there has been an expenditure of at least $25,000,000 for research.

Mr. SPEAKER: Order. The minister's reply is not debatable.

CIVIL AVIATION

PAN-AMERICAN AIRWAYS—RATES FOR ATLANTIC CROSSINGS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I wish to direct a question to the Minister of Munitions and Supply in connection with the rate war that was recently declared by Pan-American Airways. Have there been any new developments in connection with that matter, and has anything been done with a view to ensuring uniformity of rates on the Atlantic?

Hon. C. D. HOWE (Minister of Munitions and Supply): I am informed that all air lines operating across the north Atlantic have reached an informal agreement that, pending another meeting of the International Air Transport Association and Picao, all air lines will charge a rate of $375 for a one-way crossing.

LEGAL SERVICES

BORDEN, ELLIOT, SANKEY AND KELLEY

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): May I be permitted to refer to pages 2448 and 2828-9 of *Hansard*? I have been sailing against contrary winds and bucking the tide to secure some information about refunds of the Borden firm to the treasury, and what I regret, sir, and I say this on a question of privilege, is that the question that was called on Monday, when I was not in the house, was not well understood. I did not ask for a new photostat copy of the cheques for the amounts that were returned. What I wanted was a copy of the photographs that were made of the cheques when they came in, because I am under the impression that the minister found that the remittance was so admirable that he had these cheques photographed as soon as they came in. It is one of these copies that I wanted.

SERVICE PERSONNEL

R.C.A.F.—PLASTIC SURGERY TREATMENT AT TRENTON

On the orders of the day:

Mr. JAMES SINCLAIR (Vancouver North): I wish to direct a question to the minister for air. It is of immediate concern to a very small group of airmen who are certainly deserving of the utmost consideration in this house and in the country. In the R.C.A.F. plastic surgery ward at Trenton—

Mr. SPEAKER: Order. The hon. gentleman is not permitted to make a statement.

Some hon. MEMBERS: Sit down.

Mr. SINCLAIR (Vancouver North): I will put it in the form of a question, although in this case the house should have given me this opportunity. I will ask the minister whether he will give consideration to keeping those dozen airmen who are at present in the plastic surgery ward at Trenton, which is being closed, in uniform instead of being discharged as civilians for civilian treatment, until such time as their facial plastic surgery is completed.

Hon. COLIN GIBSON (Minister of National Defence for Air): I had an interview last week-end with some of the patients from the plastic surgery ward at Trenton and I visited Trenton on Sunday. Under the ordinary routine, if a man is no longer fit for service he is demobilized and transferred to the Department of Veterans Affairs. When he is demobilized from the forces he no longer has the privilege of wearing uniform. Many of these plastic surgery cases are badly disfigured, and they find it embarrassing to appear on the streets in civilian clothes because the general public does not know they received their injuries on service. I am having the regulations examined to find out what arrangements can be made, and if it is possible—and I think it will be possible—arrangements will be made to permit these men to continue to wear their uniform during the period they are undergoing treatment for facial injuries.

NATIONAL EMERGENCY

BILL TO CONFER CERTAIN POWERS UPON THE GOVERNOR IN COUNCIL

The house resumed from Tuesday, December 4, consideration of the motion of Mr. St. Laurent for the second reading of bill No. 15, to confer certain powers upon the governor in council during the national emergency following the war.

Mr. E. D. FULTON (Kamloops): Mr. Speaker, when the house rose last night I had just concluded a few general remarks on the stand we take with respect to this bill, and was about to consider the principle of the bill itself. I realize that there is a duty on all members to be as brief as possible in these discussions, and I should like to assure you, sir, and through you all hon. members, that I shall endeavour to carry out that duty. In order to make my case coherent, however, I should like merely to outline again the stand which we take, and then develop our case against the principle of this bill.

First, we are very much concerned with the constitutional safeguards which protect the rights and freedom of parliament and the rights and freedom of the individual. We are particularly concerned with the supremacy of parliament in the legislative sphere.

Second, this bill—and indeed any measure which seeks for whatever reason to take away those safeguards and give to the executive powers and privileges which rightly belong to parliament and are assured to parliament by the constitution—is, on the face of it, a bad measure. If it infringes the constitution it should be resisted. However, it must be admitted, and it has been admitted by us without reservation, that in an emergency situation there is justification for a greater or lesser departure from the strict rules of constitutionality. In this particular case it is the contention of the government that in order to maintain the economic structure of the country and to secure an orderly transition from war-time to peace-time economy, emergency powers are necessary. We are therefore prepared to make certain concessions; but in view of what I have said with regard to the way we feel about the supremacy of parliament and the sanctity of the constitution, we are not prepared to make further concessions than are absolutely necessary to accomplish the objects the government has in mind.

When we saw bill No. 15 as it was originally printed and distributed, the second reading of which is now before the house, we considered it wholly bad, inasmuch as it asked not for the delegation of powers, but for a complete abdication, a complete denial of

[Mr. C. W. G. Gibson.]

constitutional principles. The situation has been confused by the circulation of the new bill 15. With the permission of the house I should like to refer briefly to that bill. I hope the Minister of Justice (Mr. St. Laurent) will permit me to congratulate him on some aspects of the new bill, inasmuch as it does show a certain willingness to concede, and for that we are extremely grateful. But the bill still goes a great deal too far; therefore, in view of the way we feel about the constitution, the bill is still bad. We are encouraged, if I may put it that way, by the generosity of the Minister of Justice in maknig the concessions which he has made, and knowing that the Minister of Justice listens to representations made when the subject matter under discussion is the constitutional right and the rights and liberties of the individual, I feel encouraged to discuss the bill. I should like the minister to make further concessions, and those concessions can be indicated in the discussion of the general principle of the bill.

Our objection to the bill as it stands is that the powers sought by the government are still far too wide. They are so wide as to constitute an unwarranted attack on the constitution, and to involve an unjustifiable violation of the principles of the liberty of the subject; therefore we are unable to accept the principle of the bill.

The main basis on which we say this bill is still too wide is to be found in clause 4, which reads as follows:

> The orders and regulations made under the War Measures Act or pursuant to authority created under the said act in force immediately before the day this act comes into force shall, while this act is in force, continue in force and effect. . .

It has been conceded by government speakers, and was conceded last night, that many of the regulations and things done under the War Measures Act were, strictly speaking, unconstitutional. It was conceded that although justifiable in time of war, they were not justifiable in time of peace. It was further conceded that it is desirable to curtail these powers on the part of the executive and to discontinue them as soon as possible. The strongest possbile case for that position was made by the Minister of Agriculture (Mr. Gardiner) in his speech last night.

In both the original bill 15 now before the house and the new bill 15 which has been circulated with proposed amendments we find that it is desired to continue in force all those acts and things done under the War Measures Act. The effect of section 4 of the new bill, which is section 5 of the old bill, is that we are asked to give, sight unseen, assent to a number of measures the content and effects of

which are unknown to us. I submit to the minister that it is not fair to ask this house, it is not fair to ask any members of this house, so to endorse provisions, the content of which we do not know and the effects of which we do not know. It is not necessary; therefore, it is bad. As it is such a vital and integral part of this bill, it constitutes a valid ground for objection to the principle of the bill.

I have said, Mr. Speaker, that it is not necessary to seek this blanket endorsement for all that was done under the War Measures Act. In substantiation of that statement I should like to refer briefly to the bill recently introduced in the British house, the Supplies and Services (Transitional Powers) bill. In the first place this confers no new power on the government to make regulations, as does bill 15 in this house. In the view of the British government they have sufficient power already under the defence regulations to do everything required during the transitional period from war to peace. They do regard it as necessary to continue certain of those powers; but instead of asking for a blanket continuation the British government has adopted the proper constitutional method and defined the four categories of powers which they require for the maintenance and the orderly regulation of the economy of their country. They have defined those powers and then have said, "The only regulations we are going to ask this house to continue are the specific regulations falling within these four categories." Here is the relevant portion of the British act, which is found in section 1:

> If it appears to His Majesty to be necessary or expedient that any defence regulation to which this section applies should have effect for the purpose of so maintaining, controlling and regulating supplies and services. . .

Then they define the four categories within which those regulations may fall, giving the four heads under which they need power, and go on to say:

> . . . . he may by order in council direct that the regulation shall have effect by virtue of this act. . .

In other words the regulations already existing must deal with one or other of the four subjects; in the second place the regulations must have specific consideration and extension, and in the third place the regulations will be reviewed and adapted to meet the needs of the moment. In elaboration of this I should like to read some extracts from the British *Hansard* for Tuesday, October 9, 1945. On that date the home secretary, Mr. Ede, brought into the British house this bill to which I have referred. In moving second reading he said, at page 111:

> I want to make it quite clear at the outset that the government intend to retain only those war-time powers which are desirable in the public interest.

Then at page 115, referring to the orders made under the British Defence Regulations Acts, he said:

> Those acts will now expire on the 24th February next. We have decided that we will not ask the house to continue them beyond that date.

In the first place only those powers necessary were being sought. In the second place none of the others would be asked to be continued beyond that date. Then at page 119 he went on to say:

> . . . except for a limited period in respect of price control, the bill confers no power to make fresh regulations for the purpose of the transition period, but only a power to make any of the existing defence regulations contained in parts III and IV of the defence (general) regulations . . . applicable to the new purposes of the reconstruction period . . .

And further down on that page:

> The existing regulations which will be continued will have to be justified to the house.

And finally.

> These orders in council, bringing the defence regulations into the scope of this bill will have to be laid before both houses and will be subject to annulment by resolution of either house.

There, I submit, is the proper constitutional method to follow: first, to define the categories of the powers you require; second, to say that only those existing regulations which fall within those categories will be continued; third, that even those you seek to continue will be brought into this house and the need for them and their relevancy to this act explained, and then they will be continued in force under this act; finally, that all these regulations, even those we continue, should be subject to annulment by resolution of either house, not as in this act by this house alone. That, I submit, is the proper course and is all that is required to give the government sufficient power. It is the course which should be followed here.

In the preamble of the new bill it seems that this is the intention of the government. At line 21 of the preamble I find these words:

> . . . and whereas in the existing circumstances it is essential that certain acts and things done and authorized and certain orders and regulations made under the War Measures Act be continued in force . . .

That would seem to imply that only certain specific regulations and orders were asked to be continued; but, as I have pointed out, that is not the effect of section 4 of the bill.

Therefore I would ask the minister to see to it that the implications contained in the preamble of this bill, and the provision contained in the British bill, are actually incorporated in the bill now before the house. The principle of the bill would then be far more acceptable to all hon. members, and, I am sure, also to all the people of the country, because they would know what regulations would affect them. It is a well-known principle that ignorance of the law is no excuse for any offence which may be committed, but I defy anyone to know what is the law when that law is contained in ninety or a hundred thousand orders in council and regulations. I think that is one of the strongest possible cases that could be made to require the government to tell us what laws, what powers, what orders in council are being continued by virtue of this present bill.

Mr. CLAXTON: If the hon. gentleman will permit a question, does he not realize that of the great number of orders in council adopted, the vast majority contain no laws whatever but are orders approving contracts and appointments, and so on? That has been stated time and again in this house.

Mr. FULTON: I appreciate the force of what the minister has said; and if there are large numbers of orders in council of the nature he has outlined then of course there can be no objection to continuing them. But is it too much to ask each department of the government to go through its own orders in council and find out the ones which are applicable, the ones under which they are still acting, and consolidate them and then bring them into the house so that we may see them?

Mr. CLAXTON: I can assure my hon. friend that every department is working steadily at that.

Mr. FULTON: If that is the case I can only say that this statement is most inconsistent with the statement of the then acting Prime Minister (Mr. Ilsley) that it was not in accordance with government policy to table the orders in council passed since September 6 of this year. I am trying to present a case to the minister, and so far I have tried to avoid appearing unduly critical. I must say, however, that suspicions are aroused. We should like to regard this bill in the best possible light; we should like to believe in the intentions of the minister and of the government, but suspicions are aroused when we are denied access to the information we seek as to what has been done by order in council, and in the second place when we are asked to approve, sight unseen, everything that has been done.

I am content to leave my case there, because I think it cannot fail to commend itself to the Minister of Justice. A great deal of work may be involved, but surely it is worth that to see to it that the people of this country know what are the laws which bind them.

That, Mr. Speaker, is our particular objection to the bill as it now stands. I should like to conclude by making a few remarks on the general principles governing the whole situation, which I feel must be said before this measure can be allowed to pass. What I shall present now is the larger application of the particular remarks I have just made.

We oppose this bill on a question of principle, in the belief that it is an excessive infringement of constitutional rights. We oppose it because it goes farther than it has any right to go. Liberty is perhaps—no, I will say liberty is certainly—the most precious possession of our heritage, the greatest privilege guaranteed to us by our constitution; and therefore the features of the constitution which guarantee it are most vigorously to be fought for. No features of our constitution are so surely protective of liberty as the freedom and supremacy of parliament and the right of the subject to the protection of the established law of the land. In the pursuit of liberty we have just concluded a war; we should be willing to spare no effort to secure and maintain liberty now in Canada. Therefore we say: Let no man, let no government dare lightly to ask us to agree to a surrender or even to an infringement of either of these two rights given us by the constitution. While we are ready to agree to the handing over of powers and the denial for the moment, of the rule of law and the supremacy of democratic processes, in order to attain certain specific ends, and within certain specific limitations, we are justified nevertheless, in taking the strongest possible issue with the demand, such as we find here, for the wholesale and abject surrender of these rights.

As hon. members know, many of the powers vested in the governor in council—and these are legislative powers we are dealing with—powers the property of parliament, not executive powers properly vested in the cabinet—are, when embodied in orders in council, given such form as to limit in a most drastic manner the liberty of the subject. I have in mind such things as taking away from a subject the right of resort to the courts, denying a person the right of appeal from the acts of the controllers, and provisions that where investigations are being made into the con-

duct of Canadian citizens under certain regulations, such citizens shall be deprived of their right to counsel, deprived of their protection under the criminal code, and then made liable to prosecution as a result of anything they may say during that investigation.

It is realized that in war the delegation of powers to controllers is necessary. The delegation of powers to make regulations is also necessary. But as I have indicated, this system, when carried out, is full of dangers to the liberty of the individual. That is why we object to any delegation of legislative powers which is not essential.

In support of what I have said I would read from the report of the committee on ministers' powers appointed by Lord Chancellor Sankey in Great Britain in 1932. Dealing with the new principle of delegating legislative authority, the committee made certain observations which I now quote with approval. I would refer first to page 5 of this report, which states:

> Between liberty and government there is an age-long conflict. It is of vital importance that the new policy,—

That is, the policy of legislation by delegated authority—

> —while truly promoting liberty by securing better conditions of life for the people of this country, should not, in its zeal for interference, deprive them of their initiative and independence which are the nation's most valuable assets.

And again at page 6:

> It cannot, we think, be denied that prima facie this involves an infringement of that rule of law which is "a characteristic of the English constitution." In this context we may quote a statement of the ideal of justice which should always be an aim of British statesmanship:
>
> "Amid the cross-currents and shifting sands of public life the law is like a great rock upon which a man may set his feet and be safe, while the inevitable inequalities of private life are not so dangerous in a country where every citizen knows that in the law courts, at any rate, he can get justice."

Mr. MITCHELL: Would the hon. member permit a question? Is that the same Lord Sankey who recommended the socialization of the coal industry in Great Britain?

Mr. FULTON: I have been reading from the report of the committee on ministers' powers. Lord Sankey did not make the report: his committee made it, and that portion which I have just read was taken from a passage in Lord Hewart's book, with which I have no doubt the minister, who is so well aware of the ideals of British justice and statesmanship, is familiar.

Mr. MITCHELL: I did not hear what the hon. member said. I think he said it under his breath.

Mr. BOUCHER: It is worth reading, anyway.

Mr. MITCHELL: I hope the *Hansard* reporter was more successful in hearing it than I was.

Mr. FULTON: I cannot hear the minister. Mr. Speaker, I see the time at my disposal is running out, and I shall have to conclude my argument.

It is a principle in our constitution, one which has remained inviolate from at least the seventeenth century and which has been the envy of all those who at various times have suffered from tyranny, that no man should be denied the right of access to the courts, and further that the judiciary must be independent of the executive. Thus liberty of the individual is assured. And when we find, as we have found in investigating many of these orders in council, not that they take issue with the courts or try to dictate to them, but that they tell the subject that he shall have no right of appeal to the courts, then I say an attack is being made upon the very foundations of our liberty. It is because that sort of thing has been done, under the War Measures Act, because it is sought to carry over into this measure all the things that have been done under the War Measures Act, and because we see in this measure no suggestion of safeguard for the principles and rights of which I have spoken, that we are justified in opposing the principle of the bill.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I have received several letters expressing strong disapproval of this bill. I will quote only the objections made by the League of Montreal Property Owners:

> Dear Sir,
>
> Since October 11, 1941, the League of Montreal Property Owners has informed you of its grievances against the rent control set-up and suggested means of improving the sad lot of its members.
>
> Bill 15, as amended, is now before the house. We earnestly beg that a clause be inserted in the bill providing that property owners be restored the rights to which they are entitled and which were suspended during the war, in order that their property may afford them more profitable earnings.
>
> Hoping, dear sir, that you will give this request, your best attention, please believe me,
>
> Yours very truly,
>
> (Signed) Arthur Lussier,
> Secretary.

This letter speaks for itself. There is no need for me to comment upon it since its request is based on a most elementary principle of justice.

Is the bill now before the house necessary, is it even advisable? Under the National Resources Mobilization Act which affects both manpower and materials, all power is vested in the government, and the latter has availed itself, in fact still avails itself fully of its authority. It is free to extend or curtail controls or restrictions in due course, as is evidenced by the following extract taken from page 148 of the 1945 Recapitulation Issue of *Canada at War*:

Since the end of the war in Europe some restrictions on the production of civilian goods have been removed altogether. The Department of Munitions and Supply and the Wartime Prices and Trade Board have both announced a policy of gradual relaxation of the controls as soon as the supply situation justifies.

A state of war still exists in Canada. Here is a quotation taken from page 2 of the 1945 Recapitulation Issue of *Canada at War*:

". . . by and with the advice of Our Privy Council for Canada . . .
Now Therefore We do hereby Declare and Proclaim that a State of War with the German Reich exists and has existed in Our Dominion of Canada as and from the tenth day of September, 1939."

I am not aware that the National Resources Mobilization Act, affecting both manpower and materials, has been repealed. Therefore, I find this bill altogether useless. Are more extensive powers sought? That would be detrimental to the prerogatives and privileges of the provinces that have already been bled white.

Here is a further extract taken from page 135 of *Canada at War*:

The planning and execution of the federal government's war-time programme of income taxation has been greatly facilitated by the withdrawal of the provincial governments from the fields of personal and corporation income taxes for the period of the war. This withdrawal was effected in 1941 by formal agreement between the federal and each provincial government. The provinces have been compensated for the loss suffered by repealing their own taxes.

Did the right hon. Prime Minister (Mr. Mackenzie King) wish to imply in the house a couple of days ago that the provinces would agree to the clauses and conventions set out in the bill? If such is the case, I advise the Minister of Justice (Mr. St. Laurent) without further ado, that I am willing to accept the clauses of the bill now before the house; otherwise, however, I would have to oppose the measure in the interest of the respective provincial prerogatives and jurisdictions.

At the close of hostilities the government's first duty should be to recognize the efforts made by the Canadians by restoring the prerogatives of parliament. The time has come to abolish the restrictions and controls which paralyze agricultural, commercial and industrial development. Otherwise the process of reestablishing the members of our armed forces in civil life will be an exceedingly slow one. Canadians who have fought valiantly in this war expect the party in power to give them new directions which will enable them to take an active part in restoring Canada's economic life. Young people, whose career has been interrupted by the war, are entitled more than anyone else to employment and social welfare. We should find an immediate solution to the problem of employment in civil industries. The people are demanding that production of several essential articles be resumed. Sometimes there are delays which the people are at a loss to explain in view of the abundance of raw materials and labour in this country. We have no right to refuse for the achievement of peace similar sacrifices to those made for the prosecution of the war. The reestablishment of soldiers in civil life must be carried out with diligence and method. Do you think it is fair that in a country like ours veterans who are returning to Canada should find themselves without a dwelling? What good is it to a soldier to be a Canadian and to have sacrificed everything for his country if he cannot even find a place to live?

For years, boards which are not responsible to the people have been daily encroaching on the privileges and on the mandate of duly elected members of parliament. Now that the war has come to an end those boards should be abolished and parliament's supremacy restored. Those wartime boards have already lasted long enough. We must abolish those states within the state and reestablish responsible government. Canada has sacrificed everything so that liberty and democracy may triumph. The existence of wartime boards which are not responsible to the people of Canada is a challenge to liberty and democracy. For everybody's sake it is time that this dictatorship be eradicated.

In a recent speech in the British House of Commons, former Prime Minister Churchill stated as follows:

Whatever may be our views on socialism and free enterprise it would be in the general interest that we set in motion the large, as well as the small wheels of life and industry. And for this we need men.

In attacking the Labour government's demobilization plan as inadequate, he stated that it was "the source of our national difficulties".

And he added:

While we are keeping men and women in the armed forces without sufficient reason, there can be no speedy reestablishment.

Thousands of Canadians are not alone in demanding demobilization and the abolition of those boards which are not accountable to the people. Former Prime Minister Churchill rightly claims that failure to do so is the chief cause of the difficulties experienced by his country. He has been urging the British government to demobilize men and women in larger number in order that they may help restore production in all fields. Who can question the experience and the sincerity of the former prime minister? Like England, Canada feels the scarcity of goods. The time has come to promote civilian industry. Let us give back to industry, trade and agriculture the help which they require.

Finally, the abolition of controls, the repeal of the mobilization and conscription act and the granting of an amnesty to defaulters and deserters would enable our young men to devote their energies to the economic reconstruction of Canada. Useful jobs are awaiting them. Why deprive the country of the contribution which they are in a position to make through their initiative and their efforts?

In support of my contentions, I quote these further statements by Winston Churchil, which appeared in *La Presse* of Montreal on October 22, 1945:

> The regrettable shortage of goods will continue. The government cannot allow the people to spend their savings lest an undue increase in prices take place. Shortages will be invoked to justify the continuation of controls and the latter will prolong the scarcity of goods.

He asked the government to release the men from the services and to "set in motion the machinery of economic life". He stated that he would be ashamed to bear the responsibility of the government's statement on demobilization.

> The moment has come to bring back to the country the men who have conquered, he stated, and no acute unemployment is to be feared. All industries require workers and there are numerous useful and fruitful tasks to be accomplished.

Since Mr. Churchill urges the return to England of British soldiers and their demobilization, are we not entitled to urge the repatriation to Canada of thousands of our soldiers and the demobilization of our men who are occupying Germany and the conquered countries? Has Canada not played her part in the achievement of victory? To paraphrase a sentence made famous by the former British prime minister who said: "Give us the tools and we will finish the job", I say to the government: Give our youth the tools necessary to achieve and win the peace.

Let us make no mistake about it, peace exists in appearance only.

Mr. COTE (Matapedia-Matane): Would the hon. member permit a question?

Mr. LACOMBE: Certainly.

Mr. COTE (Matapédia-Matane): Does the hon. member want the policy of the Canadian parliament to be directed by the former prime minister of Great Britain?

Mr. LACOMBE: The hon. member for Matapédia-Matane is misinterpreting my statement. I fail to see by what right he distorts the arguments I am developing in this house. However, his question does not deserve any answer. I simply quote the statements of the former prime minister of England and apply them to Canadian politics as anyone might do in similar circumstances. I will therefore ask my hon. friend to feel no anxiety on this score.

I was saying that peace is only apparent at the present time. Europe is, to a certain extent, dominated by communism. A system which is worse than the dictatorship crushed by the united nations rules over the liberated countries in the name of justice, Christianity and right. The Atlantic charter, the Yalta resolutions, the war objectives of the allies are trampled under foot. Soviet Russia is causing its whole weight to bear on nations which it is its mission to revive and not to overrun. Religious authorities of Lithuania and the Slavic states have protested against such brutal treatment.

Let us beware lest, under cover of the critical times which Canada will experience, subversive elements might spread through the land. Having won the war would be of no avail were we to lose the peace. True peace is not attainable through the violation of other peoples' rights. The respective jurisdictions of the provincial and federal authorities are clearly defined. Under war-time measures, provincial rights have been encroached upon time and again when they have not been positively ignored. What was unwarranted in time of war is unjustifiable in time of peace. Why attempt to delay the proclamation of peace for the sole purpose of maintaining a bureaucratic system which has replaced the elected representatives of the people? The time has come to return to normal living and do away with restrictions, boards and controls.

I respectfully submit, Mr. Speaker, that the government is endowed with all the powers to that end, but I repeat what I said a few moments ago. If the provincial premiers, at the recent federal-provincial conference, have approved the clauses and conventions contained in the present bill, I am willing to uphold them, otherwise, I shall oppose them.

(Text).

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, as the leader of this group stated a week ago Friday, we did not think that the government should seek such blanket and absolute powers as those put forth in sections 3 and 5 of the bill. We therefore stated that when the bill reached the committee stage we would move certain amendments. However, the government now intends to move a new bill as an amendment in committee stage. This new bill apparently has come into being largely as a result of the conference which took place between the federal government and the provincial premiers, and also no doubt as a result of consideration of the various criticisms which were made in this house when the bill was first introduced.

The new bill is certainly an improvement on the old one, but the powers of control are still very wide. I think we all agree, however, that certain controls are essential at this time and will continue to be essential for several months; and therefore it is concerning these controls which are essential that I wish to say a few words at this time.

I think people across Canada from one end to the other are looking forward to the day when these controls will be just an unpleasant memory. They are fed up with being at the mercy of the whims and the tyrannies of a bunch of bureaucrats. It is a strange thing that when you give some people a little bit of power it seems to have about the same effect on them as when you give some people a drink of liquor; it goes to their heads, and. from being just ordinary likeable individuals they become a great big nuisance, a headache to themselves and everybody concerned.

On the other hand, while recognizing the needs for these controls in war time, the people are demanding that they be eliminated at the earliest possible day. Obviously controls cannot cease upon the day of victory. Conditions arising from war will continue for many weeks and months after the war, and until those conditions have been removed, controls will have to continue, unless of course we are prepared to face consequences which might very well be chaotic. If that comes about, I would say, it will not be the wealthy people of the country who will suffer but the people in the lower income brackets, and especially veterans and their dependents who will be trying to start life anew. They would be the main sufferers from any chaotic state of affairs that might ensue such as existed at the conclusion of the war 1914-18.

In addition to price controls certain controls are needed in connection with transportation in order to expedite the repatriation of the troops from overseas; and many of the benefits and preferences awarded to the veterans to-day having been passed under orders in council adopted by virtue of the War Measures Act, should the War Measures Act cease, those benefits would largely go out of existence.

Practically all war-time conditions requiring controls arise from a shortage of consumer goods and services. It is well to remember that during the war approximately fifty per cent of the production went for war purposes, and in spite of very heavy taxation during the war, billions of dollars of savings were accumulated in the form of bonds, war saving certificates and refundable taxes, so that these savings would become a very active demand for the class of goods which the people were not able to obtain during the war and which are still in short supply. Therefore until we complete the reconversion of industry from a war-time to a peace-time footing, it will be necessary to curtail the demand for that type of goods.

We have also of course a heavy responsibility in regard to the devastated areas of Europe and other parts of the world as a consequence of the war. Unless we want to witness wholesale starvation in those areas we, along with other nations that have not been devastated as a result of the war, will have to make large contributions to those areas; and that of course is bound to reduce the amount of goods available for distribution in this country.

Again, certain imports have been scarce during the war owing to lack of shipping and to the fact that the countries from which we obtained those imports in the past were overrun by the enemy. I point this out to show that the answer to all these questions is the expansion in production of consumer goods and services. Therefore the question which the government must ask themselves is whether their policy is one that will bring about the most rapid expansion of production, thereby making it possible to eliminate these controls in the shortest possible time. For instance, what assurance is being given industry to-day that not only will there be an immediate demand, but a continuing demand, for their total output? What assurance is being given industry to-day that when the accumulation of savings, causing a demand for goods, has been spent, other demands will take their place? And again, what assurance is being given industry that when the devastated areas have been rehabilitated, when they have rebuilt their industries and are once more in a position to export their goods in payment for imports,

we shall be willing to accept those goods without the danger of their flooding the market and causing unemployment in this country?

That assurance and that guarantee can be given industry only if the government intend to adopt a sane financial policy that will maintain in Canada at all times an effective demand against our production. Is the government prepared to give industry the assurance that it will underwrite an effective demand in this country, so that there will be in Canada a ready market for our total production or the production of other nations for which our own production can be exchanged? If this is not done, then it will retard our production and considerably delay the time when these controls can be lifted, because no industry can continue to expand production unless it has at the same time an expanding market.

The next important point is this: What effect is the government's taxation policy having upon production in this country, upon the secondary industries, upon primary industry and upon labour? I think the answer in every case must be that their taxation policy has retarded production. I know that is certainly true so far as agriculture is concerned. It is true in regard to mixed farming, grain farming, and the production of live stock. Again, as the production of this country expands, is the government prepared to reduce drastically the taxation on the people in the lower income brackets so as to help to maintain an effective demand?

I would say that unless this government intends to deal very rapidly with the points I have raised it is also bound to delay the day on which these controls can be removed. Yet, on the other hand, I would ask this question: How can the government hope to underwrite the full development of the resources of the country and at the same time reduce taxation without plunging us still further into the morass of debt? Unless of course they intend to adopt a sane financial policy such as that outlined by the Prime Minister in 1935, when he said that currency and credit would be made available in terms of public need to meet the domestic and social requirements of the Canadian people, it cannot be done.

It may be said that the government have done that in the war. To a certain extent that is true, but you must remember that it was done by expanding the national debt by over ten billions, and no one would suggest that this can be considered a sane policy for peace time. While therefore we want a policy that will make sufficient money available to maintain effective demand against the production of our country, we want it done on a basis that will not at the same time expand our debt. Notwithstanding anything I have said, I am not suggesting for one minute the elimination of all controls. Some controls should be considered a permanent part of government policy for all time; for example, the control of foreign exchange in order to prevent gambling in foreign exchange, in order to prevent large-scale foreign investment abroad, which can only result in one of two things: either an unbalanced trade or a lower standard of living for the Canadian people.

We definitely favour a degree of price control in primary products in order to guarantee the farmer a fair share of the national income, so that the farmer's income may bear the same relationship to the national income as the farm population does the national population. Therefore we favour at all times a floor under primary products, and it should be based on parity prices, thereby helping to bring about a fairer distribution of income as between the primary and secondary industries.

I would emphasize this. Because ever since 1935 we in this group have consistently, year in and year out, advocated a degree of price control, and that was one of the main planks of the platform of the Social Credit party in Alberta in that year. We hear a lot of talk about free enterprise and free markets. I would point out that this condition has not existed in this country for as long as I can remember. It ended with the coming into being of combines, trusts, cartels, trade unions —and I am not attacking trade unions—and fixed overhead debt charges. Every one of these resisted the operation of free enterprise, therefore we need controls to prevent its abuse. The idea of free enterprise and markets was based on the understanding that there should be no government interference in prices; that prices were governed by the laws of supply and demand; that when supply, exceeded demand prices would fall until the balance was restored and vice versa; that when demand exceeded supply, prices would rise and absorb the difference. What has happened? Does anybody suggest for one minute that that is what has happened in the past? When supply exceeded effective demand, whilst the prices of primary products fell, the prices of the secondary goods, although registering a slight fall, were quickly stabilized by the secondary industries reducing production in order to meet the reduced buying power. That was done instead of reducing prices. Therefore it is nonsense to suggest that we have had free enterprise in operation in this country. Had the purchasing power of the people been maintained so that there

should be an effective demand against production, prices need not have fallen and production need not have been reduced. Therefore, so long as the government maintains the present system price, controls will be essential in order to assure a parity living cost between the primary and secondary industries of this country, and, consequently, labour.

Generally speaking I believe the government have made a good job of maintaining controls during the war. I want to be fair in making that statement. Of course we all know that mistakes have been made, but considering the circumstances they might very easily have been far greater. I find that the main demand for the removal of all controls does not come from the great mass of the people but from the heads of certain corporations who want freedom to exploit the people. The people of this country endured the inconvenience of those controls during the war because they recognized they were essential. Surely it would be better to put up with them for a few more months than prematurely to lift them and cause a chaotic state of affairs in the country. Again I want to emphasize the fact that if that happens it will not be the wealthy people who will suffer, but mainly the veterans and their dependents and the people in the lower income brackets. Nevertheless I say that it is important for the government to realize that the people will not tolerate the extension of those controls for one day longer than is necessary.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, parliament is now being asked to give through or by legal status almost what amounts to blanket powers of control over what in the end will mean the lives and destiny of the Canadian people. I have listened with considerable interest to the observations that have so far been made in this present debate, and many valuable points have been brought out both in favour of and against the measure. I find that those who seem to be in favour of the measure base much of their argument on the fact that because of certain present circumstances for which we cannot be responsible, it is advisable to grant the government an extension of time in matters of control. On the other hand I think I can say that those who desire to argue against the bill argue on the basis of the principle which is involved, and it is upon that basis that I should like to argue to-day.

It is all very well for those of us of the opposition to be asked: "What would you do if you were in power?" Perhaps that is a reasonable question, but the fact remains that we are not in power. The fact remains that under our parliamentary system we are not members of the government, but members of His Majesty's most loyal opposition. As members of that opposition it is not our duty to say what we would do if we were in power. It is our duty to bring out the weaknesses of His Majesty's loyal government and to seek to peruse and investigate every detail of legislation which His Majesty's government proposes, bring out its weak spots and warning the government and the people of Canada of the dangers we see in it. I believe that is what we are here for. The argument, what did you do under certain circumstances, was made last night. The Conservative party were referred to, and certain legislation which they passed when they were in power was quoted. I am certain that we could refer to the speeches which were made at that time by the present Prime Minister, who was then leader of His Majesty's most loyal opposition. I wonder what he would have said at that time about such legislation as this. Overnight I have not been able to make an analysis of all those speeches; I have not even looked at the index of *Hansard* to find out where they appear, but I am certain that the present Prime Minister did not attack it as he would if he had been in power. If he opposed the bill he opposed it because he had a duty to perform as leader of His Majesty's opposition.

I should like to discuss the measure on the basis of what I believe to be the principle involved. In the first place I suggest that the government is asking for almost omnipotent power. It is Canada's responsible government which is asking for this power, and I feel impelled to ask, to whom is the government responsible? Is it responsible to big business? Is it responsible to some unseen backstage powers, or is it responsible to the people of Canada? Technically, of course, the answer is that it is responsible to the people of Canada, but in practice it seems to me that it assumes it is responsible to a government which is more responsible than it is, namely, a government of a mighty financial tyranny.

I am going to refer to something that was said the other day. I cannot quote from *Hansard* because it was during another debate, but I recall that at the time a little argument was going on between someone on this side of the house, the Minister of Reconstruction (Mr. Howe) and the Minister of Labour (Mr. Mitchell). They were talking about coal, and the Minister of Labour described the economic cost factors involved in the mining of coal in Canada as compared to the mining of coal in the United States. Then he went on to say that when conditions eventually reached a normal state the price of coal—and I want

hon. members to get this—then would be the determining factor, that it would not matter very much where it came from. To him the question was very complex, and it seemed that he was alarmed because at the very moment he was speaking we could buy coal from West Virginia for much less than we could buy coal from Nova Scotia. Then I recall he made this remark, because I made a little note of it; he said, "That is an alarming situation, and you cannot wish yourself out of a jam like that." He hoped the coal commission would have an answer.

What was the principle involved in that? The principle was that the money system, with its complex construction of cost factors, trade and so forth, was his master; that there was an unseen government inherent in the present financial system which did not leave this government free to do what it wanted to do; that the present monetary system controlled the policy of the government. Now, what am I getting at? I am simply saying that a government which is already controlled now is asking parliament to give it power to operate under a system which is more powerful than it is. As members of the opposition we can take to task a government which has not received power from us; but when we give it the power and it in turn becomes subject to a higher power, where does it leave parliament? To my mind that is the principle involved. There is an unseen power of financial circumstance, and in the past the government have refused to face the physical facts squarely and then apply the remedy. Rather they have listened to the voices of proteges of the big bosses of finance; and because they have listened to those voices they have become grooved, rutted, bogged in the mire of financial circumstances inherent in the imminent breakdown of a faulty financial system.

The principle involved is this: that to make the system work they must have power to apply some force; and under the terminology of controls, shall I say, they are seeking power. Let us not fool ourselves on this. They do not say they want controls; they want power. They want parliament, the representatives of the people, to delegate power to them. The whole scheme abroad, not only here in Canada but throughout the world to-day, is a scheme to force the present financial tyranny to work. Therefore governments need power. What do they want power for? Do they want power to change the present system? I doubt that very much. They want power to fall in line, to keep in step with all other governments under the same financial tyranny; power to make it work, instead of power to change the system. Last evening the Minister of Agriculture (Mr. Gardiner) was talking about nerve. Well, it does not require very much nerve for a clerk in a store to tell his understudies what to do. It does take nerve for that same clerk to say to his boss, "You are wrong; you are stupid; you are a crook, and I am not going to do the thing you want me to do because there is a principle involved." That is the kind of nerve the government should have.

The minister said quite a lot about nerve. Well, during the war I think the government did have some nerve, but it was of a different kind. They had nerve when they put over a plebiscite on this country and then did not put into operation what the country told them to put into operation. That was pretty nervy. It went beyond nerve; it was cheek. They certainly had nerve to fire their minister of national defence and then the next day turn around and do what he had told them to do. That was nervy; it was cheek. I will tell you what the government can do if they want to show their nerve. They can tell their financial advisers, whom I sometimes call intellectual dry-rots, that for once in their terms of office they are going to face the physical facts and change the present system to fit those facts. I say to you, Mr. Speaker, that in connection with legislation already passed by parliament and legislation still on the order paper, if we could only take a little peek behind the scenes we would discover that much of it is being passed at the circumstantial dictates of a power much greater than the government who now sit in office.

Mr. MACKENZIE: That is nonsense; just twaddle.

Mr. HANSELL: Does the minister say it is just twaddle?

Mr. MACKENZIE: Just twaddle.

Mr. HANSELL: The circumstances prove it.

Mr. MACKENZIE: The hon. member cannot prove it.

Mr. HANSELL: And the minister is throwing out a bit of a challenge.

Mr. MACKENZIE: I do challenge the hon. member to prove it.

Mr. HANSELL: We will. There is enough legislation to come down upon which we can show that this is happening. And if it is not so, I shall ask one or two questions. How is it that, with the same government in office, and with production piled sky high in Canada, the government could not distribute production to the people who needed it?

Mr. JOHNSTON: Don't ask that; it is an embarrassing question.

Mr. HANSELL: They could not do it; they were helpless. There must have been some reason why they could not.

Mr. BLACKMORE: And they were stubborn too; they would not listen.

Mr. HANSELL: Perhaps they did not have enough nerve.

Mr. JOHNSTON: They have lots of that.

Mr. HANSELL: Or perhaps there were some financial circumstances which would not permit their doing it. That is what I am talking about, and it is not twaddle. Because, believe me—and I do not talk about this very often—I was one of those who, even in my profession, had to go to the city fathers, bow down on my knees, put my hands together in prayer, and say: "Will you please give me something, so that my little family will not starve?" Yes, sir, I was one who had to do that.

Mr. BLACKMORE: And that was in Canada!

Mr. HANSELL: I regard the Minister of Veterans Affairs as a friend of mine, because he has done a lot for me. I do not believe I have ever taken a case to him in which he has not taken the utmost interest. When I have been in his office, discussing cases with him, I have thought sometimes that he must certainly have taken me for a Liberal. Yes, he is a good friend of mine; but I want to tell him that what I have just said is no twaddle, believe me.

Mr. MACKENZIE: Just plain twaddle.

Mr. HANSELL: I had not intended taking up this much time; but the big idea is that the whole move is toward centralizing power in the government in an effort to force the present system to work. If they do not change the system, then all they can do is force the people to obey the system now in use. I believe my logic is sound.

We in this parliament cannot give something away that we have not got. And when the government asks us to give it power, surely we must have the power to give. Once a thing is given away, one has not got it; that is all there is to it. If the government gets the power, then we have not got it—and that is the principle involved in this bill.

The only redeeming feature, as pointed out by the hon. member for Acadia (Mr. Quelch) is that there are certain circumstances which must be faced. The redeeming feature is—if it may be so described—that the government is asking for this power for only one year. Parliament is to meet again in the spring. At that time the government will have the power; we shall not have it. We must remember that. We can only talk then. And at that time the Minister of Veterans Affairs might well look toward us and say, "Twaddle, twaddle!" It will be twaddle then—because they will have the power, and the only power we shall have will be that of hollering our heads off. That is the principle involved, and that is what I oppose. I do not know which way I am going to vote. I suppose I shall have to keep my eye on the leader of this party. And let no hon. member misinterpret what I have said as meaning that the leader of my party has power over me, because he has not. I shall speak with an independent voice. I vote independently, if I wish to.

I do desire to be fair to the government and to all concerned. I am not saying that under the circumstances the government have not done a fairly good job. I am not saying that any other government which might have been in office, facing similar difficulties, would not have had to do the same thing. I am simply saying that a principle is involved. The government are asking for more power. I do believe that by a proper system of parliamentary procedure, of bringing down legislation from time to time, the government could devise some means by which any request for such power would be unnecessary, with the result that the same power would remain inherent in parliament.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. LUDGER DIONNE (Beauce): Mr. Speaker, I should like to say just a few words to justify my attitude in regard to bill No. 15. Having received letters from many people in my constituency who do not approve this bill, I should like to point out publicly the reasons why I am in favour of it.

Before going any further I admit that I do not like any more than anybody else these orders in council which give or delegate powers to a bureaucracy who are not in any way responsible to the people. On the other hand, everybody will admit that we are facing a situation which has practically no precedent. The present session is getting near its end. We cannot expect the members to stay in continuous session to take care of any emergency which may arise from time to time. So

authority of some kind must be delegated to some body to deal with the matter in the absence of the members.

I shall confine my remarks on the bill to its essence or spirit, without going into the details of the sections. At present, as everybody knows, there is such an acute shortage of goods nôt only in this country but all over the world that if there were no controls at all, prices would reach a ceiling never thought of. What would happen then? The poor people would be deprived of the necessities of life. What I have said regarding prices of goods applies as well to wages.

It has been said in this house that this bill No. 15 jeopardizes the rights of the provinces. But if we had to wait for the provinces to take action in the matter and control the situation it would certainly take a long time, during which the people of this country would suffer.

I will admit that drastic legislation such as that outlined in this bill is not agreeable to the people of this country, but action must be taken to protect the people, even if they do not like to be protected. It is the duty of the authorities to do it. When a person has to undergo a surgical operation he does not stop to think whether he likes it or not; it simply has to be done. I consider that the government has to perform a surgical operation presently for the benefit of the people of Canada, and if the government did not take the proper means to do it, it would not be justifying the confidence which the people have put in their representatives.

I would respectfully draw the attention of hon. members of this house to the fact that these remarks of mine are against my own interest. If I had my personal interest in mind I should vote against the bill, because the foreign markets are interested in buying certain goods that are made in Canada, and I could dispose at a premium of the goods which are produced in factories in which I am interested. As a matter of fact I could sell in the United States and South American countries many times the quantity of goods which I manufacture and of which the export is now prohibited. This goes to prove that it is against my own interest to favour legislation such as is outlined in bill No. 15. But I understand that as a member of parliament I must forget my own interest for the benefit of the public at large. That is the reason why I shall vote in favour of bill No. 15.

Before taking my seat I am proud to pay a tribute of admiration to the hon. Minister of Justice (Mr. St. Laurent) for acting in such a virile manner in presenting this bill under such adverse circumstances.

Mr. FRÉDÉRIC DORION (Charlevoix-Saguenay) (Translation): Mr. Speaker, it is certainly unfortunate that the government should have waited until the last days of the session to introduce this most important bill, the passing of which may entail very grave consequences from a constitutional standpoint. Now that we have to sit from eleven o'clock in the morning to eleven in the evening, besides having to attend committee sittings, it is obvious that we cannot devote to the study of this measure all the attention which its importance demands. It will perhaps be said that the bill has been on the order paper for a long time, but everyone knows what that means, since it has been decided that consideration of some measures which had been put on the order paper would be left until other sessions. A bill can only be discussed when it has been introduced in the house.

At all events, I do not intend to prolong this debate too much and I shall endeavour to be as brief as possible in the few remarks I have to make. Besides, I believe that the speeches delivered by the hon. members for Stanstead (Mr. Hackett), for Beauharnois-Laprairie (Mr. Raymond) for Chicoutimi (Mr. Gagnon) and for Laval-Two Mountains (Mr. Lacombe) have covered the various aspects of the problem we have to solve.

I have also listened with deep interest to the speech delivered by the hon. member for Montmagny-L'Islet (Mr. Lesage). Of course, I cannot agree with most of what he said, but he has also made a particular remark which has my entire support, and I think it is proper that I should quote it. The hon. member for Montmagny-L'Islet said, as reported on page 2919 of *Hansard*.

> I do not feel that the people of my constituency gave me a mandate merely to pass that mandate over to the government.

I am in perfect agreement with the hon. member for Montmagny-L'Islet on that point. When I had the honour of being elected to represent the electors of Charlevoix-Saguenay, it was certainly not for the purpose of handing over to the governor in council all the powers devolved on the government of this country.

I say, Mr. Speaker, that the matter which is now before us is most important. It is important because it affects the very basis of the confederation pact. Indeed, I think I am justified in adding that in the past, when differences arose between the provincial authorities and the dominion government, it was almost in every instance upon the interpretation of sections 91 and 92 of the British North America Act. Now, this bill involves those two sections; in other words, it is intended to transfer within the powers of the

dominion parliament certain provincial rights and powers defined in section 92 of the B.N.A. Act. Hence, I contend that the matter is very important, I repeat, it may have far-reaching and altogether disastrous consequences. Instead of bombastic speeches of the type made last night by the Minister of Agriculture (Mr. Gardiner), I should have preferred sounder and more weighty arguments in support of the government's point of view. Among the few principles set forth by the Minister of Agriculture, one of them stood out more prominently than the others; I refer to his quotation of a business man's opinion on the matter. At this point, Mr. Speaker, let me state the viewpoint of Mr. Burton, President of the Robert Simpson Company of Toronto, another business man well known all over the country. According to *Le Devoir* of October 12, 1945, Mr. Burton said, in relation to bill No. 15:

At present, Ottawa is devising the collapse of reconversion, and Canada's future is at stake. Bill 15 sets forth emergency powers more extensive than those vested in cabinet during the war.

Controls, instead of being curtailed, are extended to new fields. Now that hostilities are over, the privileges sought in the bill are no longer necessary; in fact, they would entail a severe menace. The act is to continue in force for a period of twelve months, but this type of legislation is usually renewed from year to year.

Civil liberties and property rights are imperlilled, and if bill 15 is passed, the provinces will be stripped of their constitutional prerogatives. The freedom of every Canadian citizen is thus affected.

I have no doubt, Mr. Speaker, that if the matter discussed in the house for the past couple of days had been thrashed out before a fair-minded court, the arguments submitted by the hon. members for Stanstead and Beauharnois-Laprairie would have won hands down over those set forth by the hon. members sitting on the right.

Personally, I wish to point out only a few specific features of the bill now before us. Incidentally, if in so doing I have the good fortune to reflect the opinion of the electorate in the constituency of Charlevoix-Saguenay, well and good; some people may claim that I am making an election speech, but that is irrelevant, for I shall have the satisfaction of knowing that I have done my duty. Therefore, I submit, Mr. Speaker, that national unity is endangered by this bill.

Some hon. MEMBERS: Oh, oh!

Mr. DORION: Not that some menace with which we are usually threatened when we claim for example, as we did in the past in the house or elsewhere, the rights of an ethnical entity of this country when they are usurped by the other entity. I say that such is not the menace with which we are threatened at present, but the present menace may be more dangerous because it attacks the Canadian confederation in its very foundation. We are threatened with a conflict between provincial autonomy and the federal government. In order to mitigate the consequences of the bill, it is often said and contended that it is but a transitional measure which would grant powers to the governor in council for a period of one year only. This is not accurate. If one examines section 6 of the new bill he finds that the powers granted to the governor in council will extend until next session; it is therefore evident, from the text of the bill itself, that the said powers are given to the governor in council for more than a year, at least for one year and three or four months. But how long the bill remains in effect is not important. The situation would still be the same were the powers granted to the governor in council for a few months only. A principle is involved and not a question of time. I submit that it is exclusively a matter of principle and it is in that light that we should look at the bill which is now before us. On the other hand, the principle, the basis of that bill has been the subject of earlier discussions in the house. For instance, this happened during a debate when, during the second special session of 1930, the Bennett government having just attained power, a session was called in order to authorize the governor in council to spend $20,000,000 to ward off the disastrous results of unemployment which prevailed at that time. If I refer to the House of Commons Debates for the special session of 1930, I find certain statements which I believe should be remembered during the present debate. For instance, on page 178 I note the following statement:

Last night in speaking to the resolution on which this bill is based he said that we had no right to ignore the needs of suffering humanity. May I tell him in a spirit of absolute sincerity and humility that there are many of us on this side of the house who through birth and struggle have probably a better appreciation of the struggles of the labouring people of Canada. Let me tell him that he has no right to assume that because we are here protecting the fundamental rights and privileges of parliament he has any monopoly of sympathy with the sufferings of humanity.

Those words were uttered by the hon. Minister of Veterans Affairs (Mr. Mackenzie) during the special session of 1930.

Further on, the hon. minister stated:

The leader of the government knows as well as anyone in this house that the struggle for responsible government in England since the

days of Edward I has been the struggle on the part of the people's representatives to secure full and final control over every cent of money expended. Further, the hon. gentleman knows quite well that as a result of the constitutional struggle of 1910 in the old land the final financial control of the House of Commons was completely established. The same principle holds in Canada.

As reported on page 258 of *Hansard* of that same 1930 session, he went on:

My plea to the house is this: Leave the authority to parliament. Having been sent here by the Canadian people, we have obligations and responsibilities to them. It does not matter much which party claims our allegiance; the people who sent us here have placed certain obligations upon our shoulders. So far as I am concerned, therefore, not even to protect any industry in the country, not even the fruit industry of British Columbia, shall I stand for the infringement of the rights of parliament and for delegating to any cabinet, even the almighty, all-powerful Conservative government, the power which belongs to parliament.

And he continued:

To me this is not so much Tory legislation as it is Soviet control in the Dominion of Canada. I hope hon. gentlemen opposite will not add to the poverty of their argument the intolerance of interruption. Let me assure them that I stand for the fundamental rights of parliament as established through centuries of struggle in the old land, and I suggest to the Minister of National Revenue that if he will consult the debates engaged in by the fathers of confederation when they were building up the fabric of our Canadian constitution he will not find any delegation by them to the executive council of parliament's right to supreme control over the system of taxation in this country. For these reasons, I agree with the hon. member for Edmonton West (Mr. Stewart) that section 4 is absolutely vicious and iniquitous in principle, and I object, therefore, to the legislation before the house inasmuch as it deprives parliament of its fundamental rights.

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Amen!

Mr. DORION: Those are the words uttered in 1930 by the hon. gentleman who is now Minister of Veterans Affairs. Further, in considering the many vicissitudes which befell this much talked about bill No. 15, I find that there may have been a recollection of those past statements of policy. Indeed, if the events which preceded this bill are looked into, it is noted that it was submitted with some hesitation even in its second form. In fact, the first inkling that such a bill would be introduced was contained in the speech from the throne when His Excellency the Governor General said:

You will be asked to approve a measure to extend certain specified emergency powers to meet emergency conditions in the period of reconstruction.

Mr. Speaker, I wonder what happened since the day on which the speech from the throne was read by the governor general, a speech in which the bill now before the house for granting the government certain powers was announced? What could have happened between this day and the 23rd of November when bill No. 15 was introduced in the House of Commons?

The speech from the throne was prepared by the cabinet, for we all know that this body is always called to pass upon this document before it is read. It is probable that, after having learned that the government intend to request certain limited powers, these gentlemen we call bureaucrats and controllers objected to it. Indeed if the government had introduced a bill as was forecast in the speech from the throne it would have meant that these gentlemen would have been deprived of the dictatorial powers they have enjoyed for too long. I do not doubt that in the interval between the reading of the speech from the throne and the introduction of bill No. 15, representations were made by the controllers and other powers such as the hon. member for Macleod (Mr. Hansell) mentioned this morning, to ensure that the measure would be properly amended.

At all events, I claim that explanations should be given to the house concerning the change of policy, on the part of the Canadian government, which occurred between the reading of the speech from the throne and the introduction of bill No. 15 in this house. In any case, on November 23, the first draft of bill No. 15 was submitted to us and we all were surprised to notice that, after a brief discussion, the debate was suddenly adjourned. During the following week, the measure which had been presented to the house was submitted to the prime ministers then gathered here, in Ottawa, for a federal-provincial conference.

We evidently do not know what happened at this interprovincial conference when bill No. 15 was submitted to the gathering of prime ministers from the various provinces. However, we may surmise from what the Prime Minister had to say, on December 3, that, evidently, the members of this conference objected strenuously to the measure. I quote the words of the Prime Minister on that day, as reported in *Hansard*:

My hon. friend has referred to certain important amendments which have been considered and which the minister will be prepared to propose when the bill comes before the house in committee. During the sittings of the coordination committee of the dominion-provincial conference some of the provisions of the bill were under discussion. There were certain objections by some of the premiers to powers that were being requested under the bill. The government undertook to consider the objections that were raised. That has been done, and important

amendments have been drafted which we believe and expect will help to meet the objections that have been raised, and incidentally help to meet objections that otherwise might have been raised by hon. gentlemen opposite.

By way of digression, may I say, Mr. Speaker, that in his statement the right honourable the prime minister perhaps said too much, but certainly did not say enough. He mentioned the objection raised by a few prime ministers. Now, inasmuch as the matter has been referred to the prime ministers of the nine provinces of the dominion and since it was the right honourable the prime minister himself who gave that information to the house of commons, we should, I think, have a right to know who are the prime ministers who raised objections and who are those, if any, who agreed to bill No. 15 in its original form. Is it fair that only the right honourable the prime minister and the provincial prime ministers should have that information? Did the prime minister of Nova Scotia accept the bill? Did the premier of Ontario accept it? Did the prime minister of Quebec accept it?

Mr. LANGLOIS: Ask your leader.

An hon. MEMBER: Your leader does not want to say anything about that.

Mr. DORION: It was the right honourable the prime minister of this country who brought the matter up in the house and we have a right to ask him to enlarge upon that statement and to tell us, in all fairness, who were those, among the prime ministers attending the dominion-provincial conference, who approved the bill and who are those who opposed it. A few days ago, we heard that the prime ministers had returned home on Thursday or Friday of last week. Three days after the conference had ended, that is on Monday, the government introduced the new bill No. 15, which had been revamped and was called a transitory bill.

Now, one question first comes to mind. Since the dominion government decided in the first place to submit this bill for the consideration of the provincial prime ministers at the dominion-provincial conference, we are now entitled to know whether the new bill No. 15 has been submitted to the same prime ministers and whether it has been approved or opposed by them. Parliament did not ask the provincial prime ministers to consider bill No. 15; the government decided to bring it up during that dominion-provincial conference. If the new bill has been submitted to them, we are entitled to know whether the same prime ministers have approved or opposed it.

As regards the new bill, Mr. Speaker, I must say, in passing, that I wish to abide by the ruling you gave yesterday, when my colleague the hon. member for Chicoutimi had the floor, and I am willing to admit that the measure now before the house is the original bill and not the reprinted one.

The statement was made Monday by the Prime Minister, that the government takes upon itself to submit to the house a recast piece of legislation. According to the declarations made last night by the Minister of Agriculture, I think we should, in order to gain a fuller understanding of the whole matter, take it for granted that the first bill as well as the amended version are now submitted for our consideration. If I look into it—

Mr. SPEAKER: I must advise the hon. member that if I allowed the Minister of Agriculture and an hon. member seated on the left to quote from the bill as reprinted, it was merely that the preamble might be discussed, since other hon. members had already quoted it in the house. I would therefore beg the hon. member not to refer to the sections of the bill as reprinted.

Mr. DORION: Obviously, Mr. Speaker, I am delighted to comply with your wishes. I will confine myself to the Prime Minister's statement which I quoted a short while ago. I should like to say that the bill as amended, which was submitted to the house afer the Prime Minister said that he had agreed to incorporate certain changes at the request of the provincial premiers, is, in some of its features, even worse than the first draft.

In fact, if we examine bill 15, I think I am justified in saying that it has a dual purpose. The first seeks to grant the governor in council, through parliament, powers which, under section 92 of the British North America Act, belong by right to the provincial legislatures. The second asks parliament to abdicate all control it may be entitled to exercise over the affairs of the country and to vest these rights in the governor in council.

The powers of the first category were clearly set forth recently by the Minister of Justice (Mr. St. Laurent) when he introduced the bill to the house. The following excerpt is quoted from page 2452 of *Hansard:*

> One of the important questions for the consideration of the house is this question of fact: Is it or is it not true that some matters normally of provincial jurisdiction have aspects at this time which are other than their normal aspects as dealt with in the subsections of section 92 of the British North America Act?

And a bit further on:

> Are we still in a condition of national emergency such as to affect the distribution of legislative powers between the dominion and the

provinces, and, as a practical proposition, such as to affect what should be the distribution of legislative functions as between parliament and the governor in council?

Well, these are the very questions to which the members of the government have not replied satisfactorily. In fact, the Minister of Justice quoted in support of his argument a ruling made by the Privy Council when the case of The Manitoba Free Press Company was referred to it; this ruling, as reported in a speech by the Minister of Justice, appearing in *Hansard* of November 23, states the following:

> Where an exact line of demarcation will lie in such cases it may not be easy to lay down *a priori*, nor is it necessary. For in the solution of the problem regard must be had to the broadened field covered, in case of exceptional necessity, by the language of section 91, in which the interests of the dominion generally are protected.

Therefore, it is apparent in the ruling quoted by the Minister of Justice that only in case of exceptional necessity, may we strip the provinces of the rights conferred upon them under section 92 of the B.N.A. Act.

I submit, Mr. Speaker, that no weighty arguments and no sound proofs have been given in support of the contention that these really exceptional needs do exist. The bill in its present form, as introduced in the house, should have been first submitted to the provincial governments, for, at a time when the federal authorities are seeking the cooperation of all provincial legislatures in its attempt to reorganize our economic system, if parliament passes legislations on matters of such vital interest to the provinces as those contemplated in the present bill, the procedure adopted in this instance is a lack of confidence and, I might say, an insult to them, and this is not the proper way to promote cooperation on the part of the provincial bodies. Therefore, as a matter of justice, and in the interest of negotiations which are to be pursued between the federal and provincial governments, I claim that, as the federal authorities wish to be successful in implementing the policy they have expounded, it is necessary and appropriate for them to submit such projected measures to the provincial governments.

As to the assignment of powers we are requested to approve, it is purely a surrender of our control over certain matters into the hands of the governor in council.

I say that in the present circumstances we have no right to do so. I contend that it has not been satisfactorily proven to us that we have the right to grant to the governor in council the powers requested by bill No. 15. And, as a consequence of this claim, I say that if this bill is passed by Parliament, the law will be ultra vires and may be annulled at any time by courts of justice. Should a dispute arise as a result of this measure, I say that we may well see a repetition of what happened in 1935 and 1936 when several laws enacted by the Bennett government in 1934 and 1935 were set aside by the Privy Council.

It has been repeated time and again during the present debate, that we must admit in spite of all that there is a great necessity of maintaining certain controls and certain regulations passed under the War Measures Act.

I do not say, Mr. Speaker, that the whole structure set up in the past few years through orders in council and measures of all kinds should be demolished at a single blow, but I say that there are constitutional means of remedying this situation. If we had asked the provincial premiers last week to legislate on matters within their jurisdiction in order to maintain certain controls, I believe, if I judge from the atmosphere which prevailed at that conference, that we would have been supported by all the provincial premiers who would have agreed to legislate in the special cases within their own jurisdiction.

As for the second category of powers which I mentioned a while ago, if we had been called upon during the present session to approve definite and specific legislation dealing with the continuation of certain controls and regulations during the reconversion period, I am almost sure that no objections would have been raised in the house, because nearly everyone recognizes that some of the present controls should be maintained.

(Text).

In concluding, Mr. Speaker, I should like to sum up my remarks as follows: My contention is that the bearing of this bill is twofold, or should I say that there are two categories of powers provided in this bill. First, the government is asking for authority to deal with matters pertaining to provincial powers. Second, the government is asking parliament to authorize it to make legislation by orders in council.

As regards the first category, now that we know the government has thought fit to submit to the provincial premiers the project of this bill, we ought to know if this new bill No. 15, as reprinted, meets with the approval of the premiers. The government should give us the evidence that the premiers of the provinces have agreed to this new bill; otherwise, in all fairness and equity, and I may say, in all decency, the proposed amendments should not be presented.

As regards the second category of powers, my contention is that this parliament does not possess the right to authorize the government to govern this country by orders in council. I believe this bill, should it become law, would be ultra vires of the powers of this parliament, and I do not hesitate to state that in a judicial case emanating from this law, our courts would come to the conclusion that it is ultra vires and illegal. One may reply that, even if we admit this point of view, we must also be aware of the fact that some of the measures adopted under the War Measures Act cannot easily be rescinded immediately I am ready to agree to that, but I suggest that this bill is not at all a proper remedy for this situation. What the government should do would be to ask the provincial governments to pass the necessary legislation dealing with the problems pertaining to their constitutional authority; and from what we were told about the interprovincial conference I believe the premiers would be willing to accept this suggestion.

As regards the first category of powers already mentioned, I would suggest that the government submit to parliament special and precise legislation which would cover the needs of the present period, but nothing else. Therefor, my contention is not only that this bill is ultra vires, but that we do not need it; and there is only one way out, which is by way of the following amendment. I move, seconded by the hon. member for Chicoutimi:

That in the motion now before the house the word "now" be left out and the words "this day six months" added at the end of the question.

Mr. GEORGES H. HEON (Argenteuil) (Translation): Mr. Speaker, as the majority of the hon. members do not speak French, I shall speak in English.

(Text).

Victory over the enemies of freedom having been won by our people, Mr. Speaker, at an untold price in lives and sacrifices of all kinds, every Canadian worthy of the name has become tremendously interested in the preservation of his political liberties and the democratic processes of government which he has come to cherish so dearly. The average Canadian believes, rightly or wrongly, that the institutions he fought for and for which his sons died will cope with the problems arising out of this complete but costly victory; and he has faith in his elected representatives, feeling that the difficulties arising within the immediate post-war period will be settled to his satisfaction, according to his conception of responsible government. Even to superficial thinkers it must appear abundantly clear that this parliament is faced with vast and

complicated problems, weighty and huge, growing in immensity as new conditions arise. The bill before this house transcends party interests and immediate political advantage, and I for one would not care to consider this bill in the light of political colour. This bill, more than any other measure brought before this house during the present session, (including the flag question on which we could not even agree in principle) shows fully the varying trends of thought in this country, the difficulty of interpreting our constitution in time of war or economic stress, and how very finely balanced is our confederation. All of us here are sworn to serve the best interests of our country, and only those of bad faith would dare question the sincerity of their fellow members. We are all seeking to attain the same end, a united, prosperous, sovereign Canada; yet each of us may in all good faith differ from his fellow members as to the means of attaining that end.

I want to say, Mr. Speaker, that I am not at all scandalized by the speeches which have been made on this bill, whether they came from my personal friend, the hon. member for Chicoutimi (Mr. Gagnon); whether they came from the batonnier general of the Quebec bar, the hon. member for Stanstead (Mr. Hackett), with whose speech I entirely agree; whether they came from the hon. member for Beauharnois (Mr. Raymond), who offered a very strong indictment against the bill; whether they came from the hon. member for Beauce (Mr. Dionne), whom I had to persuade all morning to make his maiden speech in this house, or whether they came from the Minister of Agriculture (Mr. Gardiner) who, as "the old reliable", made a laudable effort to try and convince this house that this country has a good government. All these speeches show that we are breathing freedom, that we are living and working toward democracy. Ever since Lord Durham's report there has been a conflict of political thought in Canada; yet our country has prospered and developed almost progressively with this conflict of thought. Personally, and I say this with all due respect, I attach as much importance to the speeches and gestures made by Papineau and the grandfather of the present Prime Minister as I would attach to those of Sir John Colborne and his lieutenants. Their actions might have been diametrically opposed, yet they were directed toward the same end; and to those factions we owe the responsible government we are enjoying to-day.

Our struggle for responsible government has been long, arduous and costly. This bill is just another measure which literally throws back into the laps of legislators the responsibility of maintaining responsible government.

Shall we have economic control or shall we have economic freedom? That is the question. To all true lovers of liberty, urgent as this bill might appear to be, the underlying principle is repugnant, if I may use that word. Those who have sacrificed loved ones on the altar of liberty in the hope that the price paid would not be too high, attach great importance to that one attribute which establishes the difference between democracy and dictatorship, between free men and chained men. To those of us who worship at freedom's altar this bill is a dark and overwhelming question mark. Yet we must face hard facts, Mr. Speaker. Our economy is dangerously unbalanced. We have switched from agriculture to industry as a major occupation, and all our old theories as to supply and demand, freedom of enterprise and endeavour, have gone by the board. Let us admit it. Our participation in this war has given our economic skeleton, if I may use that expression, a terrific shock from which we may not soon recover. This house now is being asked to sanction a measure conferring upon the governor-in-council transitional powers during the national emergency arising out of the war. We are not told by what yardstick the transition will be measured, nor are we informed of the scope and extent of the emergency. If we were asked to sanction specific controls, fully described and demonstrated, I think it would be easier for all of us to accept the measure.

Unfortunately this bill is uncertain in its portent, like many other bills which have been presented during the present session. No one in his senses will deny the necessity of certain controls, but every disciple of freedom will challenge an unlimited mandate to the governor-in-council to legislate without consulting in advance the elected representatives of the people. If we are, and we are, a government of the people for the people, we cannot for any reason, however weighty it may appear, surrender our vested powers to any other authority, however respected it may be. This is a time as never before to reestablish the supremacy of parliament over an irresponsible bureaucracy which this war inevitably created and which the might of our war effort may have justified. I want to be fair about that. The more this parliament surrenders its powers to a bureaucracy which is not responsible to the people, the more this parliament will lose the respect of those same people. After all, it was not the bureaucracy which stood the last general election; it was all of us here. The old civil service did more than its share during the war, without any additional wages. It is that new bureaucracy which came in to win the war at any price that we should guard against.

Edmund Burke, that great English parliamentarian, speaking on conciliation with America, made this statement which I would ask hon. members to bear in mind:

> As long as you have the wisdom to keep sovereign authority of this country as the sanctuary of liberty, the sacred temple consecrated to our common faith, wherever our chosen race and sons of our country worship freedom, they will turn their faces toward you . . . Deny them this participation of freedom and you break that sole bond which originally made and must still preserve the unity of our empire. It is the spirit of the English constitution which, infused through the mighty mass, feeds, unites, invigorates, vivifies every part of the empire, even down to the minutest member.

Another delicate question, Mr. Speaker, is involved in this bill, namely the conflict of federal and provincial powers. I know of no province more willing than my own to cooperate with the federal authorities. Yet, because of its racial, linguistic, economic, geographic, social and even sentimental peculiarities, the province of Quebec is justifiably jealous of its autonomy and justifiably worried as to the loss of its essential powers. On this subject I want to state further that the influential and much respected English-speaking minority in my province has expressed itself as sharing the same views, since it feels that well enough should be left alone.

May I give a word of warning to the house? Broken friendships must not lie ahead if we are to become more united; and no province or group must look hopelessly to the future feeling that it has been betrayed. Controls have weighed very heavily upon our people, and I want to accentuate that there is a general desire that these controls should disappear, unless urgency demands that they be maintained. On the principle that the preamble to this bill, instead of extending the freedom which has been promised ever since war was declared, further strangulates that same freedom, I cannot accept it. But I wish to make this reservation: I shall gladly, however, vote for any specific measure of control, if its necessity is demonstrated.

These are my last words: Canadians were not born to be controlled. Our forefathers came to this country because they were searching for freedom. Our fathers fought to maintain freedom, and our own kith and kin fought in this war to save it. I am prepared to go on record as stating that I still prefer to rely upon the qualities of recovery inherent in all true Canadians rather than upon a state-controlled economy conceived and directed

by irresponsible bureaucrats. And, Mr. Speaker, I would be prepared to go to the polls tomorrow on that sole issue.

Mr. FRED ROSE (Cartier): Mr. Speaker, I believe this debate could have been shorter. Basically there is very little in the bill to which objection could be taken.

One has to have a thick skin to listen to all of the pleas for democracy and all the condemnations against dictatorships coming from people who, when war came along, opposed any idea of control of profits, while calling for all sorts of control of labour and wages. These same people, when it comes to the problem of tariffs and protection, are willing to have all sorts of government interference so that they may have sufficient profits. However in a matter which affects all the people, all of a sudden they become great defenders of democracy, as they understand it.

At present we are in a state of emergency so far as the problems of peace are concerned. There are many difficult problems, and hon. members in all quarters of the house—I have heard it from the start to the finish in various speeches from hon. members—realize that there is a peace emergency, a problem of finding jobs for people, a problem of creating work, a problem of making sure that there will be houses for the people, a problem of controlling prices and of wages.

I am sure hon. members who are opposed to this measure would gladly have a control of wages, but they would not like the control of prices—that is, they would agree to some controls, but not to others. I hold in my hand a letter which seems best to express the reason why there is so much opposition to this measure. This letter was received this morning from La Ligue des Propriétaires de Montréal —the league of proprietors of Montreal—and is as follows:

> Bill 15, as amended, is now before the house. We earnestly beg that a clause be inserted in the bill providing that property owners be restored the rights to which they are entitled and which were suspended during the war, in order that their property may afford them more profitable earnings.

In a few words this letter tells us that we must see to it that the bill contains a section guaranteeing proprietors greater income. That is, it must do away with rental control and the freezing of leases, so that they may throw people out when they want to. All this despite the fact that there is a shortage of houses in Montreal. But this is what they want to have done so they may raise rents a little higher. And let me assure hon. members that, despite rental controls, rents are high in Montreal. Someone told me recently that as much as $60 for a furnished room has been asked in that city. Without controls they would ask a rental of $100 or $150. They are very much interested in freedom, as they understand it—a freedom to fleece people, and take their last penny away from them.

I realize there have been abuses, and many of them. Small business men have come to me and told me that they could not get cloth, when the big business outfits had cloth. Used car dealers have told me that they were told they would have to close their yards in which they were selling second-hand cars, because they did not have shops to carry out repairs. Substandard wages have been frozen. No doubt there have been many other abuses. But basically we must agree that some measures are necessary at the present time.

Let no one dare to raise the constitutional problem. That problem has been raised again and again against the interests of the Canadian people. Some say, "Oh, you must not overstep the provincial rights of the provinces." What do they mean? They mean just this: "Leave us alone and we will handle problems in the interests of a few wealthy people." Every time the federal government wishes to do something, those people in the provinces take this stand: "We will soon block them by the holler of provincial rights and constitutional rights." We hear lots of that in Quebec. I know that the premier of our province is one of the loudest in those statements. He has also told the proprietors at their conferences that he is opposed to all controls, and believes they should be able to charge all sorts of rates. That is what they have in mind. It is property rights in which they are interested—not the rights of the people. When they raise the cry of constitutional rights it is because they are thinking of the few, not of the people. In that spirit, Mr. Speaker, I support the bill and urge other members to support it.

Mr. PARK MANROSS (London): Mr. Speaker, it is a little unexpected that I should be taking part in this debate on bill No. 15 because I saw by this morning's paper that bill No. 15 is virtually dead, but as the house is still debating it I shall join in the post mortem.

Bill No. 15 has been discussed by a great many members, especially members of the legal profession. One hon. member said yesterday that this bill controlled everything except going to church. He missed one thing. It does not take over control of the law business in Canada. It may be because the bill was drafted by a lawyer; I do not know.

But I think that those of us who are laymen, not legally-minded, should examine the bill from a layman's standpoint, because as you know, Mr. Speaker, the legal profession probably has the lowest batting average of any profession, for half of its members lose their cases.

Mr. BERTRAND (Laurier): But this half is absolutely right.

Mr. MANROSS: This bill is to endorse and continue the wartime controls and government by order in council. To that we take strong exception. We admit that controllerships were necessary during the war, but undoubtedly they provoked a lot of animosity, and they will provoke more if continued in peace time. I have been thinking about a controllership right in this house. I moved down to this seat from the back row because there were three shadows on my desk and I could hardly see a thing. I saw the whip, the controller of lighting, and the Sergeant at Arms. I think we need a "shadow" controller to fix it up. However, with all the discomforts of my seat it is not nearly as uncomfortable as the seats of hon. members will be who vote in favour of this bill.

The house has discussed controllerships at length, and I shall not take up much time on that. We have discussed housing, which is run by boards and bureaucrats. Somebody had the idea that the veterans should be put on an acre of land instead of becoming city citizens and being assimilated in the general citizenship of Canada, and so they bought a lot of farms and established soldier settlements. That all comes from having too many controllers, each one trying to run his own department.

I do not necessarily represent any party in speaking about controllers. The people I am thinking of are the people of Canada, the business men, the farmers, the labouring men. There is no use telling the Canadian working man that he is better off than the Russian or Australian or British worker, because the Canadian working man wants to be better off than the Canadian working man. More power to him! He wants his own lot to be better. It cannot be better under a bill of this kind, because on whatever other subject you may legislate you cannot legislate human nature, and this bill diametrically opposes human nature because it kills incentive and initiative. "Controllers" remind me of the lighthouse-keeper on the coast who had been keeping the light for thirty years, with the fog horn sounding every two minutes. He woke up in the middle of the night when the fog horn had suddenly stopped sounding, and said, "What was that?" Some of these controllers do not know that the guns have stopped firing; they do not know that the war is over; they do not know that these temporary buildings are not permanent buildings.

My objection to a bill of this kind is that it lends itself to creating more bureaucrats, more boards and more controls. Not long ago the hon. member for Middlesex West (Mr. McCubbin) said, at page 913 of *Hansard*:

As I have said, I have always felt that we have too many boards.

He went on to say:

I hope they go forward with the legislation that is on the statute books and not appoint a lot of boards.

But on that occasion he was talking against somebody else's resolution. Under bill No. 15 we are bound to have more boards and more controllers.

It is an old story that governments make their worst mistakes when they assume infallibility on their own part, or assume a lack of interest or ability on the part of the public, and endeavour to reduce parliament to impotency. Nothing is more important than to recognize our form of government and that the representatives of the people shall understand that a responsibility rests upon them to protect not only the rights and liberties of the people, but the institutions of sound representative government that have been slowly and painfully worked out over the years.

Another thing that this bill does through establishing bureaux and controllers and boards is to absorb too large a share of manpower working for the government. That takes more taxes from the people to keep this thing going, and the people could spend that money themselves much more wisely than in paying taxes for boards and controllers. Of course, I know that these orders in council lend themselves to schemes that appeal to certain groups, which if submitted to the people themselves would be quickly turned down.

We have discussed in this house collective bargaining and union security when speaking of the rights of labour. That is all right. But how about collective bargaining with the provinces? The provinces met with the dominion government last week, and the provinces have certain rights which they quite properly feel should be respected. This bill I understand has been amended because of representations that were made by the provinces, but still the bill now before us seems to contain nearly everything objectionable that was in the original bill. The hon. member for Kindersley (Mr. Jaenicke) said that he was going to support the principle of the

bill but would offer some amendments later. If you were going to build a house you would not build the house and then decide that you wanted the kitchen on the other end. You would make your changes in the blueprint. This bill is in the blueprint stage. Then why not amend it and bring it in right? Why bring it before the committee of the whole to have the amendments made there? There are a lot of people in the government service who could draft a simple bill to cover what is required.

You have to use your imagination as a layman. I have no personal hates. If you spend ten hours of your life on personal hates you would be much better off dying ten hours sooner. I used my imagination on this bill when it was introduced last week. I can visualize things just by thinking a little, and it seemed to me that the minister came in carrying a bouncing baby. He mentioned bread and milk and butter. In other words the baby needed bread, milk and butter. And to get bread, milk and butter for the baby we are to have all these boards and controls continued. That was carrying the baby on a political platform and asking the people to vote for it.

The Social Credit party have spoken on this bill and stated that the government was asking parliament to set aside the constitution and to continue controllers and boards. Everybody took the same attitude on the original bill, so naturally when I came back from Montreal yesterday I expected to find a short one-page bill before the house. However, I did not find it. I agree also with the thought expressed not very long ago by the minister who introduced this bill. He is a gentleman whom we all like and for whose ideas we have a good deal of respect. He was talking about another resolution, and he said something to this effect: To pass this resolution in the terms in which it is drawn would be an abdication of the rights and privileges of this house. He was speaking of some other measure, but I agree with what he said, because we should preserve the rights of this house, and this bill No. 15 is a complete abdication of those rights. To me it looks as though you are just selling out our freedom, and I agree with what was said by an hon. member sitting to my left, that the principle of the thing was to give the government the power, and from then on we would not have any power ourselves. It is too much power to put in the hands of a few.

I have not the least idea, Mr. Speaker, that these ministers would exert all these powers, or take advantage of them; but why give the power to them?—because anything can happen to people. These ministers might go out in a bus and fall in the river and get drowned. That is not wishful thinking. Anything can happen. Someone else might crawl in and get their power; someone else, regardless of what party he belonged to, might succeed to the throne or the power behind the throne and take advantage of this act. I do not think we should resign all our power, to be used, perhaps by undiscriminating people; and it must be remembered that politicians and governments are not permanent. I might drop over myself. Don't get optimistic; I feel fine. Surely, if this parliament is to have 245 members, that is not too many in whom to vest the power of parliament, because that conversely is equal representation of the people of Canada, and hon. members on our side and on the other side can judge as to what are necessary controls, and do so just as well as the government. We do not need to put all these controls in the hands of the cabinet.

This parliament represents the people. There are only 245 of us, of whom half are usually here, but that is none too many to have charge of these things. The faster we get rid of these controls, or determine that we shall get rid of these various boards and controls, the sooner we can proceed with reconversion. I do not agree with the government that reconversion cannot take place until 1948. I think we should resolve that we shall be reconverted next year. We might not make it, but let us try it. Not long ago a minister told us that the reason the 1948 figures were selected was that that was thought to be the first year in which we could safely estimate that there would be full conversion from war to peace. If you make the date 1948 you will probably reach your objective by 1950, because they cannot keep up to schedule. The war is over, and I think it is time to pass a little more authority and freedom back to the provinces, the municipalities, and the public.

We have been fighting a war many years. Nothing matters in war; human privileges are discarded in face of the enemy; you have to spearhead the attack by asking, by pleading, by forcing people to go one way, to do the job and carry on the fight. But now the enemy is beaten, and it behooves us to look at the people behind us. What do they expect? Why did they send us down here? What do they want? Do they want to be controlled continually as they were during the war? Do they want to be "run", to be told where to go, what to do, what they can have and what they cannot have; or do they want to return to some semblance of the democratic freedom they had before the war? To

get the answer to those questions one has only to turn to those who had boys overseas who fought and died, and to those who, having come back, expect to return to a free Canada.

It seems to me that the government's function now is to unfetter the individual, to let him go to work and use his initiative, and he will do something.

I am not trying to condemn anybody particularly in connection with this bill, but I believe this is a time when all parties and all hon. members should be united for once. So far this session, it seems to me, the only thing on which we have been united is being disunited. That may be an Irishman's way of putting it. Here is something on which we all agree in our hearts; I am sure we do. What do our people want? They want to return to civil life and get on with their jobs. Well, jobs are not created by boards, except jobs for the controllers; they come from ideas. What is an idea? Well, I was concerned with one myself not so very long ago, when the electric refrigerator was a new idea. In 1920 I stood in the Toronto exhibition, and people looked at the exhibit and laughed at me and said, "It makes ice!" I was associated with the pioneers of the industry. They had to go to it and find money and help, build a factory and launch a business. It was a new idea, a new venture, but 860 of us had employment in that industry during the depression, when other fellows were out because they did not have ideas.

Now there are new industries coming along. I know of one United States corporation whose representatives came over to the London district about a month ago and looked over some property; they went to Ottawa, and examined the tax structure and the possibility of getting standard profits under the existing controls, and then gave up the idea of putting up a factory in Canada. I do not think this bill encourages industry, and I would say to my hon. friend to my left who took me to task one night that I do not mean the kind of industry which exploits labour.

An hon. C.C.F. MEMBER: There is no other.

Mr. MANROSS: The hon. member and those who think as he does should let the workmen of Canada know that jobs cannot be created under a government-controlled plan, because government control kills all incentive and creative desires. We must get rid of war-time control and dictatorship, which I admit is necessary during war. The working men do not mind making more gadgets in eight hours than they ever made before if they receive more for eight hours' work, because this enables them to get more out of life.

I do not say that we should take off every control to-morrow morning. I agree that we should continue a measure of price control, which means prices of services or goods, rationing of goods in short supply, and foreign exchange, but I do not think we should let it go beyond the point where it checks inflation and ensures a fair distribution of scarce goods. Parliament itself is just as well able to handle these controls as any board or cabinet. Incidentally the sooner we get back to sane thinking on these controls the better off we shall be.

I was inclined to be against this beautification scheme for Ottawa when I heard about it, but if Doctor Greber will go ahead and take down these temporary buildings as the first part of his job, and so get rid of would-be permanent guests, I should be more in favour of the scheme. I was down in Washington on one occasion for three days with a gentleman who was connected with the Department of Munitions and Supply. The morning we got there a headline appeared in the paper, "President Roosevelt asks parasites to leave Washington." We did not know he saw us come in. I am not implying that these guests in the temporary buildings are parasites at all; they have worked hard, and done a grand job, but the longer you leave them there the less they will be needed, because their work is going to run out; so let us not encourage them to remain too long.

I am not necessarily speaking for my party, and I try to be non-political in my thinking. I have said that I have an imagination, and as I look down at my desk I seem to see my riding; I see London with its approximately 100,000 people. I do not represent the Progressive-Conservatives alone—at least I do not feel that I do. It is my job to come here as the representative of the constituency. I represent all parties, the voters and the non-voters, the women and the children. They want what they believe in and what they fought for—freedom to choose and freedom to live their lives, and I think we should make every effort—for all ridings are the same—to look after their interests and to do what they would like done.

Hon. members on the other side, if they vote against this bill, are not going to defeat the government or cause a general election. On the other hand I would hesitate, regardless of what part of the house I sat in, before I would vote for this bill, because if I were on the government side, and not in the cabinet, it would seem to me to be a declaration to my

constituency that I was a weakling, not capable of handling the affairs of my constituents or of taking their just part in government by a free parliament.

It seems to me that this is an opportunity for all hon. members to show their constituencies that they have their interests at heart, to assert that members have the stuff and stamina that they claim to have and that the people, when they sent them here, believed they had and therefore voted for them. It would show their constituents that they are not frustrated, that they are not being run by the government, that they are not afraid to speak for the people, and that the will of Canadians will be done and a free parliament shall prevail.

I do not believe that hon. members will desert the public opinion of their ridings. I am confident that if they realize the principle involved, the principle of representative government and a free parliament, when the question is put there will be a thundering of "nays".

Mr. NORMAN JAQUES (Wetaskiwin): I should like to associate myself with some of the remarks expressed this morning by the hon. member for Macleod (Mr. Hansell). One of his remarks was that members of the opposition, when we criticize and when we vote on any bill, we act more from the point of view of principle than from any technical viewpoint. I agree with that, and I am quite sure that is the way the people outside this house will interpret the vote of the opposition on this bill. Certainly previous speakers on this side of the house, opposition speakers, have made it clear that they at least are supporting or opposing the bill, one or the other, as a matter of principle, and I think I can say, in fact I know I can say, that this bill will have the support of all those who believe in state control and state planning. Well, I do not believe in either of those things, and neither do the people who sent me here, though I should say of course that I do not mean that everybody who votes for this bill necessarily believes in socialism. I am not saying that, but I do say that all those who believe in socialism will support this bill.

Some members have said that those who are opposed to the bill are taking orders from or studying the interests of those whom they call big shots. Let me say that I take my orders and my instructions only from those who honoured me with their confidence and their votes. I take orders from no one else. In that regard I have received several resolutions and a number of my constituents have instructed me to speak and oppose this bill to the limits of my power. Nobody who wants me to support the bill has been good enough to tell me so, and therefore I will listen to those who have taken the trouble to write and tell me what they want. For these reasons I cannot support the bill.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, we had first of all a bill which we might call the original presented to parliament, and in connection with that bill the hon. member for Kindersley (Mr. Jaenicke), speaking for our group, agreed with the principle that some powers which the government was seeking should be extended for a certain period of time and that we would vote for the measure on second reading and move certain definite amendments when the bill came into the committee stage. Subsequently the government undertook to amend its own bill and has presented us with a second bill which, as amended, is greatly improved over the original. Unfortunately the original bill is still before the house. It is a pity that the government did not withdraw that bill and present its amended bill as the measure to be discussed on second reading. That has not been done. However, I may say that when I vote on the second reading of the original bill, I am in fact voting for the amended bill even if it is not technically before the house, because that is the bill which will be discussed in committee.

The next point is this. The six months' hoist has been moved. That of course does not solve anything. It ignores what I think almost every hon. member has mentioned as a problem. It throws that problem into the waste-paper basket for six months. There is hardly a member who has spoken who does not admit that the situation is such that any government, no matter which government, must have certain powers to enable it to tide the economy of the country over the next six or twelve months, and to vote that the bill providing such powers be given the six months' hoist at this late hour in the session is to invite chaos. I certainly cannot vote for the six months' hoist. I am speaking of course for myself.

There are one or two things I should like to say. As I have just suggested, there are very few members who are willing to leave our unsolved problems without at least giving the government some opportunity to deal with them. That has been pretty well conceded. It has been suggested by one hon. member that the government has not the power anyway, that it never did have the power, that the government is being dictated to by some sinister, invisible force behind it. If that is so, then I think there is all the more reason

why this parliament should act. That hon. gentleman did not seem to be quite clear as to whether the government should go to those invisible and sinister forces and ask them for power or whether it should come to parliament for that power. In my opinion there are certain sinister powers in all nations which seek to influence governments. Those powers had pretty full sway in Canada after the last war, and they made a sorry mess of it. It is necessary that any government should have enough power to check that sinister force.

The hon. member for Macleod (Mr. Hansell) in particular spoke of the very loyal opposition and the hon. member who preceded me in this debate spoke in a similar vein, as if every hon. member who happened to sit to the left of Mr. Speaker is, by virtue of that position on the floor of this house, in the official opposition. I do not so regard my position here. In all the years that I have been in parliament it is true that I have not had the good fortune to sit on the government side of the house.

Mr. FRASER: And you never will.

Mr. IRVINE: I am not sure that I shall not be there before my hon. friend. If I am not it will be a bad thing for Canada.

Mr. ROSS (Souris): The wish would not be father of the thought?

Mr. IRVINE: I have never regarded my position here as that of a member of the loyal opposition. I regard myself as a representative of the people, free to measure every issue on its merits and to exercise my right as a member of parliament to vote on that measure whether it is moved by the leader of the official opposition or by any member of the government. In that connection I should like to read a passage from a speech of the Right Hon. R. B. Bennett, now Lord Bennett, delivered when he was Prime Minister of Canada. On that occasion, when he was addressing the house, the Prime Minister (Mr. Mackenzie King) who was the leader of the opposition at that time—

An hon. MEMBER: Loyal opposition.

Mr. IRVINE: Loyal, very loyal opposition! —had spoken in such a way as to indicate that all hon. members to the left of the Speaker were members of the opposition. The then Prime Minister said:

> I was somewhat surprised at the ease with which he attached to his party all those who now sit to his left. He included them in those opposed to the government, but I had always believed that many of them gave to matters brought before this parliament that measure of impartial consideration warranted by the merits of the proposals enacted.

I think that is a fair statement at least of the viewpoint which I hold with respect to the relationship of the group to which I belong to any measure which may be brought before this house, regardless of which party or group may move it.

I was surprised that the hon. member for Macleod who had discovered such a marvellous principle, and such a sacred one in this bill should not have been so attracted by this great principle which he had discovered that he would have known exactly how he was going to vote on the matter. But the principle, great though it appeared in his eyes, did not seem to have impressed him deeply enough to enable him to say whether he was going to vote for or against it. That does not seem to me to be a very great principle, but I noticed that he, like some others of his party, always manages to come back to the nest of his pet theory—there is an egg there, you know. He reminds me of a clucking hen who is trying to hatch out an infertile egg. While it cannot be hatched out, it can get bad. I think it has got quite bad.

Another hon. gentleman says that this bill is dangerous because it is going to give power, and power corrupts. He says that absolute power is absolute corruption. Well, Mr. Speaker, in that case the sooner this parliament gets rid of power the better. We do not want to be absolutely corrupted. If that were true I think we might well let the government have the power and it would get corrupted, and so badly corrupted that the official loyal opposition would become the government. It might be a good idea to do that. It is all nonsense to talk about power corrupting absolutely, because all the power which this parliament has to give comes from the people of Canada themselves. If they are going to be corrupted by power then just what are we doing about—

Mr. JACKMAN: Nonsense.

Mr. IRVINE: Hon. gentlemen who talk like that should not be here, because they are exercising that portion of power which properly belongs to the riding which they represent.

I know that there are always dangers in delegating powers in our hands to governments and individuals, but if we do not do so here we are going to leave the problems in the hands of people who represent nobody but themselves and who have only their own bank accounts to think about. Although I am not a

Liberal, and vote against them nearly every time I get the chance, I would rather entrust power to the hands of a government which in one year from now can be thrown out because of what they may do with that power, than to leave that power blindly and stupidly in the hands of a profit-making bureaucracy, which is the most damnable kind of autocracy which ever existed in this or any other country.

I repeat that it is absolute nonsense to associate bureaucracy with a government organization when we know that the worst types of it exist in the very hearts of those organizations which do not wish any controls, which do not wish anything to stand between them and their so-called sacred rights of making profits.

All power comes from the people. The power is in our hands; I have a little bit of it because I represent the constituency of Cariboo. I recognize that in the terrific problems which now confront the people the government must have power to deal with them, and to the extent that I have the right to vote that little bit of power which has been entrusted to my care by my riding I vote that to a responsible and representative government. If that government misuses the power which I conceive it to be necessary for them to get, then I will be the first to kick them out for doing that, if I can. But they must have powers other than those ordinarily exercised by government in order to meet the situation now confronting the country. For that reason, sir, I shall vote for the amended bill.

Mr. THOMAS REID (New Westminster): I should like to say a word or two before the vote is taken. My chief reason for speaking at this time is to reply to some remarks made by the hon. member for London (Mr. Manross). If he were an older member, perhaps my language might be stronger than I intend to make it at this time. It ill becomes an hon. member of this house to rise in his place and say that any member on this side who votes for this bill is a weakling. If he looks into the records of the house and also of public life I think he will change his mind about being weaklings. I shall take my chance with the people of New Westminster, as I have done in the last twenty years.

Mr. JACKMAN: You will not be voting the right way this time.

Mr. MACKENZIE: He always has.

Mr. REID: Ever since this bill came up for discussion we have had wishy-washy statements from time to time from the other side of the house. They have said that this is a weak-kneed government. They also say, "Oh, yes, we want a little control, but we don't want this bill." In heaven's name let them get up and say what they do want, because it is my opinion that if we do not have this measure of control for at least a year there will be anarchy in this country. Let them get up and say that the farmers should not be assisted with subsidies, that the national labour code should be done away with, that regulation and regimentation regarding price control should all be abandoned. If that happens within the next year there will be anarchy, I say, that the poor people of this country will not be able to procure goods because the wealthy, which includes many of those who sit on the other side, will be getting nearly all. It is the voice of Toryism we are hearing to-day. Let them look to the last war and the years following it. When did the disaster of inflation overtake this country; was it during the war? No; the high prices, the inflation and all the other terrible things took place after the war. The Tories liked that, and so they want a repetition of it.

I am going to vote in favour of this bill because I want these regulations maintained for at least a little time. But let me say that if the first bill had been proceeded with I would have voted against it, and I am not just making this statement because the bill has been amended. All the opposition or suggestions did not come from the provincial premiers. There are men on this side who have the guts to speak out against the government; there are more of them here than I have witnessed in the opposition in my sixteen years in this house. I wish to refute now and in advance any suggestion that I am voting for this measure just out of weakness. I am going to vote for it because I think it is in the interests of the common people, in whose behalf I have not heard many voices raised from across the way.

Mr. WILFRID LaCROIX (Quebec-Montmorency): Mr. Speaker, I deem it my duty to make a few comments in regard to the controls which are administered by the wartime prices and trade board under the Minister of Finance, who is in charge of the whole Canadian economy. I wish to make these few comments especially in connection with the production and distribution of goods and building materials. The controls were established to check and limit private enterprise in order to permit full production for necessary war purposes. Clearly, then, to my mind the removal of certain of these controls would stimulate an increase in production so as to take care of existing unemployment. It is not

possible right now for a citizen of this country who was not engaged in business or industry in 1941 to obtain quotas of materials or goods in order to set up a new industry or business. Therefore these controls have the immediate effect of protecting the monopolies and large industries which existed in 1941 and which are only too glad to eliminate any competition.

It is free enterprise which will develop production and increase employment in this country. The establishments of the armed forces and auxiliary services were increased to 784,000 during the war, while the various branches of industry concerned with national defence, but not including agricultural pursuits, provided work for 1,055,000 men and women. Therefore there were some 1,839,000 jobs, which number has been decreasing from day to day since the end of the war and most of which will be completely eliminated in the not far distant future. Such is the situation now that peace has been restored. Of course not all those who held the 1,839,000 jobs in our wartime economy will be laid off. The land, sea and air forces will not be completely demobilized, and it is likely that the peace-time establishments will be larger than they were in 1939. It is certain also that a large number of men who left farms, industries, businesses or financial institutions to join the armed forces or to work in war plants will return to their former positions, in which in many cases they were not replaced. When munitions plants closed down undoubtedly large numbers of women returned to their homes or to domestic service. Having regard to these circumstances, it is felt in official quarters that the creation of some 900,000 more jobs than existed in 1939 would offer a satisfactory solution of the unemployment problem. Further provisions have to be made each year to find jobs for about 60,000 young people who reach the age when they are expected to earn their own living. Naturally to attain this purpose the banks must make money available to industrial and business enterprises in order to create jobs. To my mind, inflation is used chiefly as an argument in favour of the continuation of certain of these controls. For my part, I believe the true and sole reason the government wishes to maintain control is to keep money in the banks in order to ensure more readily the success of their future loans, a motive which of course they will not admit; but the more we continue by this system of control to curtail production, the more unemployment will increase in the country. It is money that creates production and thereby prevents unemployment, and by controlling production or limiting the distribution of goods produced to those who were in business in 1941, unemployment is deliberately brought about.

The government should free itself as rapidly as possible from those bureaucrats by whom it is surrounded. Of course it is necessary to retain certain controls. I believe that some should be kept for a short time to deal with the chaos resulting from the war. Without a doubt, if we defeat this bill it will mean the cancellation of all controls and throwing the whole economy of Canada into the hands of large cartels and trusts, to the detriment of the masses of the Canadian people. Further, now that the war is over, I believe it is urgent to hand back to the provinces the control over trade and industry of which they were deprived for war purposes. The prerogative of the provinces cannot be indefinitely trifled with, without touching off the spark which will destroy our national structure and will contribute more than anything else to the destruction of the unity which is essential to a country such as ours.

Therefore, Mr. Speaker, in my opinion this bill is necessary, but with some limitation on its application; and I trust the government will apply its provisions in very few cases, and not beyond the one-year term set out in the bill.

(Translation): I have listened attentively to the speeches delivered by the hon. members for Chicoutimi (Mr. Gagnon), for Charlevoix-Saguenay (Mr. Dorion) and for Argenteuil (Mr. Héon), and I have read, a few moments ago, the amendment whereby the hon. member for Charlevoix-Saguenay moved that bill No. 15 be considered this day six months. I have heard the hon. member for Charlevoix-Saguenay say that he was in favour of certain controls, that some of them should be maintained. I have also heard in this house a similar statement from the hon. member for Argenteuil and many other hon. members. Now, Mr. Speaker, if some controls are to be maintained, if some are necessary, how can we maintain them if we nullify bill No. 15 by our vote and our attitude? In voting against this bill, in giving it a six months' hoist, as proposed by the hon. member for Charlevoix-Saguenay, we shall immediately plunge this country into chaos, an unavoidable consequence of the war policy that was followed and against which I always voiced the strongest opposition. This chaos now exists and it has resulted from the war. This chaos must be averted, and care must be taken not to hand over to the true dictators of this country the control of our national economy. The worst

dictatorship which we now have to face is the dictatorship of capitalists, of cartels, and of the Tories who sit in this house, because they are quite dangerous.

I realize, Mr. Speaker, that controls cannot last indefinitely. But are we going to leave our whole economy in the hands of the people whose shadows haunt the lobbies of the House of Commons and who are bent on defeating bill No. 15? Are we going to let those who control finance in this country starve the common people by depriving them of their means of subsistence? That is what will happen if this bill is rejected.

I believe that any one who votes for this bill will show that he is imbued with sincere patriotism and is anxious to act the part of a true Canadian. It should not be thought that I am infavour of controls; on the contrary, I have always opposed them, but, in this case, we have to prevent our goods and our whole production from falling into the hands of powerful cartels, which want to crush the common people of this country.

There are to-day in my constituency many industrial centres where, owing to the existing controls, tenants can continue to pay the same rent as formerly; but for those controls the increase would have been exhorbitant. If such controls were left in the hands of some landlords, whose business principles are well known, they would at once evict from their houses a great number of the people of this country, or compel them to pay an exhorbitant rent. Those landlords would derive a great advantage from the present housing shortage.

Well, Mr. Speaker, if there are some controls which must remain, owing to the unusual conditions with which we are confronted, we should disregard partisanship and support the government's courageous policy which the honourable the Minister of Justice (Mr. St. Laurent) did not hesitate to present in its true light.

(Text).

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I am sure all hon. members have listened with keen interest to the speeches in the debate thus far. It is a matter of personal regret to some of us that we could not follow fully all that is said by some hon. members; but whether we can follow them or not, we give them credit for holding sincere views. We will read what they have said when the translations appear in *Hansard,* and consider them with every respect for those who have spoken.

I rise at this time to discuss two things. First, I should like briefly to comment on the situation in which the house finds itself as a result of the introduction of bill No. 15, and the suggestion that in committee of the whole certain amendments will be made. I wish also to state, as briefly as I can, our position with respect to bill No. 15, to the amendments it is suggested will be proposed in committee, and to the general question as to the unusual powers, if any, the government should be given in the period of transition between the war and a more normal time of peace.

We have before us bill No. 15, which is known as the national emergency powers bill. It was introduced by the Minister of Justice (Mr. St. Laurent) about two months ago, and the minister moved its second reading about two weeks ago. This is the bill upon which we are asked to vote. I am aware that as a result of certain criticism in the house, and perhaps also in the country, and in the dominion-provincial conference which met a few days ago, the government has reconsidered the matter, and has made certain suggestions as to amendments that it is willing to have incorporated when the bill reaches the committee stage. I concede all that. The fact remains, however, that the bill upon which we are asked to vote is bill No. 15. It was introduced, as I said, two months ago and discussed by the Minister of Justice on second reading some two weeks ago.

To that bill, in its present form, we are entirely opposed. We are opposed to it for several reasons. We are opposed to it because of the unnecessary extent to which it invades the field of provincial jurisdiction. We are opposed to it because of the unnecessarily wide delegation of powers it confers upon the governor in council. We are opposed to it because of the wide powers the government seeks in connection with the entry of people into Canada, and the exclusion or deportation of people from Canada, and in connection with the question of the revocation of nationality. We are opposed to it because of the wholesale approval it requires us to give of the thousands of orders in council passed by the government under the War Measures Act, many of which we have never seen.

Having said that we are opposed to these wide powers as set out in the bill, let me say one thing more. We are not opposed to this government's having whatever powers are necessary to meet the emergent conditions of these post-war days. We are in favour of granting the government whatever powers are necessary to regulate prices, wage ceilings and the flow of essential goods in short supply. Personally, I am in favour of granting the government whatever other specific powers it can show to be necessary to meet the conditions ahead.

One hon. member, the member for Charlevoix-Saguenay (Mr. Dorion), has moved that the bill be given the six months' hoist. If carried, that motion would mean that the bill would be thrown aside and that no action would be taken. We could not support that failure to act. It would leave the government in the position of continuing the present War Measures Act. We take the position, Mr. Speaker, that the powers given in either act should be cut down and limited, and I am sure that members on all sides of the house agree with that view. But we are not in favour of taking away from the government all powers, nor are we in favour of leaving the government with excessive powers in its hands.

I think I have made our position clear. We are opposed to this bill as it stands, for the reasons I have given. The suggested amendments will no doubt be moved in committee of the whole, thus filtering down some of the objectionable features of the bill. But the amendments as now proposed do not remove the objectionable features. While we are opposed to the bill itself, and while we are opposed to giving it the six months' hoist, we think that in committee of the whole members on all sides of the house ought to come together to see how much we can further limit the autocratic powers which both this bill and its successor give, and yet enable the government to carry on and meet the problems of these days.

With all deference to the government, I think it has followed an entirely improper procedure. When the government reached the conclusion that important changes were so desirable in the bill as to warrant the printing of a new bill before the second reading of the original bill was proceeded with, they should have withdrawn the original bill completely and introduced a new one. That is the only course consistent with parliamentary procedure. As it is now, we are asked to support a bill to which members on all sides of the house are opposed. We are asked to support bill No. 15, the very bill which has been so severely censured in this house, and outside by the dominion-provincial conference, the very bill which the government itself is proposing to amend. Yet when we vote to-night, that is the bill we shall be voting on.

Bill No. 15 is, in our opinion, a most objectionable piece of legislation to be presented to this parliament. Should it ever become law in its present form, members of parliament might almost as well have packed their bags and started for home, because it would have clothed the government, in time of peace, with full autocratic and dictatorial power. This country would then be in the position of having an omnipotent government and an almost powerless and frustrated parliament.

It had been our intention to oppose this bill with all the strength at our command. The fact that the government now proposes to amend it in considerable degree is highly complimentary to those members on all sides who have so strongly opposed certain sections of the bill, and it is the severest kind of criticism of the government by the government itself. The very fact that the government is proposing changes is an indication that considerable changes are necessary.

The general position of this party was placed before the house by the hon. member for Lake Centre (Mr. Diefenbaker) a few days ago in a speech that many have admitted to be an able and complete statement, many portions of which have been approved by speakers on all sides of the house. Our criticisms of the bill were several in number. I shall refer now to only four of them, because there is no need to occupy the time of the house much longer since members wish, I am sure, to come to a decision on this matter.

Our first criticism is that the bill proposed a most serious invasion of provincial powers and gave reason to the provinces to fear ever-widening encroachments on their autonomy. The proposed amendments also in our judgment involve a substantial invasion of provincial jurisdiction, although less than in the original proposal. It is important that this house should know, before second reading is given, the extent to which the provincial premiers have approved the amendments proposed in this piece of paper that has been handed to us.

The second objection is the blanket and unlimited delegation of power to the governor in council. An example of this is to be found in the clause which enables the governor in council to make orders for the appropriation, control, forfeiture and disposition of property. That is clause 3(1)(f). What a situation that would create—that a government in peace time should have the power to appropriate or forfeit property without due process of law!

Our third objection is to the pernicious clause which would enable the governor in council to make orders in respect of—I am now quoting from the bill—"entry into Canada, exclusion and deportation, and revocation of nationality." No clause more dangerous to national unity has ever found its way into a bill in this parliament. Hon. gentlemen opposite—and in this I agree with them—have made great political capital in

western Canada over the provisions of the Wartime Elections Act and the disenfranchisement which occurred therein of Canadians. I agree with that criticism, but this bill is subject to the same kind of criticism to an even greater degree in the form in which it is presented. So far as the official opposition is concerned we would resist to the limit the passage of that provision.

Our fourth objection is the wholesale approval and legalizing of all orders in council passed by the government under the War Measures Act during the last half dozen years. This parliament has never even seen some of those orders in council. Most members have seen very few of them, and some of the orders we know nothing at all about. Many of the orders in council passed under that legislation parliament knew nothing about, many have been tabled though all have not, and many we have never heard of; yet we are asked to legalize, and to approve all that has been done by the government under those thousands of orders in council during the last six years.

The government now indicates its willingness that some of these objectional clauses be removed from the bill. That is all to the good. But the fact remains that certain of the provisions which it proposes to retain, as well as certain of those which it proposes to substitute, are still of too sweeping a character. The particular powers which the government requires can be given in specific legislation if parliament is asked for them specifically. That would be much better than for a democratic assembly to give to any small group of men the sweeping powers sought under this bill, even with its amendments.

In the five subclauses of the proposed section 2 many of the objectionable features are still retained by the sweeping language used. What the government proposes to do is to abandon the blanket delegation of authority proposed in this section of the bill and to redraft these specific clauses which were contained therein. But in redrafting these clauses the government still proposes to make them so wide in the authority conveyed that they are in effect almost as all-embracing as the blanket clause in section 3 of the bill before us.

Take, for example, paragraph (b) of section 2, subsection 1:

> The governor in council may do and authorize such acts and things . . . as he may . . . deem necessary for . . .
>
> (b) facilitating the readjustment of industry and commerce to the requirements of the community in time of peace.

[Mr. Bracken.]

This paragraph could not have been drafted in any broader or more sweeping terms. It conveys almost as unlimited power as section 3 of the bill before us. The fact is that no one with less wisdom than a Solomon or less ingenuity than a Philadelphia lawyer can define what limitation of power, if any, the paragraph actually contains.

Take another example in the same main section, paragraph (e) of the suggested amendments:

> (e) continuing and discontinuing in an orderly manner, as the emergency permits, measures adopted during and by reason of the war.

This paragraph, read in conjunction with section 4 of the suggested changes gives the force of statute to all orders in council made under the War Measures Act, and permits the government, without the control of parliament, to continue in full force and effect the sweeping controls at present operating.

What is the effect of all this? The effect is that we are asked to give parliamentary sanction—the full force of statute law—to all orders in council and to some orders in council which this parliament has never seen.

As I understand it, two classes of orders in council passed under the War Measures Act have not been laid before parliament: First those orders in council the publication of which has been withheld for security reasons. In this category are included orders in council the publication of which is omitted or deferred under the authority of the secret documents (non-publication) order of 1941. Parliament does not know and has no means of knowing what orders in council may fall in this category. Second, there are some orders in council, even of an administrative nature, which have not been tabled. The government itself decides by itself what ones are of an administrative nature. There is nothing in the War Measures Act which requires this government to table these orders in council. Certain offers have been made by the Prime Minister (Mr. Mackenzie King) and by the government to table them, and many of them have been tabled, but there is no obligation to table them, and in answers to questions and motions in this house it has been admitted that some of them have not been tabled. The house knows that certain ones have not been tabled until, by misadventure, they have come to light. We do not know and we have not been able to find out what orders in council in this category have not been laid before parliament. What we do know is that parliament is being asked to give the force of law to all these orders in council, known and unknown, some of which at least we have never seen.

Another objectionable feature, not of the same nature as I have mentioned, I shall refer to.

A highly objectionable feature of the government's proposed amendments is the indefinite date of the termination of the measure. The government's new proposal provides that if parliament meets in November or December next the measure shall expire on the 31st day of December next, but it provides also that if parliament does not meet during November or December the measure shall only expire fifteen days after parliament first meets in 1947.

It is well known that the summoning of parliament is entirely within the control of the government. If they decide not to call parliament in November or December next year they can postpone the calling of it until at least the middle of April, 1947, at which time the government would be under the necessity of calling parliament in order to secure additional money to carry on. In those circumstances this bill would not expire until the end of April, 1947. The government and the government alone have the power to decide when parliament will be summoned, and they can postpone its summoning if they wish, in which case this bill would remain in operation, as I have said, until April, 1947. In my opinion, this bill should not be operative for longer than a year, and the indefinitness and uncertainty of the present clause should be eliminated.

From what has been said in the debate, it is clear that the government has retreated from certain provisions of bill No. 15. They have not, however, eliminated all its objectionable features. This house has become accustomed this session to government retreats from established positions. One notable occasion was when the Minister of Finance (Mr. Ilsley) withdrew the proposed tariff increases which were included in the budget resolutions.

Some hon. MEMBERS: Order.

Mr. BRACKEN: Am I not in order, Mr. Speaker?

With these self-made precedents before them, I hope the government will not hesitate to make still another retreat so that this bill may be finally passed in a form in which all could agree.

As I have said, certain unusual powers we think the government should have in this transitional period between war and what we might think of as more or less normal times. These we are agreeable to giving it. I refer particularly, as I did before, to the right to regulate prices and wage ceilings and to regulate the flow of essential goods in scarce supply, and such other essential powers as the government can point out it needs. But this bill goes much farther than that, and even the government has suggested amendments. We shall try to get in committee of the whole a further liimtation of the wide powers given. We are opposing the motion to discard the bill altogether. We are opposing the bill in its present form, and we think in the proposed amended form it is going too far. We shall have to oppose it on second reading. When and if it gets to committee of the whole we shall try there to have certain other wide powers eliminated. That in brief is our position with respect to this measure.

Some hon. MEMBERS: Question.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, before we finally vote on this measure, I think there are two or three observations it would be fitting to make.

I should like to know, and members of this group would like to know, to what extent the provincial premiers in the conference recently held in Ottawa agreed that the stipulations of this bill were acceptable to them. If the provincial premiers were satisfied with this bill as it stands, that would go a long way toward reassuring the members of this house.

We are living in an age in which centralization abounds. I believe in the British North America Act. I believe that power should be decentralized into the hands of the provinces and that guarantees should be placed in our legislation which would safeguard those powers in the hands of the various provinces.

I have noticed that many hon. members who have spoken on the measure have objected to it on the ground that it infringes provincial rights; hence the reason for my question regarding the attitude of the provincial premiers. I feel that one suggestion would be worth while for the government. They are of the opinion that they require extraordinary powers to meet an extraordinary situation. With their attitude in this respect I sympathize. I believe, however, that in future, in their endeavour to gain the power which is necessary to meet exigencies, they should take the provincial governments more into their confidence.

I do not see any serious objection to such an approach as this: Let the dominion government, through parliament, pass a resolution that it would be expedient that extraordinary powers should be vested in the hands of the governments of Canada to meet an extraordinary situation, and calling upon the provincial parliaments to pass such measures as might be necessary to be put in the hands of the provincial administrations authority to

deal with any situation which might arise. Then let the provincial authorities know that the dominion, with all its power, would stand behind them in the exercise of the powers which they were given. In this way the government in Ottawa would have not one administration in Canada seeking to cope with the divers emergencies that might arise, but ten administrations all seeing eye-to-eye and prepared to act immediately in cooperation.

To some people that may seem extreme. The conduct of the recent war has, however, given us an example of how that sort of thing can be done. Will the members of this house for a moment contemplate what might have happened if the British government, the king through the government of Great Britain, had endeavoured at the beginning of the war to pass emergency measures which would have enabled them to mobilize the forces of Canada, Australia, New Zealand, South Africa and the other self-governing members of the British commonwealth? We never would have won this war; we would never have come through more united than we were when we began. The British government simply made known to the governments of the various component parts of the commonwealth the seriousness of the emergency which had arisen, and among them they determined what were the measures best suited to meet the situation. Then the governments, this parliament taking its part, went back to their respective countries and took the measures necessary, and gave all the cooperation needed, toward the same great objective, and with magnificent success.

Is it to be supposed that a similar arrangement cannot be made between the dominion and the provinces? Why should the government in Ottawa seek to arrogate to itself all the powers that properly and constitutionally belong to the provinces? Why should it not call the provinces into cooperation in a great family endeavour to meet the exigencies which might arise and which certainly affect the various provinces as intimately and vitally as they affect the dominion as a whole?

I believe my words have conveyed the idea that is in my mind, which would enable us to equip ourselves for any sort of contingency that might present itself, without the danger of infringing provincial rights or in any way impairing Canadian unity.

As far as this group is concerned, we are anxious to get the bill into committee. We have said very little. We have spoken but briefly. We have been deeply interested in the bill and deeply concerned, as all other hon. members are. The members of this group have been more sternly demanding the preservation of all provincial rights in this dominion than any other group in the dominion for ten years. We have not changed our attitude at all respecting provincial autonomy. We believe that complete efficiency will result from complete decentralization of power, granted that everyone exercising the authority of government fully understands the objective to be attained.

As I have said, we are desirous of having the bill in committee; we are anxious to hear the government explain to the committee why it requires each of the several powers which it is proposing to have given to it in this bill; and in so far as the government can show to our satisfaction that each power or any given power is essential to meet the difficulties that may arise during the next year, this group stands prepared to support the government and to give them that power, because certainly nobody in Canada wishes to see any sort of calamity occur in the dominion by reason of the fact that those in charge in the dominion might not possess the power necessary to govern the country for peace, order and good government.

We should like to have the minister tell us, before we vote, exactly to what extent the provincial premiers have agreed to the measures which are proposed in this bill.

Hon. L. S. ST. LAURENT (Minister of Justice): After the speech of the leader of the opposition (Mr. Bracken) I had not intended to say anything at this stage, because it was quite apparent that at least a majority of the members of the house wish to have the bill go into committee and have considered in committee the provisions which it should contain. But the member for Lethbridge (Mr. Blackmore) has asked a specific question, and I think it is only fair to the house and to those who attended the dominion-provincial conference that that question should be answered.

It has been suggested that the government had submitted bill No. 15 to the provincial premiers. No such submission was made at all, but the bill had been introduced and was public, and in the course of deliberations of the dominion-provincial conference it became the subject of discussion. There were quite protracted discussions about it. The provincial premiers, however, made it quite clear that they would not take any responsibility whatsoever with respect to any of the terms of the bill, that that responsibility ought to be taken by the parliament of Canada, and they stated expressly that they considered it would not be within their province to deal with any specific language which would be dealt with by parliament. But they made

their positions abundantly clear as to what they thought might be the terms of a bill that would not be objectionable.

No attempt was made to draft any clauses that would meet objections that were raised while the conference was on. But notes of the discussions were taken by the deputy minister of justice who attended some of the sessions, and after the adjournment an effort was made to draft proposed amendments for bill No. 15 which would give the government the powers it felt it should have to deal with the emergency situation and still not offend those who had attended the provincial conference and who are to return to continue it on January 28.

I shall be perfectly clear to the house and perfectly fair to the provincial premiers. I am not suggesting that any one of the provincial premiers has any responsibility whatsoever for a single word contained in this bill as reprinted with the amendments the government will ask to have proposed when the bill is in committee.

Mr. SPEAKER: Amendment (Mr. Dorion) negatived. Mr. St. Laurent moves, seconded by Mr. Mackenzie, that the bill be now read a second time. Is it the pleasure of the house to adopt the motion?

Mr. MACKENZIE: On division.

Motion agreed to on division; bill read the second time and the house went into committee thereon, Mr. Golding in the chair.

On section 1—Short title.

Mr. ST. LAURENT: Mr. Chairman, with respect to section 1 I should like to ask an hon. member to move that the word "transitional" be added before the word "powers" in that section.

Mr. BERTRAND (Laurier): I so move.

Mr. DIEFENBAKER: Probably this affords an opportunity for a general discussion and the asking of certain questions with regard to this bill and a comparison of it with the bill that we may call bill No. 15 (1). With the exception of the change in the terminology which has been suggested by the amendment that has just been moved by the Postmaster General, and the removal from bill No. 1 the power to legislate by order in council respecting the entry into Canada, the exclusion, deportation and revocation of nationality, I fail to see any material difference between the bill as introduced and the bill which has been placed in circulation.

Mr. ST. LAURENT: Does the hon. member not think that the discussion would more conveniently come upon section 2? Perhaps section 2 might be called and then a motion made to replace that section by that which is contained in the reprint. On that section the whole matter would be open for discussion. I feel that it will be difficult to discuss the particular principles that the hon. member wishes to deal with on section 1, without duplicating the discussion when we come to the proposed new section 2. I would undertake to see that any discussion that would have been relevant on section 1 will not be objected to on section 2.

Mr. HEON: May I ask the minister whether the word is "transitory" or "transitional"?

Mr. ST. LAURENT: "Transitional" is the word that is suggested.

Mr. BRACKEN: Would the minister explain to the committee just what prompted him to use that word? What advantage has it in the measure?

Mr. ST. LAURENT: The word is taken from the title of the United Kingdom bill which was introduced and passed for a period of five years. It is felt that it will more clearly indicate that no attempt is being made by parliament at this time to declare that there is any other emergency to be dealt with than the emergency arising out of the war. There was uneasiness felt in certain quarters at the suggestion that parliament could declare the existence of an emergency not connected with war, pestilence or famine, or as was the motive in the decision in the Russell case, general drunkenness; and since there is no point in having an academic discussion on whether it would be proper or improper for parliament to declare the existence of a national emergency arising out of any other circumstances, there is no point in having that discussion at the present time, because the emergency that it is proposed to deal with is clearly one that arises out of the war, and the powers that it is suggested should be granted are merely for the transitional period and for a relatively short period of time. Although there was no acceptance by anyone attending the dominion-provincial conference of any of the language in the bill, those of us who attended the conference representing the federal government had the feeling after the discussion that it would be helpful if it were described as a transitional emergency.

Mr. BRACKEN: While this change in the name of the bill does not alter its substance in any respect, I wish to commend the government for the change, because I think it removes from the minds of some the fear that

the bill as introduced might be a precedent for the introduction of similar bills giving the government wide powers under conditions not related to the war.

Mr. POULIOT: Before the section is carried, I have just a few remarks to make on one specific matter. I have great admiration for many of my new colleagues, who come from all over and who sit on all sides of the house, but some of them labour under handicaps. They can make the finest speeches; they can talk like angels, but their party will not benefit. I say that especially to my hon. friends of the Progressive Conservative party. Yesterday we had an illustration of this, and I refer to that in the best possible spirit. Of course there are many unfortunate occasions when we cannot maintain our friendships just because we are in public life, for the friendships that exist between men in private life cannot always be the same in public life. There are the old icons which have been hung on the wall of the council room of the Conservative party, Tory icons; and as long as they are kept there and worshipped, as long as there is a candle burning before them all the time, I do not see what results they can hope to achieve. In the party opposite are some very bright hon. gentlemen for whom I have the deepest admiration, who work hard and want to do something; but eventually they will come to the great divide, to the time when they will have to break the tie. They will reach the cross-roads and realize that the earth is turning and that those who have inherited power and might from others who have been elected by the people, as well as those who have never succeeded in getting elected by the people, should be completely discarded. There is another class of individual who must be discarded as well. It includes those who never took the risk of running in a riding. They are in a class by themselves. I will not classify them as birds of prey; I name no one, but there are two main categories, those whom the people did not want and those whom the people would not want if they went before the people. I will tell the committee the story of an experience I had in January, 1942, and of the result which was achieved in February of that year. Here in the house I objected to the person who was running in York South as a Progressive—at least as a Conservative, and I do not know what the qualifying word was.

Mr. COLDWELL: He was a plain Conservative at that time.

Mr. POULIOT: A Tory coat with a Conservative lining. Of course I do not know if that election is still remembered, because many things have happened since then, but I was particularly interested. I made just a few remarks about it in the house, and mentioned some facts that belong to history. I do not want to be cruel, and I never will be cruel to a man who remains in private life. That is his own business, his own domain; he is the master of his private life. But when a man goes into public life his actions as a public man belong to history.

Very early last session, I think in No. 7 of *Hansard* for the session of 1942, I quoted some things that had been done by a former leader of the Conservative party. I did so without offence, without recrimination and without passion. I did so in a cold-blooded way in order to express my deep regret and sorrow that the magnificent parliamentary efforts of some bright men were handicapped precisely on account of the fact that they did not throw these Jonahs overboard and did not keep themselves distinct from those people who had outlived their usefulness, if they ever had any. It is pitiful; it is a matter that inspires compassion when I see bright young fellows come to the house full of ambition, meaning well—and I give them credit for that—and have their wings clipped by the affection they maintain for other people who do not happen to be loved by the Canadian electorate. The leader of the C.C.F. party and the Minister of Agriculture were very cruel in using the *ad hominem* argument, which could not have been used against those honourable and bright colleagues if they had broken the tie and left in the ditch the glorious icons of the past, which do not get a single vote for anyone in this chamber who represents the Progressive Conservative party. I say that in the best possible spirit, to help them in future. I tell them definitely and categorically that they will never meet with success in public life, although they may be elected here and there, and the Conservative party will never come to power as long as they keep those people as advisers, as glories about which they still boast when nobody believes in them.

Now I want to practise what I preach. I will not mention the ciphered telegrams that have been sent by a former leader—

The CHAIRMAN (Mr. Golding): Order. We are on section 1, which is the short title, and I would ask the hon. gentleman to keep his remarks relevant to the section under discussion.

Mr. POULIOT: I thank you. I tell the committee only this. It was only yesterday that both the leader of the C.C.F. and the Minister of Agriculture made excellent

speeches by using *ad hominem* arguments against the brightest debaters in the new generation of the Progressive Conservative party. Their speeches were remarkable—on both sides.

But what I am giving now is some friendly advice to those colleagues whom I admire in order that in future nobody may use *ad hominem* arguments against them by quoting what Arthur Meighen. R. B. Bennett, or anybody else who has been discarded by the people as leader of the Conservative party, might have said. That is my point. It is just in order to be helpful that I say this. Moreover, I shall be thankful to them if they will reciprocate by offering their own suggestions or advice, and I shall take those suggestions or advice in the best possible spirit. Perhaps there may be some occasion when they might do so, and I hope they will.

I believe I can say in a sentence or two what I dislike in the bill. I am opposed to these controls. We may try to do something to prevent future evils, but perhaps we shall have to do so in a different way, and it is my hope that at the next session of parliament a committee will be formed of hon. members belonging to all groups who will see if we in this chamber cannot find a solution to prevent future trouble.

I am definitely and categorically opposed to approval by this chamber of orders in council. The government has its responsibility in that regard; we have none. As a member of parliament I am not prepared to assume responsibility for orders in council passed by all controllers, and we are not going to ratify that sort of thing. I cannot ratify by my vote orders in council which I reprove in my mind. I hope I have made myself clear, and if I have not I am ready to answer any questions.

Mr. McMASTER: I hasten to accept the offer of the hon. member for Temiscouata. I find this title somewhat—well, I was going to use the word "incongruous". It is hard to understand, because any emergency I have ever known was always ahead of me; it was not behind. Yet this is supposed to be a bill for a transitional period, and we find that it is to be known as an act to confer certain transitional powers upon the governor in council during the national emergency arising out of the war. My suggestion is that the words "emergency" and "transitional" have entirely different meanings. If the bill is to be upheld I would suggest that the word "transitional" weakens it.

Mr. POULIOT: I have one word to add. During the election in York South a copy of *Hansard* was taken from house to house by two persons. One was a returned soldier, and the other his wife—both charming people. They offered precisely the edition of *Hansard* for Friday, January 30, 1942, when canvassing the constituents against the Conservative party's nominee, and attention was directed to two matters. These are expressions of a state of mind which are not in accordance with the declarations of freedom and thought which were expressed by some of my colleagues opposite last night.

Here is the famous ciphered telegram:

Winnipeg, November 30, 1917. **Robert L.** Borden, Ottawa, Ontario.

Would like one thousand soldiers' votes at large for Manitoba, of which 300 for Selkirk, balance divided between Provencher, Macdonald and Springfield, or same proportion of division, no matter what our allotment may be.

Arthur Meighen.

Mr. DIEFENBAKER: That has been denied.

Mr. POULIOT: And there was another very important matter too.

The CHAIRMAN: We are dealing with section 1, and I think I should read it. An amendment has been made so that the short title would read, "The National Emergency Transitional Powers Act, 1945."

Mr. COLDWELL: That was an emergency transitional period.

Mr. DIEFENBAKER: It is all very well to read into the record things of that kind. Arthur Meighen occupied a position high in the public annals of this country. The telegram which has been read has been denied. There has been no proof of it, and my hon. friend would not make outside the house the statement that he makes here. At least the ordinary proprieties should be observed in connection with outstanding Canadians, that we do not malign them by statements which must, to the knowledge of the person reading them, be untrue.

Mr. POULIOT: On a question of privilege—

The ACTING CHAIRMAN (Mr. Golding): I would draw the attention of the committee to the regulation which states that speeches in committee of the whole must be strictly relevant to the item or clause under consideration. May I point out that we are now discussing the short title of the bill.

Mr. GREEN: Six o'clock.

Mr. POULIOT: I wish in the first place to rise to a question of privilege.

Mr. ROSS (Souris): Six o'clock.

Mr. POULIOT: I have said absolutely nothing offensive about the character or personality of Mr. Meighen. I have only said that he did not enjoy the confidence of the people. We have only to ask the director-general of elections to bring the returns in all the elections he lost, and what I have said will be confirmed. That is a public fact.

The hon. member for Lake Centre is not at all justified in putting in my mouth words I have never said.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. POULIOT: Mr. Chairman, I regret very much to have to continue with my question of privilege. I was interrupted at six o'clock, and I cannot leave it at that. While we were discussing bill No. 15 in committee I read a telegram which bears the signature of Mr. Arthur Meighen, dated November 30, 1917, and afterwards the hon. member for Lake Centre (Mr. Diefenbaker) rose and used language to which I am not accustomed. I took some notes when he spoke, and in part, he said this:

> At least the ordinary proprieties should be observed in connection with outstanding Canadians, that we do not malign them by statements which must to the knowledge of the person reading them be untrue.

Meaning by that, that what I had said was a lie. The hon. member went pretty far, and I say that for two reasons. In the first place, the telegram was read in the house on January 30, 1942, as appears at page 179 of *Hansard*, and when it was read one of the deans of the house, the hon. member for Quebec South (Mr. Power), said:

> It is on *Hansard*.

He meant by that, that when I read the telegram it had appeared on *Hansard* previously and that that was where I got it from.

There is another matter that is beyond me, namely that on that occasion, on January 30, 1942, the hon. member of the opposition who spoke immediately after me did not lodge a protest similar to the one that he made around six o'clock to-day. The only thing that he said, in reply to the reading of this telegram and another one that I shall read afterwards, both of which are in *Hansard*, was this:

> Mr. J. G. Diefenbaker (Lake Centre): As I listened to the hon. member for Temiscouata (Mr. Pouliot) it came to me once more what

> democracy in this empire and this country means: That in the midst of war, when all of us are worried and concerned, an hon. member may rise in his place and make the type of speech he made to-day. That is freedom of speech—the opportunity to express one's view in parliament.

The only sentence that he added to that was this:

> I am not going to endeavour to follow the hon. member in what he has said.

If the telegram was denied by the man whose name appeared at the bottom of it in *Hansard*, how is it that the hon. member did not protest two years ago? How can he remember now a thing he never thought of two years ago? Then afterwards he used abusive language with regard to an hon. member of the House of Commons who tries to act as a life-saver for himself and his party.

That being done, sir, I have just one word to add to the discussion that is now before the Chair. It is that the question of freedom and the question of the rights of parliament are both matters of tremendous magnitude, and no member of parliament can disregard those vital questions.

An hon. MEMBER: Hear, hear.

Mr. POULIOT: Those who say "hear, hear" will have first to hear, hear, because something has to be told to them.

There are precedents which are good and which must be followed, but there are others which are bad and which cannot be followed by a body composed of men who are supposed to be the defenders of freedom, not only their own but that of others also, and for all mankind if possible. The greatest encroachment that was made on the liberty of man in Canada was made by a parliamentarian some years ago, and that precedent must never be followed in the future. I hope that no government, whatever it may be, will ever dare to imitate the action of that person. Here is the text of a document which appears in *Hansard* of January 30, 1942, and which reminds me of Nero, Diocletian and all the persecutors of the past. That document scandalized me the first time I heard of it, so much so that I never thought a man living in a democratic country could do a thing like that. That is at page 199 of *Hansard* of January 30, 1942. What was written then surpasses what Nero and Diocletian ever dreamed of, or Hitler, or Mussolini—all of them. It was dated June 17, 1919, and it was a telegram from Mr. Arthur Meighen to Mr. Andrew. Listen to it:

> Notwithstanding any doubt I have as to the technical legality of the arrest and detention at Stony Mountain (penitentiary) I feel that

rapid deportation is the best course now that the arrests are made, and later we can consider rectification.

The hon. member for Lake Centre will be well advised to drop the icon of Arthur Meighen on the floor and break it, for the sake of his party and for his own sake.

Amendment agreed to.

Section as amended agreed to.

On section 2—Continuation of national emergency.

Mr. ST. LAURENT: I should like to suggest that some hon. member move this amendment:

That there be substituted for clause 2 as printed in the bill a new clause 2 in the form of the reprint with proposed amendments, and to obtain also this correction:

At line 26 of the proposed amendment substitute the word "or" for the word "and" between "continuing" and "discontinuing," and insert a comma after the word "discontinuing."

Mr. MACKENZIE: I move accordingly.

Mr. DIEFENBAKER: I have read over the amendments and compared them with the original section which is to be amended, and with the exception of one or two subsections, I submit that this new section incorporates all the objected items to which I made reference when I spoke on the introduction of the bill. The only objected item which has been removed is "entry in Canada, exclusion and deportation, and revocation of nationality," a section which was nefarious in concept and would have resulted in untold hardship to Canadian citizens. That subsection has been removed. Then, too, the government has seen fit to follow one suggestion which was made, namely, that all orders in council passed under this act should be laid on the table of parliament, giving this house an opportunity of annulment within a reasonable period. But subsection 3 of section 2 does not remove the major objection that we on this side of the house took to the original bill, because in section 4 provision is made that:

The orders and regulations made under the War Measures Act or pursuant to authority created under the said act in force immediately before the day this act comes into force shall, while this act is in force, continue in full force and effect subject to amendment or revocation under this act.

In other words, no provision is made whereby parliament will be placed in a position that it may annul orders in council which were passed during the period of the war under the War Measures Act. The only power which is given to parliament is the power to annul orders in council passed on and after the date this measure comes into effect. Our major objection to this bill in so far as the order in council feature is concerned in general was that parliament was being asked to approve all the multitude of orders in council passed during the period of war, without knowledge of their contents, in many cases without those orders in council having been brought before parliament. The only provision now, under section 4, is for amendment or revocation, but not for annulment within the meaning of section 2, annulment being an act of parliament in consequence of the machinery being set in operation by a member of this house; amendment or revocation, an act which only the governor in council may follow. We on this side of the house intend to press to have every order in council which was passed during the period of the war under the War Measures Act laid on the table of the house, giving to hon. members an opportunity to repudiate those which ought to be repudiated.

I come now to the sections. A few days after the opening debate the dominion-provincial conference met in the city of Ottawa. Many felt that the premiers and attorneys-general of the provinces had been consulted and that as a result of the consultation a new bill had been prepared in place of the old. To-day, however, the Minister of Justice quite frankly states that such is not the fact, that all that took place was a discussion, that notes were taken of the discussion, and that in certain cases the suggestions of the provincial representatives were accepted.

These sections as now constituted actually embody, with the exception of the one dealing with naturalization, all the subsections that were objected to by us on this side of the house. For instance, we raised strong objection to controls over production, manufacture, trading, exportation and importation. It was pointed out that with that power in the hands of the governor in council the government placed itself in the position of being able to control all the business in this country. That subsection has been removed and in place of it has been substituted another section 2, 1 (b), providing for measures necessary for facilitating the readjustment of industry and commerce to the requirements of the community in time of peace. The only difference between that subsection and the new one is that new words have been used which no doubt it was believed would be more palatable than those that appeared in the original bill.

Again, we raised strong objection to the governor in council having power to take control over transportation by air, road, rail and water. There has never been an explanation by the minister why the government needs this power. Why does the government wish to take

control over transportation by road or by air, or water or rail? What is the purpose? The subsection was removed, but when you look into the amendment you find that it is hidden away in another section, in section 2 (c) which gives the government the same power it would have had under the original bill; for it provides that the governor in council shall have power to maintain, control and regulate supplies and services, prices and transportation. In other words, it was taken out of one subsection and placed in another with the identical powers remaining in the governor in council.

We raised strong objection to the power which the government was asking for of appropriation, control, forfeiture and disposition of property. We asked what the purpose of the government was in seeking power to forfeit in 1945, forfeiture meaning the taking over of land or personal property without compensation. That subsection has been removed and in place of it another has been brought in namely 2, 1, (c), which in different terms and terminology still grants the absolute power the governor in council had asked for under the original bill.

To the original bill have been added certain other powers. Section 2 1(a) provides for maintaining the armed forces of Canada during occupation of enemy territory, demobilization, and providing for rehabilitation of the members thereof. That was not in the old bill. I feel that is necessary, because we are endeavouring to get the session over and there would be various matters in connection with veterans affairs which until the next parliament meets would have to be dealt with by order in council.

There is another subsection which grants the widest powers possible to the governor in council. It assists relief of suffering and the restoration and distribution of essential supplies and services in any part of His Majesty's dominions or in foreign countries that are in grave distress as a result of the war. Power is now asked for greater than was sought in the first bill, whereby the governor in council will be empowered under a blank cheque to do anything that he feels is necessary anywhere in the world so long as he considers that it is to relieve grave distress as a result of the war.

When the government agreed to amend the original bill many of us felt that the amendments which it had in mind, having regard to press dispatches in advance, would actually remove the causes of objections that we were raising; but anyone reading these amendments must come to one conclusion only, and that is that the government, having to recede in face of public objection, in face of objections raised in the house, in face of objections raised in the dominion-provincial conference, decided, instead of withdrawing the bill, to introduce a new one with as wide powers, except in the two instances I have mentioned, as were granted before, the only change being one of terminology.

But they did something else. They gave the bill a new face; they added the word "transitional". They found themselves in the position of having to save face, after having introduced a bill that shocked the sensibilities of the people of the dominion; and having found themselves in that position they followed the course of face-lifting, altering the face of the bill as it was originally. But the same tell-tale wrinkles are there, the same wrinkles that spell dictatorship in this country if we do not oppose the granting of these powers to the government. All that has been done, with the exception of the removal of the two subsections to which I have referred, is to reshuffle the deck, leaving in it the same cards but placing them in different positions and numbering them differently as compared with the old bill.

I think we have a right to ask at this time certain pertinent questions of the government, and the first is this: Are we not entitled to a complete summary of the degree to which war controls have been removed to date? Are we not entitled to know to what extent these powers are to be used as anticipated at the present time? Are we not entitled to know to what extent price controls are to be continued and to what extent they are to be removed, as they are being removed to-day in the United States? Are we not entitled to know now, before granting this power to the governor in council, the extent to which wages are to be maintained at their present level?

Are we not entitled to know the plans of the governor in council in reference to labour? Does the governor in council intend to continue the measures which were passed during the period of the war? Is selective service to be continued in its present form? To what extent are there to be releases from some of the controls which to-day are unfair to labour? We have a right to know these things before we place in the hands of the governor in council the powers for which he asks.

We can only rehabilitate this country if we restore to the small man the opportunity of going into business. It is true that during the last year some of the controls over a man going into a new business have been removed. Possibly they have all been removed; but the situation is this: while a man may open

business he cannot get supplies. All he receives from the wartime prices and trade board is a hunting licence enabling him to go hunting for supplies. But those supplies are denied him and the opportunity to go into business is denied him.

Under these powers to what extent does the government intend to assure that retailers shall receive their fair and just share of the goods which are available? What is the situation with regard to clothing, woollens, footwear and the like? To what extent does the government intend to impose still greater controls with a view to assuring a fair and proper distribution of scarce materials? I believe we have a right to have an answer to these questions at this time.

I point out this fact, while we in Canada are asked to give the governor in council those tremendous powers, a change is taking place in the United States because of the fear of deflation. The Secretary of Commerce, Henry Wallace, said recently:

> Higher wage rates must be given labour to cushion loss of the war's overtime and incentive take-home pay.

They have taken steps in that direction. The trades and labour congress has gone on record in Great Britain that controls on labour should be speedily relaxed. They say:

> The congress recommendation is that workers over thirty be exempted from controls altogether and permitted to leave even essential industries in order to look for permanent peace-time employment. The congress officials feel that controls exercised against the will of the men are in fact a hindrance rather than a help to the food output, and that men would work much more willingly if allowed to choose their own jobs. I believe that the Minister of Justice, the Minister of Finance and the Minister of Labour should explain these matters at this time for the benefit of the house and the country.

While we have received haphazard explanations from time to time from one minister and another, we have not yet found the over-all picture. I therefore ask the ministers and the government to answer these questions: What are your immediate present plans to maintain the purchasing power and the scale of expanding production capacity? What measures are being taken by the government now to do what the government of the United States is doing, namely, to combat possible deflation? Much has been said about inflation after the last war. There was inflation until 1921, which was followed by a serious period of deflation. The government must have plans to forestall deflation, and they should be made available to the house at this time.

In this connection may I say, sir, that a special committee of the United States house of representatives investigated federal agencies during the month of November. They brought down a report which I think is applicable to Canada at this time. In part that report read as follows:

> The policy of adherence to rigid formulae has retarded reconversion, prevented production, especially in low-priced commodities, has restricted opportunity for full employment . . . It has compelled manufacturers to discontinue and abandon production of pre-war low-priced commodities they were skilled in making in great volume, and has permitted newcomers to manufacture such commodities at higher prices than were necessary to enable those already in the field to stay in business.

These words of the committee of the United States house of representatives may well apply to Canada, having regard to the similarity of our economic conditions.

We have continued to preach the dangers of inflation, and I am not arguing that at the moment. We have talked about the necessity of maintaining wage schedules at the present level, and of preserving price schedules; whereas in United States the President said in his speech in late October:

> Wages must be allowed to be increased.

He indicated that higher wages are as vital to business and agriculture as to labour; for consumers cannot buy the products of industry and the farms unless they earn sufficient wages. He then used these words:

> I am convinced we must get away as quickly as possible from government controls and get back to the free operation of our competitive system.

The United States is extending; it is not decontrolling unnecessarily fast, but it is working in that direction as speedily as possible, and toward the removal in part and in whole of some of those controls. I therefore ask that at this time the government give to the house and the country a full, complete and integrated statement of government plans; a statement as to the use it intends to make of the powers which parliament is being asked to give, to the end that we shall not be in the position of being asked to place our parliamentary rights in pawn without realizing the security which the government is giving in return for these rights.

I have not received an answer to the suggestion that I made. We all want to co-operate in this matter.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: Hon. members laugh because they have never learned the meaning of that. We are seriously endeavouring to

assist in this tremendous problem. I regard my hon. friends' sincerity most highly, and in return I ask the same consideration in a matter such as this, which concerns the future of this country. I know that all hon. members are anxious to get away, but we realize we are faced with a problem which is greater than anything we shall have to face at any time in the years to come. I again make the plea I made the other day. There are men in this house who have made a great success of their business; there are men who understand the ramifications of finance; there are men who are representative of labour and of agriculture. Let us take this bill and place it before a committee composed of such men. They can hear evidence, listen to the story of the controllers and ascertain from them exactly what they intend to do, and why they need those powers. As a result of securing that evidence we shall be in a position where we can intelligently discuss this problem.

The extradition bill was sent to a committee. That is an important bill, impinging as it does upon the rights and the liberties of Canadians, but in my opinion it is no more important—in fact it is less important—than this bill which concerns the welfare and the future of every man and woman in Canada. Why not give us three or four days in committee? Give us an opportunity of having those men before us. Let us ascertain from them why they made certain orders. Let us ascertain from the rentals controller why rentals controls are applied in certain villages where there is no shortage of houses whatsoever. Let us ascertain why it has been applied in certain other ways resulting even in petty tyranny. Let us see the picture. Let us endeavour to work together for one purpose, so that when we delegate these powers to the governor in council they will be utilized for the welfare of this country, which comes first and foremost. In all sincerity I make that appeal. We have an opportunity to make a tremendous contribution in that way, an opportunity to assure that parliament will have been supreme, so that instead of blindly placing these tremendous powers in the hands of controllers and the like, parliament will know why they have been placed there and how they are intended to be used during the next two or three months.

Mr. ST. LAURENT: Well, Mr. Chairman, we have been hearing some pretty extraordinary things for the last couple of days, and one of the most extraordinary is to hear them called "cooperation". I have been listening attentively to all that has been said in this debate, and I have yet to learn whether or not the official opposition wants a bill passed. I will make an exception as to the very objective speech made this afternoon by the leader of the opposition. The hon. member who has just sat down says that the tell-tale wrinkles are still there. That is true; the tell-tale wrinkles are still there. We heard some extraordinary statements about this bill yesterday afternoon and yesterday evening. When we continued the debate this morning we seemed to be getting back on another plane, but we did not stay there very long. The tell-tale wrinkles are always there.

Some hon. members have made it quite clear that they do not want controls. The hon. member for Stanstead wound up his speech by saying that what this country needed was a government with nerve enough to take off the controls. Most of the other hon. members disagreed with that stand. One can understand a position of that kind. The hon. gentleman was supported by the hon. member for Laval-Two Mountains and by other hon. members. They are concerned with the effect of these controls upon the owners of property and the exceptional opportunities owners of property are losing at this time because the controls are in existence. One can understand something of that kind. The hon. member says; Of course we are told there are dangers. Prices went up after the last war, and they would go up again after this war; but what of it? The price of sugar would rise from five cents to twenty-five cents. The price of butter would go from thirty-seven cents to sixty cents; but what of it? Shall that weigh against the loss of freedom that is entailed in the maintenance of these controls? In July, 1914, flour sold for $3.30. In the spring of 1920 it sold for $8.40. Sugar sold for $5.50 per 100 pounds in 1914; in 1920 it was $25. Butter was thirty cents a pound in 1914; in 1920 it was eighty-seven cents; but what of it? How does that weigh in the balance? Bacon was 25½ cents a pound in 1914; in the spring of 1920 it was sixty cents. In 1914 milk was 8½ cents a quart; in 1920 it was 15½ cents. Coffee was thirty-seven cents in 1914 and sixty-two cents in 1920. Eggs went from twenty-seven cents a dozen in 1914 to eighty-eight cents a dozen in 1920; potatoes went from twenty-five cents a peck to $1.08 and fresh pork from twenty cents to forty-two cents.

Well, what about it? To some, perhaps nothing about it; but to this government it is a matter of considerable concern, and this government feels that it has behind it not only a majority in this house but a majority in this country. This government has not the nerve to take off controls and make oppor-

tunities for those who would derive benefit from those opportunities at the expense of the mass of the population. This government has not that nerve. If there are people in the country who want a government with that nerve, let them choose it from the other side of the house. When I proposed the second reading of this bill I said in so many words that whenever a government had to ask for powers of this kind it was always an opportunity for whatever party was in opposition to assert its attachment to constitutional and traditional rights, and to try to make out that the other party was departing from them. But I did not expect that it would go the lengths it has gone in this debate, and especially I did not expect that it would come with such violence from those who had supported and passed the legislation to which the leader of the C.C.F. party referred last evening and which is in the statutes of 1931.

It is regrettable that the circumstances are such that controls are required; but they are required, and this government has the nerve to come to the country and say it intends to see that they are maintained as long as they are required. La ligue des proprietaires, no doubt very respectable people, object to this bill because they are not allowed to use their property as they see fit and to get the better returns they mention in the representations they submit to members of parliament. Their position is much to be deplored, but there is a serious shortage of housing for the Canadian population at the present time, and that shortage would make for unduly enhanced rentals if there were not rental controls.

Hon. members say that we are asking for extraordinary powers and for a blank cheque. How many days ago was it that this house passed, for the sixth or seventh time, an appropriation this time of $1,365,000,000, unanimously and without a word of dissent from the hon. member for Eglinton or any other hon. member on the other side of the house? Second reading of that bill was unanimously approved in this house on November 22; I need not refer to the page of *Hansard*. What are the terms of that bill, which hon. members quite rightly found it appropriate to pass because the country is not yet in a normal situation? The terms, which are identical in each of these bills since 1939, were these:

From and out of the consolidated revenue fund there may be paid and applied, beyond the ordinary grants of parliament, a sum not exceeding one billion, three hundred and sixty-five million dollars less the amount provided for by the War Expenditure and Demobilization Appropriation Act, No. 1, 1945, subject to allotment by treasury board, towards defraying any expenses or making any advances or loans that may be incurred or granted by or under the authority of the governor in council during the year ending the thirty-first day of March, 1946, for:

(a) the security, defence, peace, order and welfare of Canada.

How wide is that; how broad is that? Then:

(b) The conduct of naval, military and air operations in or beyond Canada;

(c) the expeditious demobilization of the Canadian armed forces;

(d) promoting the continuance of trade, industry and business communications, whether by means of insurance or indemnity against war risk or in any other manner whatsoever—

Mr. MACKENZIE: Unanimously.

Mr. ST. LAURENT:

—and

(e) the carrying out of any measure deemed necessary or advisable by the governor in council in consequence of the war.

Unanimously adopted by this house.

Mr. DIEFENBAKER: That is cooperation.

Mr. ST. LAURENT: And containing, moreover, the clause that:

(1) The governor in council may make, from time to time, such orders or regulations as may be deemed necessary to give effect to the purposes of the War Expenditure and Demobilization Appropriation Act, No. 1, 1945, and of this act, and for greater certainty, but not so as to restrict the generality of the foregoing terms, the governor in council may, by order or regulation:

(a) make provision for the appointment of temporary civil officers, clerks and employees and determine their rates of compensation and conditions of employment;

(b) determine the rates of pay and allowances of officers and men of the naval, military and air forces of Canada;

(c) prescribe administrative practices with respect to contracts and agreements for the execution of any public work or for the acquisition of lands, buildings, equipment, stores, materials and supplies by purchase or otherwise, for the use of the public service of Canada;

(d) provide for the utilization, control and disposal of equipment, materials and supplies; and

(e) prescribe administrative practices with respect to the making of financial commitments, the taking of security for the performance of contracts and agreements, and the recording and paying of accounts.

(2) All orders and regulations of the governor in council made under the War Expenditure and Demobilization Appropriation Act, No. 1, 1945, and this act shall have the force of law and may be varied, extended, or revoked by any subsequent order or regulation, but if any order or regulation is varied, extended or revoked neither the previous operation thereof nor anything duly done thereunder shall be affected thereby . . .

Mr. MACKENZIE: Unanimously.

Mr. ST. LAURENT: That was passed by this parliament—by you, gentlemen; you who were here sitting in this committee, without

a word of dissent, without a whimper that there was anything being done there that was going to tear down the traditional, constitutional institutions of this country. Where were hon. members opposite who are so scandalized when we come in now and say that because there is a continuing emergency arising out of the war there should be an orderly continuance or discontinuance of those measures of control which it was found necessary to have in force during the war?

Surely it is not the leader of the opposition. When I spoke about something similar a few weeks ago I was quoting from a speech he delivered on April 23, 1945, I believe it was, in which he said that of course no one could contest the necessity for having applied these controls during the war, and that they could not be expected to come off in one fell swoop after the war was over. He thought they would have to be unwound with care and due planning. But when we come to this house and ask it to provide us with the necessary power so to unwind them with care and due planning, some hon. members find an opportunity for raising a political hue and cry.

I do not suppose one should become indignant over it. I do not know what we would be doing if we were on the other side of the house, and they were here. I do think they would be doing what we find it necessary to do. And I think it is time now, when there are not so many days left in this session of parliament, to forget the possibility of there being some political advantage in speeches of that kind, and to get down to business and deal with the legislation before us.

Mr. FRASER: The minister should take that to himself.

Mr. ST. LAURENT: It was for that reason I refrained from making any reply to the speeches delivered on the motion for second reading of the bill. I thought after the speech of the leader of the opposition it was desirable to get into committee and to consider these sections one by one, to see if they were now in proper shape; and, if not, to see if they could be improved upon, without their being cut down to the extent that they would not operate, or to find out if they might be put into a form which might perhaps be more palatable to all of us.

None of us likes provisions which go to great lengths. But even in the drawing up of the proposed amendments I had more than one long session with the officers of the law department in an effort to reduce the possible spread of the sections in the bill. But I did it with a view to retaining in the bill what might be necessary for the purposes and effects the people of this country expect their parliament and government to attain for them, during this transitional period of reconstruction and reconversion. I was guided by their advice as to what might be necessary for that purpose.

One hon. member has said: "There is to be a provision in this that orders in council enacted under it will be brought down and laid before parliament, and may be dealt with within a period of twenty-eight days. But what chance is there for a motion of an hon. member getting consideration in this house? The record of this session shows how many of these private resolutions were voted upon." I have discussed this matter with my colleagues, and I am authorized to say that if at any time an order in council tabled in the house is challenged by any hon. member the government will use its best endeavours to expedite the discussion of such a resolution, and bring it to a vote of the house.

An hon. MEMBER: Would you put it in the bill?

Mr. ST. LAURENT: No, I will not ask that that be put in the bill. And I do not think that there is a majority of members in the house who will think that after I have made that statement it will be necessary to put it in the bill. Perhaps the hon. member would require to have it in the bill, but I do not think the majority in the house would want it.

I will give the hon. member for Lake Centre another undertaking, if he wishes to have it. If at any time during the next session of parliament he wishes to bring in a bill to repeal any one of these measures the government will use its best endeavours to expedite the consideration of any such bill.

All that is intended and all that is wanted is something that will enable this government to carry out the responsibilities it assumed on behalf of the Canadian people when it went before them at the last general election.

There seems to me something very unreal about this challenge as to there having been such dictatorial autocracy pushing people around in this country. If there was dictatorial autocracy in pushing people around, then we in the government are responsible for what was done, and we took that responsibility before the Canadian people—and it so happens that we are sitting here, and hon. gentlemen opposite sitting there.

Someone asked the other night: What would be the impression of a traveller who would return to parliament from Mars after a stay there of fifteen or twenty years? One would

almost think there were lots of those travellers in this house. They do not seem to have been anywhere near this country for the last several months.

Other hon. members say: It is alleged that there is an emergency situation in Canada, but you have not brought forward the proof of such an emergency. Well, is there any hon. member who has not spent fifteen or twenty years in Mars, who does not know what has been going on in this country and what is the situation in this country at the present time? Is there any hon. member who can be better informed by anybody than by his own observation of what the economic situation is in this country at the present time?

An hon. MEMBER: Terrible.

Mr. ST. LAURENT: My hon. friend says that it is terrible. Has my hon. friend found no one who did not find there were conditons which unfortunately were terrible for him and which it was not possible to alleviate immediately? Does my hon. friend know of no one who is not in a position to find convenient and proper shelter in this country? Does the hon. member realize that everything possible since V-E day has been done to provide shelter? When I hear hon. members saying that if there was a shortage of housing it was because there had not been proper foresight, prudent looking ahead, I ask: Is there any hon. member who would, while the war was on, have wished the man-power or the resources of this country to be diverted to the building of houses instead of being devoted to fighting the enemy? If there is, I would like to see him rise in his place in this house and say so and take the responsibility for that attitude before his countrymen.

There were many things said in the speech delivered by the hon. member for Stanstead yesterday afternoon. No one on this side would have ventured to go so far as he did in the praise he meted out to the government for what was done. Here is what he said at page 2921 of *Hansard*:

> I do not criticize those who had the responsibility of enacting the legislation that brought these controls about. They were anxious to win the war. They had but one aim in view, and they have achieved that aim.

I would fully subscribe to that. The Canadian people had one aim, namely to win the war, and the Canadian people achieved that aim. So long as it was necessary to do that, they had but one thought in mind—win the war, and do the things necessary to win the war—and they were not thinking of slum clearance and of building houses at that time. But immediately V-E day came, the effort was made to remedy the lack of housing and to overcome the inactivity in that field which the war had compelled for several years. It has been stated in this house that the target is the construction of 50,000 new homes within the space of a calendar year, and that target will be realized. But even with that, there is still a terrible housing situation, and there is still a situation which, if rental controls were removed, would give la Ligue des propriétaires handsome returns on their ownership of rental houses. It is necessary, most hon. members are agreed, to maintain some controls.

But some hon. members say: Give us a clear-cut plan. Tell us what were the orders in council that were made during the war period, what are those that are still in operation, what are those that you want to continue in operation, what are those that you are going to repeal, and so forth? That is very nice. There were almost, it was said, one hundred thousand orders in council and treasury minutes passed during the war. The clerk of the privy council has given me exact figures about that. I have read the terms of one of the war appropriation bills, and they were all in the same terms. Practically all the administrative orders might have been made under the terms of these appropriation bills. But at that time, rightly or wrongly, our whole thoughts were on winning the war, and there was in operation the War Measures Act, which had been passed in 1914 by a previous government of another complexion. That act was very broad in its terms and was sufficient authority for anything that the government felt it was reasonable and proper to do toward winning the war. For that reason the War Measures Act was in a very large number of cases expressly referred to in orders in council that would have been fully justified under other measures. There was a small number, practically less than 3 per cent, of orders of a legislative nature. Hon. members have said that they did not know what those were; they never saw them. Well, if they did not know them, if they never saw them, it is because they did not take the trouble—it was a considerable trouble and I am not blaming them because I did not do it myself—of going over these six or eight volumes of war proclamations and orders that were put out as blue books and then the four volumes per annum, too, of Canadian war orders and regulations, four published each year with a cumulative explanatory index every three months showing the effect of each upon the other.

It is true that we did not do that as neatly as it was done in the United Kingdom. I have before me the 16th edition of the defence regulations. Evidently fifteen times prior to the 9th of May, 1945, they consolidated them and issued them in book form, numbered seriatim—a very convenient thing. The lawyers in the United Kingdom were in a more comfortable position to find out what the regulations were than were the lawyers in Canada, but there are not very many lawyers in Canada who have seriously complained of the fact that up to V-E day the government of Canada and the people of Canada were giving their whole thought to winning the war, and not to tidiness in the form in which the regulations had to be issued. I am not in a position to say to the hon. member for Lake Centre that this is the series of orders in council that are in force and that would remain enforced under the proposed section 4 of this bill. I have been doing other things than compiling these orders for the purpose of giving that information to the hon. member, and I am not sorry that I did other things. I think the things I did were more important than would have been the compiling of these orders to give the hon. member that information.

What this bill seeks to do now is to put, in a form which we think is apt to be more acceptable to some hon. members than was the previous form, an enumeration of the powers which it may be necessary to exercise. I hope it will not be necessary. I hope that from now on it will be possible to get along without exercising any of those powers for other purposes than for cutting down restrictions. But I am not in a position to guarantee that we are going to get through the next few months and maintain an orderly system of such controls as are necessary and an orderly decontrol without ever doing something new. I am not prepared to guarantee that that can be accomplished, and therefore I took the advice of the law officers as to the form a bill should have to make it possible to meet such unforeseen conditions as may arise in that process.

Much has been made of the terms of some of the subsections of bill No. 15, for instance section 2 (b):

facilitating the readjustment of industry and commerce to the requirements of the community in time of peace.

I am not much concerned whether that stays there or not.

Mr. DIEFENBAKER: Hear, hear.

[Mr. St. Laurent.]

Mr. ST. LAURENT: That was taken from paragraph (c) of section 1 of the supplies and services (transitional powers) bill which was passed, for a period of five years, by the parliament of the United Kingdom.

Mr. DIEFENBAKER: To bring in socialism.

Mr. ST. LAURENT: If there is never any more socialism in Canada than this country will get from this government under this bill, the hon. member may remain perfectly undisturbed. The clause is in exactly the same form in section 1, paragraph (c) of this supplies and services (transitional powers) act. Quite frankly, it might be invoked, but I do not think it will be. I do not at the present moment see very well how it could be, but I am told that it might be of some use in doing something to the foreign exchange control regulations which are in existence and which the government intend to ask parliament to continue in existence under this bill.

Then, the hon. member for Lake Centre said that there were many of these clauses which in other words would express power to which he had taken exception on November 23. I do not deny that. We are not trying to meet all the objections which the hon. member raised on the 23rd of November. It is not only for the sake of the hon. member for Lake Centre that we are asking that this legislation be passed; we are asking that it be passed for the people of Canada. In determining what we would retain in the bill we were much more concerned with what would be in the interests of the people of Canada than with what would meet the objections of the hon. member for Lake Centre.

The hon. member says that no one has suggested why in the former bill there was some reference to transportation by air, by rail, by water or by road. Did the hon. member never get any complaint from anyone about the restrictions to which he was subjected in the use of automobiles, or autobuses, or trucks on the highways because of the—at the time—deplorable shortage of rubber for tires, and of oil and gasoline for motive power? Fortunately most of these restrictions have now been removed, but there are still in force a number of restrictions on travel by rail. Every time a shipload of returned men arrives at one of the ports of eastern Canada there is a general mobilization of rail equipment which is regulated and controlled in the interest, not only of the men who are returning, but in the interest of Canada, because Canada owes those men the best transportation it can provide for them when it is bringing them

home from the fields where they went and risked their lives for the institutions of this Canada of theirs.

These powers are expressed in language which is broad and which is intended to be broad. It is intended to meet contingencies which may arise. But, so that we would follow another example set by that socialist government of the United Kingdom, we put into this bill a provision that anything the governor in council chose to do under it would be done upon the assumption that if it were to be done by legislation it would have the consent of the Senate and of the House of Commons as well as of the crown. Legislation, to be enacted, requires the three branches of parliament. Under these special conditions we think that, for the sake of having expeditious action, it is proper that the governor in council have from the Senate and the House of Commons a delegation of power to be exercised on the assumption that whatever the governor in council does thereby has the implied consent of the Senate and the House of Commons; and we say that we shall bring down everything which is thus done at the earliest possible moment and lay it on the tables of parliament, and that if either house chooses to say by resolution that it should not continue in operation, thereupon it shall cease to operate. Does any hon. member think that the governor in council, the government advising His Excellency the Governor General, will take the risk lightly of putting through things which it will bring before this parliament and which this parliament will then resolve to annul?

Let us get down to earth. I think most hon. members want the situation that is going to unroll itself during the next several months to be properly taken care of; and any government which exercises these powers in view of the fact that it will immediately declare to both houses of parliament how it exercises them and for what purpose it exercises them, will be reasonably careful that it does not indulge in fancies which will be frowned upon by either house.

I have heard the question asked, why leave it to either house thus to annul something decided by the governor in council. Quite frankly that was put in there to safeguard the absolute right of this house, unfettered in any way, to disapprove anything that the governor in council might do. If members of this house prefer to have it that a resolution of both houses of parliament will be required to have the effect of annulling something decided by the governor in council, I know there are a great many on this side who will be far better pleased with it; and if, when we are discussing that provision, it appears to be the desire of this house to subject its decision to a concurring decision from the other place, there will be no objection from the government to accepting a suggestion of that kind. But it was felt that it would not be respecting the full power and control of this house to have it otherwise than as expressed in the bill.

The section that is now under consideration provides, as the hon. member for Lake Centre so well pointed out, that the governor in council may do anything that he deems necessary or advisable because of the national emergency arising out of the war for any of the purposes enumerated in the five subparagraphs. The limitation is not on the objects which the orders in council or regulations may deal with, but on the purposes for which he may deal with them. He may deal with them for any one of the purposes thus enumerated. Subsection 2 provides that the orders shall, for the purpose of the Interpretation Act, be deemed to be regulations. That is merely for the purpose of avoiding having to repeat in this bill what is contained in the Interpretation Act, which applies to all enactments and which is a statute of some forty-two sections.

The third subsection provides that the orders shall be laid before parliament and that there shall be a period of twenty-eight days during which, in either house, a resolution may be moved to annul; and once more, if such a resolution is moved, the government will do its best to bring it to a decision at once, because it has no fear that the kind of things it will pass will not have the approval of the majority in this house, whatever may be the views of those who challenge the order in the resolution tabled. The government will have this further incentive to getting prompt decision upon it, that the psychological effect of these regulations on the Canadian public is now very satisfactory and has been built up over a period of several years; and if there were anything happening now to make those who are disposed to evade the provisions of the regulations feel that there had been any loosening up, it would be a considerable task to recreate by enforcement action the psychology which is necessary if we are to have the whole of the public respect the regulations that are made in the interests of all. That is all there is in section 2.

I am not in a position to answer specific questions put to me by the hon. member for Lake Centre. I am not in a position to say which control will come off or when. I can say to the hon. member that this morning's papers announced the removal of controls on

construction permits. Of course that does not mean that it will be possible to build any more constructions than the material available will provide for, but it does mean that no one will have to get any other permit than the permits from the local authorities, to proceed when he can with any construction he chooses to undertake.

The hon. member said that he was not sure whether there were still permits in regard to the starting of new businesses. Personally I do not know; perhaps the Minister of Finance knows. But certainly there has been no removal of the quota system on the distribution of much of the material used in industry. There is still a shortage of that material. There was established and there is still being maintained a quota system whereby in many cases about eighty per cent of the material available is distributed on the quotas established during the period of 1941. There is about twenty per cent that is free for distribution to others than holders of quotas. Is that a good thing? Is it a bad thing? It is a thing which worked out very satisfactorily during the war. It is a thing which we think is good and which we are going to take the responsibility of maintaining because we think it is good so long as the reasons for it are apparent.

The hon. member asks whether price controls are to be removed. Price controls will certainly not be removed in the immediate future. Are wage ceilings to be done away with? Wage ceilings will certainly not be done away with in the immediate future. Is there to be any modification in those matters? That has been and is and will continue to be daily under active consideration for the purpose and to the end of lightening and removing these controls just as rapidly as the government feels that they can be removed and that it will still be respecting its responsibility to the Canadian public.

Reference has been made to what has been happening in the United States. It is not the place here to criticize what is happening there. I will make no comment. I will ask those hon. members who have had occasion to visit in the United States recently whether what is going on there is better suited to the needs of the majority of the public than what is happening here. I think I will leave it at that. We may be wrong, but we think that the manner in which the situation has been handled here has been more satisfactory to the Canadian public than had we duplicated here what has happened in the country of our very good neighbours to the south, and we intend to continue to apply the policy which we, with our advisers, consider is best suited to the needs of the Canadian people. If we have to make any new regulations we shall bring them here, and we shall get the opinion of the members of this house upon them.

As to those which are now in effect, if this house accepts, as I hope it will, the bill with the proposed amendments that we have suggested here and maintains in effect—I do not care whether it be by virtue of the law or whether they say to us the governor in council may continue in force under this measure all the things in force on the day when it comes into operation—the regulations we shall be satisfied. We are not trying to get rid of any responsibility. We do not feel the burden of any responsibility is too great for us to carry. We carried it through the month of June and we are prepared to carry it forward to any other contest when it may have to be judged by the public. We are not asking anyone else to take any portion of it, and we are not prepared to give any of those who criticize it any part of the credit which gave us the result which was achieved at the last June election. That we are not concerned about. But if hon. members feel that they will be in an easier position; if they say, "Well, if you want those things which are now in force and which are operating in a manner which is generally satisfactory, to continue in operation, do not ask us to say that they should continue, but we will allow you to say so." That is a matter of indifference. What we shall ask this committee to do is to say that they shall continue or that we shall have the right to say that they shall continue because we think they are necessary, and if the committee says that we shall have the right to say that they will continue we shall not hesitate about saying so.

With respect to the other point raised, my understanding is now recorded. My colleagues will respect it. Whenever any hon. member chooses to introduce a bill to repeal any of those controls which he thinks should disappear and which we think should not yet disappear we shall facliitate as much as is in our power the taking of the opinion of this house upon it.

Mr. MacINNIS: I thought when we came in this evening that we had finished with the debate that should have taken place on the second reading of the bill. I am not objecting to the speech that has just been made by the Minister of Justice. Indeed I believe his speech was long overdue and I am glad that it was made. I should like, however, to draw attention to one matter that he mentioned. He said he did not know what the Liberal party would be doing in this case if they were

on this side of the house and the Progressive Conservatives on the other. Well, I do, because I happened to be here when the Liberals were on this side of the house and the Conservatives on the other, and they were doing just the same thing as the Conservatives are doing to-day.

Mr. MACKENZIE: Only better.

Mr. MacINNIS: Well, I agree that the minister who was then merely the hon. member for Vancouver Centre did perhaps a better job then than he is doing now, although I am not reflecting on what he is doing now. He was a very vocal if not a very consistent member of the opposition. I suggest in all earnestness that such methods are not good policy to-day. I believe that that is the sort of thing which is bringing parliamentary institutions into disrepute, because people will no longer believe in the sincerity of parties which, when they are on the opposition side of the house act one way on a question, and when they are on the government side act another way on the same question.

I am one of the twenty-five members left of those who came here in 1930. During all the time that I have been in the house I supported every measure introduced by the government if it appealed to me as a constructive measure, regardless of the sneers I might receive from this side, and I supported the opposition when I thought it was in the right, regardless of the jeers I received from the other side. I am convinced that is the only position a member should take to-day, because I am satisfied that the government cannot do anything in the way of good government without helping along the things that I want to do. I do not believe that the government can do anything wrong, or anything that is not in the interest of the people without adversely affecting the cause I have at heart. Therefore I repeat, if we wish to be taken as sincere people we must have the same point of view when we are on this side of the question as we have when we are on the other side of the question.

I believe that we should try to come to grips with this important issue. The hon. member for Lake Centre referred to the extradition treaty and suggested that it was an important issue. I believe that this is an immensely more important piece of legislation than the extradition treaty. I do not know if there is time to give it to a special committee, but if there were time I would certainly advocate that because if we could get the hon. member for Lake Centre into a special committee I have the idea that he would act in a much less partisan way than he does in the house, and consequently be far more useful in dealing with a matter of this kind.

I do not want the hon. gentleman to take offence at what I am going to say. He disturbs me, because when I see him in action I have the feeling that he is a man of great ability, great application, but yet a man of—if this is the proper term—tremendous ineffectiveness. He destroys the constructive effect of what he is seemingly attempting to do. I am not objecting because he aroused the Minister of Justice, but he destroyed the effect he should have had on the Minister of Justice, if, indeed, it was his hope to make the best of this bill, a bill which we all agree is necessary. He destroyed that effectiveness by the way in which he put forward his arguments. He would shake his finger and his head in protest. The result is that no cooperation is possible.

If we are sincere it should be a fairly simple matter to deal with this bill. When we start discussing the various sections of the bill, not being trained in the law, I feel myself at a disadvantage. I think I can understand ordinary English and what words mean, but when I hear lawyers talk I am convinced that words do not mean the same thing to me as they do to the lawyers. I realize I am not the only person affected in this way. After long observation I have come to the conclusion that there is no finality to any lawsuit except that imposed by the financial resources of the persons concerned and the number of courts to which it can be taken. When either the finances or the courts are finished then the case is at an end.

I have received a great many communications in regard to bill No. 15 as it was first introduced, but I think every one of the letters and petitions had to do with paragraph (g) of subsection 1 of section 3. That paragraph is out, and another part of subsection 1 of section 3 is out also. That part may not seem important to the hon. member for Lake Centre, but to me it seems important. I refer to the words, "but not so as to restrict the generality of the foregoing terms." It seems to me that rather limits the application of what the hon. member says are the similar provisions in section 2 of the new bill. I would suggest that, as the hon. member for Lake Centre knows how to do legal drafting, we take up the bill section by section, and when he comes to one he does not like let him move to delete it or amend it to conform to his ideas of what controls are wanted.

Then we can compare the amendment with the bill and we shall have a better idea as to which should be maintained.

I am convinced that we shall never produce anything constructive if we continue in the attitude we have adopted so far. So, then, I would appeal to this committee either to refer the bill to a special committee, where we shall get it out of the atmosphere of this house and away from the galleries, and where we can deal with it quietly and in an orderly fashion to achieve a certain end. Let us get down earnestly to business, each adding his quota of improvement to the bill which we are all convinced is to some extent necessary. Mention was made of the serious days ahead. Let us not delude ourselves that the days ahead will not be serious and that we do not want or will not need legislation of this kind. In my opinion it is not so much government control that is required as elasticity in government action so that it can deal with a situation as it arises or develops. That is what is involved, rather than control; it is elasticity of administration. And that, I believe, is what we should keep in mind in dealing with this matter.

Mr. SMITH (Calgary West): I think I can quite truthfully say that I had not intended speaking on this matter, nor would I have done so but for the impassioned and, I say somewhat regretfully, the rather angry political speech made by the Minister of Justice. I see that beside him and behind him that remark creates some amusement. I am very happy to note that he has as his cheer leader the unanimous Minister of Veterans Affairs, who sits immediately to his left. I was also happy to note that the greatest applause he received was when he struck high points of great humour. Those desks simply rattled when he informed the hon. member for Lake Centre that this bill was not being submitted for his benefit but for the benefit of the whole of the people of Canada. The boys simply went wild at that. What wonderful humour came from the lips of the minister, and what appreciation was shown by the gentle jury which sits behind him! I know the Minister of Justice is one of the ablest lawyers in Canada—

Some hon. MEMBERS: Hear, hear.

Mr. SMITH (Calgary West): I almost equalled his applause on that one. For many years he has been a great ornament to our profession, but to-night I learned something about him that I never knew before. I always see his name as practising before many high courts, those about which the hon. member for Vancouver East was so worried just a moment ago, but to-night I learned that at some time or another he had a police court practice which must have been carried on in very far places where the justice of the peace or magistrate did not know much about his business. The hon. gentleman's advocacy went so far to-night as to take this appropriation of $1,365,000,000 to which we consented—yes, unanimously—in order to get the civil servants of this country paid, as the Minister of Finance asked us to do; then he turned around and said, "Where were you that we did not hear a whimper?" That is not good practice in any court or any assembly.

Mr. ILSLEY: But, Mr. Chairman, the civil servants are not paid out of that appropriation

Some hon. MEMBERS: Oh, oh.

Mr. SMITH (Calgary West): Apparently we have two cheering champions now. I am sorry I cannot hear some of those remarks; I know they must be good. I was not here last evening; may I say it was the first session of the house I have missed since I have been in Ottawa, but I am very glad the hon. member for Stanstead made his speech. As I read the speech of the Minister of Agriculture, and as I listened to ninety per cent of the speech of the Minister of Justice to-night, I discovered that if it had not been for what the hon. member for Stanstead had said both these hon. gentlemen would have been tongue-tied, because that was about all they paid any attention to.

Now, Mr. Chairman, this is the only simple contribution I have to make. Let us endeavour to strip this thing of all the talking we have been doing—

Some hon. MEMBERS: Hear, hear.

Mr. SMITH (Calgary West): —and I include myself, being just as foolish as hon. gentlemen who now applaud. But stripped to its nakedness, if I may use that expression, what does it mean? As the hon. member for Vancouver East so well said, we all realize that some control is still necessary in this country. No one, I am quite sure, will deny or has denied that. I think that is a simple and very fair statement to make. Occasionally one becomes a bit annoyed at someone else. Perhaps we are interrupted. I have not even heard the unanimous Minister of Veterans Affairs say in this house, "It was a dirty Tory trick", although I have been waiting for that remark. I have not heard that remark. I know it is coming sooner or later, because he has a copyright on that, and *Hansard* has been full of it for the last fifteen years. I have read it.

But does it not simply mean this: We say, "controls?—Yes, they are necessary." I do not wish to buy eggs at the price at which the Minister of Justice bought them a while ago, or bacon at the price at which he bought it. Those were terrific prices. That was done, I gather, because it was under an administration from this side. How would it be for all political parties in the house, from now on, to do this: Let them admit that occasionally they have been wrong. This business of parties knowing perfectly well that they were wrong twenty years ago, and trying to justify it by devious ways here and now is, to my mind, complete nonsense. The man who does not admit he is wrong is the man who will never learn anything.

My real point is this, that it seems to me that what we all seek is a measure of control to avoid inflation. None of us wants these controls to go to the extent that they will frighten investment or frighten business. I think those are simple problems upon which all of us can be agreed.

Now, then what happens? We who sit over here say that the ministers of the government who sit opposite, have a great deal of information. Tell us what you want. To what extent do you want (a), (b), (c), (d) or (e), or whatever it may be? Tell us that, and then we will support you. Mainly what we have said is that this is too broad.

I do not think ministers of the crown are going to take our birthright away from us, or anything like that, by way of order in council. No, I do not think they are. But the fact that I do not think so does not alter the principle that if this bill is passed in its present broad form, parliament has given up its authority, for whatever time you may wish, unnecessarily. It may never be used. But it is neither here nor there whether it is used or not. I make this appeal: I know the people the minister has who can draw statutes. I think Mr. Varcoe is one of the ablest men in law I know, here or anywhere else. I know that he, in conjunction with the able people they have over there can say, "We are bringing down this bill. We will control prices there, and wages and exchange"—and the like. They may do that, for whatever time they say. Then surely all of those to my right and to my left and in front of me can all fall in line, because we believe in the same thing.

What are we doing? We seem to be quarreling about things which perhaps are not of major importance. We are getting off into the by-ways. But the fact remains that this bill should not be permitted to assume this authority, except without the greatest struggle that we over here can possibly put up.

Mr. MACDONNELL: I wish to add a word to what has been said by the hon. member for Calgary West. I had not intended to speak either, and perhaps the reason I am speaking is that I felt the minister had scolded us like rather naughty boys—though one never knows just how much of what a trained lawyer says he really means, and how much he just says because he is a very good counsel, and is acting for his client.

But I wish to say this, that the minister at some length, and I must say with a considerable degree of warmth, argued that we were being unreasonable and uncooperative. I am not going to waste the time of the committee by saying that we consider that it is hon. members opposite who are being uncooperative. But I wish to say this—and this is chiefly a repetition of what my colleague to my right has said—that we have no reason to doubt that a great many people throughout this country are greatly exercised about the powers conferred by this bill. One might often be mistaken about public opinion. One may get letters from people whose views are all cockeyed. But it must be clear that there is endorsation of our view. Unless reports are all wrong, when the provincial premiers were here, if we can believe reports, which appear to be credible, there was extraordinary unanimity among them—and let me add that they were not all of our stripe of political opinion—that this bill did need revision.

We then hoped that it was then going to get revision. Quite frankly I hoped that it would, and that it was going to meet the situation. But I am bound to say that as I listened to the hon. member for Lake Centre this evening, and as I read the extremely wide provisions of paragraphs (b) and (c), it seemed to me that a rose by any other name would smell as sweet, and that, as the hon. member for Lake Centre said, the new words are about as wide as the old. If I am right in thinking that there is a very strong public opinion in this matter, and if I am right in thinking that the provincial premiers had that view, then surely we are not very unreasonable in asking that some reasons be given to us.

Why, for example, do we have all these controls over transportation by air, rail and water? Are they necessary? I must say that this evening for the very first time the minister began to take some trouble to tell us why these powers were needed. Frankly I think that in that respect he has made only a

beginning. I was very much unconvinced by what he said about the railroads. I would need more persuasion that it needs this control to persuade the Canadian National Railways and the Canadian Pacific Railway Company to do what every citizen of this country wants to have done, namely, to have these priorities given to the soldiers. Let me repeat that that seemed to me most unconvincing.

I do not wish the minister to feel that we are being unreasonable. I wish him to feel that we want to cooperate. Whatever may have been the opinion two months ago, I say that, despite the fact that hon. members opposite smiled when the hon. member for Lake Centre said he was willing to cooperate, no one should doubt our desire to cooperate. Unless we are unwilling to believe that the people of Canada are not sincere in their apprehensions, then I suggest that the hon. member for Lake Centre was not unreasonable when he asked that we should have a fuller explanation from the Minister of Justice. I say to him that he should go on and finish the job, because as these words appear in the bill they go away beyond what we think is needed.

The minister referred to a speech which had been made by the leader of the opposition. I wished afterwards that he had gone on to deal with that speech. However, he was so attracted, as was the Minister of Agriculture last night, toward dealing with the speech of the hon. member for Stanstead, because it happened to contain some praise of the Liberal party—we are generous people—and I do not mean the present Liberal party—that he failed to do so. But it seems to me that we would have spent our time more profitably if the minister had dealt with the definite points upon which the leader of the opposition agreed we needed control. He might have got an advance copy of the speech, as the Minister of Agriculture did last night in respect of the speech delivered by the hon. member for Stanstead. Had he done that, he would have known exactly what was in it.

I am really endorsing what was said by the hon. member for Vancouver East. It seems to me that if we start in that way; if the minister would take those controls to which the leader of the opposition agreed, and if he would draft the bill, starting from that point, we might find agreement before we knew where we were.

Mr. HACKETT: Mr. Chairman, I have been absent from the house, but if reports are true, then neither the Minister of Agriculture nor the Minister of Justice have lost much time in my praise.

[Mr. MacDonnell.]

I am not given to explaining, much less to complaining. I should, however, like to tell hon. members opposite, when they pound their desks—and I am relying upon what I read in the press in Toronto this morning—and cheer the remarks of the hon. member for Rosetown-Biggar, and of my Hibernian friend the hon. member for Vancouver East, that this bill is right up their alley. It is a bill which enacts the very legislation that the hon. member for Rosetown-Biggar and those who share his views would enact in permanency, did the people of this country in their wisdom ever call those hon. members to office.

So, when hon. members opposite express approval of the remarks of these hon. gentlemen, I would ask them to recall that there is a difference between the principles of government—in so far as they have any—professed by hon. members opposite and those of the hon. members for Rosetown-Biggar and Vancouver East.

I should like to draw this to the attention of the Minister of Justice. He said, as I came into the chamber a few moments ago, that the administration of the controls and the enactment of bill No. 15 were in conformity with the wishes of the great majority of the Canadian people and would have the approval of the great majority of the Canadian people. I suggest to hon. gentlemen opposite that statements of that kind show just how remote the government is from popular sentiment in this country, and if they have any doubt about it I suggest that they refer this matter to a committee and let the people of Canada come before that committee and tell them what they think of controls. If they do that and can convince themselves after they have heard what the people of Canada do think of these regulations and how they long to be freed from them, there will be no further opposition from at least one member of this house.

I should like to know where all these bedtime stories come from, stories of the terrible perils and the dire penalties and severe trials that await the Canadian people if the federal cabinet do not continue these controls. It would be of interest to know the source of these stories, to know their origin. We were given the story by hon. gentlemen opposite, and I do not question their good faith, but I submit that they are too busy with their duties of office to be in very close touch with the people at large, and I suggest to them that if they will take the time to inquire, they will find out that every little person and every big person in Canada, every housewife, every grocer, every merchant, every mechanic,

every workingman are seeking liberation from the intolerable scourge of control that has been upon us for so long a time.

The hon. member for Vancouver East entered into a homily, as did the hon. member for Rosetown-Biggar, about the iniquities of the Conservative party in days gone past, but I would draw this to the attention of the committee that, whatever may have been the controls that were exercised by that party, it was during the period of emergency, and when the period of emergency was over the cabinet control ceased. That is what I ask, and nothing more.

Mr. JAENICKE: When I spoke on this bill when it was before the house in its original form I voiced three objections, two of which have been cured by this amendment, and the third objection I think has been pretty well met in subsection 3 of section 2, but there is one passage on which I entertain some doubts and of which I should like an explanation from the minister. It is this phraseology:

> If either the Senate or House of Commons within the period of twenty-eight days . . . resolves that it be annulled . . .

I think the word "parliament" should be substituted for either house. A resolution to annul an order in council such as these would be in the line of legislation, and according to our constitution legislation can only be passed by parliament, which includes the Senate and the House of Commons.

Mr. ST. LAURENT: This clause is taken almost verbatim from the act that was passed by the parliament of the United Kingdom.

Mr. JAENICKE: Their act says "parliament".

Mr. ST. LAURENT: No, either house of parliament. I will send a copy of the act over to my hon. friend and he will find that section 4 reads, starting at line 31 on page 3:

> . . . and every order in council made under this act, shall be laid before parliament as soon as may be after it is made; and if either house of parliament, within the period of forty days beginning with the day on which any such order in council, order or instrument is laid before it, resolves that it be annulled, it shall cease to have effect, . .

The reason it was expressed in this form, that if either house of parliament resolves that it be annulled it shall cease to have effect, is not because the resolution is regarded as legislation, but because the order in council is regarded as legislation on the assumption that the crown had the consent of both houses of parliament. If either house within the period of twenty-eight days from the time the order in council is placed before it expresses itself by resolution to the contrary, then the order ceases to have legislative effect.

Mr. JAENICKE: Would the resolution have to have the endorsation of the other house?

Mr. ST. LAURENT: No. But if it is preferred that it should be a resolution of one house concurred in by the other, that would be quite acceptable to the government. The government in making this proposal felt that it should not put this house in the position where, if it resolved that an order in council should not operate, the resolution should be subject to concurrence by the other house before it brought about the cessation of the operation of the order in council. But if the members of the house feel that it is preferable that there should be a resolution of both houses in order to bring about the cessation of effect of an order in council, that would be quite agreeable to the government.

Mr. JAENICKE: I think that would be the proper procedure, because I doubt very much whether under our constitution either house could pass such a resolution, which has the effect of passing legislation because it repeals any order in council which is the law.

Mr. LESAGE: The Minister of Justice said that it was an assumption of the governor in council when an order in council was passed that both houses would approve the order, which is legislation. It may be answered that if both houses adopt bill No. 15, we are surrendering to the government our legislative powers in given matters and that therefore there is no need of this assumption by the governor in council. As an hon. member on the other side of the house said, when parliament wants to withdraw or to annul an order in council, it is new legislation, and I submit very respectfully that under our constitution it should be by both houses.

There is another argument, which arises from a practical point of view. Decontrol will be a very difficult thing. Why take the risk that one or both houses would study the matter rapidly, and in supposedly taking off the price ceiling on one commodity, risk a crumbling of the whole economy of control? I think it will be quite easy to add, after the word "annulled" in the fifth line of page 3, the following words, "and the said resolution is concurred in by the other chamber, after formal notification by the initiating chamber," then "it shall cease to have effect." I offer this for the consideration of the Minister of Justice and members of the committee.

Mr. RAYMOND (Beauharnois-Laprairie) (Translation): Mr. Chairman, I should like to direct two questions to the hon. the Minister of Justice. Does he consider that the powers requested in bill No. 15 as reprinted are less extensive than those that were set forth in the original bill? That is my first question; if the minister will kindly answer it I shall ask him the second one.

Mr. ST. LAURENT: Yes, I consider that the powers requested in bill No. 15 as reprinted are less extensive than those set forth in the original bill.

Mr. RAYMOND (Beauharnois-Laprairie): In that case, may I ask the honourable the Minister of Justice whether, when on November 23 he moved the second reading of the original bill No. 15, he was asking for powers more extensive than those which the government needs to deal with the emergency which it claims it has to face?

Mr. ST. LAURENT; The hon. member is a past master when it comes to asking questions which he thinks are disconcerting, but I may say that they do not disconcert me at all. I shall tell him quite frankly that what was requested in the bill introduced on November 23 implied things that are not asked for at this time, but which we have not forgone and will request from parliament through other measures.

Mr. RAYMOND (Beauharnois-Laprairie): I am not at all trying to embarrass the Minister of Justice. I am just seeking information. On November 23, a bill was submitted to us asking for powers that seemed too far-reaching to me, and now, a new measure, a second edition of bill No. 15, is introduced and the minister acknowledges that the powers sought are not so extended. May I not conclude that, when the government submitted the first draft of the bill, they were seeking more extensive powers than warranted by the urgency of the conditions alluded to?

Mr. ST. LAURENT: The hon. member may draw that conclusion if he wishes, but it is not logical to do so.

Mr. RAYMOND (Beauharnois-Laprairie): Everyone is at liberty to appraise facts and circumstances as he sees them.

(Text.)

Mr. JAENICKE: The minister indicated that he would have no objection to changing the wording of subsection 3 so that the resolution to annul must be passed by parliament. The hon. member who spoke a moment ago has suggested some amendment, but I think the whole matter can be cleared up by striking out the words "either the Senate or House of Commons" and by substituting therefor the word "parliament". I move:

That subsection 3 of section 2 be amended by striking out the words "either the Senate or House of Commons" as said words appear in lines 39 and 40, and substituting therefor the word "parliament."

Mr. LESAGE: Yes. What about "twenty-eight days"? It is too short.

Mr. ST. LAURENT: I do not think the hon. member will get from that what he really wants, because if he substitutes "parliament" that would have to be formal legislation, which would require the three branches of parliament; that is to say, the governor general representing His Majesty, the senate, and the commons. So that if it were a resolution of parliament and that resolution were not concurred in by the governor general, it would not become effective. I think it should be "the houses of parliament", because there it is not something which should require the consent of the governor general on the advice of the government to deal with something that the government itself had already dealt with.

Mr JAENICKE: I am just worrying about the question of constitutionality under the British North America Act.

Mr. ST. LAURENT: I think the result would be achieved by saying, "and if the Senate and House of Commons within a period of twenty-eight days . . . resolve."

Mr. JAENICKE: Yes, I think that would meet it.

Mr. ST. LAURENT: That would mean that the two houses would have to pass the resolution, but that the governor in council would have no right, by refusing assent, to prevent the resolution of the two houses from being effective. If it is the wish of hon. members that that be substituted for the amendment as suggested, the government would have no objection.

Mr. CASTLEDEN: I think that if that change were made it might be well also to change "twenty-eight" to "forty"—

Mr. LESAGE: It may be that the senate will not be sitting: that is the trouble.

Mr. CASTLEDEN: —so as to allow sufficient time, as is the case in the British house.

Mr. ST. LAURENT: There would be no objection to that. What the government wished to do by that clause was to say

that whatever it did was going to come before the houses of parliament and they would have an opportunity of saying whether they thought it was right or wrong. If hon. members feel that it is better to have two concurring resolutions there is no objection, and if, as is suggested, in order to have two, you should have forty days, there is still no objection. Will the hon. member for Kindersley move that?

Mr. JAENICKE: I move that the word "or" in line thirty-nine be struck out, and the word "and" substituted.

Mr. ST. LAURENT: That the word "either" be deleted, that the word "or" be replaced by the word "and", and that the words "twenty-eight" be replaced by "forty".

Mr. JAENICKE: Yes.

Mr. ST. LAURENT: And the word "resolves" by the word "resolve".

The CHAIRMAN: Does the amendment to the amendment carry?

Mr. BRACKEN: I have had no opportunity to give much consideration to the suggestion which is made, but I should like the committee to know that we are not asking that that be done. We see no reason why, if the House of Commons wants to oppose some of these regulations or orders in council, we should be prevented from doing so if the other house should object; and if we are willing to accept that privilege for ourselves, perhaps we cannot ask that it be denied others. We suggest that this action be not taken because we think it would limit our powers in this chamber of dealing with these matters.

Mr. CASTLEDEN: The act as it stands permits the other place to annul legislation without reference to this house.

Mr. BRACKEN: Why not make a motion then that they be not given that power if that is what is wanted? Why limit us in the way the proposed amendment would do, just in order to curtail the other place.

Amendment to amendment agreed to on division.

Mr. CASTLEDEN: It seems to me that the debate over the past couple of days has arisen not over the use of powers granted in the bill but rather over the abuse of those powers, and it is against such abuse that hon. members wish to guard. It seems to me that in the past one of the difficulties of members has been the fact that while the house has not been sitting, orders in council were passed by the hundreds. We did not know what they were and when we arrived in the house they were tabled and that was the end of it. I am particularly pleased to note in the bill now before the house in its transformed state that there are certain provisions which permit annulment if this house so decides. But with regard to the other matter, that members of parliament when the house is not sitting do not know what is happening, it would be well if there were in the bill a provision whereby members could be notified and so make themselves conversant with what the government is doing by order in council. I suggest, therefore, that in this section we might easily provide to that effect. I suggest that another amendment be made to the section to provide, in subsection 3 of section 2, that there be inserted the following words after the word "sitting" in line 38: "shall be published in the current issue of the *Canada Gazette* and laid before parliament." The clause would then read:

> Every order in council made under this act shall be laid before parliament within fifteen days after it has been made if parliament is then sitting, or if parliament is not then sitting, shall be published in the current issue of the *Canada Gazette* and laid before parliament within fifteen days after the commencement of the next ensuing session thereof.

I move that amendment, seconded by the hon. member for Kindersley.

Mr. ST. LAURENT: Perhaps it would suit the hon. member's purpose, if, instead of being published in the *Canada Gazette*, they were published, as in any event they will be published, in the war orders and regulations now called statutory orders and regulations. That is the publication which contains all these orders in council as well as all orders made by controllers, by the wartime prices and trade board and so forth. It is intended that they shall be published, but perhaps the hon. member prefers that this be put in the bill. They will be published whether parliament is sitting or not, and if the hon. member wishes to have something in the bill to that effect, I may say that I had prepared a subsection 4 requiring that these orders be published forthwith in the statutory orders and regulations.

Mr. CASTLEDEN: How often is that published?

Mr. ST. LAURENT: Every week. It is a collection in which all these orders and regulations appear; there is published with each number a table showing the correlation between them; and every three months there

is a correlated table published so that it is a more convenient place in which to find such matters.

Mr. CASTLEDEN: I am willing to withdraw the motion if the minister substitutes his subsection 4 and if that takes care of the matter.

Mr. ST. LAURENT: Would this satisfy the hon. member, that subsection 4 read:

Every order in council made under this act shall be published forthwith in statutory orders and regulations.

That is the name of this publication now by reason of the order in council which was tabled the day before yesterday.

Mr. CASTLEDEN: I am agreeable to that.

Mr. MACKENZIE: I so move.

The CHAIRMAN (Mr. Golding): Mr. Mackenzie moves that the amendment be further amended by adding an additional paragraph to subsection 4 as follows:

Every order in council made under this act shall be published forthwith in statutory orders and regulations.

Amendment to amendment agreed to.

Mr. DIEFENBAKER: I should like to refer to paragraph (b) of subsection 1 of section 2:

facilitating the readjustment of industry and commerce to the requirements of the community in time of peace.

That is a very wide power, and there has been no explanation in anything that the minister said in his lengthy disposition on the subject this evening that, I submit, would justify the granting of that power at this time. As a matter of fact, he indicated that it was so comprehensive a power that so far as the government is concerned it would not press for its inclusion, and would have no objection to its exclusion. The only reason the minister gave for its inclusion was that it appeared in the British act which was introduced by the Attlee government. Therefore I move, seconded by the hon. member for Muskoka-Ontario:

That paragraph (b) of subsection 1 of section 2 be deleted and that the subsequent paragraphs be renumbered accordingly.

Mr. ST. LAURENT: I do not know of anything that would be done for that purpose that could not be done for some of the other purposes enumerated in paragraphs (a), (c), (d) and (e), but the law officers feel it might be preferable to have it there. We shall have to table anything that is done. It will have to be for one of those purposes, and it is suggested that there might be something under the foreign exchange control regulations that would not be for one of the other purposes enumerated in this section. The judgment of those sitting around me is that it would be safer to leave it there, and that no possible harm can come of it.

Mr. HACKETT: Before we go any farther may I ask the minister if now, or later, I may ask a question about paragraphs (a) and (d) of subsection 1 of section 2? Would the minister rather deal with it now or dispose of the item before the Chair?

Mr. ST. LAURENT: It would be preferable to dispose of what is before the Chair.

Amendment negatived.

Mr. FULTON: The question I should like to ask is confirmed particularly to paragraph (a) of subsection 1 of section 2, and has to do first of all with the demobilization of the armed forces. Can the minister explain what he has in mind, in view of the fact that extensive powers have already been given to the government up to the end of March, 1946, by bill No. 172, at which time I presume this house will again be in session?

Mr. ST. LAURENT: But at which time the whole of the Canadian troops will not have been demobilized. It is felt that the orders made in that behalf should be such that they can continue to operate as long as there are men being demobilized. These appropriation bills have to deal with the fiscal year; there are a great many things which are done and which have been done, and possibly there may be some more which will have to be done, dealing with the maintenance of the armed forces during the occupation of enemy territory and also with demobilization. The regulations dealing with demobilization are continuing regulations. I think we can probably bring most of them, if not all of them, under the terms of the Militia Act; but during the war we had one act that we could always fall back on. If the Department of Justice were asked if such-and-such an order in council could be made and there was nothing else turned up to justify it there was always the War Measures Act that permitted its being done. I think most of what would be done for demobilization purposes could be enacted under the Militia Act, but there may be something that has not been foreseen under the Militia Act. Then there is also the rehabilitation.

Mr. FULTON: I was not asking a question on that. The feeling I have in mind, if the minister will permit me, is that the Department of National Defence has undertaken

to announce the terms of service in the permanent forces by March of next year; and while I appreciate the minister undertaking to table any order in council made under this bill I believe that it might be more practicable if all those terms and all those orders and regulations which affect the armed forces, and which may possibly be of a permanent duration, were made under the terms and regulations governing the permanent forces, and brought down at that time instead of being regarded as temporary measures under this bill and tabled within twenty-eight days or so after they are made.

I should like a little further explanation of the reasons why it should not be excluded from this bill. At present there is power in bill No. 172, and presumably when it expires there will be power under whatever act or regulations are brought in governing the armed forces. Some better reason should be given why it should not be done then and left out of the present bill.

Mr. ST. LAURENT: Anything done under this bill will remain in force only while the measure itself is in force, and anything that will require to have a permanent character will be done under some other provision. It is felt that it may be necessary, in the course of demobilizing the armed forces, to do something which is not sufficiently provided for in the Militia Act. If this were to be permanent legislation, perhaps we should be more careful not to have it overlap something else, but it is for the purpose of facilitating the demobilization of the armed forces, something which will be in force for a period which is said not to be very definite because there is no assurance as to when parliament will meet toward the end of 1946 or the beginning of 1947, but after all it is a relatively short period.

Mr. HACKETT: I should like to ask the Minister of Justice a question about section 2 (1) (d). I have been unable to find in the War Measures Act or in the first edition of bill No. 15 the equivalent of this paragraph. I wish to ask the minister first if its equivalent does exist in the War Measures Act or the first edition of the bill and, if it does not, why it is included in the second edition.

Mr. ST. LAURENT: I do not think it existed in the first bill, nor do I think it existed under the War Measures Act except in an implied way. Of course under the War Measures Act things were done to relieve suffering in foreign countries. Military relief was provided as part of the military operations, and that was paid for from money appropriated under the war appropriation and under powers conferred by the war appropriation and the War Measures Act. But this is something looking to the possibility of having to do these things during this future period. Of course it does not authorize the governor in council to use any money not appropriated for such purposes or not appropriated in a way that is broad enough to include such purposes. This is the clause that would be relied upon for the purpose of rationing meat or any other rationing that might be imposed to make greater supplies available for relief purposes. The terms in which it is drawn were taken verbatim from the British bill. The way in which it came about was exactly that. The question was put, where is there here anything that would authorize the rationing of supplies in Canada for the purpose of making greater quantities available for the relief of distress elsewhere? and we were somewhat puzzled as to where we would find the appropriate clause in the bill. We had before us the British act, and we copied that clause word for word.

Mr. DIEFENBAKER: There is one question in connection with section 2 (1) (c), which has to do with maintaining, controlling and regulating transportation. Is it a fact that at the dominion-provincial conference the provinces raised objection to any control over road transportation?

Mr. ST. LAURENT: They questioned the advisability of there being anything in the bill submitted to parliament dealing expressly with road transportation, and wanted to know if it was the intention of the federal government to take over the licensing of automobiles, trucks and other light vehicles. They were assured that there was no intention to interfere with their regulations in connection with motor traffic. But there was in force and there might have to be put in force certain regulations with respect to the use made of the rubber employed in tires for motor trucks and so forth.

Mr. DIEFENBAKER: Would that not come under the control and regulation of supplies?

Mr. ST. LAURENT: No. One of the regulations had to do with the distance a vehicle might travel. There was a regulation which limited taxis to a certain radius. That would not come under supplies. The question arose as to whether it would not be services, but there was doubt as to whether it would be included in services.

Mr. HACKETT: And bus service, where there was parallel rail service.

Mr. ST. LAURENT: Yes.

Mr. HAZEN: Subsection 3 of this section provides for the annulment of orders in council. Has any consideration been given to the amendment of orders in council, which is not provided for by this section?

Mr. ST. LAURENT: No. What is provided here is that an order in council may be annulled, but it is not provided that an order in council may be amended by resolution of the house. However, if the temper of the house was that an order in council should be in slightly different form from that in which it appeared, and the house annulled it for that reason, that would be an indication to the government of the kind of order that would meet with the approval of the house; and the house can always deal with these matters by legislation.

Mr. FULTON: The government has assured us that it is not seeking any powers it does not absolutely require, but I cannot escape a feeling of anxiety about the powers it now has. It has powers under two separate acts until March 31, 1946. If hon. gentlemen opposite will read the provisions of the war expenditures appropriation measure they will find that in section 5 the government has practically all the powers for which it asks under the present bill, until March 31, 1946. Since there is provision in bill No. 15 for the tabling of orders in council passed under it, would the minister be prepared to give any assurance that orders in council passed concerning the powers given under this bill will be passed under this bill, so that they will be tabled in the house, rather than under the other act, in order that we may not know what is going on?

Mr. ST. LAURENT: I do not think I can give the hon. member any assurance in that regard. The powers in the appropriation act are for the expenditure of the money that has been provided by that act, and I could not give any assurance that when an order in council is passed for the purpose of dealing with some of the money voted in that measure a reference will be made to this bill for the purpose of bringing it before the house. There has to be an accounting of the money that has been expended under the other act; and if this measure was not before the house at all the terms of the other legislation would still be there. If it was felt proper to pass the other bill in the form in which it has been passed I do not think a suggestion should be made at this time that we are going to get powers here but we are going to try to avoid tabling what we do under those powers. We will, so long as I have anything to say about the matter, try to avoid using these emergency powers—because I do not like them. I think that in the Department of Justice we should endeavour to have done whatever is being done under the permanent legislation. That will be the attempt, so long as I am in that department. When we are consulted, we will try to find a legal way under the permanent legislation of doing what is required.

But of course when it will come to legislating or making new legislation by orders in council we may have to use these provisions. There are some other statutes under which the governor in council is given power to legislate, and the war appropriation measure was a statute of that kind. But it contemplates regulations only to deal with the money that is provided by the statute, and those regulations must not go beyond what is to be paid for out of money provided by statute. It cannot be used mainly for the purpose of making the regulations. The regulation must be incidental to the expenditure of the money.

Mr. FULTON: I think, with due respect, the minister has missed my point. I am asking whether orders in council made covering these subjects will not preferably be made under the present measure, rather than under the war appropriation measure. As the minister may recall, at the time that act was before the house objection was taken by the hon. member for Lake Centre and myself to the wide powers given the government to make orders in council, and practically to legislate in that fashion. We objected particularly to the terms giving the governor in council power to do anything he may deem advisable for the security, defence, peace, or welfare of Canada, under that particular appropriation. We said then that we felt that what was done should be done with the authority of parliament rather than by order in council. The minister at that time pointed out, in answer to our objections, that there would very shortly be introduced into the house the emergency powers bill we are now discussing, under which certain specific powers would be asked for, and that that measure would meet the objections we were raising.

What I now ask is this: Will the minister carry out that undertaking and exercise the powers under the present measure, under which he has said he will table orders in council so that we may know what is being done, rather than under the previous measure to which we objected? In order to carry out his undertaking then given, he should agree to see to it that those things are done under

this measure, so that they will be tabled in the house and we shall have full knowledge of what is going on.

Mr. ST. LAURENT: I do not remember the incident. Has the hon. member the page of *Hansard* where it occurs?

Mr. FULTON: I shall get it before eleven o'clock.

Mr. ST. LAURENT: I do not remember that. I am sure the hon. member will feel that the Minister of Finance will see to it that any undertaking he gave is carried out.

Mr. FULTON: It was the Minister of Justice to whom I was referring. When the former measure was under consideration the hon. member for Lake Centre and I objected to the wide powers being given to the governor in council in connection with the security, peace, defence and welfare of Canada. In his reply the Minister of Justice said that our objections were untimely—I believe that was as strong as he put it—in view of the fact that there would be this subsequent bill introduced, and that under it certain specific powers would be asked for. Can the minister give an undertaking on behalf of the government to see that that is done?

Mr. ST. LAURENT: I am not disposed to give any new undertaking on behalf of the government.

Mr. FULTON: It is not a new undertaking.

Mr. ST. LAURENT: I think the hon. member did refer to an undertaking on behalf of the government. I am not disposed to give any new undertaking, and I do not remember the incident to which the hon. member refers. He will no doubt call it to our attention. But if any undertaking was given it will certainly be carried out.

Mr. FULTON: That is what I wanted to know.

The CHAIRMAN: Order. May I say it is not in order to discuss on this measure bills which were previously passed at this session. That is to say, we cannot refer to debates in connection with bills which have been discussed previously at the present session. We are now discussing bill No. 15, and previous debates on any other subject are not in order.

Mr. CHURCH: I wish for only two or three minutes to voice my opposition to this bill. It is the very same bill in a new form as was proposed before, giving vast powers to the governor in council. As hon. members know, under the original War Measures Act and bill No. 15 the courts of this country—the high courts, the county courts, and the magistrates' courts—have before them cases to decide and give decisions based on the powers herein of the governor in council.

After the dominion-provincial conference which met last week some of those persons who spoke to the newspapers described bill No. 15 as the Donald Gordon plan. This new plan gives the governor in council powers to look after the maintenance of the armed forces of Canada, all trade and commerce and so on. In fact, it is the identical style of bill with the identical powers.

They have abolished these controls in Australia, and the President of the United States has practically eliminated them in that great country. Let me point out that under section 2 there is no doubt that people will be summonsed to court—police courts and other courts of competent jurisdiction—to answer to the same irksome control offences. Is this Liberalism as we have it in this country to-day? Is this what you call Liberalism? —control over the lives of every person, control over every man, woman and child in Canada, and the abolition of statutes which for 200 years have protected the liberty of the subject and of all reference to the law courts who have no control? Everything in the bill is removed from the controls of those courts. They would not stand for this in the United States. Why, we have a regular small standing army of officials in that country. The government knows something of what is going on. That standing army would reach from here to Lansdowne park. The expeditionary force we have over there should learn something of what is being done in that country to abolish all controls. But they have learned nothing.

Over there they have abolished controls. Under section 2 of this bill the small and large businessman would be put out of business. The difference between the new bill and the old one is the difference between Tweedledum and Tweedledee. That is the only difference between these two plans.

Under paragraph (a) the governor in council has power to provide for and maintain the armed forces of Canada during the occupation of enemy territory; it has power to facilitate the readjustment of industry, and also other powers. Small and large business, and every manufacturer in the country have been asking for the removal of these irksome controls. How does the government expect war-time economies to be turned into peace-time economies of large and small business when we have these irksome controls placed upon individuals?

The people whom we have been giving credit for the formulation of this new plan will be glad to be free of it, when they see how unpopular it is throughout the country. I know something of the way in which these irksome controls have operated during the war years and the effect they have had on business generally.

Section stands.

Progress reported.

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

Thursday, December 6, 1945.

The house met at eleven o'clock.

REPORTS OF COMMITTEES

PRIVATE BILLS—THIRD AND FINAL REPORT

Third and final report of standing committee on miscellaneous private bills.—Mr. Maybank.

PRINTING—FIRST REPORT

Mr. H. R. EMMERSON (Westmorland) presented the first report of the joint committee of both houses on the printing of parliament.

Mr. BLACK (Cumberland): May I ask the hon. member if this means that the report on the Petitcodiac power development is not to be printed?

Mr. GLEN: Inquiries with regard to the cost are now being made from a private firm. We have not yet received the estimate, but we expect to have it shortly.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SWIFT CANADIAN COMPANY—MELVILLE EGG DRYING PLANT

Mr. BURTON:

1. Has the Swift Canadian Company erected an egg-drying plant at Melville, Saskatchewan?
2. If so, did they receive any assistance from the federal government towards the construction of this plant?
3. Are they receiving any assistance from the government by way of subsidy or otherwise in connection with this plant?
4. If so, in what amount?

Mr. GARDINER:

1. The Swift Canadian Company has erected an egg drying plant at Melville, Saskatchewan.

[Mr. Church.]

2. No direct financial assistance is granted by the federal government toward the construction of this plant. The same indirect assistance is allowed them by agreement as was granted other egg drying plants for processing eggs for the British Ministry of Food. This consists of a partial rebate of customs duties and the customary depreciation of 20 per cent on annual income.

3. No assistance is received from the government in the way of subsidy or otherwise in connection with this plant.

4. Answered by No. 3.

INDIAN AFFAIRS—BRITISH COLUMBIA

Mr. ROSE:

1. How many agents are employed by the Indian Affairs branch in British Columbia?
2. How many such agents are employed in each of the various districts of the province?
3. How much money was paid in salaries and wages to agents in various districts in the fiscal year ending March 31, 1945?

Mr. GLEN:

1. Eighteen.

2. One at each of the following agencies: Babine, Bella Coola, Cowichan, Fort St. John, Kamloops, Kootenay, Kwawkewlth, Lytton, New Westminster, Nicola, Okanaga, Queen Charlotte, Skeena, Stikine, Stuart Lake, Vancouver, West Coast, Williams Lake.

3. Salaries, cost of living bonus and allowances in cash, $45,309.33.

VETERANS' LAND ACT—SASKATCHEWAN

Mr. DIEFENBAKER:

1. Has any order been made by the administration of the Veterans' Land Act denying returned service men the right to settlement under the Act in certain rural municipalities in the province of Saskatchewan?
2. If so, what rural municipalities are in that category?
3. Why was the decision made in each case, and by whom?

Mr. TUCKER: There is no general order denying returned service men the right to settlement under the Veterans' Land Act in any area in Canada. The ground taken has been that the administration could not draw an arbitrary line around any particular community and forbid settlement therein. Any veteran who derives from a district—including the dry area of southern Saskatchewan—and wants to go back, and can satisfy the administration that his land establishment proposal is of a nature that promises some reasonable degree of success, is assured of full consideration being given to his application. But veterans whose experience has been in other parts of Canada are not encouraged to move into a

district with a hazardous record. This statement is the substance of evidence given by the director, the Veterans' Land Act, before the special committee on veterans affairs on November 22, pages 830 and 831.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GRADE SEPARATION FUND

Mr. CHURCH:

1. How much money was expended annually during the war and to date in 1945 on account of the grade separation fund?
2. What amount was spent in each province and on what work?
3. What is the appropriation for the current year?
4. Has the government yet recommended any additional expenditures after the war for reconstructing grade separation throughout Canada?

Mr. CHEVRIER: Return tabled.

KING'S PRINTER—PRINTING OF PETITION FORMS

Mr. STEWART (Winnipeg North):

1. Has the king's printer, at any time during the last two years, printed any petition forms on behalf of any government body, or other group of individuals?
2. If so, for whom?

MEMBERS OF PARLIAMENT—TRAVEL OUTSIDE CANADA

Mr. GAGNON:

1. What ministers or members of parliament have travelled outside Canada since 1941 at the expense of the government?
2. Where did they go and for what reason?
3. What expenses for each of them were paid in whole or in part by the government?
4. What was the aggregate cost to this country of such trips?
5. How much, individually for (a) the minister or member; (b) the secretary or secretaries; (c) the personnel accompanying the member or minister?

Mr. MARTIN: I believe this question is to be dropped by the hon. member, pursuant to a discussion that he and I had on the matter.

Question dropped.

MUSICAL INSTRUMENTS

Mr. HAMEL:

1. How many musical instruments have been purchased by the government from 1939 to 1945?
2. What was the total amount appropriated for such purpose?
3. Have any of such instruments been declared surplus assets?
4. If so, how many; on what date, and how many have been sold to date?
5. If not, when will such instruments be declared surplus assets?
6. Has the government incurred any obligation to musical instrument dealers, or anybody else, limiting its rights to re-sell such instruments?

SURPLUS WAR ASSETS—MILITARY CAMPS, PROVINCE OF QUEBEC

Mr. GAGNON:

1. Have the military camps located at St. Honoré, Bagotville, Arvida and Chicoutimi, county of Chicoutimi, province of Quebec, been sold?
2. If so, to whom and on what terms
3. Were any tenders invited; if so, from whom?
4. Who submitted tenders?

MEDICAL AND DENTAL CORPS—COMMISSIONS

Mr. BENTLEY:

1. How many doctors and nursing sisters were granted commissions in the R.C.A.M.C. from, (a) military district 3; (b) military district 4; (c) military district 12, from September 1, 1939, to June 1, 1945?
2. How many dentists were granted commissions in the Canadian Dental Corps, from (a) military district 3; (b) military district 4; (c) military district 12; from September 1, 1939, to June 1, 1945?

VETERANS' LAND ACT

INCORPORATION OF PROVISIONS OF CERTAIN ORDERS IN COUNCIL

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to amend the Veterans' Land Act, 1942, to make it conform in several respects with the Act to amend the War Service Grants Act, 1944, passed at the present session of parliament, by incorporating in the measure the provisions of certain orders in council passed under the War Measures Act and by extending and clarifying in several other respects the application and operation of the Act, as recommended and reported by the Special Committee on Veterans Affairs.

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

Motion agreed to.

SERVICE PERSONNEL

AIR FORCE—APPLICATIONS TO ENTER UNIVERSITY

On the orders of the day:

Mr. T. A. KIDD (Kingston City): I wish to direct a question to the Minister of National Defence for Air. Will the minister kindly inform the house if immediate steps can be taken to speed up the discharge or release from the air service of those members

of the air force whose applications to enter university have been accepted, and who have applied for discharge or release from the service in order that they may attend or reenter university? This matter is urgent in view of the few days that are now left in which they must make arrangements for the commencement of their studies after the Christmas holidays.

Hon. COLIN GIBSON (Minister of National Defence for Air): The hon. member was good enough to send me a copy of the question. A large number of students have already been released in cases where they were surplus to requirements and their services could be spared from the R.C.A.F.; but at the present time certain trades are necessary in order to carry out demobilization efficiently and we cannot grant accelerated release in the case of students who are in a trade which has not a surplus. If we did so it would mean that others with longer service who wished to be demobilized would be held in the service beyond their proper time for release. Where it can be done, students are being released whose services can be spared, but otherwise it is necessary for them to take their ordinary turn in demobilization.

Mr. COCKERAM: May I ask a question supplementary to that put by the hon. member for Kingston City? Will the minister reconsider the whole question of discharges from the R.C.A.F.? A great many young men are being retained in the service who should be released if they have jobs to go to.

Mr. GIBSON (Hamilton West): The demobilization policy of the R.C.A.F. does not take into consideration the fact that a man has secured a job to go to. It does give consideration to a man returning to former employment, but if it were possible for men in the service while on leave to obtain jobs and then come back and be released in priority to men with longer service it would be most unfair to those with longer service, particularly those overseas.

BOUNDARY BAY AIR FIELD

ACCIDENT IN CONNECTION WITH DISPOSAL OF EXPLOSIVES

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to direct a question to the Minister of National Defence for Air. My question has to do with the accident which occurred at Boundary Bay through the finding of shells from the Boundary Bay air field. Is the minister in a position to make a report regarding that accident?

[Mr. Kidd.]

Hon. COLIN GIBSON (Minister of National Defence for Air): I received a copy of the proceedings of the court of inquiry which indicated that there was some negligence in the disposal of explosives on the Boundary Bay site. However, the proceedings did not indicate the persons who were guilty of negligence. I am having further inquiries made so that I may ascertain the names of the officers or persons who were guilty of the negligence.

AGRICULTURAL CONFERENCE

INQUIRY AS TO RESULT OF DELIBERATIONS

On the orders of the day:

Mr. M. C. SENN (Haldimand): I should like to address a question to the Minister of Agriculture. Now that the dominion-provincial conference on agriculture has ended, will the minister acquaint the house with the result of their deliberations? If he is not prepared to do it to-day, when may we expect such a report?

Hon. J. G. GARDINER (Minister of Agriculture): Just as soon as I get back into my estimates I shall be prepared to make a report, but we shall follow the usual practice of having the findings printed and distributed.

NATIONAL EMERGENCY

BILL TO CONFER CERTAIN POWERS ON THE GOVERNOR IN COUNCIL

The house resumed from Wednesday, December 5, consideration in committee of bill No. 15, to confer certain powers upon the governor in council during the national emergency following the war—Mr. St. Laurent—Mr. Macdonald (Brantford City) in the chair.

On section 2—Continuation of national emergency.

Mr. CHURCH: Last night I was referring to section 2 of the bill, which confers certain powers upon the governor in council. I pointed out that these powers are greater than the governor in council had in time of war. One of the paragraphs refers to assisting the relief of suffering, the restoration and distribution of essential supplies, and so forth. For many years past I have objected to these controls and the people who are in charge of them. Some of those controllers have no knowledge of the business they seek to control; they have never had any training in any competitive business.

In Australia the control system has been abolished. In the United States President Truman has said that controls placed upon the

country in time of war should be removed. Irksome controls which make it utterly impossible for a small man to conduct his business should be removed. A great many men are returning from the war and are trying to set up little shops where they can conduct their business, but they are unable to do it.

The original bill not only gives the minister the powers of the War Measures Act but has added a whole lot of controls nobody ever heard of, virtually abolishing the high court of parliament. Under this new bill whole spheres of activity, involving the livelihood of every man, woman and child in this country, have been removed from the jurisdiction of the law and of parliament and reserved for the determination of tribunals, irresponsible, irremovable, governed by no control and subject to no appeal. I object to that. It is done over the head of parliament, although they say parliament is supreme. That is only a myth; every business man knows it is a myth, with the result that parliamentary institutions are criticized by the people to-day, since we are to blame for the appointment of all these controllers.

I was saying something about a young soldier who came home and wanted to get a store. He went to a real estate man in my constituency and applied for one. The real estate man said: "I cannot do anything for you." The soldier said: "I can finance a little store right now"; but because of those irksome controls over business and real estate he was not permitted to start that little business. I do not know who wants to own real estate to-day.

I visited Cleveland and other cities a short time ago and I found that they are removing and relaxing those controls with the result that large and small businesses are expanding, not only in real estate, but in building and everything else. The other day they abolished meat rationing, if you please. We have been hanging on to the coat-tails of Washington all the time. One of the greatest mistakes we made in this war was the surrendering of too much political, economic, social, financial and military initiative to Washington, with the result that we are simply hanging on to the coat-tails of the United States to develop our economic system. You go to the Minister of National Health and Welfare, and the Minister of Labour, and what do you get?

I wish to refer to the section dealing with assisting the relief of suffering. One of the local newspapers, the *Journal*, had a long editorial yesterday on what is being done to get domestic and nursing help. In the session of the spring of 1944 I referred to what has been done in the old country. Go to any hospital, and you cannot get a nurse. Go to any large hotel and ask for a nurse. Can you get one? No. I know some of the large hotels have them on duty twenty-four hours a day, but in the average city throughout Canada you cannot get nursing service if you happen to be sick while at a hotel.

I asked a question in the house about the scarcity of domestic help and nurses, and here is the return that was brought down. Go and ask any business man who is connected with a hospital about the difficulty of getting nurses; go and ask any person who wants domestic help. They cannot get them, and they blame these controls. Go around the country and see the great number of people travelling on the trains and crowding the stations, and you will see why we can get no relief. In Britain, the United States, New Zealand and Australia they have adopted policies to provide domestic help and nurses, but we have done nothing in this country. Take the awful horror of the motor car; this year 85 people were killed in automobile accidents in the city in which I live. Take the number of accidents on the highway, and you will find that the number of people killed and injured in automobile accidents during the war almost equalled the number lost in the war itself. When those who suffer these accidents are taken to hospitals where there is a shortage of nurses, it is a burden on the hospital. When I ask questions on these matters in this house, what is done? Ask any business man who is to blame for these conditions, and he will tell you. We have a large number of people still in the armed forces who should have been released long ago. Under this particular clause I cannot refer to the Department of Labour, but I can mention these matters under this paragraph dealing with the relief of suffering. They are spending $13,000,000 on national selective service, a system that might as well be dumped in the sewer. The minister is not here, and I do not wish to be unfair to him, but that is one of the reasons there is no domestic help available.

I asked a short question, covering only three lines, as to what was being done by the government to provide domestic help and nursing services for those with large families and for the sick. In England they have remedied that situation. Part of the reply came from the Department of Health and Welfare, the health part of which is only a skeleton branch because the municipalities and the provinces pay for health. What do they say about the lack of nurses?

The proposals by the government of Canada placed before the dominion-provincial conference on reconstruction—

Castles in the air!

—would provide financial assistance to provinces which adopt health insurance to provide visiting nurse service and other services for all persons qualified . . . . .

Then with regard to domestic health:

The offices of the national employment service throughout the country are making every effort to meet the demand for domestic workers.

I should mention the list of telephones that selective service has in the city of Toronto. One morning I wasted nearly forty-five minutes calling about eight different numbers, and I could not get anybody who knew anything about what I wanted. They would simply hang up the receiver. That is the kind of service we are getting there, and it might just as well be closed up. The member for Danforth (Mr. Harris) is chairman of the splendid East Toronto hospital board, a man who has worked hard for my city in many capacities, and I cannot speak too highly of his services. He knows of this scarcity. No hospital board can put up with this sort of thing any longer. You cannot get a room in a hospital; you cannot get a nurse; you cannot get domestic help. What is the reason? It is national selective service, and keeping people in the forces.

Let me point out to the committee the reason for that. I am speaking extemporaneously and without notes, but I can give you one reason. Most of these people travelling on the trains are members of the armed forces and their families. As the hon. member for Temiscouata (Mr. Pouliot) said the other day, speaking of Sparks street, you cannot go out into the highways and byways; you have to stay in the middle of the road because so many of the armed forces are kept there who want to return to business. Let us do what they are doing in the mother country; let us try to get rid of some of these irksome controls. I will admit that some controls are necessary to guard against inflation, high prices for food and all that sort of thing, and I will admit that the Minister of Finance has done very excellent work in that connection. The controls required to regulate the prices of the necessaries of life should be continued; but the controls essential during the war, when the majority of the orders in council were passed, were dictated by the needs of the state. In peace time, as a Conservative committee in England said, the preference of consumers is the mainspring of economic activity. Although controls will be essential during a transitional period for organizing the reversion from war to peace time conditions they must be removed as soon as conditions permit. That is Mr. Churchill's policy, and the policy of his party; and the committee goes on to say that since controls have no intrinsic value in themselves they are liable to lead to hold-ups and thereby slow down the speed of industry to adjust itself to consumers' needs. That committee went on to make these specific recommendations:

(1) Controls will be required in the immediate post-war period for the orderly disposal of accumulated stocks throughout the world, whether of foodstuffs or materials; for helping to right the adverse balance of payments and for dealing with shortages, but not otherwise.

(2) A practical measure of control over the location of new industrial undertakings in Britain is desirable as a permanent feature of the post-war world. It may thus be possible to secure a balance of different types of industry in each main region of the country, thereby lessening the risks of severe unemployment in any one area.

(3) A continuous survey must be carried on by a properly qualified national advisory body with local assistance, which will draw the attention of parliament to the emergence of dangerous features in the industrial situation of any particular area, and will formulate proposals for remedying them.

So you see they are trying to do something over there. In Britain the government proposed a term of five years, while the Conservative opposition suggested two years. In this country it should be no longer than six months; it should be well over by Easter at the very latest. In the early days of this war, when controls were being established, I asked the Minister of Finance a question as to whether he sees the orders issued by the control boards, in reply to which he made a lengthy statement in the house. I asked if he ever saw these piles of orders in council issued about food, clothing and all these other things. I believe his reply was no, that a general direction of policy was given and that was all he had to do with it.

By passing clause 2 we are paving the way for the return of the conditions we had previously. I blame the government because they are afraid to release those who should be released under the national service act, so these irksome controls may be abolished. It is either inefficiency on the part of the government or it is fear of turning these people out because of the effect it may have on the labour market. The government of the day should have far more courage than they have shown so far in seeking to relieve the conditions from which we are suffering, by returning to industry larger numbers of men and women. Now real estate is going to be

controlled for two years under this measure. No one will want to own real estate. The hon. member for Eglinton is not here, but it will be remembered that some days ago he spoke about housing. People in his riding cannot hold their real estate and use their property. Soldiers who are buying properties cannot move into them, owing to irksome controls on real estate, with the result that they find themselves out on the streets, with the bailiffs after them. Others are under eviction orders and have nowhere to go.

I would ask the government to look at the picture as we find it throughout the country in the cities and towns. There is not a neighbourhood in Canada where families are not having difficulty in connection with housing, and if this bill is passed they will be tied up for one or two more years. In all our cities and towns men and women wish to end all the confusion and get back to their homes so that they can enter into small business enterprises.

I say this bill is much worse than the old one, because in it there is no control whatsoever which can be exercised by the courts. I pointed out on September 11 that any order in council can be revoked by the high court of parliament, through the process of some hon. member moving in the house that such order in council be annulled. But that is not so under the War Measures Act.

In my opinion the left was never right, either in war or in peace. We know that those belonging to the left went up and down this country, saying that we could depend upon collective security and league pacts without defences and armies, and all that sort of thing. But what happened when war came along? What was the result? We had no army, no navy or air force. Our navy was scarcely any size—less than a total of 10,000 tons. I do not say this in any spirit of disrespect for those who sit to my left, because they are pleasant gentleman, always courteous in debate, and I wish to show them the same courtesy, as we cannot all think alike on public matters. I must say however that I believe they are and were wrong. Everyone is entitled to his opinion, and that is mine. Some go around the country posing as supermen, and it was they who supported pacifism in the past. If this section is passed, then that will just about finish everything.

Since the beginning of this session we have heard a lot from the left about internationalism and almost nothing about the empire. Well, we know what it did for us in two great wars in our generation, and we think we can see what it will do for us now in this time of reconstruction. Let us wait and see what will be done by collective security and a new league. It will mean the dissolution of the British empire which saved the world in this war.

Paragraph (a) of this section provides for the maintenance of the armed forces, and all that sort of thing. I can tell you this, that there is only one way to solve this question, and that is for the dominions and the mother country to hold together. If we do not hold together historically, geographically, economically and from a military standpoint, we will not be able to go it alone and we will hang separately. We must, as an empire, hold together if we are not to perish. In Britain they have always been our best customers, and in the dark days they were our only friends. But it would seem now that we are willing to toss them overboard, through certain international agreements which can be made under order in council. I protest against that sort of procedure, as I have protested against it many times in the past. I continue to do so.

The plan set out in this bill is the Donald Gordon plan, and the plan to which the dominion-provincial conference objected. If that is the plan, then it is one which will have the effect of abolishing the high court of parliament. In my opinion Donald Gordon should have been dismissed long ago and irksome controls removed.

Mr. DIEFENBAKER: Mr. Chairman, I return to section 2, subsection 3, with which must be read—if you will allow me—section 4. Both are part and parcel of the same transaction. As has been stated before, new regulations which will be passed under this measure as now constituted will be laid on the table of the house; but the great mass of orders in council that have been passed during the war under the War Measures Act will be incorporated into the law of the land. Regardless of their nature, their interference with the rights of justice, or their unfairness, parliament will be approving those orders in council and will have no opportunity of annulling them, as it will in respect of new orders in council passed after this date.

I am not going to discuss again the situation respecting these orders in council. The minister explained last night that they were in six volumes.

Mr. ST. LAURENT: No; I think there are eight volumes of orders and proclamations, and there must be a larger number of war orders and regulations.

Mr. DIEFENBAKER: I appreciate that. But there were six large volumes, and then every few weeks a further assortment of orders comes out and is published in these periodicals.

The minister showed what they had in Great Britain, and, producing the volume, he said: This is the volume of the orders in council passed in Great Britain. Compare this with the depth of the volumes passed by this government, and you have some appreciation of the far more extensive use of orders in council by this country.

Among the orders in council to which objection has been taken during the period of the war, which we have been unable to annul or amend, and concerning which we could do nothing but take objection, there are some which, although possibly justifiable during the war, deny recourse to the courts on the part of anyone who feels himself unfairly dealt with or discriminated against. There are orders in council which amend and abrogate statutes passed by parliament. These, if this measure is passed, now become the law of the land. Why should not parliament have the right to amend, abrogate, suspend or annul such orders in council as have been passed during the period of the war, and which from this day forward will become part and parcel of the legislation of the country?

I cannot see why the government is so resentful, if I may use that expression—and I believe I am justified in doing so, because of the speech made last night by the Minister of Justice—of any suggestion that parliament should have the right to annul such orders in council. Is it because it is realized that if they are looked into, unfairness will be brought to light? Is it because injustices would be revealed? There is not an hon. member who has not received strong objections respecting unfairness in connection with some of these orders. Is it because the government is afraid that the whole situation would be brought into parliament? If not, then why the objection to incorporating into this measure the right of parliament to annul orders in council passed during the war? What of the secret orders in council that we are going to pass under this section? How many are there? We got the answer some months ago that there were none, and then out came one with regard to Eldorado and then another concerning seamen's regulations. That was an order in council that denied recourse to the courts, denied a man the right to have counsel; and now we are asked to give a blank cheque —an expression to which the minister objects— to the governor in council to deny to the individual seeking justice in this land the right to be represented by counsel. Its secrecy cannot be explained on the ground that there was need for secrecy in connection with the production of atomic energy, because this order had to do with seamen's regulations.

[Mr. Diefenbaker.]

This is one type of regulation we are asked to incorporate as part of the law of the land under section 4. The minister says: We will not use these powers; we just want them, that is all. What do they want them for if they are not going to use them? There is an important principle at stake here, and I cannot understand the resistance of the government to allowing parliament the right to look into these things. I am asking the minister whether even now he will accept a further amendment of this section. He says he gives an undertaking that if any hon. member wishes to attack any of these orders in council, either those that are being moved forward under the provisions of the War Measures Act or those that will be passed hereafter, the government will give assistance, his voice being heard in the house. I accept that statement, but I ask: Why not, so far as those old orders in council go, give us our rights under statute so that the people of this country will know, not only that we have an undertaking but that we have the right within a period of fifteen days after the beginning of the next parliament to demand the rescinding of unfair orders in council? I do not want the right to be extended indefinitely, but let us be given the opportunity for the first fifteen days of the next parliament to move to bring unfair orders in council before the house. I will give one example in connection with rentals as it affects men coming back from overseas. In two instances while the husbands were overseas the wives built houses, rented them and moved into small flats in order to earn a little extra income. Now that their husbands have come back they are denied the right to go into their own homes. When I got in touch with the rentals controller the answer I received was that it was thought to be in the public interest that the tenants remain. We should have the right in parliament to discuss, to consider and where necessary to abrogate unfair and unnecessary powers under existent orders in council.

I suggest an amendment to section 2, subsection 3, which would cover the situation. I submit that it cannot be objected to by the government, if the principle of review by parliament is accepted now which was not accepted two weeks ago until strong objection was raised against this unfairness. I suggest that all orders in council should be laid on the table of the house and an opportunity given to members to raise objections by way

of motion to the operation of any or all of them. I therefore move, seconded by the hon. member for Vancouver South:

That after the word "thereof" in line 32 of section 2, subsection 3, the following words be added:

"and as to orders and regulations passed under the War Measures Act as shall be continued in effect under this act within fifteen days after the commencement of the next session of parliament."

Under this amendment any hon. member would have the right within fifteen days of the commencement of the next session of parliament to move for consideration by the house of the annulment of such orders in council passed under the War Measures Act as will be carried into effect and become the law of the land under section 4.

Mr. ST. LAURENT: The hon. member, perhaps inadvertently, has misstated what the effect of his amendment would be. He gave the impression that within fifteen days from the opening of the next session of parliament the matter of whether or not orders in council passed under the War Measures Act and continued in force under this bill should remain, would be a question settled. That would not at all be the effect of the amendment. The effect of the amendment would be that there would have to be a new tabling of the orders in council that have already been tabled and published, and that tabling would have to be done within fifteen days. Then there would be forty days from that date in which any member of the house could move that one of them be annulled, not by a legislative act but by resolution.

These orders in council are in force at the present time and to bring about a situation where they would cease to operate would require legislative action. That legislative action is open to any hon. member of this house. On behalf of the government I gave last night, and I repeat it to-day, the undertaking that not only within fifteen days or within forty days, but at any time while parliament is in session, if any hon. member takes the position that there is an order which is unfair or unjust—the hon. member for Lake Centre assumes that admittedly there are orders which are unfair and unjust—

Mr. DIEFENBAKER: The courts have so held.

Mr. ST. LAURENT: If any hon. member wishes he can come into the house and say, not in general terms and not for the disturbing effect it may have, with respect to something special, "In my opinion that order is unfair and unjust and should not continue in operation." The government has undertaken that it will do everything within its power to bring as expeditiously as possible a bill to that intent to a decision, both in this house and in the other place.

If that is not sufficient, well, I am sorry that under the circumstances I cannot accept the suggestion made here. This system which has been built up does not consist solely of the passing of orders. It has taken many months of trial and decision by the courts to bring about the situation where there is very much less effort than there was before to evade the real intent of the orders. For instance, take the orders concerning rentals, the fixing of ceilings on rentals. How many devices were attempted to thwart the real intent of those regulations? A man would rent an apartment at the ceiling price, but in order to get in the tenant had to pay $100 for the key, or he had to buy some furniture at a price ten, twenty, fifty times its market value, or he could not get a lease unless he got it through Mr. So-and-so, who was the exclusive agent to rent the premises, and in order to get any consideration from him one had to pay him a fee. Now these things have gradually been eliminated by amendments and court decisions; and if there is anything done to create the impression that the old system has gone and that something new has taken its place, all that will have to be gone over again. That is not in the interest of good administration of these controls, if they are proper controls and should be enforced in the interest of the general public. But if there are any of them to which any hon. member can point his finger and say, "That one is bad," and "I wish to have the judgment of the high court of parliament on that one," let him say so, let him particularize what he wants dealt with, and as far as the government is concerned everything that can be done to facilitate the bringing of that to a decision will be accomplished.

If that is not looked upon as sufficient, I cannot take the responsibility of accepting the suggestion of the hon. member. I should have to ask the Minister of Finance to give it consideration, because he is the minister responsible for the administration of these controls, and I should have to confer with him as to whether or not that would be disturbing to the proper administration of the controls. Perhaps the hon. member would allow the matter to stand and let the Minister of Finance give it some consideration, unless he is satisfied with that undertaking, and I make it seriously and formally. If he or any other hon. member will at any time during the next session of parliament point his finger at something which he says is wrong and which he

says should not continue to operate, the government will do everything within its power to facilitate the bringing of that matter to a decision by this house and by the other house. If that is not sufficient, I shall have to ask that this stand, to be given further consideration.

Mr. HACKETT: I should like to ask the minister if the very reasons he has advanced are not reasons which show the gravity of the situation in which we find ourselves at the moment. He has told us of abuses that were petrpetrated under the regulations. The regulations enacted by the cabinet, instead of by parliament, have been drastic and far-reaching. They are so drastic and so far-reaching that they cannot be enforced unless there be a whole range of control.

I should like, at the expense of being charged with repetition, to draw to the attention of the minister the nature of the legislation forecast in the speech from the throne. The words are:

> You will be asked to approve a measure to extend certain specified emergency powers to meet emergency conditions in the period of reconstruction.

What I in my innocence understood was that parliament might be asked to enact another statute similar to that which was passed in 1919, as pointed out by the hon. member for Beauharnois-Laprairie, dealing with a specific item, dealing with the control of pulp and kindred matters. Now the position is entirely changed. The minister says: If an hon. member will pick out something from the universal control which he considers is unfairly controlled, the government will do what it is able to do to give relief. The point is, Mr. Chairman, that the minister is reversing the position. The position was to be that the government was to pick out one or two—there may have been more—controls, and release all the rest. That was the significance, that was the purport, I submit to the minister, of the intimation in the speech from the throne:

> You will be asked to approve a measure to extend certain specified emergency powers to meet emergency conditions in the period of reconstruction.

That is not what we are asked to do to-day.

The minister does not deny that the bill which is before the committee goes far beyond the powers that were granted by the War Measures Act; and—to open a parenthesis here—one can say that each bill conferring powers that has been enacted since the original bill has contained broader powers for the cabinet. The reason for that is clear. It is the reason which the minister gave. I am not particularly trying to score off anybody; I am merely trying to show that a control must be an entire control if it is to be an effective control. The minister said that in his speech on November 23, reported on page 2452 of *Hansard*:

> The whole of these controls are integrated, and each part is necessary to the harmonious functioning of the whole system.

He has told us that it took five or six years to build up the system whereby control could be made effective. I can tell him here that a judgment was rendered by the chief justice of the superior court in Montreal a couple of weeks ago in a case in which a most arbitrary decision was reached by the rentals controller without summoning or hearing the adverse party. The judge merely said, "This is regrettable, it is alien to our whole system of laws; but I am bound, I am helpless." I will give the minister the reference to the case; but let me go on. We are confronted with the decision of perpetuating this type of control, this manner of life, or of getting back to the freedom of contract, the freedom of negotiation to which we still think we are attached.

The suggestion I attempted to make the other day, and which I make again, is that these controls are not universally required. I think that, without arousing any contention at all, I can say that rental controls are possibly more difficult and possibly more necessary in the large urban centres of Toronto and Montreal—I know less about Winnipeg and Vancouver—than they are in the smaller centres of the far east or on the prairies. Why not let the legislatures of those provinces deal with these questions? They are primarily within the ambit of their powers; they fall under the exclusive jurisdiction of provincial legislation. Why do we not say that after reasonable notice we will release these controls? The legislatures are or will be in session within the next month or two. Afford them the time necessary to meet the situation. I am not sure that it is beyond the power of a city like Toronto or Montreal to meet a situation such as this if it is properly empowered by the legislature of the province. Then we shall be getting the question home where it can be dealt with full knowledge—*en pleine connaissance de cause*, as they say in some parts of Ireland. That I believe is one way of relaxing the strangle holds which these controls have upon our whole economy to-day; because, if something like that be not done, if we take the words of the minister

himself, we shall see months go by, a year go by, and we shall be no further advanced than we are to-day. The minister said:

> That the whole of these controls are integrated and each part is necessary to the harmonious functioning of the whole system.

If that is true—and no one doubts it; it took five or six years to complete them and give them the effectiveness they have—if that is so, the only way of releasing them is to give them back to the provinces and let the provinces wrestle with them where it is necessary. I am sure there are a number of provinces where a great many of these controls are not required at all. I will not weary the chamber with a reiteration of what I said about prices and similar topics—the minister and I apparently have not the power at all times to charm those who will not listen.

Mr. McDONALD (Pontiac): We are not obliged to listen.

An hon. MEMBER: We have heard your speeches before.

Mr. HACKETT: Yes, and you will hear them again.

Mr. McDONALD (Pontiac): We can take it.

Mr. HACKETT: I am sure that every man in this house is anxious to see freedom of commercial and personal relations again established, and there is no possibility of bringing that about in an effective way until these centralized controls are terminated.

Mr. GREEN: May I ask the minister to clarify the statement he made a few minutes ago? As I understand it, there are two groups of orders in council dealt with under this bill. In the first place, the bill itself makes provision for orders in council to be passed under it. That is found of course in section 2, and with regard to that group of orders in council there is provision that within forty days after parliament meets—

Mr. ST. LAURENT: After tabling.

Mr. GREEN: Within forty days after tabling, a motion may be made to annul any one or more of those orders in council that are passed under this particular measure. There is another group of orders in council which have been passed under the War Measures Act, and under section 4 of the present bill they are continued in effect. But as I read the bill, there is no provision whereby the house has the same right to move for the annulment of those orders in council passed under the War Measures Act.

Mr. ST. LAURENT: Correct.

Mr. GREEN: I understand further that the amendment of the hon. member for Lake Centre would provide that right. Can the minister explain why there should not be the same right with respect to the second group of orders in council? That is the question that is bothering me at the moment. I suggest that both groups should be treated in the same way. There should be the same facilities for pointing out the need for removing an order in council no matter whether it may come in one group or the other.

Mr. ST. LAURENT: The reason for the difference is the fact that as to one set they are the law of the country to-day, and if anyone says they should not be the law of the country the government will undertake to facilitate consideration of a bill to change the law. As to the others, they have not yet been made. We are asking the houses of parliament to delegate to the governor in council the right to make new legislation on the assumption that what he will do would have the consent of the Senate and of the House of Commons, and with respect to that new legislation we say that we are prepared to table it in parliament and to allow the houses of parliament forty days in which to declare that we made a mistake when we assumed that we had their consent.

Mr. GREEN: But in the meantime the orders in council passed under this new act would be the law of the land the same as the others.

Mr. ST. LAURENT: They would be in operation but subject to cessation if there were a resolution of the houses of parliament that they should no longer operate. That is a proposal that is being made for the purpose of recognizing the supremacy of the houses of parliament in that regard. With respect to the others which are in force, the statement is made that there are some that are unfair or unjust. We say: Indicate which ones you consider are unfair and unjust and introduce a bill to repeal them, and we will see to it that that bill gets consideration just as speedily as can be made possible—not only within a limited time, but at any time. The reason for being careful about that system is that we do not expect this body of controls to remain in effect very long. It has taken quite a long time to cause the people to know that there are certain things which they cannot do

without being subject to prosecution. Each time an order is made there are found methods of doing something which is against its real spirit and intent, but which is still outside what is specifically mentioned in the order; just as it took years to get an income tax act in which there were no loopholes permitted that were not illegal evasions. The courts have held that a man has a perfect right so to arrange his affairs as not to attract taxation, but to have legal avoidance of taxes. It took years to deal with the things that could be done without becoming subject to the taxes which were intended.

The administrators of those controls are not themselves the power-hungry people they have been represented to be. I know a few of them, and I know that there is nothing they are looking forward to with more pleasant anticipation than the time when they will not have to do those things. That I know to be the case. They say: If we are to have the responsibility of achieving the results which you want, do not take the proper instruments from us. We are quite willing to do our best to achieve those results, but do not deny us the proper instruments in that regard. That is the reason for the suggestion that all these things that we are going to ask to have continued in effect, and which have been tabled, be attacked specifically. If there is anything wrong with any one of them, let that one be mentioned. The hon. member mentioned a secret seamen's order. I wish he would give me more information, because I have inquired from all my colleagues around me and no one seems to know anything about that kind of order.

Mr. DIEFENBAKER: That is exactly my point. It has been before the court of appeal in British Columbia, following its extraction from the records in this house. It is an order that was kept secret. It denies the right of counsel to appear on behalf of any man examined before the commission set up.

Mr. CLAXTON: What is the reference?

Mr. ST. LAURENT: Could the hon. member give us the reference? He says it has been extracted in this house. He may have had a hand in the extracting. I should like to have some reference number so that we shall be able to look into it and inform the hon. member whether it is still in existence or not.

Mr. DIEFENBAKER: It was still in existence on November 5. I asked for a return of those orders which deny the right of counsel to appear on behalf of men charged or being investigated. I asked for that on October 5.

Mr. MACKENZIE: Was it produced?

Mr. DIEFENBAKER: Yes, it was produced. It was passed last May and produced on November 5. The minister says he does not know of the existence of this order. Will he tell us how many more secret orders there are which have not been produced?

Mr. MACKENZIE: It is not secret.

Mr. ST. LAURENT: That is not a secret order, and there are no secret orders. The hon. member says that it was tabled in the house. Well, if it was tabled it is not a secret order.

Mr. DIEFENBAKER: No longer, no.

Mr. ST. LAURENT: And if the hon. member thinks it is a bad order, it will be open to him under the undertaking I have given to say so and to move for leave to introduce a bill to repeal it. It is not true in fact that every order which says that there shall not be counsel attending witnesses called to testify in an investigation is necessarily bad. Here the witnesses are called for the purpose of giving information. They have no traditional or constitutional right to be represented by a lawyer. They do not require to have a lawyer with them when they are asked questions on which they are only being requested to give true answers. One does not need a lawyer for that purpose. If the orders go beyond that, if the orders deny defence counsel to someone being prosecuted, of course, I would consider, as does the hon. member, that it would be an abridging of his rights. These broad all-embracing statements may create an impression, but it is not the kind of impression that makes for proper administration. If the objections are directed at something specific which can be looked at and considered, it will be looked at and considered and every facility will be afforded for taking the judgment of the house upon it.

Mr. GREEN: As I read subsection 3, in order to bring about an annulment of an order in council passed under the act there has to be a resolution brought in by a—

Mr. ST. LAURENT: I hope the kind of orders we shall make will not be the occasion for resolutions.

Mr. GREEN: That is getting away from the point. I want to make certain of the procedure which would have to be followed in order to bring about the annulment of one of the orders in council passed under this act.

Will that procedure be for a private member to bring in a resolution, or must he bring in a bill? Just what procedure will have to be followed?

Mr. ST. LAURENT: I submit that the section is perfectly clear. It merely calls for a resolution. If the Senate and House of Commons resolve that it be annulled, the mere passing of the resolution will bring about the effect.

Mr. GREEN: In dealing with the orders in council passed under the War Measures Act, which are continued in effect under this act, the minister said a few moments ago that they could only be attacked by a private member bringing in a private bill—

Mr. ST. LAURENT: No, a public bill.

Mr. GREEN: Well, a public bill. I do suggest to the minister that both types of orders in council should be treated in the same way, and that is what we are asking. We are asking that there be the right to bring in a resolution for annulment of an order in council passed under the War Measures Act.

The minister said something about the breaking down of respect the public have for the whole system of controls. I think he is putting it on the wrong basis. There would be far more respect for the controls, and far less trouble, if some provision such as I suggest were made, so that the public would feel, in any event that their representatives in parliament have the right to move a resolution to have those orders in council discussed. That would help the government in enforcing the controls. I suggest to the Minister of Justice and to the Minister of Finance that they give some consideration to making an amendment to section 4 so that the orders in council passed under the War Measures Act can be dealt with just as readily as the orders in council which are to be passed under the legislation now before us.

Mr. ST. LAURENT: The Minister of Finance, the Minister of Justice, and other ministers have given consideration to that very question, and have given it consideration in discussions with those who have directly to administer the regulations. The conclusion that was reached, whether it be the right one or the wrong one, was that provided for in these proposals.

Mr. COLDWELL: May I ask the minister one question in connection with the answer he has given the committee? He says the government will facilitate the introduction of a bill or resolution. How can that be done under the rules of the house? That is one thing that bothers me.

Mr. ST. LAURENT: Probably there will have to be motions to waive the existing rules which set aside only specified time for the consideration of the legislation of private members.

Mr. COLDWELL: That is satisfactory.

Mr. FERGUSON: The minister suggests that these orders in council may be taken up at any time. Just let us reflect on the situation in connection with the order in council dealing with John Barleycorn, which has gone to the privy council to be decided. Members of this house had very little to say about that question; the provinces had nothing to say about it, and still have nothing to say, and now we are waiting for the privy council to decide as to the legality of the liquor situation in Canada under a war-time act brought in during the last war. So what chance has a poor humble private member to voice his feeling against any order in council brought in by this government?

Let me give you an example of what is going on. We are told these controls are brought in because the government believes them to be necessary. As members of this house we represent the people of Canada, irrespective of the party to which we belong. Here is a concrete case of maladministration or misinformation in regard to one particular control. In the part of Canada I represent, two almost identical buildings were erected without permits. Both men were summoned to court and fined $100. The construction controller believed the fines were not sufficient and the decisions were appealed. During the interval between the imposition of the fines and the appeal—this may not be absolutely accurate but it is what the public hears, and I am one of the public—one of these men was advised to change his lawyer. His appeal was withdrawn, and he obtained a permit to proceed with the completion of his building. The other man came to me personally and asked if he should change his lawyer. I asked why, and he said, "Well, the fee will be somewhere around $700, but I am told that if I do so my appeal will be withdrawn and probably I will be put in the same position as the man who was erecting the building about twenty-five feet from me, and receive permission to proceed with my building." I suggested that he should not change his counsel. I appealed to the wartime prices and trade board, laying the facts before them, and the appeal was withdrawn, though not for a month. In the meantime this citizen was irritated; he had seen his neighbour go ahead only four months previously, complete his building, occupy it and make a good deal of

money through that occupation. He believed he had as much right to justice in this country as any other man, so he proceeded with his building for the second time; he did not change his counsel, and last week was fined in court another $700.

That is all right; I approve of that procedure, but I do not approve the situation brought about by these controls. The intention is probably all right, but the way these controls are carried out is disturbing the minds of the people of Canada. They are definitely unnecessary, and I appeal to you people as representing those in your constituencies, because you must have the same troubles I have. My people are experiencing the same miscarriages of justice that your people are experiencing, and the sooner these controls are abolished and people know they can go ahead with a free rein and appeal to the ordinary courts of this country, the better it will be. In these matters the controllers may be all right but their agents are wrong, because no two of them can see eye to eye. We are getting one kind of justice in one part of Canada and another kind in another part; we are being treated in one way on one side of the street and in an entirely different way twenty-five feet across the street. That is the trouble with controls. The sooner they are abolished and no new controls introduced, the better off we shall be.

The CHAIRMAN: Order. May I remind the committee that we are now considering section 2 of the bill. I would also remind hon. members that according to subsection 2 of standing order 58 speeches in committee of the whole must be strictly relevant to the item or clause under discussion. Therefore I would say hon. members should not discuss controls generally, but that their remarks should be strictly relevant to section 2.

Mr. HACKETT: During the period which elapses while parliament is not in session will any remedy be afforded under the section that has been discussed?

Mr. ST. LAURENT: From the looks of things for the last several days parliament is going to be in session nearly all the time.

Mr. HACKETT: That is not quite the answer I should like. It is admitted, is it not, that there is no means of obtaining relief from any order an hon. member may think objectionable if parliament be not in session?

Mr. ST. LAURENT: No other method than bringing his reasons for feeling there should be relief to the attention of the minister in charge of the department in which the control happens to be; and he will find that each of the ministers who have to do with these controls is having his staff constantly at work reviewing them, trying to bring them down and unwind them in an orderly manner in order to get back to the situation which both the hon. member for Stanstead and I wish to see restored just as rapidly as that can be done without having this turbulence the hon. member feels is necessary as a price for having had the controls during the war.

The CHAIRMAN: Does the hon. member for Lake Centre wish to have his amendment to the amendment put to the committee?

Mr. DIEFENBAKER: Yes.

Mr. COLDWELL: I thought it was to stand.

Mr. ILSLEY: No, Mr. Chairman. I agree with the Minister of Justice; I do not want to prolong the debate by giving my reasons.

Amendment (Mr. Diefenbaker) negatived on division.

Amendment agreed to.

Section as amended agreed to.

On section 3—Powers of governor in council.

Mr. ST. LAURENT: I would ask some hon. member to move that there be substituted for this section the section that has been inserted in the reprint, with proposed amendments.

Mr. MACKENZIE: I move accordingly.

The CHAIRMAN: Does the committee wish me to read the section as amended?

Mr. McMASTER: Is the section the chairman has the same as the one which appears in the printed form which has been handed to us?

Mr. ST. LAURENT: Yes.

Mr. McMASTER: Then I should like to speak to it. I am not quarrelling seriously with subsection 1, but I do suggest that so as to carry out the wishes of the minister, the drafting of subsection 2 might be changed. For instance, in subsection 1 we find reference to fine and imprisonment, and there is reference to which courts shall try certain cases. Then subsection 2 reads:

> Any goods, wares or merchandise dealt with contrary to any order or regulation made under this act may be seized and detained and shall be liable to forfeiture at the instance of the Minister of Justice, upon proceedings in the Exchequer Court of Canada, or in any superior court.

I believe the ordinary procedure is that the court which tries the action would decide whether or not the goods would be forfeited. If this is not so, the minister will understand that another separate action would be necessary in a superior court or in the exchequer court. If the articles in question are not of great value this would seem to be a useless expense. Why have the provisions respecting forfeiture been worded in this way? If a satisfactory explanation cannot be given I should like to offer an amendment.

Mr. ST. LAURENT: It sometimes happens that the Royal Canadian Mounted Police have to assist in the enforcement of these regulations in respect of stocks of merchandise accumulated in violation of the regulations. Subsection 2 is to give them authority to seize such merchandise, then to have court proceedings for the purpose of considering the question whether or not they were held in violation of the regulations, and if so whether they should not be forfeited to the crown.

The hon. member will recall, as I do, stories which appeared in the newspapers about quantities of sugar that had been seized. Occasionally there are quantities of merchandise accumulated under conditions which show a violation of the regulations in force. The procedure here suggested is the one which seemed appropriate, in respect of seizures of substantial importance. In respect of ordinary violations a fine or imprisonment might be sufficient deterrent. However, there may be cases in which substantial quantities of goods and merchandise have been the object of illegal transactions, and should be forfeited to the crown. The only inconvenient feature would consist of there being the possibility of one court dealing with the offence, and the other court dealing with the forfeiture of the merchandise.

However, that is not something entirely new. I believe it happens in connection with excise matters. What is contemplated here is something in the nature of proceedings *in rem*. The owner might be quite unknown; it might be that there is no individual who could be prosecuted successfully. And what was desired was something to meet the possible objection that we were not going to have the courts pass upon the enforcement of these regulations.

Mr. McMASTER: After hearing the minister's explanation it would seem to me that if a substantial amount of goods was seized and detained, and a trial took place before a magistrate, this would involve cumbersome procedure which would subsequently have to be followed. Why not cover the whole thing, and cover what would be the ordinary case where a violator is being tried? The same court which tried the violator would, if that were the intention of the measure, order forfeiture of the goods. We could have another section to provide particularly to cases where goods or merchandise are dealt with under orders and regulations.

An order something after this style could be made, that they should be liable to forfeiture and that the case would be tried before the Exchequer Court of Canada. To have a case come all the way to Ottawa from some other part of Canada is a cumbersome procedure unless a substantial sum is involved. I suggest that even in respect of cases where any considerable amount of goods is alleged to have been used in violation of the act, trials should take place in courts more convenient for those who would have to give evidence.

Mr. HACKETT: Is there any reason for increasing the severity of the penalties? I notice that under the War Measures Act the penalty was a maximum of five years and a maximum fine of $5,000. Under the present measure the penal servitude is limited to five years, but there appears to have been no ceiling placed upon the fine. Are we becoming more vicious?

Mr. ST. LAURENT: I do not know to whom the "we" would apply. I do know, however, that there have been cases of violations in respect of which the pecuniary benefits flowing therefrom ran into a great many thousands of dollars, and where a pecuniary penalty of $5,000 would not prove to be a deterrent. There are violations in connection with these quotas which are deeply resented by some industrialists, and which have produced substantial profits. Here the fines have to be fixed by the courts, and I believe this is one instance in which the punishment should be made to fit the crime.

Mr. HACKETT: Is it left to the discretion of the court to determine what the fine shall be?

Mr. ST. LAURENT: It would be within the discretion of the governor in council. But that discretion would always be subject to the tabling of the order and to the right of the houses of parliament to interfere with its operation, when parliament was in session.

Mr. McMASTER: I wish to speak again respecting subsection 2, because as I read it there would not seem to be any enacting clause. If the minister, we will say, were a judge trying a case, I believe he would look

in vain for any authority to a superior court to order forfeiture of the goods. This is what it says:

> Any goods, wares or merchandise dealt with contrary to any order or regulation made under this act may be seized and detained and shall be liable to forfeiture at the instance of the Minister of Justice . . .

I suggest that there should be some clause providing for forfeiture under proceedings before a superior court or the Exchequer Court.

Mr. ST. LAURENT: That was considered, and the law officers of the department came to the conclusion that if the courts were to be left free to declare whether or not there had been goods, wares or merchandise dealt with in a manner contrary to order or regulation, they should have the right to decide whether they should be liable to forfeiture. The forfeiture would date only from the decision of the court. The court would not be obliged to declare the forfeiture in every case of seizure but would declare forfeiture if it were established to its satisfaction that the goods, wares or merchandise had been the object of wrongdoing.

Mr. McMASTER: I should think that there should be one law; if they had been dealt with in violation of this statute they should be forfeited. Then the judge would have only one thing to decide, that is whether there had been a violation of the statute. Otherwise the court could decide that a man was liable and not forfeit the goods. If it is the intention to leave it to the opinion of the judge trying the case, then I say that is contrary to all British ideas of justice so far as I understand them.

Mr. ST. LAURENT: That language was taken from the War Measures Act, which has been in force during two wars and which has had the test of a great many court decisions.

Mr. DIEFENBAKER: Will the minister make provision for recourse to the courts on the part of any individual who, as distinct from the class to which he belongs, believes he has been aggrieved by a discriminatory order? I am not asking that the right of appeal to the courts be given to all individuals within a class when they are all treated alike, but in many of these orders in council there is no right of recourse to the courts regardless of how unfairly and unjustly one may be dealt with personally as distinct from the class to which he belongs. I suggest that no harm could possibly be done by granting that right. The minister is asking for extraordinary powers for a period of one year, with the possibility, and, according to some statements which have been made, the probability, of them being extended, in part or in whole, beyond that time, provided parliament so directs. Will the minister not give consideration to granting such right of appeal in order to remedy manifest injustices in the case of individuals, and, again I repeat, as distinct from the class to which the individual belongs?

Mr. ST. LAURENT: If the hon. member wishes to know whether the department would give consideration to any representations made in that behalf with a view to determining whether or not something should be done in that respect, I shall gladly give the undertaking. If it is to be an undertaking that something be done by this bill before it goes through to deal with the situation, I cannot give the undertaking. If the hon. member will submit the facts of some concrete case which show that an injustice has occurred and make suggestions as to there being some provision made to deal with cases of the kind, I will have the officers of the department try to do something that would give recourse to the courts under such conditions. But I cannot undertake to hold up this bill until that has been done.

Mr. DIEFENBAKER: For the life of me I cannot understand the minister's attitude in some of these things, especially as he is a former president of the Canadian Bar Association. All I am asking is that certain requests of the bar association and of the people of Canada as a whole be carried into effect to provide the necessary safeguards designed to assure justice. We are being asked to accept everything the government has done during the period of the war; under section 4 we are being asked to incorporate those things into this legislation. When we are being asked to do that I think we have the right to request on behalf of the people as a whole that unfair denials of justice shall not be perpetuated by an act of this parliament.

What the government is asking for under this section is simply the right to claim in answer to criticism that parliament adopted and accepted everything they did during the period of the war by order in council. The minister says they could not possibly pass an order in council adopting all orders in council to be carried forward that that would interfere with continuity of enforcement. If the government were not endeavouring to get parliament to adopt everything it has done during the period of the war, just and unjust, under the War Measures Act, all that would be necessary to maintain the continuity of enforcement and the psychology of enforcement—I think that was the expression used—

necessary to enforcement of the regulations would be on the last day of this year, or the first day of January when this act comes into force, to pass an order in council adopting all the orders in council that had been passed during the period of the war. Then the responsibility would rest on the governor in council.

What the government is endeavouring to do here is to place on parliament, on all the members of this house, the responsibility for the orders in council that were passed during the period of the war, and without their having been seen. I noticed the minister took offence a moment ago, as did some of his colleagues around him, to the question I raised about secret orders in council. There are some orders that have yet to be brought to light and tabled in this parliament. We are asking even at this late date that all orders in council be produced and tabled here. There are some that have not been seen as yet by the members of this parliament. Those are the ones I am asking to be produced so that when we approve of them we shall know what we are approving.

The CHAIRMAN: I take it that the hon. member for Lake Centre was discussing section 4 of the new bill. Do I understand that the amendment to section 3 is carried?

Mr. MACDONNELL (Muskoka-Ontario): It seems to me that this house is entitled to have the opinion of the Minister of Justice as to whether the suggestion made by the hon. member for Lake Centre is or is not in the interests of justice. I was surprised to hear him say, if I understood him correctly, that he was not considering the request made by the hon. member for Lake Centre because he could not hold up the passage of the bill. If I misunderstood the minister, he will correct me. Frankly, that is not my understanding of the reason we are sitting here. I ask him again if we are not entitled to have his opinion as to whether or not the suggestion which has been made is a reasonable one and entitled to consideration?

The CHAIRMAN: Before the minister answers, may we get the record straight? I understand that section 3 as amended is agreed to.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

The CHAIRMAN: We are now considering section 4. I declare section 3 agreed to.

Section agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

The CHAIRMAN: When the committee rose at one o'clock we had carried section 3 as amended and were about to consider section 4. I understand there is an amendment to section 4.

Mr. ST. LAURENT: Yes, Mr. Chairman. I would suggest that an hon. member propose that section 4 of the bill be replaced by a section 4 in the form of the reprint with proposed amendments.

Mr. MACKENZIE: I move accordingly, Mr. Chairman.

Mr. DIEFENBAKER: In view of the fact that this section is amended, there is a question I should like to ask the minister with the leave of yourself, Mr. Chairman, and the committee arising out of an answer which he gave yesterday afternoon to the hon. member for Beauharnois-Laprairie, as reported on page 3010 of yesterday's *Hansard*:

> Mr. Raymond (Beauharnois-Laprairie): Mr. Chairman, I should like to direct two questions to the honourable the Minister of Justice. Does he consider that the powers requested in Bill No. 15 as reprinted are less extensive than those that were set forth in the original bill? That is my first question; if the minister will kindly answer it I shall ask him the second one.
>
> Hon. Mr. St. Laurent: Yes, I consider that the powers requested in Bill No. 15 as reprinted are less extensive than those set forth in the original bill.

A little further down the minister is reported as saying:

> I shall tell him quite frankly that what was requested in the bill introduced on November 23 implied things that are not asked for at this time, but which we have not forgone and will request from parliament through other measures.

I should like the minister to explain what are the powers which were foregone in this act and what are the other measures which are to be brought before parliament in order to implement the powers which were withdrawn from the original bill?

Mr. ST. LAURENT: Mr. Chairman, I shall not attempt to make an exhaustive comparison of the powers in the original bill and in the bill as reprinted; but what I had in mind in giving that answer was the fact that subparagraph (g) of section 3, subsection 1, had been dropped, but that that did not imply any change in government policy, and that if any further legislation was required in that regard it would not be in this bill but would be something dealt with by separate legislation to be introduced into the house.

Mr. DIEFENBAKER: That is the only other measure to be introduced?

Mr. ST. LAURENT: That was the only thing to which my mind adverted when the question was put.

Mr. DIEFENBAKER: I do not suppose that any amendment will be accepted, but, again asserting the attitude of this party on section 4 and our desire not to be placed in a position where we shall accept holus bolus all the orders in council which have been passed during the period of the war, whether fair, just or arbitrary; believing that we should have the power to annul any of these orders in council under the law, I move, seconded by the hon. member for Vancouver South:

That the words "amendment or revocation" in line 30 be deleted, and that there be substituted therefor the word "annulment."

I understand the distinction to be this: annulment of orders in council is the result of a resolution of this house; amendments or revocations are acts of which the governor in council alone is capable. Am I correct in that?

Mr. ST. LAURENT: That is the intent of the language as contained in the section.

Mr. DIEFENBAKER: That is what I took it to mean. That being so the only power of amendment or revocation of the orders in council which were passed during the period of the war will remain in the governor in council and will not rest in parliament under the provisions of this act. The minister has assured hon. members that any member may rise in his place and move a resolution to annul orders and regulations made under the War Measures Act which become part and parcel of the law of this land when this bill becomes law. But regardless of that assurance no hon. member would have the right without the unanimous consent of the house to do something which is contrary to the terms of a statute. The member would find himself in this position: first, if he moved in this house for the annulment of one of the orders in council which was passed under the War Measures Act, the question which would naturally be asked would be "Under what authority do you do that?" One would turn then to the statute and would have to admit: I realize that under the statute I am not entitled to make this motion, but I had the assurance of the minister—and, given conscientiously—that this right would be presented to a private member of the house although not contained in the statute.

Mr. ST. LAURENT: Will the hon. member permit me?

Mr. DIEFENBAKER: Yes.

[Mr. Diefenbaker.]

Mr. ST. LAURENT: I think he is under a misapprehension. I did not give the undertaking that the orders in council or regulations made under the War Measures Act could be annulled by a resolution, but I said that if any hon. member chose to bring in a bill the government would facilitate the consideration of the bill in the shortest possible time.

Mr. DIEFENBAKER: Yes, that is proper. The case is even worse than I expressed it. In other words, regardless of what these orders may be, regardless of how desirous the membership of this house may be to repudiate or annul any of these orders in council, such as regulations under price control, certain regulations under rental control, and any other controls, the rights of the member would simply consist of introducing a bill with the consent of the house. And then where would he be? It could not be a public bill if it were introduced by a private member; he would have to be in the position of introducing a private member's bill.

Mr. ST. LAURENT: Yes.

Mr. DIEFENBAKER: How far would he get? On certain days of the week there is one hour for this purpose.

Mr. HACKETT: During only a certain number of weeks.

Mr. DIEFENBAKER: Yes, during only a certain number of weeks; and I have known of cases where private members' resolutions have been talked out, possibly not intentionally but certainly with monotonous regularity. I press this question no further except to move an amendment, pointing out once again that it is unfair to ask hon. members to agree to the enactment by this parliament, as substantive law, of orders in council which passed behind closed doors during the period of the war. Many of them—most of them, according to the minister—are unknown to the members of the house, however diligent they may be. The minister himself, who is charged with the administration of justice, says that he could do more useful things than reading over these orders in council, and after reading some of them I think he is right. The position is that we are asked, without the right of annulment, to accept this pile of legislation. I make my last appeal. Will you not—

Some hon. MEMBERS: Hear, hear.

Mr. DIEFENBAKER: I am glad, sir, that there are enough members who are following the discussion with interest that any remark such as this is met with appreciation. In spite of all the arguments advanced, has any

argument been put forward by the minister which answers the simple request that we be allowed to determine what shall be the law of the land when we are asked to adopt something of which we know nothing? The British act sets out a schedule particularizing all the orders in council which the British government has made law as the result of the adoption of orders in council in the period of the war. They are set out in the schedule. The British house knew what they were passing. Here we do not know. I therefore suggest to the minister the acceptance of this amendment. It does not deprive the government of any power but it does vest in the members of the house the right to determine what legislation they are prepared to accept and adopt.

Mr. ST. LAURENT: I am not sure that the amendment proposed by the hon. member would bring about the result he desires. I think I understand what the desire is, that is, that the orders in council made under the War Measures Act be in the same position as such orders as may be made under this act. I am not confident that the amendment he has suggested would bring about that result, and if that result were to be agreed to I think more definite language should be used to implement the intent. The hon. member said he feared the government might not be prepared to accept any amendment at all to this proposed amendment that is before the chair. I said last night that the government had no desire to make the house take responsibility for continuance of the orders made under the War Measures Act, and that if it were felt by the house that it would leave them in a freer position merely to authorize the governor in council to take the responsibility of continuing them in force, there was no objection to that. That would mean that an order made by the governor in council to continue them in force would be tabled and could be dealt with, and to that extent the government would be prepared to entertain an amendment to the amendment, placing before the words that are in the amendment the following: "Without prejudice to any other power conferred by this act, the governor in council may order that the orders and regulations made under the War Measures Act or pursuant to authority created under the said act immediately in force before the day this act comes into force shall, while this act is in force, continue in full force and effect subject to amendment or revocation under this act."

That would mean that the governor in council would take the responsibility of determining whether or not he felt it was necessary to continue these orders in council in force, and his order to that effect—because I told the house last night that we should not hesitate to make it—would have to be tabled and could be dealt with here. I wish however to point out that that is not going the whole length that the member for Lake Centre has suggested, because that would be one order in council that would be tabled and would not provide for a selection being made among the things covered by that one order. The order would be one order continuing in force the things which are now in force and which would still be in force on December 31, 1945. It would however provide an opportunity for any hon. member to move that the order in council be annulled, and even if he did not insist upon the resolution going through it would provide him with an opportunity for calling attention to whatever order or regulation he considered was defective or no longer required. That would certainly give every hon. member an opportunity of pointing out what he had to complain about, and if he chose to follow that up with the introduction of a bill to revoke that special bit, instead of insisting upon his resolution to annul the whole lot, he would be free to take that course.

As to the possible delays in dealing with a public bill introduced as a private member's bill, the undertaking I gave implied that if it required the waiving of certain rules of the house as to the time allowed for private members' legislation, the government would be prepared to do that. I intended that to be a serious undertaking to satisfy every hon. member that if he wanted to test the opinion of the house upon a specific thing the government would do its best to have that proceeded with and a decision made upon it even it it required departing from the standing orders governing the business of the house.

I was concerned when it was suggested to me that we should accept an amendment in this form, because I did not want to have to sit up until one minute past midnight on the first of January and pass an order to continue in force things done under the War Measures Act; and on the other hand I did not want to have a hiatus between their effect under the War Measures Act and their effect under the new bill. But it was pointed out to me by the law officers of the department, who always have these things present in their minds, that there is section 12 of the Interpretation Act which covers that point and which, after this act is passed, if it is passed and assented to, would allow the governor in council to make an order which would come into effect the

first minute that the act itself came into effect. So that in fact the amendment to the amendment would have no other effect than leaving it to the government to take the whole responsibility in connection with continuing those orders and regulations and of making it necessary for the government to table that order and have it open to annulment by the houses of parliament.

Mr. HACKETT: For the period stipulated, and then if it were not availed of, the full body would be beyond attack.

Mr. ST. LAURENT: It would be beyond the form of attack provided for in subsection 3 of section 2 of this bill, but of course it would still be subject to attack before the courts if there were any illegality in its enactment. If it appears to be the sentiment of the committee that they would prefer the government to take the responsibility of continuing these in force rather than having the matter done by statute, there will be no objection to accepting the amendment to the amendment by putting these words ahead of the language now expressed in the reprint of the bill.

Mr. LESAGE: I so move.

The CHAIRMAN: I draw the attention of the committee to the fact that there is already an amendment to the amendment before the Chair.

Mr. DIEFENBAKER: While the suggested amendment does not go so far as we should like, it goes a considerable way toward removing the major objection to the sections. I thank the minister for having taken this course, and I withdraw my suggested amendment to the amendment, because the amendment to the amendment suggested by the minister removes the responsibility from parliament and places it on the governer in council, which, on January 1, will accept the responsibility for the enactment of such orders in council as are carried on from the period of the war. In moving that amendment to the amendment the minister does much toward restoring the principle for which we have been contending on this side of the house for two days, namely, the restoration to parliament of absolute control over legislation passed in this country and of such orders in council as are continued during the period of the emergency.

Amendment (Mr. Diefenbaker) withdrawn.

The CHAIRMAN: Mr. Lesage moves that the amendment be further amended as follows:

That there be inserted in section 4 before the words "the orders and regulations" the following words: "Without prejudice to any other power conferred by this act the governor in council may order that"

Mr. GREEN: At the time of the passing of the blanket order would it be possible to have as a portion thereof a schedule of the orders in council which will be so extended? I realize that there are many of them, but if that could be done we should at least start off knowing what orders in council passed under the War Measures Act were covered. I am sure it would make it much easier in the future to know just what the law is at any one time.

Mr. ST. LAURENT: I am sure it would be making it easier, but I cannot give the hon. member that undertaking. I do not think it would be physically possible to have that done. It would involve something which has been going on since V-E day and more actively since V-J day. It would involve going over all these orders for the purpose of eliminating just as much as conditions appear to us to justify. But that is not completed, and a schedule would be of no use unless it were exhaustive. I could not undertake to have that kind of schedule ready for the time that this will have to be done.

I had the basic orders here to mention to the committee, and I also had a list of several pages, coming from each department and checked with the privy council office, of orders which are still unrepealed. They are being considered. I appreciate the advisability of having something that will be all-embracing for the public and the legal profession, including the bench, just as soon as we can make it available, but I could not undertake to have that for the time when we shall have to pass an order in council under this section. I can say to the hon. member, however, that I shall be just as pleased as he will be when I can come into the house and table that kind of schedule or list.

Mr. HACKETT: Does not the minister think it would be helpful to annex to the bill a schedule of the principal measures? It need not be exhaustive. He must know the principal ones, the ones on which he is relying at the present time. It is possible that he could not name them all; that can be readily understood, but the minister has a list of the principal orders. If that list were made a schedule to the bill, with the right to extend it, it would be helpful. If the minister were willing to do that it would satisfy this side of the house.

Mr. ST. LAURENT: I do not think it would be at all helpful. I think it would be disturbing to have a schedule which would say: "Here are some of the things that are subject to continuation." It would be disturbing to have some of them mentioned and not the others. At this time I should not care to take the time of the committee to give a long enumeration, but I shall mention what I consider to be the basic orders of this system of controls so that they will be on the record.

First of all there are the wartime prices and trade regulations, established by order in council P.C. 8528 on November 1, 1941, and various amendments thereto from that time down to June 22, 1945. An office consolidation has been published and is available to anyone who wishes to have it. Then there is the wartime leasehold regulations, as established by order in council P.C. 9029 on September 21, 1941, and various amendments, commonly known as the rental regulations. They have been consolidated and are available to anyone who wishes to have them. Then there are the emergency shelter regulations, P.C. 9439, of December 19, 1944, and amendments. The original and a copy of the amendments can be secured by anyone who is interested. Next is the foreign exchange control order, P.C. 7378, of December 13, 1940, as amended. There is an office consolidation of that order and amendments. Following that is the revised regulation respecting trading with the enemy, P.C. 8526. There is also an office consolidated booklet. Then we have the wartime wages control order, P.C. 9384, of December 9, 1943. It is consolidated with amendments in a booklet which is easily obtainable. There are the war labour relations regulations, P.C. 1003, which I am sure are well known to all hon. members; the wartime salaries order, P.C. 9298 of November 27, 1941, as amended, of which there is an office consolidation in pamphlet form which can be easily obtained; the order in council reestablishing the wartime industries control board regulations, P.C. 3 of January 4, 1944, with an amendment of August 11, 1944, which is the basic order under which the controllers operating under the Department of Munitions and Supply exercised their powers. Fortunately I think most of these controls already have been eliminated, and only yesterday the newspapers carried the story of the elimination of the restrictions on the construction of buildings. Then there are the national selective service civilian regulations, P.C. 246 of January 19, 1943, with amendments, which are gradually being removed. There are the defence of Canada regulations, of which some vestiges still have not been repealed. These are under active consideration and ere long will have completely disappeared.

The other large class are the orders in council relating to veterans and others entitled to certain benefits, which have been under consideration by the special committee of this house for the purpose of drafting legislation to put in statutory form what had been done provisionally by orders in council. Those are the principal groups. There are others, of course.

Mr. HAZEN: Did the minister mention the selective service regulations?

Mr. ST. LAURENT: Yes. There are many others; the prize court regulations, which are still operative, but which will cease to be operative just as soon as the bill which went through this house the other day receives the royal assent. Then there are the regulations establishing the system of import and export permits. There are regulations which did not necessarily depend wholly upon this kind of legislation, providing for the stabilization controls which involved the expenditure of money appropriated under the various appropriation acts. Each of these things could have been done independently of this kind of legislation for each fiscal year under the terms of the appropriation act, but there are continuing regulations that were made under the War Measures Act and which did not have to be repeated in respect of each separate fiscal period.

In addition there is a very long list of orders in council that have been enacted, in many of which reference was made to the War Measures Act, though that might not have been essential. But it was there; it was sufficient to justify what was being done, without looking at anything else, and therefore it was referred to.

I have here a general statement that orders in council, including minutes of council and treasury board minutes from August 25, 1939, to November 15, 1945, inclusive, were passed in the following numbers: orders in council, 57,276; treasury board minutes, 37,603, or a total of 94,879. Orders in council passed under the War Measures Act and tabled from September 7, 1939, to November 14, 1945, numbered 4,138. Those were the orders in council which were not administrative, not directed to one separate instance but matters that were regarded of general public concern. There were orders in council published between August 25, 1939, and September 30, 1945, in proclamations, eight volumes from January, 1940, to October, 1942, and since that time in war orders and regulations, one volume

every quarter or four volumes a year. There were published in the eight volumes of proclamations and orders in council, 1,152; in Canadian war orders and regulations, 1,522; in the *Canada Gazette*, 1,170, or a total of 3,844. The headings under which there are orders in council which are being considered at the present time for the purpose of consolidation or repeal or abandonment have been given to me for each department. They cover twelve pages.

Mr. GREEN: Could they be put on *Hansard*?

Mr. ST. LAURENT: I would have no objection to them being put on *Hansard*, but if the hon. member will look at the list I think he will see that it would not be helpful to have it there. Just as an indication I have as the first chapter, Agriculture. Then it goes on: agriculture advisory committee; agriculture food board; agriculture supplies board; dairy products board; feed grains reserve stocks; fertilizers and pesticides; fibre, flaxseed and so forth. In that form it would not be in my opinion worth the space it would occupy in *Hansard*.

Mr. GREEN: It does not give the numbers of the orders in council?

Mr. ST. LAURENT: No. So I think it will be much more generally satisfactory to have this work continue and then bring to parliament and table something inclusive, with proper indications as to the numbers and probably also the places where they are published, so ready reference may be had to them.

Amendment agreed to.

Section as amended agreed to.

On section 5—Orders and regulations re-enacted.

Mr. ST. LAURENT: I would suggest that some hon. member move that section 5 of bill 15 be struck out and be replaced by the one contained in the reprint.

Mr. MACKENZIE: I move accordingly.

Amendment agreed to.

Mr. CHEVRIER: Mr. Chairman, before this section carries I should like to make some observations. This morning the hon. member for Lake Centre made certain statements which affect the merchant seamen's regulations, and I think I should reply to him.

In the course of his remarks the hon. member said that certain secret orders in council affecting the discipline of merchant seamen were passed. During the course of the noon recess I took the trouble to inquire from officers of my department, and I find that since I have been sworn in as Minister of Transport there have been no secret orders in council under the merchant seamen's regulations.

I also find that before that time there were two orders passed. One was merchant seamen's order 1941, which bears the number P.C. 11397, which was published in Canadian war orders and regulations, the issue of April 12, 1943, and was tabled on April 11 of that year.

The second concerns the merchant seamen's foreign jurisdiction order, 1944. It is P.C. 4312 of June 5, 1944. It was published in Canadian war orders and regulations of June 12, 1944, and tabled on March 19, 1945.

Section agreed to.

On section 6—continuation.

Mr. ST. LAURENT: I would suggest that some hon. member move that for section 6 be substituted the section 6 apearing in the reprint of the bill.

Mr. MACKENZIE: I move accordingly.

Section 6 agreed to.

Mr. ST. LAURENT: Then, as to sections 7, 8, 9, 10 and 11 I would suggest that someone move that they be stricken out.

Mr. MACKENZIE: I move accordingly.

Amendment agreed to.

On the preamble.

Mr. ST. LAURENT: I would ask that some hon. member move that for the preamble shown in the bill there be substituted the preamble in the reprint of the bill.

Mr. MACKENZIE: I move accordingly.

Mr. DIEFENBAKER: In view of the amendments moved to section 4, I am wondering whether the words "and certain orders and regulations made under the War Measures Act be continued in force" might not be deleted. It seems to me they are no longer applicable.

Mr. ST. LAURENT: I think they should still be referred to. However, it might be satisfactory if instead of the words "it is essential" with respect to the War Measures Act orders and regulations there were substituted the words "it may be necessary."

Mr. DIEFENBAKER: That would be satisfactory.

Mr. ILSLEY: I so move, in amendment.

Amendment agreed to.

Preamble as amended agreed to.

Mr. ST. LAURENT: With respect to the long title I would suggest that some hon. member move that for the long title in the original bill there be substituted the long title appearing in the reprint.

Mr. MACKENZIE: I move accordingly.

Amendment agreed to.

The ACTING CHAIRMAN (Mr. Golding): Shall I report the bill?

Mr. ST. LAURENT: Mr. Chairman, before you leave the chair may I say through you to hon. members that, though at times this has been a strenuous debate, I should like to express my appreciation to all hon. members for the constructive criticism that has been offered in respect of various portions of the bill and—not too modestly—to state that I think we have all contributed to the preparation of a measure which will be helpful in the transitional period through which the country has to go.

Bill reported.

EXPORT CREDITS INSURANCE ACT

INCREASE IN AMOUNT OF LOANS AND VALUE OF SECURITIES HELD UNDER SECTION 22

The house resumed from Tuesday, December 4, consideration in committee of bill No. 217, to amend the Export Credits Insurance Act—Mr. Ilsley—Mr. Macdonald (Brantford City) in the chair.

On section 1—Aggregate amount of guarantees.

Mr. MACDONNELL (Muskoka-Ontario): When the bill was last before the house there was some discussion as to whether it was desirable in making these advances to attempt to tie in rather tightly the trade of the country to whom advances are made, and the minister indicated that he did not think that was wise. I agree with him. Have we been satisfied that the countries to which advances are made are not tied up with monetary arrangements which will prevent them having control over their own trade? I do not mean in respect of the advances which are being made, because that is probably taken care of; but after all, part of our aim in making these advances is to have open doors for trade. Are we satisfied that these countries have not monetary arrangements which would tie up their trade to go in this or that direction? That might be injurious to our position and might defeat one of the aims which we have in mind in making these advences.

Mr. ILSLEY: All I can say is that I have no knowledge of any monetary arrangements between any of these countries and any other countries, and have no reason to think they exist.

Mr. MACDONNELL (Muskoka-Ontario): I would ask the minister to concern himself with that question, because it may be important to us. I suggest it is a thing which the department might explore. Now I have a second question. Part I of the bill concerns the setting up of what is virtually an insurance company which I understand will have a head just like any other company. The company will operate virtually under the control of that head, subject to the control of the minister. The other part of the bill dealing with advances seems to me to be a sort of foster-child. There are two departments which seem to be interested, the Department of Finance and the Department of Trade and Commerce. I should be glad to know where the responsibility lies, if in fact it lies definitely on either department.

Mr. ILSLEY: The responsibility for making advances and making arrangements covering advances under part II of the act lies with the Minister of Finance. The responsibility for the insurance company lies with the Minister of Trade and Commerce. Some of these agreements have been tabled. The Minister of Trade and Commerce tells me that he does not sign the agreements under part II of the act. I know he has been present on nearly all occasions when the transactions were completed. The Department of Finance is the one which settles the terms, so to speak, of these agreements. The council decides, but the Department of Finance takes the lead and assumes the responsibility with reference to terms.

Mr. MACDONNELL (Muskoka-Ontario): I have no desire to labour the point, but it did strike me that this might be one of those cases where there was divided authority. I would consider that very undesirable and I am sure the minister would also.

Mr. CHURCH: While I appreciate what the minister and the government have done in this bill and under lend-lease, there are certain questions which should be raised in connection with this bill. I have raised these matters in the house, often alone. The San Francisco agreement, the Bretton Woods agreement, the excise bill, our lend-lease—all these matters are interlocked and interrelated. We cannot discuss one without discussing the others and seeing the cause and effect. The

United States abrogated lend-lease so suddenly that it left the mother country in a most dangerous position. She had lost her overseas investments and she was forced to revert back to the time when she was practically a small country.

This bill does not go far enough so far as the mother country is concerned. Last fall and again this spring I raised these same questions. There is no use beating about the bush, there is no use shadow-boxing about this thing; there is no use just having window dressing; we must see what is in the window.

Let us see what is in the window at the present time. Up to Dunkirk the mother country was all alone except for the dominions. She had to borrow money in order to defend the United States shores. Lend-lease was one means for what purpose? It was to protect the United States shores. If it had not been for the protection given by the mother country, with the dominions, after France fell, New York would have been invaded as well as this country. The United States lend-lease bill as amended was good as far as it went, but for two and a half years they had a cash and carry policy.

The Minister of Finance has done quite well on behalf of the government with regard to the proposals concerning loans in this and in other ways for the mother country. I am sorry to see that some of the other parties in the house are not following the principle adopted by the late Mr. Fielding and Sir Wilfrid Laurier of preferential trade within the empire, in which I still believe—it will always be necessary. I believe some announcement should have been made long ago because the mother country does not know where Canada stands on trade, defence and migration. The Ottawa agreements were the greatest boon this country ever had. There are some matters I should like to refer to which may be out of order under this bill, as they were on Tuesday, but as long as discussion is allowed I think we have to discuss many things at the one time if we are to close the session in a few days.

I say, regardless of the merits of the proposals, that it is time the people knew where the empire and the dominions stand. At the present time we hear a great deal in this house from an internationalist and a leftist point of view. The government seems to be in a scramble to placate my hon. friends on the left. It reminds me of that first Easter Sunday when Peter and the other disciple had a race to the sepulchre and "the other disciple did outrun Peter, and came first to the sepulchre." That is more or less the kind of thing that the government seems to be doing in relation to the "left" views expressed by hon. gentlemen who, I may add, are quite friendly and very courteous in debate. I say that the government has not done its duty in failing to let the dominions know where we stand on the matter of empire trade, defence and migration within the empire. I am absolutely in favour of the Ottawa agreements and of empire trade, and not the less so after reading the debates which have been going on in the senate and congress at Washington.

[Mr. Church.]

What we call the Export Credits Insurance Act is a most commendable measure; I have only a few further remarks to make about it. It is time for the government to lay all cards on the table, and to realize that the export credits bill, the Washington-Britain loan, empire trade, defence and migration within the empire are all wrapped up together; they all interlock. And what do we do? We sit here and fold our arms as a parliament. Influenced by waves of leftist propaganda and international sentiment, we seem to have forgotten all about the British empire, which guarded our shores and saved civilization, and which has been left to "carry the bag". Picture the situation of the mother country at the present time, and remember that, when lend-lease was discussed among the big three, it was understood that this assistance would continue for some time.

I do not think we have gone far enough in aiding the mother country in the matter of providing credits in exchange for goods and services. Also something should have been done for empire crown colonies and empire dependencies apart from the dominions. Take the case of the Fiji islands, whose tribes gave all they had and fought bravely for the empire in the recent war. Take the case of other dependencies and crown colonies whose soldiers, in the African campaign, marched across the desert under Montgomery and Alexander. Yet they have no part in the provisions of this credit bill. I say that some allowance should be made for any of these empire possessions which wish to come in.

My last point is that I believe we as a dominion should long ago have had a conference with the mother country on matters of trade and finance. There is a new government over there at the present time. In the last election the party they represent polled 11,000,000 votes and the Conservatives under Mr. Churchill received 9,000,000 votes, out of a total of 22,000,000 ballots, so the Conservatives were not very far behind.

I tell you this, that unless we as dominions stand by the mother country and get away from much of this internationalism and so-called collective security we shall live to regret it. Some of the results are reflected in the pacifism and leagues causing a second world war and resulting in the finan-

cial burdens of this country, the billions of dollars of war loans which have had to be provided by the taxpayers. In saying this I sympathize with the Minister of Finance, and I always have, in the good work he has done in his lend-lease and export credits act.

While I believe that the policy of lend-lease and export credits was right, and that it was a great patriotic move on the part of the government of the day, I think it should go farther. As for collective security, we have seen where that led to when Britain, in order to obtain a few ships, had to surrender bases from Newfoundland down to British Guiana.

Let me reiterate that the time has come for the government to lay down its policy as regards the Ottawa agreements. They proved a great boon to this country. The mother country has been consistently our best customer, and it spent a lot of money developing this country. What are we going to do to-day? Apparently we are to enter into bargains in the name of internationalism with a number of different countries outside the empire, many of which were unfriendly to our country, and to do so by proposals and agreements made by ministers of the crown over the head of parliament. There should be a constitutional change which would prohibit ministers from entering into such agreements without reference to parliament. I say that course is entirely wrong. Unless the dominions and the mother country hang together they will hang separately. Historically, economically, geographically and financially our interests are one. The handwriting is on the wall, and the war will have been fought in vain unless these foundations are maintained. Only one-third of the proposed guarantees are before us in this bill; we should know something about the aggregate of loans to be made. The government must know all about the proposed United States loan to Great Britain; there was a debate on the subject in the British House of Commons and in the senate at Washington. The cause and the probable effects are well understood by them. I urge the government to give us more information on these financial proposals and interrelated problems. Are we members just to be a lot of yes-men and nodders to endorse any proposals which the government put forward? I say no, and that it is the duty of the opposition to examine these policies and see how they are interrelated.

I appreciate what the government has done in this export credits bill. I believe the principle is right and should be extended. We should know whether any conference has been held with the new government in the United Kingdom with respect to the Ottawa agreements and preferential trade. Have any agreements or understandings been arrived at over there? If they have, it is the duty of the dominions to find out. If inter-empire trading arrangements are to go by the board it will be a sorry day for this country, because the hope of the world and of civilization is that the dominions and the mother country shall hang together. If they do they will have a powerful voice in the peace terms. Separately they are no match for Russia and no match for the United States, whether in the economic, the financial, the social or any other field. United they are more than an equal. If they hang together they are economically strong enough to get along without any other country. We can use our ports and harbours to transport our raw materials to the whole world, while maintaining our place in inter-empire trade. It is along such lines that we should be thinking. I am utterly opposed to much of this propaganda for trade and economic internationalism and so-called collective security. Such ideas, when put to the test, failed us years ago and will fail us in the years to come, unless we take heed. I ask hon. members to stop, look and listen to the real meaning of these policies at the present time.

Section agreed to.

Mr. CHURCH: I should like to ask the minister if he has any reply to make to my questions. Has there been any conference with the mother country while the present United Kingdom government has been in office about the matters I have mentioned—the Ottawa agreements, preferential trade, lend-lease, and the rest?

Mr. ILSLEY: There have been conferences from time to time on the official level, as it is called, but there has not been a conference between governments with reference to preferential trading. I understand that arrangements are being made for a world trade conference; at any rate that is foreshadowed in the news; but that is not exactly what the hon. gentleman refers to.

Mr. CHURCH: What the minister says is absolutely correct, but the people of Canada and members of this house know that all these questions are interlocked, and it will not do to say that they are not. The public and the house should know how we stand, what conferences have been held with the mother country regarding the new loan at Washington and how we are connected with it, about Bretton Woods, and about empire preferential trading.

Bill reported, read the third time and passed.

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to grant authority to accept on behalf of Canada and to carry out the obligations of Canada under the articles of agreement for an international monetary fund and an international bank for reconstruction and development prepared by the united nations monetary and financial conference held at Bretton Woods in July, 1944; to authorize the payment of the subscriptions required from Canada out of unappropriated moneys in the consolidated revenue fund to an amount not exceeding seven hundred million dollars; and to authorize the borrowing under the provisions of the Consolidated Revenue and Audit Act, 1931, of sums not exceeding seven hundred million dollars.

He said: In the measure now before it, the house is asked to express its approval of Canadian participation in the two new international financial institutions considered at the united nations monetary and financial conference held at Bretton Woods, New Hampshire, in July 1944. This conference was held after a couple of years of intensive discussion among the treasury officials of a large number of the united nations regarding the character and machinery of post-war financial relationships among countries. It was attended by the representatives of forty-four nations and drew up proposed articles of agreement of an international monetary fund and an international bank for reconstruction and development. These articles of agreement are printed as a schedule to the present bill. The countries participating in the Bretton Woods conference were not committed to membership as a result of such participation: the proposed institutions come into being only after membership has been formally accepted by countries providing sixty-five per cent of the resources. The articles of agreement remain open for signature on the part of the countries which were represented at the Bretton Woods conference until the end of this year.

The proposed institutions are intended to be part of the permanent framework of international collaboration in the monetary field, though—as I shall endeavour to show later—they have a special significance in the difficult years that lie immediately ahead. The international monetary fund is primarily concerned with securing orderly exchange arrangements, while the bank is intended to help in the restoration of economies which have been destroyed or disrupted in the course of the war and, over the longer period, to encourage and facilitate the international flow of capital for productive investment.

As members who have already had an opportunity of studying the proposed articles of agreement will, I am sure, agree, the subject matter is somewhat complicated. I do not propose at this stage to attempt to analyse the articles of agreement in detail, though I shall have something to say later about the salient features of the fund and the bank. What I should like to do now is direct attention to some of the more general considerations involved in these proposals.

The main issue which is at stake in the Bretton Woods proposals is the same as that involved in the united nations charter which this house recently approved by so overwhelming a majority. That issue is: are we and other countries to organize and cooperate for peace, or is each nation going to use its strength and resources at the expense of others in a struggle for survival? In many parts of the world there is evident a keen awareness that if peace is to be maintained and if prosperity is to be achieved it will be necessary to plan for a higher degree of international collaboration than we have ever achieved in peace time in the past. In pursuit of this purpose, the united nations are in process of creating a number of institutions which are to serve as the instruments of such collaboration. The central institution is, of course, the united nations organization embodied in the San Francisco charter. This, it is hoped, will provide the political basis of security. But it is recognized that security also has an economic basis and that economic instability and poverty and unemployment provide a background conducive to political dissension among nations. More positively, all the experience of the past has demonstrated that it is only through collaboration with others that countries can hope, over a long period of time, to achieve real prosperity. Economic isolation in the modern world is as impractical a policy as political isolation.

It is for these reasons that the Bretton Woods proposals should, notwithstanding their technical complexities, be regarded as one part of the united nations effort to create and maintain a peaceful and prosperous world. On the political side, the keystone in the structure of institutions being set up for this purpose is the united nations charter. On the economic side we have, to date, three main pieces. There is UNRRA, the united nations organization to deal with urgent problems of relief and rehabilitation, which has received unanimous support from all sides of this house. There is the food and agriculture organization,

which this house has recently endorsed and which lately held its first annual meeting at Quebec city. And there are the financial institutions discussed at Bretton Woods, whose long-run purposes are to help provide the monetary and financial conditions necessary for the sound and expansive development of international trade and to enable countries to cooperate with each other for this purpose without thereby lessening their ability to carry out domestic policies aimed at full employment for their own people. The structure of international collaboration will be by no means complete when the fund and the bank are established. These institutions do not look after the immediate payments difficulties of countries like the United Kingdom whose international financial position has been so weakened by the war. Nor does the establishment of a monetary framework conducive to liberal commercial policies in itself assure that liberal policies will in fact be followed. For this, separate agreement is necessary. I shall have more to say about these points later.

The objectives sought by the united nations through the establishment of these institutions are the same as those which we as Canadians seek for ourselves—expanded production, trade, employment and higher standards of living all round. The destruction and disorganization wrought by the war are so enormous that it is only through a cooperative effort that there is any hope of establishing normal conditions of trade within a reasonable length of time. We in Canada have happily escaped the physical destruction of war, but that does not mean that our participation in joint efforts to aid in the reconstruction of other countries is an act of outright generosity from which we shall get no material return. Quite apart from any moral obligations, the fact is that we need prosperous markets in the world if we are to be prosperous ourselves and we shall need the goods which these economies can sell us when they are reestablished once more.

The Canadian government and parliament have already recognized our responsibility and our interest in helping tide those with whom we have had a mutually profitable trade in the past over their immediate payments difficulties by making provision for direct and guaranteed loans in the Export Credits Insurance Act. The international bank for reconstruction and development will make and guarantee loans for the foreign currency requirements of reconstruction projects of the member countries. Through these two mechanisms, Canada is and will be contributing what it can to getting the war-devastated countries on their feet and getting production and normal economic life started again. And in doing so, we are and shall be helping our own industries and farmers to find remunerative export markets and thereby to smooth the transition from the war to the peace economy.

From what I have said it is obvious that the Bretton Woods proposals are based in part on the immediate needs arising out of the war. But, significant though this element is, it is less significant I believe than the longer-run aspects of the proposals. As I have already indicated, the two institutions are regarded as part of the permanent machinery of international monetary collaboration. As such they are based on the experience of the inter-war period and they represent an attempt to avoid the errors of the past.

Members of the house will, I am sure, recall the disorganized state of international economic affairs that prevailed before the war. The international monetary standard that had been painfully reconstructed during the 1920's was built up by a piecemeal process in which each country chose its own time and its own rate for stabilization without regard to the effect of its action on others. The structure of exchange rates that resulted from the uncoordinated action of different countries was an irrational one which inevitably set up stresses and strains and weakened the system's resistance to shock. The overvaluation of sterling and the undervaluation of the franc are the most frequently cited examples. Another weakness of the system was that it did not provide adequate machinery for regular consultation among countries with a view to getting agreements on changes in exchange rates when changes were needed and with a view to getting agreement on coordinated policies aimed at economic stability. Further, there was no source of international credit to which countries had assured access. When the great depression struck, each country had to cope as best it could with the situation. For all, the prime consideration was to deal with unemployment, and the means of domestic recovery which appeared most practicable consisted of measures whose effect was to thrust the burden of the depression abroad. The result was the strangulation of world trade and the mutual impoverishment of all countries. The characteristic features of world economic relationships before the war were high and discriminatory tariffs, import quotas, export subsidies, depreciated currencies of uncertain value, discriminatory clearing agreements, multiple currency practices.

I am certain that in no quarter of the house is there a desire to see the world return to these pre-war practices. But if the nations

of the world are left to their own devices and are not bound together in an association of mutual advantage which will set certain standards for its members, they will in my opinion inevitably revert to the practices I have described. If we want a reasonable degree of orderliness and fairness in international economic and monetary arrangements, we must set about to create it. It would be idle to suppose that countries will embrace it automatically. There was a period in the modern history of the world when the international gold standard ensured order and stability in the international exchanges. At the present time, however, the house can be certain that there are very few countries which would be willing to adopt this standard and to tie their currencies rigidly to gold if that meant that they were thereby committed to abandoning from time to time domestic policies aimed at stability and employment in order to follow deflationary or inflationary influences originating abroad. This does not, of course, mean that they will not use gold as a means of international payment and hold it as a reserve against such requirements.

In practically all countries today the primary objective of economic policy is the maintenance of high levels of employment and production. No international monetary system, gold standard, Bretton Woods or any other, will be generally acceptable which is incompatible with this objective. The task is to harmonize the two objectives of internal stability and international cooperation, so that we can have not only high employment but also a high standard of living through the mutually profitable exchange of goods with other countries. For any international monetary system to endure, it is clear that the technical arrangements regarding exchange stability will have to be supplemented by other arrangements looking towards the prevention, through common action, of violent fluctuations in economic conditions.

The international monetary fund represents the united nations attempt to create agreed arrangements to which all countries can adhere without feeling that they are entering a straitjacket and to provide international monetary conditions that will be conducive to the expansion of international trade. The articles of agreement are the result of intensive work on the part of the experts of forty-four nations over a long period of time. Inevitably they represent at certain points a compromise. No country was able to have each article drafted exactly as it might have wished, and I am not prepared to argue that the document is a perfect one or that experience will not prove that changes are required. But I do say that the three or four key points in the fund proposal are a realistic and constructive attempt to deal with the main sources of difficulty in pre-war international monetary arrangements.

In the first place, the fund will be a permanent organ of international collaboration on monetary matters. It will be a forum at which problems of common interest to the members can be discussed before they reach critical proportions. This may seem simple enough, and indeed it is, but the fact remains nonetheless that before the war there was astonishingly little organized machinery for international consultation on these questions. The fund will be governed by a board of governors consisting of the representatives of each of the governments which are members. The governors will meet at least once a year and between meetings their authority as regards the day-to-day operations of the fund will be delegated to an executive directorate consisting of the representatives of the five largest countries and six to eight others elected by the remaining countries. It is not too much to hope that considerable benefit will be derived from these regular meetings, through those responsible for monetary and exchange policy in the various countries becoming familiar with each other's problems and being provided with frequent opportunities for working out solutions which will reconcile the interests of all.

The second main feature of the international monetary fund is that the nations joining it recoginze that exchange rates have more than purely domestic implications and are therefore properly matters of international concern. Countries joining the fund agree on their initial rates of exchange and, apart from a leeway of 10 per cent, undertake not to alter them except after consultation with the fund. Competitive currency depreciation is out: members agree not to propose a change in their exchange rate except to correct a fundamental disequilibrium. These are the provisions designed to ensure exchange stability. But there are other provisions which are designed to ensure that this stability does not become rigidity and that countries will not be required as a result of their membership in the fund to maintain an exchange rate which has ceased to be appropriate and which therefore involves them in economic dislocation. One of these is the provision which authorizes members to change the initially agreed rates by as much as 10 per cent without this requiring the concurrence of the fund. Another is the provision which imposes an obligation on

the fund to approve a requested change if the change is in fact necessary to correct a fundamental disequilibrium. The fund is specifically enjoined from concerning itself with the domestic policies — political, economic or social—which gave rise to the necessity for a change in the exchange rate to restore the economic balance of a country. It may only concern itself with the question of fact: is a change in the rate necessary to restore the balance or not? Thus the fact that a country has adopted a social security programme or has socialized its major industries can be no concern of the fund's if that member should subsequently apply for a change in its exchange rate: it cannot object on the ground that it disapproves of these measures and that they were responsible for the disequilibrium it is now desired to correct. If the disequilibrium in fact exists, the fund must agree to the change.

I do not think that it can be successfully argued that the provisions regarding exchange stability go further than it is desirable to go or that they represent an undue restriction on the liberty of action of the member countries. The undertaking that members give regarding exchange rates is an undertaking to consult: there is no undertaking to accept the fund's recommendations in all circumstances.

I have referred to two of the main features of the international monetary fund, namely the opportunity it provides for continuous consultation and the provisions it embodies regarding exchange stability. I come now to the third main feature, namely the provisions regarding exchange restrictions.

Members of the fund undertake, after a transitional period, not to impose restrictions on current account international transactions and to remove the restrictions now in effect as soon as conditions permit.

These provisions mean two things, both of particular interest to Canada. They mean that countries will not be entitled to discriminate against imports from any other member on currency grounds and that the foreign exchange which a country earns as a result of exporting to any member of the fund will be available to be used to pay for imports from any other member of the fund. When these provisions are fully in effect the Canadian exporter will be able to compete in the markets of the world with the assurance that no special exchange restrictions will be placed in his way. There is to be no question of blocked accounts in respect of any current account transaction and Canada as a country will be under no pressure to use the entire proceeds of her exports to any particular country to buy imports from that particular country. She will be free to use them to pay for imports from any part of the world. In other words, the international currency system which is being set up is one which permits of the multilateral clearing of balances resulting from international transactions. This is a matter of special importance to Canada on account of the structure of our balance of international payments, with its chronic surplus of sterling and chronic deficiency of United States dollars. The alternative of bilateralism, that is, the attempt to balance the trade between each pair of countries engaged in trade, was developed by Germany before the war and naturally proved destructive of international prosperity. It is a system which, by restricting the area in which the proceeds of exports can be spent, necessarily results in worse bargains for the seller than if he had freedom of choice. It is a system, moreover, which lends itself to political abuse by enabling the strong to exploit the weak.

Unfortunately, the abolition of exchange restrictions on current account transactions and the establishment of true multilateral clearing will not come into effect as soon as the international monetary fund is established. The immediate international financial position of certain countries is such that it will be necessary for them—unless other outside assistance is forthcoming on constructive terms—to continue for a period with exchange restrictions and clearing agreements of the type that have been in force during the war. This is notably true of the United Kingdom, which drastically curtailed her export trade during the war in order to devote all her productive effort to the war, which lost a large part of her merchant fleet and her income from overseas investment and which incurred huge overseas liabilities for war purposes. It is also true of other countries, particularly those which suffered years of systematic looting by the enemy. These countries will have import requirements far in excess of their immediate export capacity and it is recognized that the establishment of the fund will not relieve them of the necessity of husbanding their foreign exchange resources. Until a balance is established in the international accounts of these countries through reestablishment of their export trades or through other measures of outside assistance, it would not be reasonable to expect them to drop entirely their war-time exchange restrictions. They do agree, however, on joining the fund that this will be the objective of their policy towards which they will work as rapidly as conditions permit, and the fund is entitled to express views on any restrictions remaining in effect a few years after it is

established. And it is, of course, the case that the establishment of the fund contributes towards the speedier abolition of these restrictions both through the greater confidence which will result from the assurance of financial support and through its general effect in contributing to the expansion of world trade.

I should like to make it clear to members of the house that the exchange restrictions which countries joining the fund undertake to abolish refer exclusively to restrictions on current account transactions, that is, such things as payments for imports and interest and dividends on investments. There is nothing in the provisions of the fund which requires any member to abolish exchange restrictions on capital movements and it is recognized that in order to restrict capital movements it may be necessary to supervise and control all foreign exchange transactions. Far from prohibiting control of capital movements, the articles of agreement stipulate that the resources of the fund are not to be used to meet a large or sustained outflow of capital and that the fund may request a member to exercise controls to prevent such use of the fund's resources. Moreover, there is in the articles of agreement a positive provision to the effect that members may exercise such controls as are necessary to regulate international capital movements. I wished to make this explanation here in order to make it quite clear that an exchange control operated along the lines of our own at the present time is in no sense inconsistent with our undertakings under the provisions of the international monetary fund.

The undertakings which members of the fund give regarding exchange stability and the convertibility of their currency in respect of current account transactions are obviously important commitments. In return, members get the assurance that the fund will stand behind them in time of need. This brings me to the fourth and final aspect of the fund to which I propose to refer to-day, namely the fund's exchange operations.

Each member joining the fund is assigned a quota, which represents the measure of two things: its obligations to provide resources to the fund and its ability to draw resources out of the fund. The quotas of the countries represented at the Bretton Woods conference were worked out there and printed as an annex to the articles of agreement. These quotas amount in the aggregate to $8,800 million. The United States quota is $2,750 million, the British $1,300 million, the Russian $1,200 million, the Chinese, $550 million, the French $450 million, the Indian $400 million and the Canadian $300 million. All the quotas are expressed in terms of United States dollars. The actual payments of the subscriptions to the fund are, however, not in United States dollars but partly in gold and partly in the national currency of each member. The gold subscription is to be either 25 per cent of the quota or 10 per cent of the country's independent reserves of gold and United States dollars, whichever of these is less, with the balance payable in national currency.

The fund as originally constituted will therefore consist partly of gold and partly of national currency. It is believed that originally about $1,800 million of the fund's assets will consist of gold, and the balance of various national currencies. Members have the right to buy foreign exchange from the fund in amounts equal to their quota plus the amount of gold they originally subscribed. This right is subject to certain limitations of both a quantitative and qualitative nature. Thus, unless the fund waives this condition, purchases in any single year may not exceed 25 per cent of a member's quota, and a country having substantial international reserves of its own must use these reserves to meet adverse balances to the same extent as it draws on its quota. Moreover, if the fund finds that a member is making use of its resources in a manner contrary to the purposes of the fund, it may, after due notice, suspend it from making further use of them. These provisions for exchange transactions with the fund are a very central part of the fund agreement. It will be seen that the fund's resources are a revolving fund, and international pool of credit which is available to member countries to meet adverse balances in their international payments and which allows time for adjustments to be made. It is this element of assured access to credits which provides the necessary flexibility in the system and which enables the countries adhering to this international standard to do so without fear that they are hereby entering a strait-jacket.

Under these arrangements, a country which suffers a temporary deficit in its balance of international payments due, say, to a crop failure at home or a recession in its principal export markets, will know that it can draw on the fund to see it over the payments difficulties. It will therefore be relieved to that extent of the necessity of taking immediate steps to adjust its payments position —such steps, for example, as exchange depreciation, or import restrictions which would have a depressing effect abroad, or measures of internal deflation which would have a pressing effect at home. The knowledge

that the fund is there in cases of need should make countries more willing to use their own reserves to meet temporary deficits in their balances of payments. In short, by increasing the amount of international money, the international monetary fund introduces an important factor of flexibility which provides countries with the assurance that they will not, on each occasion of adversity, be confronted with the choice between cutting themselves adrift from the world economy or abandoning domestic policies aimed at high employment.

I believe that in these four points I have covered the highlights of the international monetary fund, though members will no doubt wish to have more detailed explanation of certain features at a later stage. I can deal with the international bank for reconstruction and development more briefly because, though it is no less important than the fund, it is less novel in conception.

I have already outlined the broad general purposes of the bank which are to aid in the reconstruction of war-devastated countries and in the development of economically backward areas. The bank is, of course, not intended to provide all, or nearly all, the capital required for these purposes. It is intended that private international investment should in due course supply the bulk of the funds required but it is recognized that for a while private investors in the creditor countries may hesitate to make foreign loans.

The bank is to have a capital of $9,100 million, subscribed by the forty-four countries represented at Bretton Woods. The subscription of each country to the bank is approximately the same as its quota in the fund. The Canadian subscription to the bank is $325 million. The subscription of each member is payable as to 2 per cent in gold and 18 per cent in national currency. The remaining 80 per cent of the capital subscription remains uncalled as a surety fund against obligations guaranteed by the bank or moneys borrowed by it. If it becomes necessary to call up unpaid capital in order to make good on an obligation of the bank, the call will be made proportionately on each member.

The bank will engage in activities of three types. First, it may make direct loans out of its own subscribed capital resources; second, it may guarantee loans raised through the private investment market; and third, it may make loans out of funds raised through the issue of its own obligations. Loans will be made or guaranteed only if the bank is satisfied that they increase the productive capacity of the borrower and are within the capacity of the borrowing country to service and each loan will have to be guaranteed by the government of the country in which the project is located or by the central bank of that country. The bank will charge a commission of 1 to 1¾ per cent on loans made or guaranteed by it.

Mr. HACKETT: Is that an annual charge?

Mr. ILSLEY: No; it is what is to be paid in initially. Eighty per cent of the capital is uncalled. Only twenty per cent is called, and that is payable as to two per cent in gold and eighteen per cent in national currency.

As regards the original eighteen per cent of the capital subscription put up by each member in its own currency, this may be loaned by the bank only to make purchases within the country concerned. No such condition may be attached, however, to loans financed by the bank through the issue of its own obligations nor is the bank authorized to impose as a condition of its guarantee that the proceeds of a loan should be spent in the territory of any particular member or members. It should be noted, however, that the bank may borrow funds or guarantee loans only with the approval of the country on whose market the funds are raised. Outstanding loans made by and guaranteed by the bank may not exceed the unimpaired capital, reserves and surplus of the bank.

The most novel feature of the bank proposal is perhaps the way in which it recognizes that while only certain countries are in a position to lend abroad, namely those which have surpluses in their current account balance of payments, the process of foreign investment, through its effect in raising productive efficiency and living standard, is one from which all countries derive benefits—and that it is therefore right that all should share in the risks attached thereto. The risks involved in the bank's activities will be shared proportionately by all the participating countries since all will be called upon to make good any losses which occur.

I wish to turn now to the specific obligations of Canada under the fund proposals and their specific advantages to us. First, our financial obligations. Under the fund our quota is $300 million in terms of United States currency; we shall be required to put up $75 million in gold and the balance in Canadian dollars. To whatever extent the fund does not require Canadian dollars for its operations we may, under the articles of agreement, substitute non-interest bearing non-negotiable notes redeemable at par on demand. The fund would require redemption of these notes only when other members had an excess of payments to Canada and there was a net

demand for Canadian dollars which the fund was called upon to satisfy. In these circumstances we should be obliged to raise funds to redeem the notes and a financial burden would arise. But it is important to note that the burden arises because we have a favourable balance of payments and not because we are members of the fund. Without the fund the favourable balance would give rise to accretions to our foreign exchange reserves which also would have to be financed. Or alternatively, if there were no fund, foreign countries might reduce their purchases in Canada because they were short of means of payment here. In that case our financing problem would be reduced but our economic problem would be aggravated.

The important thing for members to bear in mind is that the only thing that can happen to the Canadian dollars which we put into the fund is to be spent in purchasing goods and services in Canada. While they are being spent in this way and the fund's holdings of Canadian dollars are being reduced, we are in effect extending credit to foreign countries through the fund. But it is credit which need not remain outstanding any longer than suits us, for if we wish to take repayment in the only practical form, namely goods and services, we shall have an import surplus which we will be in a position to finance through the fund.

As for the non-financial aspects of the fund agreement, I venture to think that there are few countries in the world which have a greater interest in securing orderly exchange arrangements and expanding world trade on a multilateral basis than Canada. Foreign trade remains a most vital element in our economic system and it cannot prosper under conditions of widely fluctuating exchanges, blocked accounts and bilateralist and discriminatory trade and currency practices. The structure of our balance of payments, with our chronic surplus of sterling and chronic deficiency of United States dollars on current account transactions, is such that we must have multilateral clearing and be able to offset the one against the other if we are to prosper in this country. While the Bretton Woods proposals do not ensure multilateral clearing at once, they do hold out the best hope that has been offered so far that this will be adopted by all countries as their common objective to be achieved within a reasonable period of time.

I should like to make a few general observations by way of conclusion. I think that the house, in considering these proposals, should have a proper appreciation of the seriousness of the foreign situation and of the nature of the real alternatives to the general approach towards the organization of international economic relations represented by Bretton Woods. The economic systems of half the countries of the world have been turned topsy-turvy as a result of the war. Capital equipment of all sorts—roads, bridges, factories, transport systems—have been destroyed, rich farm lands have been inundated, millions of persons have been separated from their ordinary place of employment. Currency systems have been weakened by inflation. Production has been reduced to painfully low levels. The network of normal trade relationships built up over past years has been destroyed. With regard to parts of Europe there is such a complete black-out that we can only imagine the degree of economic disorganization.

Members of the house will have clearly in their minds the way in which the economic dislocations caused by the last war remained to plague us in the 1920's and 1930's. The extent of the dislocation this time is infinitely greater and anyone who believes that it will be possible to introduce order and prosperity into international economic relations in the present state of the world by small, unimaginative measures is living in a fool's paradise. Generally speaking, the attempts the world has made in the past generation to maintain a functioning world economic system have been of the patch-work variety: the motto has been "too little and too late." Past experience is not a good enough guide as to what we should be doing now because the experience of the past has on the whole been unsatisfactory. There is no use relying in 1945 on the expedients that were tried and failed last time. We have to base our policies not only on an appraisal of past experience but also on an appraisal of present requirements.

Bretton Woods is an attempt to organize international monetary cooperation on a national basis for the common good. I believe that it marks a great step in advance. But it is only one step and a great deal more than Bretton Woods will have to be agreed to if we are to make real progress. In particular, some means will have to be found of dealing on a constructive and imaginative basis with the transitional balance of payments difficulties facing the United Kingdom and other countries whose foreign position has been weakened as a result of the character and extent of their contribution to victory. I do not believe that there is any economic issue under discussion to-day which involves higher stakes than this problem. If the approach to

it is hesitant and inadequate, then the world can look forward with assurance to economic conflict and economic distress for a long time to come.

What will happen if adequate steps are not taken to deal with the transitional balançe of payments problems? The countries whose economic systems have been disorganized and which are short of foreign means of payments will be obliged under the pressure of necessity to impose restrictive controls of every type on their foreign transactions. They will go in for restrictive import licensing and prohibitions, exchange discrimination and every sort of regimentation to keep their foreign expenditures, particularly of the "hard" dollar currencies, within the limits that they feel they can afford. They will do everything in their power to keep consumption of foreign goods from rising and will pursue policies aimed at national self-sufficiency. These measures will provoke retaliation elsewhere and we shall find ourselves treading the path of which we caught a glimpse in the 1930's. The main difference as compared with the 1930's will arise from the fact that the world's knowledge of the technique of restriction and retaliation has been considerably improved in the interval.

It is difficult to believe that countries like Canada, the United States and the United Kingdom will stand ready to risk this type of development because they fail to grasp the magnitude of the issues involved or the grievous consequences of lack of imagination and courage. There is no question here of generosity or lack of generosity. All that is required is understanding of the direction in which their own long-term interests lie. For all these countries, that direction is an expanding world economy based on liberal and non-discriminatory principles. It would be a major tragedy to have this escape their grasp because it was felt that one month's war expenditure was too high a price to pay for economic peace.

I have not hesitated to paint a somewhat gloomy picture of the world outlook. I have felt conscious of a responsibility in asking the house to approve this measure, not to promise more from these institutions than they will be capable of delivering. Bretton Woods makes an important contribution to the solution of the problems confronting us but it does only part of the job. Surely it is not too much to hope that with the knowledge gained and the experience acquired during the past twenty years, the countries whose policies are of decisive importance will this time approach the task of world economic reconstruction with proposals which are on a scale commensurate with the problems involved. Surely it is not too much to hope that we shall not once more fall into the trap of "too little and too late."

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I am sure I express the feeling of every hon. member when I thank the Minister of Finance (Mr. Ilsley) for giving us this interesting and comprehensive statement of this all-important question. I think it is impossible to overstate the importance of this.

I have no desire to detain the house in discussing any of the technical features, because I understand from the minister that there may be an opportunity to do that later if the need arises, but I wish to make a few remarks on the general situation.

The terms "Bretton Woods" and "Dumbarton Oaks" have been thrown freely about the world now for a great many months. I suppose Dumbarton Oaks registered deeply in our minds because it was concerned principally and primarily with the question of trying to create a framework of a peaceful world. We have all in our own persons or the persons of our families and our friends understood during these last years what war is, and we were all desperately anxious that when the San Francisco conference met and gave approval to the proposals of Dumbarton Oaks it would succeed.

However, for reasons present in the minds of us all we have gone through months of disappointment; that is not a strong enough term, we have an overwhelming anxiety. We find ourselves on the verge, in the immediate aftermath of one war and having gone through anxieties which seemed greater than we could have imagined; in some ways we feel at the moment that we are facing even greater anxieties, because we are dealing with things which are largely unknown, unpredictable and almost beyond imagination in their scope and power.

Now we have the other side of the approach to peace. As the minister very truly said, are we and other countries to organize and cooperate for peace? We all agree that economic organization can do a great deal for peace. No doubt we all agree that it is because we organized ourselves so badly in an economic way in the years between the two wars that we fell into the second war. I suppose I would be making a correct statement if I said that what we are now trying to do through this agreement is to seek to avoid the cataract of unfortunate things—I was going to say disasters—that piled on us after the last war. Let us go over them briefly.

First, there was the terrible inflation in Germany, coupled with the tremendous credits from the United States to Europe, and, most illogically, the raising of the United States tariff—two things utterly inconsistent. We go on to later events in that dismal decade: the new German mark set up in 1924, the British pound overvalued in 1925, and that uneasy five years when we seemed to be having prosperity, at any rate, on this continent and when we could not foresee what was coming, although we should have been able to foresee it, because of the things the minister has already described. In 1929 or 1930 came another raising of the United States tariff, followed by our own 1930 tariff, which must have been very unpalatable to many who voted for it but which was in line with the times. In 1931 we had Britain going off the gold standard, a step precipitated by the series of disasters, the failure of the chief Austrian bank in that year, and then the welter which followed, culminating in the ill-fated world economic conference in 1933, and by no accident, accompanied almost to the very day by the appearance of Hitler in 1933. The world was ready for him; we had done a good job to prepare the world for him.

Now we are trying through this device, as the minister said, to organize ourselves at this time for peace. Do not let us be frightened by the technicalities—sometimes we think it is the jargon—of the language of foreign exchange and imagine that it is something which does not enter into the life of each one of us. I do not think it is an exaggeration, when one considers Bretton Woods, and that this financial arrangement is based on the presupposition that there will be trade arrangements—otherwise I think the minister will agree that it has no chance of life—for us to conclude that this proposed arrangement goes to the very root of the matter, and that if it should fail our prospect will be very gloomy indeed.

What is the prospect we would have? Let us make no mistake about the seriousness of it to every nation, perhaps more to our own nation than to any other. What is the alternative? We use the terms "multilateral" and "bilateral" trade. They are long and complicated words. The minister, I think, has helped to make them clear this afternoon. We know what multilateral trade is. We had it in the years before the war and, with it, a reasonable degree of prosperity. Nations as a whole through their trade arrangements did good to each other, whereas in the thirties each was seeking to do the maximum harm to the other, or at least taking steps which had that effect. As the minister has indicated, we may not have any doubt about the effects of bilateralism and in particular we need not have any doubt, if this Bretton Woods agreement fails, what will happen to us in a regionalized world dominated by the sterling and the dollar blocs.

Let us be clear what the sterling bloc means to us. We do not fit into the sterling bloc, but most of our competitors are in it—the Argentine, the Scandinavian countries, Australia, New Zealand. Let us be realistic about this. It means that since they are in the sterling bloc they have all the advantages, which we have learned to know only too well, of trade which comes from common currency arrangements. The minister has emphasized that already, and not a bit too strongly. He has referred to the chronic situation which we had in the past of a surplus of sterling and a dearth of dollars.

If we look back we can see that the prosperity of Canada has been based upon and has presupposed intimate and extensive commercial relations between the United States and the United Kingdom. As far as I can see, we never have and never can have prosperity if that does not exist. So that is the meaning of bilateralism; that is what the sterling bloc means; that is what we face, as I see it, if Bretton Woods fails.

What is the other side? Bretton Woods, as the minister very truly said, is an attempt to create a world where we can continue in peace some of the cooperation we had in war. I know there is a certain amount of irony in talking about cooperation when we are also going to compete. But we have the two things side by side in sport; we have them in various other fields. Cooperation and competition are not so mutually exclusive as they sometimes appear. What do we seek in a new world economic organization? We seek a world where there can be at least as great a degree of freedom in trade as there was before the first world war. How is this to be achieved? There is, as I understand the situation, only one possible way of getting it. That is why we have been all watching, I suppose with almost feverish anxiety, what has been happening in Washington, hoping that the United States have learned at long last that trade is a two-way street, and that they cannot live alone economically any more than they can live alone politically. I hope that the announcement in the newspapers this morning, which all of us were glad to read, is an indication that they are coming to that view, although we know we cannot count on it too confidently, because there are many there who have not yet been convinced. Nevertheless I think it is fair to say we can

assume that the conversations which went on at Washington, while primarily connected with finance, and while issuing in this agreement of which we have read this morning, did not ignore trade. It would be "the play without Hamlet" for a financial discussion to ignore trade, and I think we can assume, indeed we have been told day after day in the newspapers, that the vital principles of trade were, as they had to be, constantly considered at Washington. Therefore, while the agreement announced this morning does not include trade arrangements, I hope—indeed "hope" is not a strong enough word—I pray, in the interests of the whole world, and primarily of our own country, that it does mean that various broad considerations and agreements with regard to the future of trade have been accepted, and that this substantial loan is the first step in facilitating their operation.

What are the chances of this succeeding? We used to hear a great deal in the early days about various technical proposals. There was the White plan, which we understood involved a substantial return to the gold standard; the Keynes plan, which leaned substantially against it because of the lesson Britain learned in going on the gold standard in 1925, and other things; and then our own Canadian plan, of which we heard something, and which came in somewhere between. At any rate, I believe that we have a remarkably encouraging prospect in the fact that forty-four experts agreed. That is a wonderful thing. I have scarcely ever seen four experts who could agree, and for forty-four to have come to an agreement was a great tribute not only to themselves but to their belief in the seriousness of the problem which they were discussing.

Now there is an agreement and the Minister of Finance comes and asks us to approve it. I suppose some people will say, can we afford this large amount of money? My answer is that we cannot afford not to afford it. I say that because in my opinion—and I wish to avoid repetition—our position in this country is at present one of very great danger. I say that at the risk perhaps of repeating what I have said before, but I shall be brief about it. I say that this country has prospered only when we have had comparative freedom of trade and export. We are a country that has specialized. What have we specialized in? In wheat, in nickel, in aluminum, in newsprint and I suppose in a dozen other things which I cannot think of at the moment. What does that mean? It means in plain words that we produce a great deal more of these things than we can consume.

Take first of all the question of wheat. If I may, I would remind the house of what I said the other day, and I was sayng only what a hundred other people have said. When we talk about the internal reorganization of our own economy we should ask ourselves first of all since we can only consume 25 per cent of our own wheat what we are to do with seventy-five per cent of the people who grow wheat. I will not pursue that. I wish, however, to make the position clear. That is what I mean by saying that if we cannot have multilateral trade the prospect for this country is indeed bleak.

I come therefore to this position. I have tried to indicate what in my opinion is involved, the two alternatives. Multilateral trade means primarily that the United States is prepared to take a different tariff attitude. I speak of the United States because that country is so much bigger than the rest of us, and I hope that the people of the United States have at last realized that even they cannot prosper without foreign trade and are therefore prepared to cast their bread upon the waters and that they are prepared to do so not only so far as Great Britain is concerned, but for the good of others as well, because China needs rehabilitation and the world needs rehabilitation; and so far as I can see, unless peoples are prepared to face a drastic reorganization of their economies, unless we in Canada are prepared to contemplate such a drastic reorganization. I see no hope for prosperity in this country of the kind that we have had and the kind that we shall not have again until we have multilateral trade. I say no more about the sterling bloc. That is the alternative.

I now come to a few comments on the present situation. I should like to say what I think of certain aspects of our own action. For the last three months negotiations have been going on at Washington and they have been fraught with tremendous importance to us. The aim was to see whether the United States, the great "have" country, the great natural-resource country, the great financial country, was prepared to take steps which would enable Great Britain to see its way to adherence to the Bretton Woods agreement; for, as I understand it, if Great Britain does not adhere we shall not get the sixty-five per cent and the thing will not click.

As indicated by the Minister of Finance, and as indicated in the statement made by the Minister of Trade and Commerce (Mr. MacKinnon) yesterday, we have stood by. I have no intention of becoming controversial, but I wish to point out one or two things

which, in my opinion, have some substance in them. I think it is a great pity that we felt that we had to stand by in these last three months. I have seen various statements from competent people, one of them appearing in a responsible paper a day or two ago, another being that very statement which the Minister of Trade and Commerce read yesterday, with reference to the heavy and indeed the disastrous import restrictions which Great Britain has felt it necessary to impose upon us by reason of the scarcity of dollars. The statement to which I have reference is that the alleviation of these restrictions will depend upon the amount of financial assistance coming from abroad. They did not say the United States; they said "abroad", and that was interpreted, and I believe rightly interpreted, by a competent commentator as meaning the United States and Canada. That is what I believe the word meant, and that is what I think anyone would presume it to mean.

It has been very unfortunate that we have not been in trade consultation during the last three months, but I think I know the answer. The answer made by the Minister of Trade and Commerce was that we had to await the outcome of the United Kingdom-United States conversations. Personally, I do not accept that explanation; I do not think that was necessary. I believe we made a mistake in that regard and I hope it is not a costly mistake. At any rate, I wish to say this. I want to go back to one comment I made a day or two ago in this house, namely, that there is great danger that in these negotiations we may rely too much on meetings of experts behind green doors.

I am not decrying the experts. No one has a greater belief in them than I have. But I suggest earnestly that there is grave danger of the public being kept out of their own business. I am not suggesting that you can make a trade treaty by having a debate. I am not suggesting that at all; I have enough sense to know that it cannot be done. I suggest, however, that this trade situation with Britain has been tense. In fact, we all know that it is. Tenseness is in the air, and now we have this sudden action by Britain. Apparently it was sudden because Mr. Attlee did not seem to know about it when he was here. The situation, at any rate, has resulted in these sudden restrictions which Great Britain has imposed. I do not blame them; maybe there was no other way out. But the public was taken by surprise, and I am not at all sure that the responsible officials and the ministers were not also taken by surprise. Certainly, we the public, were taken by surprise.

I suggest that this is a case where public opinion should have a chance to express itself. I believe that the people of Great Britain realize the part that Canada has played with them. I am not suggesting eleemosynary arguments; not at all. I believe that the people of Britain have a great feeling against regionalism, and I think that if they had had a chance to know the situation it would have been better. It would have been better if we had seen fit to debate the matter in this house, but instead we have been sitting here for three months, not always profitably occupied. Had we seen fit to debate the matter, some good might have been done.

I am not overlooking the fact that in April the government issued a white paper in which they enunciated what seemed to me to be a wise attitude toward foreign trade; but that does not seem to me to be the same thing as having a debate in this house, taking the views of the house, having the press of the country express its views, and having the public apprised of the situation. I think the public was taken terribly by surprise when the thing happened a week ago. The people were inclined to feel harshly about it. I did until I pulled myself up and began to realize the situation. But when you read the memorandum which the Minister of Trade and Commerce submitted to the house yesterday you cannot blame them. You can only say, why was not something done about it?

Well, was there nothing that could be done to prevent it? My contention is that there was something that could have been done, and I repeat, it is a pity that in these last three months we have not been in negotiation. Maybe that part can be remedied, but I seriously suggest that there is force in the other point I made, that, after all, the people primarily interested in this are the public in Canada and in Great Britain.

Experts have their place, and it is an important place too.

Looking back on it I am not able to see why it would not have been possible to have the policy enunciated. I asked the minister the other day whether our policy was formed. I think he said "no." I asked him whether our policy in this matter should not be formed, and again, as I recall it, he said "no." I am coming back to that and asking—and this is really my last point—whether it is not possible even yet for the minister to give us—without disclosing any secrets, or invading the field of the experts—an opportunity before the house prorogues, to discuss this matter, which is literally a matter of life and death to us.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I think in all probability the resolution which is now before us, and the bill which the resolution foreshadows, may be one of the most important matters which have come before this house in many a long day. I agree with the hon. member for Muskoka-Ontario (Mr. Macdonnell) that public opinion should be thoroughly informed of what this agreement really means.

I have read the agreement; I have read various articles concerning it, and I confess that the complexity of the agreement is such that without the expert advice which one lacks in a party such as this, one feels that some more information is needed. I do not propose to put any obstacle in the way of the minister getting this resolution through the house, but I hope and believe that he will enable those of us who wish to carry out all the obligations implicit in the building of an international organization to be able to support the bill when it comes before the house. In order to give it that support, however, I must make it very clear that I want to understand what we are doing. My colleagues and I do not want to be in the position of voting for such an important agreement unless we are absolutely familiar with its broad principles and probable effects. Therefore I am hoping that the minister will carry out, and I believe he will, the proposals that have been made in this house not only by myself but by others that the bill will go before the banking and commerce committee where we can get the expert opinions that the experts have expressed elsewhere, regarding this matter and that they will give us the benefit of all the opinions, knowledge and advice which we can get. If that can be done, I can assure the minister that we shall facilitate this particular resolution.

Mr. ILSLEY: I agree that that ought to be done. I intend to move that the bill be referred to the banking and commerce committee. I would hope it would be given second reading and referred. I do not think the house loses any rights in doing that.

Mr. COLDWELL: No; as long as we have the assurance that this bill will be referred to the committee we are not going to oppose this resolution. That is the understanding I want to give the minister and the house at this time.

I recognize, as did the hon. member for Muskoka-Ontario, and the minister when he introduced this measure, that we are faced with international chaos unless we can build some international system which will not only prevent future war, but prevent economic conditions from arising which will make future war more or less inevitable, and these conditions often arise. I am not going to say they always arise, because I do not intend to enter into an argument regarding the influence of economics and social developments on war, although I have a point of view regarding that matter. I merely cite it as one of those sets of conditions that from time to time seem to lead to war.

I was present as a delegate at the San Francisco conference, and I am grateful for that experience. I know the difficulties of obtaining consent from sovereign nations to anything which may seem to impinge upon their sovereignty. If I may add this other personal experience, only last week-end I attended a conference which I considered to be perhaps even more fascinating, and to some extent more instructive and certainly more terrifying than the great conference I attended at San Francisco. At the conference I attended in New York last week-end I had an opportunity of listening to scientists, many of whom had studied and developed atomic energy and produced the atomic bomb. I wish to say that those scientists, not politicians, came to the conclusion that many people in the political lives of our countries are being driven to, namely, that somehow or another, and as rapidly as possible, we must build a world organization which will be able to give mankind government at the international level, in order to solve the great problems of peace and war which might arise in the future.

It is quite true, as the hon. member for Muskoka-Ontario said a few moments ago, that world trade channels and conditions have changed considerably in the last quarter of a century. One reason that makes me desire, perhaps more than any other, to get a clear view of what this means is that in effect I believe we are to a large extent under this agreement linking our own fortunes as a nation and the fortunes of the world to the economy of the United States.

Before the great war, Great Britain was the principal trading nation of the world. She relied upon what was called the unfavourable balance of trade, which enabled her to make tremendous purchases overseas and to receive goods produced in every part of the world, and which gave her what appeared to be an adverse balance of imports over exports. Then the world producers were able to find outlets for the goods which they produced. But that has all been changed by two wars, and to-day we are in a very different position. The nation which to-day con-

trols, shall I say—and I am not sure of my figures in this regard—practically half the great capital assets of the world—I did not say "owns" them; I said "controls" them—and is in receipt of the highest national income many times over is the United States. After the first great war we saw the United States, having become a great creditor nation, refusing to accept the obligations of that position. She refused to accept the imports that were vital to the welfare of the rest of the world. Consequently to-day we wonder if there has been a change in the conception of international trade and if the United States is prepared to do what is necessary in order that the nations of the world may trade, and trade with her. In reality is she prepared to receive payments in the only form in which payments can ultimately be made, namely, in the form of goods and services? If she is, I think the complexion which may be placed upon this Bretton Woods agreement is a much more optimistic one than we might otherwise think.

We have to bear this in mind: When I say this about the United States, let us remember that Canada, too, is a creditor nation, and the policy which our country must follow is that of agreeing to international trade. I think that was implicit in the remarks of the hon. member for Muskoka-Ontario, who is sitting with a party which has been historically a high-tariff party, but which to-day, if we can follow what the hon. member said, is prepared as a party to revise that point of view fundamentally. If that is so, I believe that it will be a good thing for our country. Indeed, if we can reach the unanimous conclusion that Canada is in favour of receiving payments in goods for the commodities that we export, and we use our imports to improve the standards of life of our own people we shall progress. After all, it seems to me the only object of trade is to assure results that are mutually advantageous to all who trade. If the trade of Canada is to be mutually advantageous, then the exports we send abroad must be paid for by the receipt of some things in return; and those some things, if I may adopt that phraseology, must be used not for the enrichment of a small group of people but to raise the general standards of living for all. On that basis international trade is sound and acceptable.

I have just glanced at the evening newspaper. The hon. member for Muskoka-Ontario did not have that advantage; it was brought into the chamber while he was speaking. I am glad to note, and it makes me feel a little easier about this agreement, that if unofficial dispatches from Britain can be believed, as I think in all probability they can be believed in this instance, there is great hope that the United States will cooperate with Britain and the rest of the world in freeing the channels of trade to a large extent, and reducing those tariff barriers that bedevilled the world prior to the war. If that is so, then Canada as a great exporting nation must also assume her proper place as a great importing nation and use the imports we are able to get for the produce we export to increase our standards of living.

But I would not want to leave my thought at that, Mr. Speaker, because I think we have to look beyond our own selfish, nationalist point of view and the good of our own people. I remember one evening at San Francisco the statement was made that before the war two-thirds of the population of the world, that is two persons out of three, never had a sufficient amount of food with which to fill their stomachs day by day. That was not during the war, remember, but before the war. I believe that in a Christian civilization such as that in which we boast we live we must pay some heed to these other countries. Therefore I hope and trust that in this Bretton Woods agreement, when we come to study it, we shall find ways and means of enabling the areas of the world where these conditions exist, which we sometimes call the backward regions of the earth, to raise their standards of living. If we do so, then we make our own standards of living more secure, because no nation and no group of people can keep up their standards of living permanently if a very large portion of the world remains on much lower standards. So that as far as this agreement seeks to achieve that end—and that is the problem I want to see investigated to some extent when this bill is before the committee—it may be very worthy of our support, but I want to know about that before I say that the agreement will receive our support.

Since the bill is going to committee I do not think there is very much more I wish to say now. I really rose to ask the minister the question which he answered. I am glad to have that answer, and I hope that when we go into this bill the doubts we may have in regard to tying the world to the United States dollar or the United States economy or the modified gold standard will be resolved. Perhaps I should say that I know this is not tying the world to the gold standard as we knew it in days gone by, because the factors entering into this agreement are not the gold standard factors. My understanding of the old gold standard was that a nation's currency had a fixed value in terms of gold, that its currency

was always interchangeable in terms of gold and convertible into gold on demand. This agreement, I know, does not restore that. The old gold standard compelled each nation to allow gold to move freely between itself and all other nations of the world. We do not have that here, but as the minister indicated we have something else. This agreement is in two parts. I am not going into them, although I had intended to do so if this had not been going to committee. The first part has to do with the stabilization fund, and incidentally it has been interesting to me to see where the opposition has come from in regard to this Bretton Woods agreement. The stabilization fund has been strenuously opposed by the American bankers' association. They do not like it because it places some three billion dollars in an international pool over which the American bankers' association really will have no control. On the other hand, the more progressive elements in the world have favoured the stabilization fund. As far as the international bank is concerned, the American bankers' association and other bankers do like it, because it is more orthodox and they perhaps understand its implications and intend to use that bank for their own advantage, while the more progressive elements have not liked the idea.

Mr. QUELCH: Ernest Bevin opposed it, too.

Mr. COLDWELL: That is quite right; I said that the more progressive forces did not like it, and if Ernest Bevin is not one of the more progressive forces in the world, I do not know who is at the present time. But the thing that strikes me is this. We may all find something in this agreement that we feel is advantageous to the world and to Canada; we may all see something in this agreement which we think is disadvantageous to Canada and to the world, but it seems to me that when this bill goes to committee and is thoroughly investigated our final judgment must be rendered on balance of its advantages and disadvantages, as I said in this house once before. We shall come to our conclusions then.

Mr. J. H. BLACKMORE (Lethbridge): First of all, Mr. Speaker, I should like to thank the hon. member for Rosetown-Biggar (Mr. Coldwell) for the only really intelligent speech on this measure this afternoon. That may sound an extreme statement, but I believe the investigations of the committee will prove the truth of much of what the hon. gentleman said.

May I refer for a moment to the remarks of those who have already spoken. The Minister of Finance (Mr. Ilsley) gave us an excellent dissertation on the subject and presented the case for the Bretton Woods agreement just about as admirably as it could be presented by the most highly skilled experts in the world. I presume he had the assistance of the very best available experts in preparing his speech. May I refer to the various things he said? In the first place, he wisely acknowledged that economics are a fundamental cause of war. Let us in this house never forget that for a moment. If we are to remove war from the world we must remove the economic cause of war; and fundamentally the economic cause of war is not various modifications and manipulations of a nation's money but the fact that some nations are unable to sell as much goods as they need to buy. That applies to all nations likely to be debtor nations. The other nations are able to sell far more than they buy, and they become creditor nations. The difficulty which confronts the world at this time is to achieve some equalization between such countries as the United States, with its colossal productive capacity, and such countries as Britain which, because of the exhaustion of war, finds itself in an abject position from the point of view of productive potential.

The minister said another thing which is entirely worthy. He said the main issue before us is peace. I agree. And I think this house will discover that the main objection to Bretton Woods is that there is not a single phrase in it which by any kind of interpretation can mean any move toward peace in the world. As a matter of fact, it is one of the most complete and perfect guarantees of which the mind of man can conceive, that there will be war.

The minister mentioned institutions which were to be used, and referred particularly to the united nations charter. I am not going to discuss that. We will take his word upon it.

Then he turned to the economic aspect of the world situation, and told us that thus far we have three measures which are designed to solve the economic problems of the world. He named UNRRA, the food and agricultural organization and Bretton Woods. I am glad he named those, because by naming them he proved the absolute mental bankruptcy of the men who provide the whole set of measures which are proposed to be used to guarantee peace; for there is not a single thing in any one of the three of them, or in all put together that will overcome the fundamental economic difficulties which confound the world at the present time.

He said that we need prosperous economies in the world. True. Bretton Woods will not produce prosperous economies. Bretton Woods will produce absolutely ruined economies everywhere in the world, except in the United States, Canada and Russia.

He mentioned export credit arrangements. Yes, but export credit arrangements only put nations more deeply into debt, and the thing which is destroying them at the present time is unrepayable debt.

He mentioned that Bretton Woods is designed to be permanent. That is a warning to us. He gave us the outline of the features which were involved in Bretton Woods—four of them—and I shall not refer to them in detail. He painted a gloomy picture—yes. But one does not clear away the gloom in a picture by talk, even if the talk is in Bretton Woods.

The minister has said that Bretton Woods does only part of the job. I ask the minister, and I think the house must demand that the minister show us who and what are to do the rest of the job, and how it is to be done. That does not at the present time appear in any proposal before the house.

For a few moments I should like to refer to what was said by the hon. member for Muskoka-Ontario (Mr. Macdonnell). I wish he were in the house, because he needs a lot of instruction. He, too, talks about a gloomy picture. Once more may I point out to him that he cannot clear up a gloomy picture by talking about it. He must find some way or another by which he can enable debtor nations to pay their debts, remembering they can pay their debts only in goods or services. How in the world can they pay their debts to a nation like the United States, if the United States stubbornly refuses to accept their goods? That she is likely to do exactly that, one may reasonably conclude from the fact that she persistently refused to accept goods in repayment of the debt which Great Britain had to carry as a result of the last war. And the United States was not even honest enough to tell her own people what the situation was. She led her people, almost the whole rank and file of them, to believe that Britain had dishonoured her debts when, as a matter of fact, the United States had dishonoured Britain's debts by putting up tariff barriers which prevented Britain's goods from entering the United States.

Is there anything in Bretton Woods which will overcome a thing like that? Is there anything which will cause any ordinary man, any ordinary elector in the United States to allow the administration of that country to make a change in policy such as would be necessary in order that they might accept goods from Great Britain? These are questions which hon. members must ask themselves, and must insist that the minister answer.

The hon. member for Muskoka-Ontario speaks about destroying the sterling bloc. He did not exactly say that he advocated destroying it, but I gathered from the general purport of his remarks that he favoured the destruction of the sterling bloc. Well, what is it there for? It is there to protect a number of these debtor nations. And one of the fears we need to have about Bretton Woods is that it is designed to destroy the sterling bloc.

The question we must ask is this: How is the sterling bloc to protect itself if Bretton Woods does destroy its defences? Not a word is said as to how that is to be done. I challenge the minister or anyone else to show in Bretton Woods a single line which indicates how the sterling nations would protect themselves if the sterling bloc were destroyed.

He asks: What does it mean to Canada? Well, we will grant that we Canadians would like to have the sterling bloc destroyed, perhaps, so that Canada might dump her goods, and have members of the sterling bloc more and more deeply plunged in irrepayable debt to Canada.

In the last analysis, what good would that do us? These are things we have to look at. It is purely an economic problem.

The minister should ask himself, and all hon. members ought to ask themselves what will happen to Britain and what will happen to these other members of the sterling bloc if something is not done to change the economic attitude of the creditor nations of the world. He spoke of the trade street being a two-way street. I thought the hon. member for Rosetown-Biggar (Mr. Coldwell) did admirably when he pointed out that if trade is to be a two-way street for the United States she must take measures to see to it that she imports goods, where necessary, to pay for the goods she exports. I think one could look all through United States papers and through the statements of United States public men and see absolutely no indication of any determination to change. The people of that country simply will not allow their administration to accept goods—beef and other commodities—which will compete with their own. This means that it is impossible for the United States administration to change their attitude.

At the same time, if we introduce Bretton Woods, as the United States has clubbed Great Britain into accepting Bretton Woods, we shall destroy utterly the means of protec-

tion, which is the only thing left to those debtor nations. It is true that trade must be a two-way street. But the nations in the world that are able to make it a two-way street are such as the United States and Canada. Other nations cannot do so. Therein I say, lies Canada's greatest responsibility, as we face this whole Bretton Woods question.

The hon. member for Muskoka-Ontario spoke about Canada's specializing in wheat. We grant that she has specialized in wheat; we grant that she has specialized in dozens of other things. But the impressive thing about Canada is that while she has specialized in wheat and other primary products, she also proposes to specialize in the production of automobiles, agricultural implements, textiles and a great many other commodities. We know that Canada is not prepared to accept those commodities from Great Britain or any other country, with the result that it is more and more difficult for her to accept goods in return for those she wishes to sell. The same is true of the United States.

One of the noteworthy things about the United States is that she is almost self-sufficient. I do not mean absolutely, but certainly in a large measure that is so. Canada, too, is capable of being largely self-sufficient. The more capable a country is of being self-sufficient, the more reluctant it is to allow goods from another country to enter its market; and the more it is in a posiiton to forbid the entrance of those goods.

If the United States and Canada are really honest in this whole matter, then the very first thing they will do is to bring down their tariff barriers and say, "We will accept so much goods, and so many other things." Then Great Britain may take more comfort. But merely to say they will, and at the same time to want Great Britain to sign on the dotted line is one of the most callous and wicked things any nation in the history of the world has ever done.

That may be strong language, but while I am on that subject I shall say a word or two more. I shall have something more to say about the United States before I have finished. I have noticed that since 1942 there have been appearing in the ordinary periodicals of the United States outlines of the terms of victory or conquest they were going to dictate to Great Britain. One would think that the people who caused the war, who attacked the other nations, was Britain. The terms they were going to dictate to her were simply terrible. Here we have one of them—Bretton Woods. This is one of the terms dictated by a conquering nation upon a helpless, conquered foe—Britain. Britain, which as we all know stood and defended Americans, is to be crucified by a callous administration not knowing what it does. That is what we see to-day. That is what we see in the statement from Washington to-day. Think of a noble nation like Britain clubbed into a position which she knows herself means her utter economic destruction. Then to have the Minister of Finance of the elder dominion in the empire advocate in this house that Canada, eldest daughter in the British family, pick up the club and go and help the United States beat the motherland to death. That must be comforting news for the empire's centre, all in one day!

I should like to turn just briefly to the speech of the hon. member for Rosetown-Biggar. I have no criticism to offer of his speech, but I wish to point out I believe there is in the mind of every hon. member who is doing me the honour to listen to me, as so many are, a stirring question, "What in the world are we going to do?" Do you favour having Canada discontinue the manufacture of agricultural implements, for example, so that we can import them from Britain? Do you favour Canada discontinuing the manufacture of shoes so that we may import them from Britain?

Mr. MacNICOL: Or sugar?

Mr. BLACKMORE: You could go right down a long list, and I judge that the answer from practically every hon. member would be "no." The member for Lethbridge says "no" also. Then the question arises: What are we going to do? What can the United States do? The lease-lend arrangement showed what can be done and the Mutual Aid arrangement which Canada used for years showed what can be done. These people will say, "You surely do not favour our embarking upon a policy of perpetual gifts to the nations abroad, do you?" May I refer to the words of the hon. member for Rosetown-Biggar, and I hope he will correct me if I have not their sense correctly. He said that trade should be mutually advantageous; that it should be a blessing both to him who gives and to him who receives. Surely selling wheat to Britain which puts Britain into an irrepayable debt position to Canada is a blessing only to Canada; it certainly is not a blessing to Great Britain. I agree that trade should be placed on a new basis. In order to understand how it can be put on a new basis, we shall need to revise our financial thinking.

I am not going to discuss the financial principles which are advocated by this group, but I am going to lay down as a sort of general

challenge at the present time for hon. members to be thinking about for the next two or three days, this problem: You tell me how the problem can be solved, unless you can learn how to finance Mutual Aid and lease-lend arrangements in perpetuity without creating debt and increased taxation for the nation. If you cannot find out how to do that without social credit, may I suggest that you promptly study social credit.

I had intended to say some other things. Possibly I had better say some of them. All these matters were just the result of my reflections when I heard some of the remarks, the desolate, gloomy and hopeless remarks, made by the first two speakers. As this house proceeds to deal with the Bretton Woods proposals involved in this resolution, parliamentary government itself is on trial. This particular Canadian parliament is on trial. The question is raised whether we are capable of finding a solution in this our darkest need; whether we are capable of clearing away the smoke-screen obstruction which has been built up to hide from us the essential features of Bretton Woods and then reject the thing as we ought to do.

On the day that Canada accepts the Bretton Woods proposals she locks upon her limbs the fetters of perpetual bondage; she betrays her trust to the 650,000,000 people of the British commonwealth and empire. She fails mankind in the world's hour of desperate need. I think what I have said already indicates the truth of what I say there.

The Bretton Woods proposals centre around two main features, as the minister has pointed out. First, there is the international monetary stabilization fund, the governing body of which is called the fund. Second, there is the international bank ostensibly set up—mark you, I said "ostensibly", and it is true—to lend money to needy nations to aid them in rehabilitating themselves.

The international monetary fund agreement is merely a device for tying up the currencies of the world to the United States dollar based on gold. The fund agreement is merely a device for forcing the world to borrow and use the huge masses of United States gold now lying idle and worthless in United States vaults. That is all it is fundamentally. This agreement is purely a mechanism for bringing the nations of the world, except Russia, humbly and helplessly, cap in hand, to beg the right to live at the feet of the little gang of questionable characters who now hold the title deeds to the gold of the non-Russian world. They have $23 billion of it down there in the United States. It is no good at all; they do not know what to do with it. This whole Bretton Woods thing is a scheme to put that idle gold to work.

The fund is a mechanism for binding the moneys of all the nations to the United States dollar. The United States dollar is and will be based on gold; it is tied immovably to gold. The supply of United States dollars will be completely controlled by the federal reserve system of the United States, and the federal reserve system is utterly controlled by the holders of United States gold. The set-up under Bretton Woods will be perfect for the holders of gold. And those gentlemen in the main are international financiers. I would ask you to call it six o'clock, Mr. Speaker.

Mr. ILSLEY: Mr. Speaker, before you leave the chair, perhaps the house will permit me to make a statement regarding the agreements that have been reached in the economic and financial discussions between the governments of the United Kingdom and the United States. The statement was made by those two governments at half-past five this afternoon. I have long teletype messages which I have not had time to read, but the effect of them appears to be about as follows.

These governments have made public this afternoon the text of a financial agreement between the two governments under which the government of the United States proposes to extend a line of credit of $3,750,000,000 to the United Kingdom on terms which are specified therein. They have also made public the text of a joint statement regarding settlements for lend-lease, reciprocal aid, surplus war property and other claims of the two governments arising out of the conduct of the war for which an additional loan of $650,000,000 is provided. The secretary of state of the United States has made public a document setting forth certain proposals for consideration by an international conference on trade and employment, and the governments of the United States and the United Kingdom have made a joint statement regarding their understandings on the proposals of commercial policy set forth in this document. The proposals have the endorsement of the executive branch of the government of the United States, and the government of the United Kingdom expresses its full agreement on all important points in these proposals and accepts them as a basis for international discussion. The two governments have announced that they will begin preliminary negotiations at an early day between themselves and with other countries, for the purpose of developing concrete arrange-

ments to carry out these proposals, including definitive measures for the relaxation of trade barriers of all kinds.

As I have already said, I have not yet had an opportunity of reading these documents. I do not propose to make any comments upon the substance of them, but I wish to say that I welcome and I think that this house will welcome the fact that Britain and the United States have reached agreement, both on these financial matters and on the basic principles and methods of approach to the reduction of trade barriers.

While I have not had time to read the proposals on commercial policy, they have resulted from discussions among officials that have extended over two or three years, in some of which our officials have participated, and I am happy to see them put forward as the basis for general consideration and action.

Copies of the documents have been received and will be made available, in convenient form, to the house next week; perhaps before that, if I can arrange it.

Mr. COLDWELL: That is a total loan of $4,400 million, then?

Mr. ILSLEY: That is right.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. BLACKMORE: Mr. Speaker, before the house took recess I was dealing with the matter of Bretton Woods. The things which I had to say concerning the importance of Bretton Woods and the effect of it upon the world would lose meaning, I believe, unless I brought some evidence to show that the Bretton Woods agreement involves the gold standard. May I read a quotation from an article reprinted by kind permission of the *Daily Express* from Britain of Thursday of August 10, 1944, by Paul Einzig, author of "Currency after the War." He is one of the greatest authorities on money and finance in the world to-day. The title of his article is: "1925 and All That, Only Far, Far Worse. A Plain Man's Guide to the Menace of Bretton Woods." The excerpt I desire to read is as follows:

> Yet, once the plan is translated into intelligible English and is denuded of all camouflage, every layman of normal intelligence is bound to realize that it is the gold standard, the full gold standard and nothing but the gold standard.
>
> Admittedly, it is a different gold standard from the one we abandoned in 1931, just as the gold standard adopted in 1925 was different from the one suspended in 1914. But the changes are, for the most part, considerably for the worse.

Then he gives five reasons to support his contention, which reasons later in the debate will be listed for the consideration of the house. I believe we are safe in assuming that the proposals of Bretton Woods mean the return to the gold standard. Once under Bretton Woods, the greatest nations would be mere doormats for the dirty feet of the international financiers.

What the world needs is not so much monetary stabilization as trade stabilization, trade equalization. By this I mean that any given nation—France, Holland Belgium, any given nation—shall be free to repay with goods for the goods which it buys, also that any given nation in the world, if it is unable to produce the raw materials which it needs, or unable to manufacture the goods which it needs to exchange for the goods which it requires from abroad, shall be free to obtain goods surplus in other nations on a lend-lease or mutual aid basis, so that the high-sounding ideals expressed in the Atlantic charter may become realities, and that a nation shall be literally free from fear and want.

Once these two conditions are observed in the world, then we can have trade equalization, that is to say, a condition in which any given nation shall be able to pay for the goods which it requires from abroad with goods of its own. Without trade stabilization, trade equalization. Continued increase in world trade, except for the United States, is impossible; rising world standards of living are impossible; freedom from want and fear is impossible; and freedom of religion and of speech will soon become impossible.

Monetary stabilization can be obtained by voluntary conversations, understanding and conventions. There need not be any overruling, all-powerful central dictatorship with power of life and death over whole states. National money can be stabilized upon price indexes of goods. This principle has been well illustrated in what has been called managed money during the past decade. The same principle can be used to obtain international currency stabilization. Once trade is equalized and stabilized, no nation would think of allowing its money to fall out of step with the world's monetary procession. No nation would have any reason for getting out of step, for the only reason why nations get out of step to-day is that they find themselves unable to pay with their own production for the goods which their people are buying from abroad. They therefore adopt monetary devices for their own protection. Any nation would have every reason for keeping in step

if trade were stabilized. Having plenty of productive capacity to supply all its needs, any nation would be able to stabilize its price level by four simple devices, all of which have been illustrated to the house: first, plenty of production; second, price discounting with compensation; third, price subsidizing; fourth, price regulation if necessary.

A stabilized price structure means automatically a stabilized money, and if all the nations agree on a standard at which they will keep their money in step, so to speak, they will voluntarily maintain monetary stabilization.

What this house should now be considering is an effective mechanism for trade stabilization, trade equalization. The terror of all nations to-day is the United States. The United States has an appalling productive potential, largely developed since world war I. She towers aloft industrially, a colossal giant among the nations. She stamps about among the other nations literally a Hercules among pygmies.

The generous, noble, idealistic people of the United States do not realize their strength, do not recognize their weight, do not apprehend the fearful damage a careless move on their part can do. The people of the United States therefore do not appreciate their limitless responsibility in these times. Britain is fully aware of these things. Britain has been manœuvring desperately to escape destruction. United States officials meanwhile have been endeavouring to club Britain into accepting Bretton Woods, and the mere fact that Britain has stood out so long and so earnestly against Bretton Woods ought to be evidence that she realizes that it is certainly to her great detriment. But United States officials have at last bludgeoned and threatened to starve her into accepting the Bretton Woods proposals.

What should Canada's part now be? To take up a club and help the United States to demolish Britain, or sound the alarm, parry the blows, reason with the United States, and try to restrain her recklessness? The social credit movement is sounding the alarm. The supporters of Bretton Woods will argue: "Surely the United States would never have accepted Bretton Woods merely to please a handful of holders of gold. There must have been other reasons." Well, there were. The United States political leaders dread unemployment. They have been told that they are likely to have twenty million unemployed shortly after returning to normal. They see the possibility of dealing with this threat of unemployment only by selling abroad. Bretton Woods would break down the defences against American goods, against American investments, against American economic warfare, against American industrial imperialism. Therefore American politicians favour Bretton Woods. American politicians see in Bretton Woods an instrument to help the United States to export her unemployment and dump it in the luckless laps of her neighbours all over the world, no matter where or what the loss to those neighbours so long as the United States can rid herself of her problem of unemployment.

American manufacturers, too, like Bretton Woods. They see too little purchasing power among post-war Americans to buy American goods. They see too few markets. Like Canadians, they stubbornly refuse to adopt a financial system like social credit that would distribute American goods abundantly among American people, a system like social credit that would distribute American goods abroad in such a way as would help and not hinder the people concerned. They will support, therefore, a Bretton Woods to help Americans cram their goods down the world's neck, regardless of whether the world lives or dies. Yes, American industrial imperialists also favour Bretton Woods.

American rich men also support Bretton Woods. They would like to lend abroad. They would fear to lend lest they lose their money as they did in the roaring twenties. The Bretton Woods bank will lend to the poorer nations loans that might be lost. Behind the Bretton Woods bank Americans would rope in forty-three sucker nations to help absorb the losses. Then American rich men can lend to safer risks, loans that cannot be repaid, because the United States will not admit goods that will repay them. Attractive prospect, is it not? Attractive for all but the victims. Yes, informed American rich men support Bretton Woods.

Anti-British Americans also would back Bretton Woods; those numerous millions of Americans pandered to by the Hearst publications; those Americans who take delight in twisting the British lion's tail; those Americans who fail to appraise correctly the sacrifice of British heroism that guarded the United States in the deep, dark days of war; those Americans who fail to perceive in Britain and in the British nations the greatest guarantee of human security and freedom through the years that yet must be.

Yes, anti-British Americans also back Bretton Woods. Considering all these matters, Mr. Speaker, it is easy to see why the United States adopted Bretton Woods. Considering these same matters, it ought to be easy to see why Canada ought to reject Bretton Woods.

I have spoken plainly about the United States in relation to Bretton Woods. Plain speaking is by no means an indication of any unkindliness in me toward the United States. We are living in fateful times. Men must uncover the facts affecting one another. United States people have always been shrewd bargainers. They should take no offence if their neighbours indulge in a little critical thinking and speaking, too.

I value United States friendship. I appreciate the help she has given us through the years. I desire that British and Americans continue to be friends. To do so we must understand each other. Most Americans have no desire to hurt the British or any one else. All they wish is to help themselves. They would expect us to look after our own interests. We should be weak, if not recreant in our duty, if we permitted the Americans unwittingly to destroy their best friends. Destroying the British commonwealth they would be setting the stage for their own destruction.

Notwithstanding all the disadvantages to which I have referred, we might regard Bretton Woods with some favour if it provided any means whereby to solve the present economic problems of the world; or if it offered any worthwhile advantage to Canada. But Bretton Woods contains no hint of such a solution, no suggestion of any worthwhile advantage.

The promoters of Bretton Woods will challenge my remarks. I stand ready to prove to the hilt what I have said on the floor of this house and before the members of this house in open committee. The economic problems of the world all stem from adverse trade balances, or the fear of adverse trade balances. Adverse trade balances result in unrepayable debt, in economic conquest and ultimate economic devastation and ruin. To guard against such disasters nations resort to protective tariffs, to exchange control, to quotas, to devaluation of currency, currency irregularities, and other irregularities which Bretton Woods is supposed to be designed to prevent or to overcome. These so-called trade restrictions are mainly, if not wholly, protective devices to ward off annihilation. In all its clauses Bretton Woods contains not one phrase suggesting how adverse trade balances can be avoided, not one stipulation that might protect weaker countries from ruinous price competition of stronger economies, not one regulation requiring stronger economies to accept goods in repayment of debts, even debts unavoidably incurred through inability to resist aggressive competition.

Bretton Woods gives all its advantages to creditor nations, those that require no advantages. To the weaker nations it offers no appreciable help—only hindrance. Follow through Bretton Woods, read it for yourselves, you will find all the things that I have said amply justified and supported there. I and my group will point them out. It leaves the world's economic problems exactly where it found them, except that it aggravates them. Meanwhile it proposes to put the nations in a financial strait-jacket, impairing what little freedom they might have to help themselves. I know that this afternoon the minister said that it did not put the nations in a strait-jacket. We are going to give the minister ample opportunity to prove what he said before we finish this debate.

Bretton Woods is not a happy compromise. It is the total maintenance of United States economic bargaining power coupled with complete renunciation of bargaining power of the debtor nations. It will therefore benefit only the United States, and perhaps Canada to the extent to which Canada becomes a creditor nation.

Upon the members of the house, upon the people of Canada, upon all British peoples everywhere I urge the warning: Beware the menace of Bretton Woods.

Mr. T. L. CHURCH (Broadview): I should like to say a few words on this Bretton Woods agreement which grew out of a conference there in New Hampshire in July last. It was not a treaty; it was a conference held at what is known as Bretton Woods. The proposal is to establish by an agreement first an international monetary fund, and second an international bank for reconstruction and development. It is a charge of over $700 million on the consolidated revenue fund of this country over the head of parliament.

These are very grave times financially for the people of Canada. I am not opposed to an international monetary mechanism being established to solve the economic conditions which are growing out of the war, but I am opposed to the present proposals and I propose to show the reasons why and give the view of two great British chancellors of the exchequer, Sir Kingsley-Wood, who died during the war, and Sir John Anderson, a brilliant administrator of many public departments in the old land before and during the war. If I mistake not, he was here the other day and sat with the Minister of Justice (Mr. St. Laurent) the day Mr. Attlee and the Prime Minister (Mr. Mackenzie King) were here. This was not, by the widest stretch of the imagination, a conference of forty-four governments. It was held at a place called Bretton Woods, away up in New Hampshire; and when history is written fifty years from now it

will refer to the babes in the woods who formulated this proposal, because as I say, in the end it will mean the dissolution of the British empire. We are at a critical period in the history of this country and the history of the British empire. I have referred already to the extent to which the mother country suffered during the war, in common with the dominions and the whole civilized world. We had a similar proposal at Dumbarton Oaks and a new united nations policy made at San Francisco, at a conference of the same forty-four bodies which grew up together. Now they have moved on to London, England, and we shall see what happens there. At Bretton Woods there was a large delegation from Brazil; there were delegations from many other countries, but they overlooked one thing. They did not have Sousa's band with them when this agreement was being discussed away up in the woods. In the olden days hardly a public meeting was held at which on all national occasions a brass band or a fife and drum band did not put in an appearance. Sometimes we see these bands on March 17, sometimes on that other great national holiday, July 12.

I want to point out the great objection to these proposals. This was an original idea which Lord Keynes got about 1942 or 1943. He thought he could get up an international financial mechanism that would cure all the financial mistakes from which the world is suffering. Mind you, there is a very large body of public opinion in England which believes in some of the policies which hon. gentlemen to my left have supported in this house for some time. What I have to say will be in part quoted and taken very largely from a British white paper and a white paper issued in the United States, together with a few quotations from a great British financier, Mr. Richard Boothby, who has been a great economic leader in England, following the work of this and other world affairs, and who was one of the advisers to the late Churchill government, with comments of my own on the whole agreement and the errors I see in it.

These are not at all new proposals; they have been made after other wars. Like the proposals for collective security, they have been made from the time of Philip of Spain, Louis XIV and Napoleon, and we have heard them twice in our generation. The agreement seeks to set up an international monetary fund. Look at some of the things that have been done in the past under these international proposals. Do not forget the league of nations, Locarno, the Young plan, the Kellogg notes, the Dawes plan, and all the rest of it. Do not forget those who supported all such agreements and, when war came, were not prepared to let off even a fire-cracker or a sky-rocket to support those who were prepared to back up the allied cause. Now it is proposed that we enter upon another financial policy that is going to cost $700,000,000. Well, as I said to my hon. friend the master of ceremonies, the Minister of Veterans Affairs (Mr. Mackenzie) the other night, when you get up into the clouds do not forget and old Scot proverb, to keep one foot on the earth. I believe the Minister of Finance would do well to heed that good Scots advice in connection with these proposals and the astronomical altitude of these figures.

As I said, this was not a conference of forty-four nations at all; it was a conference of what I would call economists. Well, the woods are full of economists. I come from Toronto, and lately I have seen more economists than ever before in my life; economists high and low, rich and poor. They have brought forward many proposals; I remember them all when I had to float bonds for $100,000,000 in connection with public utilities in our city. We hear of many financial war proposals, but when they are weighed in the balance most of them are found wanting. What did they do down at this great place called Bretton Woods? Oh, there were great financial plans and carryings on in the woods in old New Hampshire. I saw pictures of these delegates in the *Saturday Evening Post*, in *Life* and in many other magazines, showing views of the representatives of these forty-four nations who were having the time of their lives there. Now here we are to-night, going over the heads of the people of this country and putting on a mortgage of $700,000,000 to be paid out of the consolidated revenues of this country on such a half-baked scheme. Why, we are not only going to bankrupt Canada; if this proposal goes through it will mean the liquidation of the British empire and cause dearer money, and I say that without fear of contradiction. I call to my support statements appearing in the British *Hansard* by members in the debate of 1943 and in the records of the senate and congress at Washington.

At Fort Knox in the United States they have all the gold in the world piled up. I saw a picture of it in a magazine. Why, the pyramids of Egypt are not to be compared in magnitude or astronomical height with the gold piled up there! That is a celebrated fort and a celebrated state, from which a great general came during the war between the north and south. You know, Mr. Speaker, this proposal reminds me of a scene from Pinafore, with act I, act II and the final act

now before us. Act I is the preliminary, to get the actors ready. I remember the hon. member for Davenport (Mr. MacNicol) in private theatricals. When I was interlocutor at a minstrel show I could ask my end-man some questions. Then in this agreement they have the final act; they are going to ring down the curtain. That final act is to be performed to-night; we are to vote $700 million. Why, it gives me a headache even to think of that much money. If we have a few cents in our pockets we are very lucky. I see more gold on some of the uniforms walking up Sparks street than some Canadians ever had in their pockets. But the final act is not really the final act at all, because the proposals of Lord Keynes are not applied.

At this conference they had delegations from Bolivia, Brazil and, in fact, from all over the world. I have not heard the names of some of these countries since I studied geography in school, and I cannot pronounce them all now. No doubt these were all good people, but when you get down to brass tacks, how many of these countries are going to put any cash into the bank? Remember these countries who were in default to the league of nations. Do not forget the man who broke the bank at Monte Carlo. He was just as good a financier as some of those dealing with this problem, and I would have as much confidence in him as a financier. The final act on the white paper now before us of these experts is one of the most confused articles I have ever read. It contradicts itself; it is obscure; and as a state paper it will cause historians to wonder what kind of parliaments we had here and in all the other forty-four countries, to pass a half-baked scheme like this under which Canada is to put up $700 million. Canada, though, is to put up $700 million. The Tupper government which in my opinion, was a very good government—and I am entitled to my opinion, the same as the educated hon. gentlemen to my left and to my right—required only $36 million to run this whole country in 1896. But here this evening in one vote before the House of Commons, with no bill and only a resolution, we are faced with an expenditure of $700 million out of the consolidated revenue fund. If we go on piling up that kind of debts and capitalization on our consolidated revenue fund, not only will the country be bankrupt, but the banks will be bankrupt, and the so-called international monetary bank that is being proposed will not be successful.

Mr. Morgenthau, the former secretary of the treasury, is one of the very able gentlemen in Washington. He has said that San Francisco, Dumbarton Oaks and Bretton Woods are all interrelated. So they are. Even so, I fail to see how they are going to solve the questions of international debt, international credit and international reconstruction after the war. They are not going to be able to solve by the Bretton Woods agreement the building up of the devastated countries of Europe, and countries throughout the world. I fail to see it.

Then, I should like to say a word or two about another matter. First of all, we are going to get back to the gold standard at exchange rates fixed at the level between March and November 1945. That is what the white paper says. We are not allowed to go off it again. They devalue our currency up to ten per cent—a most doubtful expedient under modern conditions. Under the old gold standard you could lose gold once and for all, and, if necessary, suspend payments by a simple decision of the government. Under the proposed gold standard we have to win back the gold equivalent that we may lose over two or three years in order to avoid charges which can apparently be fixed at the discretion of the fund. The implication is that these charges would be made penal.

If we do not do what we are told under this international authority there is power to enforce penalties and sanctions, if deemed necessary, against the people of Canada for a charge in one year amounting to $700 million, and all this for the benefit of some of the Latin republics to the south, and other peoples of forty other countries in the civilized world, some of whom may be in default themselves, as some were in payments to the old league of nations, while Canada always, paid up.

I see a banker right before me in the house, and I venture to say that if I walked into his bank I would not get money on such credit as that. The hon. member for Simcoe North (Mr. Ferguson) is a banker, and I doubt if he would lend me a dollar on that kind of credit, based on such security. I can tell you this, that if you get money into some of the banks it is extremely hard to get it out. I know that.

If we do not do what this international authority tells us to do under the Bretton Woods agreement, we are to be penalized, and sanctions will be enforced against us. We will remember the sanctions passed against Ethiopia on similar occasions. We will recall that the Prime Minister (Mr. Mackenzie King) rose in his place and spoke in favour of imposing sanctions against Ethiopia. If sanctions were imposed the government would have had, by the covenant of the league to send an expeditionary force. That was the position

taken by us at the league of nations. But did they send a force? No, they did not. A respected minister, and a lovable man, the late Minister of Justice, Mr. Lapointe, rose in his place and repealed all those sanctions. They were tossed out to the four winds of heaven. That was the kind of sanctions they applied, and all within forty-four hours, or forty-eight hours, I believe it was. I have not very much respect for such penalties and sanctions. This is just like those of the old league of nations when imposed.

Let us face the fact that, until the main lines of commercial policy and of reconstruction policy have been settled, it is idle even to discuss an international currency scheme. Our declared economic objectives—stable prices, full employment and cheap money—are not at present those of the Untied States. There is bound, therefore, to be a sharp divergence of view as to what constitutes a fundamental disequilibrium.

The issues at stake are of immense importance. In 1929 do not forget Britain and we in Canada to a lesser extent were dragged to the depth of an unparalleled economic depression, simply because Britain was tied to a gold standard and therefore to Wall street. It could happen again; it will happen again, if Bretton Woods goes through. As another plan to Bretton Woods, we, through the development and consolidation of the sterling area within the empire and in western Europe, coud build up an economic unit policy, and the achievement of full employment and a rising standard of living within the empire ourselves. Any such project would be killed finally by Bretton Woods.

There was an article recently in the London *Times*, which stated the following:

> The problem before Britain, and the world, cannot be that of a return to the status quo ante 1939, 1929 or even 1914. It is the establishment of a world economic system which, in the completely altered situation of 1944 and 1950 or 1960 can help mankind to move step by step toward the goal of rising standards of well-being and productivity which a generation twice plunged into catastrophe is resolved to achieve.

By that standard Bretton Woods must be judged. By that standard it falls. The final act of Bretton Woods invites us to throw away the only real asset Great Britain and Canada possess in the post-war world, namely the purchasing power of our own home market. That is a most important matter. Whatever else may happen, as Mr. Robert Boothby has so ably said, the Americans are not going to balance exports with imports. When all is said and done no country will depart hurriedly from that position, where it is forced to place a most substantial measure of control on its own productive capacity in order to have international trade.

Is Great Britain going to import goods with no plan, indiscriminately in the hope that somehow or other she will get enough gold to pay for them, or is she going to use her purchasing power and productive capacity to ensure that she gets imports which she needs? Is she going to subordinate the maintenance of employment and of essential services to a half-baked international currency scheme which will never work. Is Great Britain going to import goods freely with no plan and just trust to luck, and pay for them in the manner indicated? I say no. Is she going to permit the maintenance of imports to carry out that scheme? No.

Then, another point arises in connection with bilateral trade agrerements. Some hon. members will recall when Canada had preferential trade agreements some years ago. A treaty was made about twenty years ago with some thirty countries, I believe it was. All that will be extinguished if this goes through. The bilateral trade agreements will be extinct. In the future they will be turned into regional agreements.

There are many other aspects of this agreement, Mr. Robert Boothby says, "that cause anxiety." I will mention only one:

> The proposed agreement, if implemented, would result after a transition period of doubtful length in curtailing the existing convertibility of sterling within the sterling area. This must lead to the complete blocking of all existing sterling balances and, therefore, to the end of the sterling area which is to-day the main source of our economic strength. Here we leave the realm of pure economics for that of politics.

What is the long-term policy of Great Britain to be under this proposed Bretton Woods agreement? What is to be the long-term policy of the United States? We have been trying to learn what is to be the long-term policy of Canada. We have been trying to learn what the policy of this country is in connection with our relations within the empire. What is the long-term policy of Canada in connection with this agreement? Seven hundred million dollars will have to be raised, partly out of income, partly out of capital and partly from the sale of bonds. If the people of this country had known about this agreement three weeks ago it would have affected the sale of victory bonds throughout Canada.

Seven hundred million dollars is to be paid out under this agreement which like the Locarno treaty, the Kellogg pact, the Ethiopian sanctions, the Young and Dawes plans,

the league, the finance league and all the rest of them, will turn out to be nothing more than a scrap of paper after we pay in our money, if default comes. That is all we are getting under this one. They have not considered Canada's long-term policy in connection with this agreement. What are they doing by this agreement? There is an absence, as the author I quoted says, "of any directives to the Bretton Woods conference which results in the general muddle and confusion in which we now find ourselves. Are we going to get back to the economic system of the nineteenth century? Is free multilateral trade, laissez-faire and a free convertible international currency based on gold the ultimate or the most desirable objective? That system presupposed five conditions; an expanding world population, expanding frontiers, the free migration of human beings, a continuous reduction of tariff barriers and continuous fresh discoveries of gold. None of these exist to-day."

The British can be pretty sure that whatever else they may do the United States are not going to balance exports with imports, reduce tariffs or control the export of gold. Oh, no, after all this they will erect the highest tariff wall in the world. Devaluation is no substitute for import control. What we want is the assurance of a sufficiency of imports of raw materials to maintain our available factors of production at a high level of activity.

In conclusion, I should like to refer to what was said by the late Sir Kingsley-Wood, former chancellor of the exchequer. I intend to quote from a white paper published by the British government. Sir Kingsley-Wood said, speaking in the British House of Commons in 1943, on his budget:

> We need a policy of expansion so that employment is maintained and production serves the ends of consumption.

He went on to give the reasons for that policy. Two plans were proposed. The first was the British plan; the second was the United States plan and they had a head-on collision at Bretton Woods. That was the last of the two plans. The British plan was contained in a document entitled "Proposals for an international clearing union." This international clearing union was to be based on international bank money which would be accepted by all member states for the purposes of payments arising out of international trade. Lord Keynes was closely identified with this scheme for an international clearing union. The government decided to publish this document as a preliminary contribution to the solution of one of the problems of economic cooperation after the war. The government stated that any proposals for a satisfactory international monetary mechanism after the war could be framed only after full consideration of all aspects of a difficult problem.

What about the United States plan? The United States document was entitled "United States proposal for a united and associated nations stabilization fund." The plan, which was closely associated with Mr. Morgenthau, secretary of the United States treasury department, and Mr. White, an assistant secretary, aimed at establishing an international stabilization fund made up of contributions from member countries. The fund would act as a clearing house for international trade movements carrying out the functions in exchange management of the member nations, with all their accumulated knowledge and resources. Like the British document, the United States proposals were not an expression of the official views of the United States government. The introduction to the document emphasized that the proposals were in every sense tentative, intended as a basis for discussion and exchange of views.

A debate on post-war international currency took place in the British House of Commons on May 12, 1943, and the late Sir Kingsley-Wood, who opened the debate, defined as follows the three aims of the policy: First, to provide a mechanism by which international balances should be freely settled; second, to provide that national exchanges should be reasonably stable, so that goods and services can be marketed with knowledge of the value they command; third, to provide that countries, whose economy has been gravely dislocated or damaged by the war, should have some temporary international monetary facilities to enable them to start trading without undue delay.

The united nations monetary and financial conference was held at Bretton Woods between July 1 and July 22, 1944. Forty-three nations, including Great Britain, attended the conference. The proposals are before the house. The minister explained them to-day. He described the international monetary fund and the international bank for reconstruction and development. Both those proposals were recommended to congress in a message by the late President of the United States.

Sir John Anderson, chancellor of the exchequer, in the budget debate and white paper dealt in some detail with the proposals

put forward at Bretton Woods. He was a great chancellor with the background he had. He said with regard to Bretton Woods:

The Bretton Woods document explicitly recognized that while we might agree on objectives and methods when the world's trade was settling down, countries like our own had to face an extremely difficult period of transition in which they must keep their hands free to deal with their difficulties as they arose.

There is one point that I must bring to the attention of some of the critics of the final act. I mean those who appear to think that the line of safety for us after the war is to reserve our full rights to enter into discriminatory commercial and currency agreements, not only as a temporary measure during the transitional period, but permanently.

And again:

Under article VII of the Mutual Aid agreement, the master agreement under which we have received assistance of prodigious amount, we agreed to work for the elimination of all forms of discrimination in international commerce. The only qualification was concerned with imperial preferences. We are bound by this agreement and we are going to honour it.

Good. That last word is my own. I continue:

Quite apart from the Mutual Aid agreement, by our commercial agreement with the United States of 1938 we also accepted a policy of non-discrimination in trade. I would ask those who recommend what is in essence a barter system as the basis for our international trade; do they really wish us to follow a course which goes back on what we have agreed with the United States and flouts one of the principles of international commerce to which the United States government attach importance, and which, as a matter of fact, I believe in our own interest is a sound principle? If we discriminate, other people can discriminate. If we indulge in barter, other people can indulge in barter.

I am also told that the Bretton Woods conference means a return to the gold standard. I doubt whether those critics who use the words "gold standard" as a term of opprobrium always have a perfectly clear idea of what they mean, but perhaps one can assume that what they are thinking of is a system under which the external value of sterling was fixed, and the internal credit policy was made subservient to the maintenance of that value. To that system, if it ever existed in such a crude form, we do not propose to return.

The Lord Chancellor refers in conclusion to the problem of stability of exchange rates:

I do not go the whole way in believing that the greater part of our troubles between the wars was caused by unstable exchanges. Nor do I believe that countries with a major interest in international trade lightly alter their exchange rates. Those alterations disturb internal as well as external values. But there is no doubt that the instability of the exchange rates of some important countries at some periods between the wars was a disturbing factor in international trade.

His conclusions are expressed in the following two paragraphs:

The Bretton Woods document follows a middle course in this matter. So far from imposing a system of rigid exchange rates, it expressly recognizes the need for adjustment of exchange rates to correct disequilibrium. If we believe it is in our own interests to have a reasonable stability of exchanges but at the same time to have a method for the orderly adjustment of exchanges when the occasion arises, I do not see very well how one could have a very different principle from that stated in the Bretton Woods document.

It is, of course, true that to a certain extent we would bring our exchange policy under review by an international body on which we should be represented. But so would every other country. We would not surrender any ultimate right to follow our own policy, but we would accept an obligation to recognize that the adjustment of the exchange value of sterling, or of any other major international currency, is a two-ended process, and that we owe it to the general interests of international trade to consult with an international institution before we make a change which will affect our commercial, as well as our financial, relations with other countries.

Those are the views of two British chancellors of the exchequer.

My opinion, Mr. Speaker, is that the time has not arrived for such a proposal. We should deal as our first task with the great questions of trade, defence, migration, and preferential trade within the empire. I will contend first, last and all the time that the primary matter for us to consider and predicate in any agreement that we sign in this connection is, that we shall stay within the British empire. That empire, functioning along the lines I indicated to-day, is strong enough to stand any strain or stress of war, peace or reconstruction.

I say further, in conclusion, that it will be far better to make agreements with our own dominions along the lines of the united nations council; we should then have an empire council of the same general character as the united nations organization and decide first our own empire policies. Unless we do that the states of the empire will be divided and broken up, for if the dominions do not hang together they will hang separately. Together they are the strongest in the whole world and self-contained in a financial, material way and in a constitutional, social and economic way, to withstand the world.

Where do we in Canada stand? We have heard a great deal to-day about international policies, and this apparently is one of them. They are much in favour with some hon. gentlemen. But where do we stand at this critical hour in relation to the British empire? If we are to proceed far along these separatist lines we shall, I fear, lead to the dissolution

of the British empire in a period of time. This Bretton Woods agreement will, in my opinion, lead to restricted trade and dearer money, and also, as Mr. Churchill has said, "to the dissolution of the British empire".

Mr. VICTOR QUELCH (Acadia): I believe this is one of the most important and dangerous measures ever to be submitted to this House of Commons. In all seriousness I say that I look upon this measure as being an act of treachery not only to the British commonwealth of nations but to every peace-loving nation in the world to-day.

A short time ago we endorsed in this house a charter for the united nations, the main purpose of which was to maintain international peace and security, to develop friendly relationships among nations, and to encourage respect for human rights and fundamental freedoms. If the measure now before us passes, I believe that we shall be making a mockery of the charter, because you cannot make political agreements to maintain peace at the same time that you institute economic agreements to declare a form of international trade war. The result, I think all hon. members will agree, must be international friction which will greatly menace the success of any charter of peace. Therefore, if the final act of the Bretton Woods conference is to be regarded as the cornerstone of interational economic cooperation, it is essential that it receive the most careful consideration by all hon. members of this house. I am well aware that there are those who will argue that this measure has already received the careful attention of Canadian experts, and that these men are far better qualified to judge of the merits or demerits of this measure than we are. Well, as I have remarked before in this chamber, I judge a man by his record; and the record of these men is not an impressive one.

Mr. JAQUES: "By their fruits shall ye know them."

Mr. QUELCH: These are largely the same men who were responsible for systematically sabotaging the resources of this country in pre-war days. These are the men who must take the responsibility for maintaining production in this country at less than fifty per cent of its capacity, by allowing half a million people to be unemployed and a million to be on relief. These are the same men who must largely assume the responsibility for the pitiable condition in which Canada found herself upon the declaration of war, when thousands upon thousands of men were rejected from the army because they were medically unfit, due very largely to malnutrition. I would ask, is that a record to inspire confidence?

Furthermore, their war record is no better. We have heard a number of people praise the financial record of the government in the war, but is it one which will bear close scrutiny? I recall that in 1939 the present Minister of Finance (Mr. Ilsley) stated that the war financial policy of the government was to be as far as possible a pay-as-you-go policy; and yet what has happened? We have expanded the national debt by over $10,000 million, in spite of very heavy taxation and quite strong controls. I ask hon. members, if you were hiring experts to run your business would you be satisfied with references of that type, records of past failures? So that we in this group are not prepared to accept these proposals just because they are endorsed by a number of thoroughly discredited experts.

We consider that a thorough explanation of these proposals should be given to the house before second reading, because on second reading you endorse the principle. The minister has no right to ask the members of this house to endorse the principle of a measure which he himself admits is very complex and hard to understand. I doubt whether more than two or three per cent of the members of this house understand it; I would put the percentage even lower, because I doubt very much if even the experts themselves understand it. I think this is quite evident when one finds that men like Maynard Keynes and Morgenthau disagree as to exactly what the act means. In England the people are told that it is not the gold standard; yet in the United States it is represented as the fruition of the treasury's gold policy.

Mr. JAQUES: Gold-plated.

Mr. QUELCH: The late President of the United States, Franklin D. Roosevelt, sent a message to be read before the senate on February 12, 1945, relating to the Bretton Woods agreement. It read in part as follows:

> If we are to measure up to the task of peace with the same stature as we have measured up to the task of war, we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation. The cornerstone for international political cooperation is the Dumbarton Oaks proposal for a permanent united nations. International political relations will be friendly and constructive, however, only if solutions are found to the difficult economic problems we face to-day. The cornerstone for international economic cooperation is the Bretton Woods proposal for an international monetary fund and an international bank for reconstruction and development.

That is just about the same thing that the minister said when he was introducing the motion before the house. Therefore, if the agreement is to be part of the foundation upon which we hope to build world peace, it must be of such a nature as to promote friendship and good will among the nations of the world, and it is upon that basis that I intend to discuss the final act this evening. Is the Bretton Woods act likely to help to promote good will among the members? If not, I believe that all members of this house will agree that it should be discarded. In article I, the purposes of the act are defined, and I should like to read the purposes of the international fund, section 1:

(i) To promote international monetary co-operation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.

(ii) To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.

All members will agree with the purposes outlined in sections 1 and 2. I wish to comment upon 3, 4 and 5:

(iii) To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.

(iv) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

(v) To give confidence to members by making the fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

The questions that must come to the minds of hon. members are these: Why do nations indulge in exchange depreciation? Why do nations impose foreign exchange restrictions? Why is there unbalance of trade between nations when both parties are endeavouring to export goods? I would say that we must have the answers to these questions before we can judge of the adequacy of the proposals in this act.

Article I, section II, states that the purpose of the fund is to facilitate the expansion and balanced growth of international trade. Unfortunately, the fund concentrates on bringing about a balance of money between nations, with all the emphasis on gold and on United States dollars, ignoring the fact that in the long run you cannot have a balance of money without a balance of trade, except of course by the steady growth of debt between nations, and that is provided for in article 7 of the act. I will quote section 2 of article 7:

The fund may, if it deems such action appropriate to replenish its holdings of any member's currency, take either or both of the following steps:

(i) Propose to the member that, on terms and conditions agreed between the fund and the member, the latter lend its currency to the fund or that, with the approval of the member, the fund borrow such currency from some other source either within or outside the territories of the member, but no member shall be under any obigation to make such loans to the fund or to approve the borrowing of its currency by the fund from any other source.

(ii) Require the member to sell its currency to the fund for gold.

That is to say, if the United States consistently refuses to accept imports in exchange for its exports, thereby depriving other nations of dollars to pay for imports, then the fund can borrow or buy with gold, dollars from the United States to enable the debtor nations to balance their payments. But, mark you, it would be done by going into debt instead of by balancing trade and having an exchange of goods. Therefore one of my main arguments against the fund is that, in attempting to bring about balance of payments, instead of ensuring that it shall be done through a balance of trade it attains its object by expanding the debt of the debtor nation.

Let me ask hon. members this question: Is that a sound basis upon which to attempt to promote friendship and good will among the nations of the world, by forcing a nation to go into debt in order to obtain the goods it requires when it has goods on hand which it is willing to exchange? The express purpose of the fund is to facilitate the expansion and balanced growth of international trade. Then what is the main or real purpose of international trade?

Every time I hear the hon. member for Muskoka-Ontario (Mr. Macdonnell) speak, I get the impression that the main purpose of trade is to export goods. I have never once heard him emphasize at the same time the even greater importance of importing goods in return. Does anyone really think that a nation can become prosperous by exporting goods? You merely remove goods from the nation and lower the standard of living to that extent, so that export trade by itself cannot bring prosperity unless exports are used for the purpose of bringing imports back into the country.

And so, reducing international trade to its simplest terms, we say that it is the exchange of those goods which we cannot consume for those goods which we cannot produce, thereby bringing about an improvement in the people's standard of living. It should be an act of mutual advantage to the parties concerned. Therefore to the extent that you expand foreign trade on that basis you improve the nation's standard of living. But when you maintain your foreign trade on the basis of trying to maintain a favourable balance of trade you are lowering the standard of living of the people to that extent. Unfortunately that has been the basis for foreign trade in the past.

Highly industralized nations have endeavoured to export more than they were prepared to take back in imports, thereby lowering the standard of living, the reason being the lack of buying power internally and not because the people do not need the goods.

I wish to quote from a statement made by Reginald McKenna to the banker's association, on October 5, 1922. I have quoted it on previous occasions, but it has a direct bearing on this question and therefore I should like to quote it again at this time:

> For over two centuries, British capital, that is, credit had been lent to other countries, year by year England produced more than she either consumed herself or could exchange for the products of other nations, and she could not obtain a market for the surplus unless she gave the purchaser a long credit. Foreign loans and foreign issues were taken up in England and the proceeds were spent in paying for surplus production. British factories and workshops were kept in good employment, but it was a condition of their prosperity that a part of their output should be disposed of in this way.

Note that, according to Reginald McKenna, the prosperity of England depended upon her being able to sell more goods abroad than she brought back in return. In other words, that was the old idea that a favourable balance of trade maintained prosperity. But what did it really mean. It meant that owing to the deficiency of purchasing power that existed in England, and by maintaining a favourable balance of trade, the wages that were paid out in the production of those goods which were exported and for which no imports were brought back in return helped to create a demand for the goods that were left within the country and, as McKenna stated, it maintained a certain degree of prosperity in England. I would not say that it maintained prosperity for the people of England. Nobody who knew conditions in England in those years would suggest that all people were prosperous, but it did maintain prosperity for the industrialists.

It is true that it served the industrialists and the manufacturers of England well during the two centuries prior to the last war. What happened in the later years? Shortly before the last war other nations were also starting to become industrialized and to raise tariffs to keep British goods out, because they also were finding themselves in a position where it became necessary to maintain a favourable balance of trade in order to maintain employment within their own borders. The year 1914 saw the end of that type of policy. I remember in the years 1906, 1907, 1908, 1912 and 1913 watching the marches of the unemployed in the city of London. I say that any nation that attempts in the future to maintain prosperity within its own borders by that policy is bound to fail. Not only will it fail, but it will help to create throughout the world a condition which will bring about unrest, international friction and war.

That was also the policy between the two wars, the war of 1914-18 and the war of 1934-45, with the difference that after 1929 the United States, while giving credit for trade exports, demanded payment not in goods but in gold or foreign securities. We know what the policy was in 1929 and during the thirties. It caused one of the most violent depressions the world has ever seen, because at that time the nations were on the gold standard, and as gold was withdrawn from those countries their gold reserves were reduced and a general restriction of currency took place in all countries.

We find to-day that all highly industrialized nations are prepared for a fight for foreign markets after the war. For example, both Canada and the United States feel that in order to maintain the full development of their resources they will have to make large-scale foreign investments after the conclusion of hostilities.

I hold in my hand a booklet which is an address delivered by Mr. William C. Clark on post-war goals and economic reconstruction at New York university on December 15, 1943. On pages 221 he states:

> We feel also that adequate arrangements are essential to make possible a substantial volume of long-term international investment, and we trust that the technical and political difficulties involved in consummating these may soon be surmounted.

Mr. HANSELL: Who is Clark?

Mr. QUELCH: He is the deputy minister of Finance. Those members who were on the reconstruction committee last year will remember that when we were discussing these monetary stabilization proposals I asked him whether or not he considered foreign investments a long-term solution, and he admitted

that they were not a long-term solution. While I feel that at this time we should be prepared to develop policies that would be a long-term solution, on the other hand is there justification for them even as a short-term solution? Is there any justification at the present time for Canada going into a large scheme of foreign investment. I know we have certain moral obligations, but aside from that I would say there can be no justification for such a policy until we have completed or have well advanced the development of our own country.

I think it is time that we had a little more investment in roads in this country, especially in western Canada. Why not invest money in the development of our north country? Why not invest money in irrigation in western Canada? Why not invest in a real live, wide housing scheme in Canada? Why not make greater investments in the greatest asset of this country, Canadian youth?

Fortunately, Mr. Speaker, public opinion is beginning to realize the fallacy of prosperity by foreign investment. I should like to quote from a speech made on June 7, 1945, by the governor of New York. This is what he said:

> We in the United States will emerge from the war with overwhelming power, financial and industrial. There is no question of the huge demand for our exports that will exist. The great question is whether we are prepared to accept payment for these goods in the only sound way that payment can be made—by taking in exchange the goods and services of other nations. The American people have made clear their determination to join with other nations in a world organization to maintain peace; but real peace cannot be achieved merely in the political field. All of the work being done at San Francisco will mean tragically little if economic conflict is to divide the nation.

The London chamber of commerce, probably one of the greatest organizations of its kind, has emphasized this question time and again. I have quoted it in the house, and therefore I am not going to take the time to quote it again at this moment, but I should like to quote from a statement of the London *Economist* because it is generally considered an orthodox publication. I quote from the London *Economist* of August 11, 1945, page 182:

> The condition of full employment as it is now universally recognized is that the economy should generate a sufficiently large flow of effective demand to purchase the whole of the gross national product. In simpler language, somebody has to buy the volume of goods that full employment will produce, or they will not be produced.

That is to say, if a nation's purchasing power is adjusted so as to enable the people to buy the total production of the nation, or at least all the goods that they desire, then a nation will be willing to accept imports in return for its exports. So that the first step toward any sound scheme for international trade is for each and every nation to set its own house in order and expand the purchasing power of the people to the point where they are able to buy the total production of the country, or the production of other nations for which their own production can be exchanged. It is futile to hope that any form of international stabilization can maintain international trade on a sound basis until each nation is first of all prepared to set its own house in order. Therefore I would emphasize that the responsibility must rest with the Canadian government to expand the purchasing power of the people of this country to the point where they are able to buy the total production of the country. I am not going to take the time to show how that can be done. When speaking the other day, the leader of this group gave a clear way in which this might be brought about. We have referred to it on various occasions, and no doubt will do so in the future. I think the house is familiar with the proposals that we have set forth from time to time by which the purchasing power can be expanded to maintain an effective demand.

Unfortunately it has been customary in the past to regard the cause of an unbalance of trade as arising from a nation buying more than it can afford or borrowing more than it can repay. Apparently it is only recently we have come to realize that, a creditor may be and very frequently is to blame, that it arises from a creditor nation attempting to dump its unemployment problem upon the doorstep of another nation by exporting abroad far more goods than it is prepared to accept payment for in imports from the world at large on a multilateral basis. Obviously, if some nations insist on exporting more than they are willing to accept in return there are bound to be some nations forced into debt in order to obtain the goods they require, even though they have goods to export in exchange. In other words, if some nations insist upon maintaining a favourable balance of payments, other nations must find themselves in the unfortunate position of having an unfavourable balance. As a consequence, nations suffering from an unfavourable balance of trade have resorted to currency depreciation and foreign exchange restrictions as necessary protection against being forced into a state of unpayable debt. For example, a nation depreciating its currency by twenty per cent is able to undersell another nation by twenty per cent, and thereby encourage other nations to buy more of their goods, thereby

hoping to readjust the balance of payments. For the same reason a nation may impose foreign exchange restrictions to prevent the flight of capital, which would lead to still further unbalanced payments. Therefore we feel that before taking these protective measures away from a nation or even curtailing them, we must take the necessary steps to remove the cause of the unbalance of trade. In other words, we must recognize the responsibility of the creditor nation to accept payment in the only way a debtor nation can make payment, namely in goods and services, unless of course the nation happens to be a producer of gold; and there are very few nations, comparatively speaking, that are producers of gold.

I wish to examine the Bretton Woods agreement in the light of those facts. The act comprises the articles of agreement of the international monetary fund and the international bank for reconstruction and development. I believe hon. members who have studied the act will agree that it is very hard to understand exactly what is meant by the phraseology used. I doubt if a single member of the house to-day, even including the Minister of Finance, would dare say he can explain exactly what every section of this act means. Therefore it is not surprising, as I stated a while ago, that different interpretations have been given by Maynard Keynes and Mr. Morgenthau. I stated in my first words that Mr. Morganthau had said what this meant. In presenting his report to congress on international finance he stated: "The Bretton Woods plan marks the fruition of the American treasury's gold policy," while Mr. Keynes in England stated it did not mean the gold standard at all. Apparently they have different interpretations of the same thing. Certainly I would suggest that any hon. member studying articles IV and V would immediately agree that it is a return to the gold standard. I do not say it is the gold standard of 1925, any more than the gold standard of that year was the same as the gold standard of 1914; but how can anyone argue that it is not the gold standard when these words are used in section 1(a) of article IV:

> The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

The leader of the C.C.F. party said in his remarks that he would be opposed to this agreement if it meant that the currency of a nation was to be based upon gold. Here it definitely states that it is to be based upon gold, and I do not think even an expert lawyer could wriggle out of that phrase.

To come back to the question of an unbalance of trade, article VII deals with a nation that persists in selling more abroad than it buys. Provision is made for the fund to borrow from the currency of that member nation, provided that the member is agreeable, or the fund may buy its currency for gold which, as I stated before, can only result in the nation having to obtain that currency by means of borrowing and going still further into debt. On the other hand, a very different attitude is taken toward a nation that imports more goods than it is able to pay for with its exports. Section 8 of article V imposes very severe penalties upon a nation finding itself in that awkward predicament. I should like to quote part of that section:

> (c) The fund shall levy charges uniform for all members which shall be payable by any member on the average daily balance of its currency held by the fund in excess of its quota. These charges shall be at the following rates:
>
> (i) On amounts not more than twenty-five per cent in excess of the quota: no charge for the first three months; one-half per cent per annum for the next nine months: and thereafter an increase in the charge of one-half per cent for each subsequent year.
>
> (ii) On amounts more than twenty-five per cent and not more than fifty per cent in excess of the quota: an additional one-half per cent for the first year; and an additional one-half per cent for each subsequent year.
>
> (iii) On each additional bracket of twenty-five per cent in excess of the quota: an additional one-half per cent for the first year; and an additional one-half per cent for each subsequent year.
>
> (d) Whenever the fund's holdings of a member's currency are such that the charge applicable to any bracket for any period has reached the rate of four per cent per annum, the fund and the member shall consider means by which the fund's holdings of the currency can be reduced. Thereafter the charges shall rise in accordance with the provisions of (c) above until they reach five per cent and failing agreement, the fund may then impose such charges as it deems appropriate.

Imagine any man signing a mortgage under which his interest rates will go up by one-half per cent per annum and then, when they reach a certain amount, if he cannot come to an agreement with the mortgage company the company can charge any rate it likes. Does anyone really think terms of that kind are going to bring about a spirit of good will in this world? The full weight is placed on the debtor nation; no pressure whatever is exerted upon the creditor nation, although to-day we all agree that each nation has a certain responsibility, whether it be a debtor or a creditor nation, in order to maintain an even balance of payment.

Time is going, Mr. Speaker, and I wish to shorten my remarks. As I have stated, the inevitable consequence of such a policy will be that, in order to get the goods they require, certain nations, being unable to get other nations to accept their goods in payment, and not being producers of gold, will be forced further and further into a state of unpayable debt, while on the other hand the creditor nations, in order to continue exporting more goods than they are prepared to accept payment for in imports, in order to dump their unemployment problem on the doorstep of another nation, will continue to pile up foreign credits which they will endeavour to use for foreign investments. To-day I think we have a very good example of United States imperialism at its very worst.

So I come back to my original question: can such a policy as the Bretton Woods agreement create a feeling of good will and friendship? I would say that the inevitable consequence must be international friction leading to war. I have often been asked this question: "Why would nations join the fund if the conditions are as you state them to be? They say that nations join on a voluntary basis, and if conditions are as you have mentioned, surely no nation would join." I think it is true that so far only two nations have signed, but the agreement has been signed in behalf of the nations by the experts of some forty-four nations. I would say that the weaker nations joined as a result of economic pressure. I do not think it is fair to say that they have signed on a voluntary basis. They have signed because they have been practically compelled to do so, in order to exist. My suspicion regarding this question was first aroused when resolution No. 12 was first passed at Atlantic City limiting the functions of UNRRA, to all intents and purposes striking out the second "R", and making it a straight relief project, so that no help could be given for reconstruction or rehabilitation. Then, when nations wished to know where they could get help to rebuild industries they were told that they could get it by becoming members or parties to the Bretton Woods agreement.

I was very much struck by an article which appeared in the *Fundy Fisherman,* of August 29, 1945, which read:

> The lend-lease agreements which the various nations were obliged to sign before obtaining supplies contained a provision which was not in the legislation enacted by congress. This laid down that the debtor nations were to enter into agreements directed to the expansion, by appropriate international and domestic measures, of production, employment and the exchange and consumption of goods, etc. The international money plan is the first of these measures. It is one thing to consider the plan on its merits. It is another matter altogether to discover what the consequence of rejection will be.

I received another article of great interest from The Liberator Council of England, recognized as a monetary reform organization. Sir Charles Morgan-Webb is one of their advisers, a man of world renown as an authority on gold and sterling. This pamphlet, which was circularized among members of parliament in England, states in part:

> One of Mr. Winston Churchill's secret and unpublicized actions after assuming power in 1940, was to promise President Roosevelt that he would do all in his power to bring Britain back to a gold standard suitable to American ideas.

I am not criticizing Churchill for that statement, because I realize that England was in a position of life and death in those days. England had to get supplies. And if in order to get help under lend-lease, as is suggested in the article in the *Fundy Fishermen,* they had to agree to become a party to the gold standard or Bretton Woods, then no doubt Churchill was justified in giving in to the United States to get the help they required. But I do not think action of that kind redounds to the credit of the United States. It is most interesting to note that, while making an agreement of that kind, Churchill knew very well what the significance of the gold standard would be, because in 1932 he bitterly denounced it. I shall not take time to read his statement. They have been quoted in the house on various occasions.

However, I should like to quote the statement made by Mr. Ernest Bevin when he set out the attitude of the British Labour party regarding the Bretton Woods agreement. This is taken from the parliamentary debates for Monday, June 4, 1945, and he said:

> One last word about Bretton Woods. I have never been finally convinced about Bretton Woods. I take the line, and my party takes the line that, neither directly nor indirectly, will we again be anchored to gold in any circumstances. I shall never be a party to any international agreement, which, either as a result of the fluctuation of exchange, speculation or international action of that kind—which is not always of the highest moral standard—would prevent me from insulating the home market from the violent repercussions which will break down the home price level when these wide fluctuations take place on the international price level. However, I will join with anyone in finding a rational basis for an international price level, properly organized, provided it does not reflect itself in depressing the standard of life on the home market. As yet, neither the chancellor nor Lord Keynes has ever been able to persuade me that there are sufficient safeguards in the Bretton Woods proposals to achieve that object.

That was the attitude of the British Labour party in June, 1945. But, as I say, when sufficient pressure can be forced upon a nation

they are likely to renounce their principles. I should like to quote from the London *Economist* of July 21, 1945, where it speaks about the Bretton Woods agreement:

> As a matter of plain economics, there would seem to be a clear balance of argument against the Bretton Woods scheme—that is against the monetary fund.

Mind you, the London *Economist* is a most orthodox paper. Yet they say there is a clear balance of argument against the Bretton Woods agreement on economic grounds. The article continues:

> But as a matter of politics or, if the word is taken to imply something sinister, of amicable relations between governments, there is almost everything to be said in its favour. How much economic hazard is a reasonable price for continued generosity and friendship or at the least for avoidance of American disappointment and resentment. It all depends upon the size of the hazard and the intensity of the friendship.

One might interject, what friendship! Apparently the price Great Britain has had to pay to get three and a half billion dollars has been the signing of the Bretton Woods agreement—although it has been condemned by the party in power to-day, through Mr. Ernest Bevin.

In closing, I wish to ask this question: Did the Canadian government help the British government to resist coercion in regard to the signing of the Bretton Woods agreement? Is it fair to say that the Canadian government added its pressure to that of the United States government in order to try to persuade the British government to become a party to the Bretton Woods agreement? I understand that the Canadian government is one of those governments which to-day are pushing forward the Bretton Woods agreement. In other words, we have merely become the Charlie McCarthy for Uncle Sam.

Some people will argue, "Well, why worry? Even if a nation joins, it can withdraw." That is true. That is mentioned in the act in several places, namely that a nation can withdraw. But what happens to a nation that withdraws? Article XI deals with that and, although I have not time to quote it, I suggest that every member should read it. It would be seen that the article states that if a member withdraws and is no longer a member of the organization, other members may be advised to institute a boycott against that nation. Just visualize what would happen if England were forced to withdraw from this fund, and were no longer to be a member, and the rest of the nations in the British empire placed a boycott against Great Britain!

Was I exaggerating when I said that to my mind this act is nothing more or less than an act of treachery against the British commonwealth of nations? What effect will the act have upon a nation's sovereignty? I am not prepared to say that Bretton Woods will to any extent affect the sovereignty of a creditor nation or a nation that is a gold producer. But in the committee stage I shall prove, I think, without shadow of a doubt, that it does destroy the sovereignty of a debtor nation. Just because she will not suffer loss of sovereignty as a result of this act, so long as she can maintain adequate gold reserves, is Canada justified in trying to impose upon other nations a conditon which will mean the destruction of their sovereignty?

Then, in closing, to those hon. members who have emphasized—especially the hon. member for Muskoka-Ontario—that it is a matter of Bretton Woods or chaos, or the setting up of a bilateral system which in his opinion would be chaos—and probably it would be—I would say that there is a logical alternative. This is an alternative that has been put forward by the London chamber of commerce, which is undoutedly the greatest organization of its kind anywhere in the world. And if this matter is referred to the committee on banking and commerce we should call Mr. Leigh the secretary, before that committee, as a witness.

When the deputy minister of finance appeared before the committee on reconstruction, I asked him if he would be willing to tell us what his views were on the London chamber of commerce proposals. He was not prepared to do that then, but I met him in the corridor afterwards and I asked him again what his views were. He said that the proposals were quite good but that the main difficulty would be to get other nations to agree to them. I asked him what nations he thought would disagree with what was known as the twentieth century system. I asked if he thought Russia would disagree, and he said he did not. It finally boiled down to this, the nation which he thought would not agree to them was the United States of America. In other words, the nations of the world are binding themselves to the gold standard in order to meet the good will of the United States of America. The proposal put forward by the London chamber of commerce—

The ACTING SPEAKER (Mr. Tremblay): I am sorry, but the hon. member's time has expired.

Mr. QUELCH: I have about eighteen words to complete my remarks. The proposal put forward in the twentieth century system is a

multilateral system of trade using the national currencies of the nations concerned based upon the price index level of their goods.

Mr. ILSLEY: What is the authority for the hon. member's statement that the United States forced a promise from Mr. Winston Churchill that he would lead the United Kingdom back to a gold standard satisfactory to the United States?

Mr. QUELCH: I explained at the outset what my authority was. I was giving it for what it was worth.

Some hon. MEMBERS: Oh, oh.

Mr. QUELCH: Before you laugh, listen. The pamphlet was signed by Mr. Eric Troward, president of the liberator council and it is headed:

> This memorandum has been specially prepared for the benefit of new members of parliament, many of whom have not had the opportunity of studying the trend of international financial development during the past two years.

In regard to the liberator council, I would just like to point out that the chief adviser is Sir Charles Morgan-Webb, late chief secretary of the Burma government, who is a world authority on gold and the sterling group. So it is not a pamphlet that can be dismissed lightly. I do not think a man like Sir Charles Morgan-Webb would have anything to do with an organization distributing a pamphlet making that charge unless there was some proof of it.

Mr. ILSLEY: My hon. friend is basing its authenticity upon the alleged standing of the adviser to this liberator council. As to who the gentleman is who made the statement, I do not know. I just want to say that I do not believe the statement.

Mr. QUELCH: The minister will agree that the fact that Britain has agreed to Bretton Woods is pretty good backing for that statement.

Mr. ILSLEY: No, I do not believe that the dominions of the British empire are joining in this treachery to themselves. I think that is ridiculous.

Mr. QUELCH: They are being forced by the United States to join; pressure is being exerted.

Mr. RODNEY ADAMSON (York West): Mr. Speaker, in view of the violent language that has been used against this resolution it would seem that one is at some personal danger in supporting it at all. However, I feel that Bretton Woods is a pious hope to establish multilateral trade by the establishment of an international exchange medium. It hopes to overcome the international monetary chaos which led directly to the restriction of trade which brought about unemployment, despair and eventual dictatorship, and of course war, in the despair decades of the twenties and thirties of this century.

Naturally any agreement of this nature must impose restrictions upon the signatories to the agreement. No matter what agreement you enter into, by the very nature of its being an agreement you agree with certain other people to do certain things. By its very nature there must be certain restrictions. One of the great visions is the hope that the international trade banditry as practised after the last war will be put an end to.

Probably it will be impossible completely to curtail international trade banditry; it will probably be impossible to overcome many of the dark practices in which international trade indulges from time to time, but this at least is a hopeful step in the right direction. During the period following the last war all kinds of methods were used to import goods, to cut prices, to give drawbacks, and to make secret agreements. One instance was in the timber industry. The Soviet Union said that during the year they would meet any price at which importers could buy in any other country in the world. That is just typical of the practices that went on.

A little later on we had the sale of South American securities in the United States, securities which in many cases represented no real value. They were sold, not because they were going to purchase real goods or provide real services, but because in many cases the vendors could find a market for the securities. I happened to be in Vienna when the Oesterreich-Credit-Anstalt failed, and that brought about the failure of one bank after another and eventually caused the bank holiday in the United States in 1933. It was all brought about by a desire to export and not import, and the sharp practices which resulted, that were carried on in international trade and the type of trade that was done. The restrictions of imports, high tariffs, blocked currencies, different types of currencies, all had a part in bringing about the eventual complete destruction of international trade at any level or the eventual cessation of international trade of magnitude at any level. United States banks failed, and thus the richest country in the world found itself with a bank holiday and a real condition of panic.

In his first inaugural address the late President Roosevelt said that the only thing we had to fear was fear, and yet the entire world was in an economic panic. I do not think there is any other word for it. It was in an

economic panic because there was no international regulation. This is at least an attempt to prevent history from repeating itself. As such I think it is a step very much in the right direction.

We had as we know an entirely fictitious value put on the money of European countries. The German mark, the Italian lira and the Russian ruble may have been worth anything, but as exchange media they were virtually valueless. They were used by the governments of the countries in question for unfair practices and international trade banditry. That is the only word I can think of to describe the practices that went on during that time.

We at the present time may fall into the danger of comparing conditions after the last war with conditions now. While history repeats itself, it does not repeat itself exactly; and while there are many similarities between conditions after the last war and conditions after this war, there are sufficient differences, I believe, to be worth mentioning and seriously considering at the present time.

The first difference between the aftermath of this war and that of the last war is that after the last war the United States put on one tariff after another; first of all the emergency tariff, then the Fordney-McCumber tariff, and then the Hawley-Smoot tariff, and they virtually excluded the goods of the world from their country. This was the first really retrogressive step. Then, with the restriction of imports, they followed a course of extreme isolationism. They refused to sign—this is ancient history, everybody knows it—the Versailles treaty, and they declined to join the league of nations and withdrew completely into isolationism. From then on things went from bad to worse, and little hope remained of world trade.

At the present time conditions are quite different. The United States is no longer the abundant storehouse she was in 1918; she is becoming a "have-not" country; she is beginning to notice her great depletion of raw materials and to be frightened about it. I refer particularly to some of the non-ferrous metals, copper, lead, zinc and manganese. Of these, the United States, at the rate of consumption which prevailed from 1935 to 1938, has between two and thirty years supply; in most cases, much less than thirty years. The United States will find that she must have these metals for her industries; and we in Canada are, in every case excepting manganese, the greatest producer or potential producer, or at any rate our potential is as great as that of any other nation. Therefore, instead of our being excluded from the United States market as we were after the last war, it is probable that the Americans will need our base metals.

Further, the Americans have now become almost completely deficient in such vital metals as tin, antimony, chrome and nickel. Of course they never did have any nickel, but they had some of the other metals. They must now import these things in order to carry on their industries. It is possible that the natural source of some of these metals will be Canada, and our past desperate need for United States dollars will probably not be as great as it was after the last war. There used to be a saying in the United States, which had an almost world-wide circulation, "export or die". The present condition is very nearly the reverse; it is "import or perish", because, with these great deficiencies, the United States finds she must import not only for her own safety but to run her industries in general. I submit, therefore, that there is a very great difference between the situation after the last war and the situation at the present time.

Another singular fact worth noting in this connection is that at the present time fewer than two million Americans are working in industries protected by a tariff. We used to think that all United States industry had tariff protection, and during the Hawley-Smoot era most of it had. But now—I will quote my authority for this in a minute—there are fewer than two million Americans who are working in tariff-protected industries, which is a significant figure. So that I think we can discount the theory that this agreement of Bretton Woods is some scheme by which the United States hopes to "put a fast one over" the rest of the world. I do not believe that that is so; in fact I am certain that it is not so. I wish to quote one paragraph from an article from Percy W. Bidwell about the United States deficiency at the present time. It appears in the current issue of "Foreign Affairs" at page 98:

> Americans will not die, nor will the United States cease to exist, if we fail to increase our imports. But we shall not live as well as we might, nor as safely. This is a rich country. The high productivity of our industry gives us abundant supplies of purchasing power in foreign markets. Unlike Britain, we are under no pressure to restrict imports in order to bring our international accounts into balance. On the contrary, we cannot hope to balance them without expanding our purchases abroad. Yet, with all our riches, we have persisted in playing the miser, spending in normal years less than one per cent of our national income on consumers' goods of foreign manufacture. Instead of reaching out for the useful, appetizing and beautiful things which foreigners are so eager to supply,

we put up tariff walls to protect ourselves against prosperity and abundance. If we will adopt a new attitude toward imports, if we will accept them and make the most of them, we shall increase national security, we shall provide the competitive stimulus necessary to maintain our free-enterprise system at a high pitch of efficiency, and we shall enable our people to attain the high cultural standards befitting a rich and powerful nation.

I do not think that policy sounds as if this Bretton Woods agreement was a sinister United States scheme to restrict imports. They are beginning to realize that they have to "import or die".

Let us now look at the peculiar position of Canada. Canada, as has been so frequently said, was during the war and is at the present time probably the greatest per capita producer of goods for export. I have not the statistics before me, and the minister will correct me if I am wrong; but in normal times, on a per capita basis, Canada was the greatest exporter in the world, with the possible exception of some smaller countries which had greater agricultural exports. I am referring to our exports among manufacturing countries. There were smaller countries that had greater agricultural exports.

Mr. ILSLEY: Such as New Zealand.

Mr. ADAMSON: Yes. But—and this is a very singular fact—Canada is also a great exporter of capital. Canadian enterprises supported by Canadian capital are world wide. I need mention only one or two. The International Petroleum company, while its capital is largely American, is nevertheless a Canadian company with a good deal of Canadian capital, and the Brazilian Traction company is another concern I might mention. It is probably the largest single unit among public utilities in the world. All through South America you will find Canadian capital. You will also find that not only does Canada export capital; she is an exporter of services. Take her transport services, for example. One might cite the Canadian Pacific Steamships on the Atlantic and the Pacific, and Canadian cargo vessels ply the waters of the Atlantic on a competitive basis. While they may be registered in London, nevertheless the bottoms are Canadian.

As a small country we have built up great services. Our Canadian banks, our international banking system, which astounds many of the Americans, has branches all over the world. The same is true of Canadian insurance. One of the amazing things about Canadian insurance companies is the amount of business they do in the orient. These are peculiar things about our Canadian economy, and in order to maintain this very high level of international trade, we need some kind of control of currency, or some kind of international stabilizing agreement; otherwise we shall suffer in Canada far more than any other nation in the world.

We have been singularly blessed in that we have given to our workers a great amount of power. The Canadian workman has at his hands many more horse-power than virtually the worker of any other country. Productivity per man is high, and we have been able to produce per man-hour a very large quantity of goods.

The great problem with us in Canada now, as it will be for some time, is how to balance our imports with our exports. By reason of our peculiar position we are far more of an exporting country than an importing. We export many times the quantity of goods that a country of slightly over twelve millions could ever expect, under present conditions, to consume at home. That is, of course, a problem of population.

I should now like briefly to mention one or two of the clauses in the Bretton Woods agreement. I am not on the banking and commerce committee, so that this will be my only chance to discuss this vital matter. In the preamble six basic purposes are set out. I will quote only the first sentence of each:

(i) To promote international monetary cooperation.

(ii) To facilitate the expansion and balanced growth of international trade.

(iii) To promote exchange stability and maintain orderly exchange arrangements.

(iv) To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

(v) To give confidence to members by making the fund's resources available to them under adequate safeguards . . .

(vi) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

Nothing could be more praiseworthy than these objects, and in the final clause of the agreements in annex C, under the heading, "the international monetary fund", it is stated:

Since foreign trade affects the standard of life of every people, all countries have a vital interest in the system of exchange of national currencies and the regulations and conditions which govern its working. Because these monetary transactions are international exchanges, the nations must agree on the basic rules which govern the exchanges if the system is to work smoothly. When they do not agree, and when single nations and small groups of nations attempt by special and different regulations of the foreign exchanges to gain trade advantages, the result is instability, a reduced volume of

foreign trade, and damage to national economies. This course of action is likely to lead to economic warfare and to endanger the world's peace.

Those are the basic purposes of the agreement, and surely no one will quarrel with them.

Fault has been found with the method of establishing currencies on a gold basis or on a basis attached to gold. Well, what does the agreement say with regard to par values of currency? Article IV states:

The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

That is merely another way of saying "gold". Then it says that all computations relating to currencies shall be on the basis of their par value. It states that foreign exchange dealings shall be based on parity—section 3—and that gold purchases shall be based on par value. Then section 4, article IV deals with obligations regarding exchange stability. Each member undertakes to collaborate with the fund to promote exchange stability. Each member undertakes, through appropriate measures consistent with the agreement, to promote within its territories exchange transactions between its currency and the currencies of other members. All these are basic fundamental rules of international trade.

There is, however, the method by which the parity of exchanges shall be fixed, and that appears in article 20, section 4. It merely states that each country shall settle its own parity of its own exchange. That is to me, Mr. Speaker, the crux of the whole question—the method of arriving at parity or of arriving at the currency exchange value in gold of the various members of the agreement. At the present time the huge majority of currencies have a fictitiously high value in terms of the United States dollar, in terms of gold and in terms of the Canadian dollar. I believe the franc is valued at two cents; but its actual purchasing power, according to the soldiers who have come back, is about one-eighth of a cent. The lira and all the other European currencies have been given, I think unwisely, a fictitiously high value.

Before we can arrive at some degree of currency stabilization, there must be a period during which the currencies will be allowed to find their own value in terms of gold. I do not believe this can be done quickly; in fact it is a comparatively long-term operation; but before the agreement can become operative that has to be done, and it will be an extremely difficult matter to arrive at. To me that is the great difficulty in the whole working out of the Bretton Woods agreement.

When the last workable gold parity was arrived at by the Herschell committee in the seventies of the last century there was a free gold market. That free gold market had been working for twenty or twenty-five years. They tied the pound and the dollar to gold at the then level of eighty-four shillings and sixpence, which had been the approximate mean value for some years past. That became known as the gold standard and brought tremendous prosperity to the countries which adopted the gold standard at that time. I think they were Great Britain, the United States, Germany and France. I do not know whether Italy came in or not; I think she did later, to a degree. But the gold countries virtually ruined or did not allow the great expansion they enjoyed because of their expanded international trade to the rest of the world which lived on the silver standard, namely, the continents of Asia, Africa, India and certain parts of South America. There was not the tremendous industrial expansion; there was not the great trade boom in the silver countries that there was in the gold countries. Silver was manipulated, changed in value, and many times there were great crises in China and in India because of the manipulation and variation in prices of silver as compared with gold.

I do not propose at this time to talk about bimetalism, but I wish to say this, that while the monetary conference at Bretton Woods put in one paragraph concerning bimetalism, serious consideration must be given to providing the rest of the world with stable currencies convertible into the hard currency which will eventually be arrived at under this agreement. It is going to take many years, but it must be considered on this North American continent, particularly by Canada, which is a large gold and silver producing country and also a country which trades to a large extent with the silver standard countries of the world, Asia and China.

We in Canada are dependent upon a stable exchange. Probably we are more dependent upon stable rates of exchange than any other country in the world at the present time. We are in the focal point, situated between the sterling bloc, the gold exchange currency of the United States, and, by geography at any rate, the closed economy of Russia. If we as a small country cannot come to some arrangement by which our currency and our trade is not at the behest of the great trading nations

which can control managed currencies, and which, because of their great wealth, can jockey with international currencies to our disadvantage; if we as a long-term exporting country cannot be sure that we trade in a currency which is convertible, stable and exchangeable, our future is extremely dark. Therefore I say that the Bretton Woods conference and the working out of the Bretton Woods proposals probably mean more to us than to any other country in the world. If we cannot get stable exchange; if we cannot provide our industries and primary producers with a medium by which they can make long-term contracts, then we are going to live from hand to mouth, be at the beck and call of managed currencies, return to international banditry, and as a great producer of primary products and capital goods we shall suffer more than any other country I can think of.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, in the present debate on the Bretton Woods agreement I do not hope to be able to add a great deal more to the arguments which have been advanced by my colleagues, the hon. member for Lethbridge (Mr. Blackmore) and the hon. member for Acadia (Mr. Quelch). I regard their arguments as indisputable, and I believe that we have a right to expect, before this debate closes, that the Minister of Finance (Mr. Ilsley) will attempt to answer the arguments of both these hon. members. If he does not then he is not doing justice to the people of this country.

Leading off in the debate the Minister of Finance gave an excellent speech. He certainly did impress the house with the immense importance of this Bretton Woods agreement. I can only state that if the Bretton Woods agreement is as important as he led us to believe it to be—and I am inclined to agree with him—then he owes it to the people of this country to permit this house to go to any length, leaving no stone unturned, in the most thorough investigation of everything involved in this agreement. I said the other day in another debate I was convinced that the present financial system, which is international and knows no boundaries, was on its last legs. There is no question but that prior to the war circumstances proved that the present international financial system was a failure in this modern age of scientific production. I have no doubt that as a result of the breakdown of this system the war was brought on. I am not satisfied that the root cause of war is simply a lust for power on the part of some individual, just arising at the moment. The reasons for war are deep-rooted. War has a background; there is a cause for it, and, as the hon. member for Lethbridge adequately expressed it this afternoon, the cause lies in the economic field.

In saying that the present financial system is on its last legs, that it has perhaps destroyed itself, I am reminded of a snake attempting to eat its own tail until it eats itself all away, if that could be possible. That is the way the present financial system seems to have worked. But those in charge of high finance say, "No; we must save this system. We must bring about something or other that will force it to work." I believe an attempt is being made throughout the world to force what I regard as an obsolete financial system to work. My logic, which I do not think is faulty, would lead me to believe that if we are to force the present financial system to work, then we must force people to obey its dictates; and as we do so, we take from the peoples of the world their right to freedom. There is no question about that. I am perfectly convinced that the various world moves that are being made, dovetailing as they seem to do into each other are an attempt to set up a dictatorship which will be nothing more or less than a glorified world state. Speaking from the economic viewpoint, I regard the Bretton Woods agreement as part of the machinery to bring into being that glorified world slave state.

May I now make another and slightly different observation. I have always regarded the British empire as a bulwark of Christian democracy. Some people ridicule that statement. I am not concerned about their ridicule; a conviction is a conviction. As one lives, as one thinks, as one reads and studies, one forms certain convictions. One conviction I have formed is that the British empire is a bulwark of Christian democracy, which means freedom of the people. There is no doubt in my mind that there are forces abroad in the world to-day—I do not know how one could personify them—which may be involved in systems or movements, things like this measure, which are brought into existence for the purpose of destroying the British empire; for as long as the British peoples stand for justice and freedom and the kind of Christian democracy I visualize, then there cannot be a world slave state.

At the present time I do not despair of the situation, but there is no doubt that Great Britain is in most terribly straitened circumstances. She had the fortitude to suffer and come through the war on top. She has been pounded almost to death. If the same thing had happened to some other nations I am sure they would have gone under long ago. The industries of Great Britain have

been almost destroyed, and it will be a long time before they are rebuilt. Her production is low; the capital equipment of her factories has been largely destroyed. Although in the early days of the war she stood alone, she has emerged as one of the victorious nations. Yet to-day as far as Europe is concerned Great Britain is in danger of becoming a second, third or fourth-rate power. That is one danger. The other danger is that under such measures as we have before us to-night she may become a second, third or fourth-rate economic power in the world. If that be so, I ask: can the Canadian people, as part of that commonwealth of nations, think for one moment of aiding and abetting the destruction of that empire? I do not see how we can. I say to the minister that he should do everything in his power to give this agreement the closest scrutiny and to give this parliament an opportunity to investigate it thoroughly. After all, I think the experts are doing work upon it and have been for some time. Parliaments come and parliaments go, but the experts seem to remain forever. Finance ministers come and finance ministers go, but their deputies and their experts behind the scenes seem to remain forever.

It is all very well for the minister to place upon the doorstep of parliament at this late hour a measure such as this and say, "Well, the experts have gone through it, and my advisers have advised me that everything is all right." But, remember, it is parliament that has to act and to say whether or not Canada is to subscribe to the agreement. The experts are absolved from that responsibility. Since we are talking about experts and about responsible government, it surprises me that the present government is so anxious to do things on an international or a world scale, when I do not believe the minister can point to one thing the government has solved successfully on a national scale.

We did a magnificent job during the war; I know all about that. The minister is quite likely to say, "See what Canada did in the matter of finance during the war." Well, what happened was this: A war breaks out, and the green light is given to the financial institutions to expand their credit. And of course, when there is an expansion of credit through a process of debt, you can do almost anything.

It is true we have done a magnificent job and, we might say, in a way, a magnificent job financially. But our problem is not solved, because the minister has done that job by plunging the nation into irreparable debt. Personally I hold no hope whatsoever that the national debt of Canada will be ultimately paid. I do not wish to be misunderstood. I do not say that Canadians who hold war bonds will not be paid. Of course those bonds will be retired through some sort of process of refunding; eventually the banking institutions of this country will hold the debt, and the people of Canada will pay toll for the rest of Canada's existence. That is my personal opinion.

I say that I do not see one national problem in the financial field the government has ever solved. One hon. member whispers to me: Look at old age pensions. Well, that is a financial problem. Is it solved? One could go on and on naming them. Yet the government seems so anxious to launch out into some great international scheme, apparently supposing that by making the problem larger they can solve it more easily.

Well, one does not wipe out crime by joining together two penitentiaries. One must get at the root of the problem, and tackle it at home first. Make a success of it at home, and then the government will be able to say, "We are now qualified to tackle things on an international scale."

As I said a minute ago, I urged the minister to make way for the house to give every possible consideration to every possible detail of the measure. I am suggesting that he should send it to the banking and commerce committee. I do not know if that is his intention.

Mr. ILSLEY: Yes.

Mr. MACKENZIE: He said so earlier to-day.

Mr. HANSELL: I thought possibly the minister meant committee of the whole.

Mr. ILSLEY: No; the banking and commerce committee.

Mr. HANSELL: Very well. That satisfies me, and I can shorten my speech by another ten minutes. However, the hon. member for Acadia points out to me that the intricate problem with which we are faced is that we shall be asked to endorse the principle of the measure before it goes to the committee. We absolutely do not like the principle.

When at the last session of parliament we were discussing the San Francisco conference—not the charter—I asked the Prime Minister (Mr. Mackenzie King) a number of questions. While in the main those questions did refer to the proposals of the San Francisco conference, they were closely entwined with the Bretton Woods agreement. I should like at this time to quote from *Hansard* one or two of the questions I asked.

At page 309 of *Hansard* for March 28, 1945, the Prime Minister, answering certain questions I had asked him, said:

I think I have come to the end of what I have found it necessary to say this afternoon in answer to questions raised in this debate; but I recall that my hon. friends of the Social Credit group also directed a number of questions to me. Last evening the hon. member for Macleod (Mr. Hansell) asked a number of questions and requested that I reply to them to-day.

Then the Prime Minister made certain answers, for which we thank him. Here are some of the questions and answers:

If the proposals are adopted, would the control of this nation's currency and credit remain within our own power? In other words, would we retain absolute control over our own currency and credit?

The Prime Minister answered as follows:

I might say that before my hon. friend asked that question, I had prepared an answer to give to his leader in relation to what he had had to say on the Bretton Woods proposals, and I will give this answer to both hon. members and to their party at this time.

A word as to the speeches made by the hon. member for Acadia (Mr. Quelch) and the hon. member for Lethbridge (Mr. Blackmore). The contribution of these hon. members to the debate consisted very largely of an attack on the resolutions of the united nations monetary and financial conference, generally known as the Bretton Woods proposals. I confess that I am somewhat surprised to find the Social Credit party bringing aid and comfort to the more reactionary international bankers who have been the chief critics of the Bretton Woods proposals.

I might say that the hon. member for Lethbridge answered that later on. Then the Prime Minister continued:

The hon. member for Acadia asked: Does approval of section 3 of the resolution before the house imply an endorsement of the final act of the Bretton Woods agreement? The short answer to that question is, no—

Of course it refers to the San Francisco conference.

—the house is not in this resolution being asked to endorse the Bretton Woods proposals. At the same time, I am convinced that collaboration among nations in the economic and financial field is a vital part of any effective system of international security.

He does not say that we are being asked to endorse Bretton Woods; but he certainly says, by inference at least, that he is in favour of the proposals. I shall not take the time to read the whole column, but later on—I am not taking it out of its text—he goes on to say:

We should be making a very poor approach indeed to the great problems to be dealt with at San Francisco, if we failed to take a constructive attitude toward the proposals which the delegates of forty-four united nations assembled at Bretton Woods have, after long study and deliberation, put forward for the consideration of governments.

The next question is:

Do any of the proposals and principles involve the return to the gold standard?

I know that technically the Prime Minister is talking about San Francisco, but the two have become so linked together that I do not see how you can separate the one from the other. At least this is what the Prime Minister said:

The answer to that question is, no.

Then a little later on in the same page:

Mr. Mackenzie King: The next question is:

If so, will the government, as far as it is concerned, oppose such a step?

What did the Prime Minister say? Here are his words:

So far as I am concerned that is answered by the previous reply.

So that he was going to oppose any step if it meant a return to the gold standard. I think the hon. member for Lethbridge and the hon. member for Acadia have to my satisfaction, and I think to the satisfaction of anyone who will look into their arguments, made out a case for these agreements meaning an absolute return to the gold standard.

Mr. ILSLEY: What does my hon. friend mean by the gold standard?

Mr. HANSELL: I know the minister will try to get me on some technical point.

Mr. BLACKMORE: We will say, whatever it means.

Mr. HANSELL: Whatever it means, I do not care.

Mr. BLACKMORE: We do not want gold at all.

Mr. HANSELL: It is in the agreement, as was noted by the hon. member for Acadia. I think it will stand repeating. Article IV on page 20 which is headed "Par values of currencies", reads:

Section 1. Expression of par values.

(a) The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

If it is not a return to the gold standard, why is that clause in there? The minister may ask me a technical question, but let him answer that question when we are in committee.

Mr. ILSLEY: I certainly will.

Mr. HANSELL: I should like to quote now from a man who should know. The minister questioned one authority who was quoted to-night, but I should like to quote Paul Einzig. I think he is well known as one of the experts, and in an article which appeared in the *Daily Express* of August 10, 1944, entitled, "A plain man's guide to the menace of Bretton Woods"—evidently he regarded Bretton Woods as a menace—he made this statement:

> It must be clear to those who understand the meaning of the report of the Bretton Woods international monetary conference, published in a white paper before the bank holiday, that the experts of forty-four nations have agreed on a return to the gold standard after the war.

The minister had better ask Professor Einzig what he means by the gold standard. He goes on to say:

> Unfortunately, very few laymen can possibly understand the report. If the public were to realize what it is being led into it would raise its voice in a powerful protest, instead of allowing the experts a free hand to do their worst, as they did in 1925.

Perhaps I had better say who Paul Einzig is. He is a doctor of science in political economy. He was educated at Brasov, the oriental academy of Budapest and the university of Paris. He was Paris correspondent of the *Financial News* in 1921; foreign editor in 1923; political correspondent in 1939. He became a British subject by naturalization in 1929. His publications are: "Le Mouvement des Prix," 1923; "International Gold Movement," 1929; "The Bank for International Settlements," 1930; "The Fight for Financial Supremacy," 1931. I will not read all the dates. He wrote the "World Economic Crisis", "Behind the Scenes of International Finance," "The Tragedy of the Pound", "Finance and Politics", "Finance and Politics a year later", "Montagu Norman", "The Comedy of the Pound," "The Economic Foundations of Fascism," "The Sterling-Dollar-Franc Tangle", "Germany's Default", "France's Crisis," "The Future of Gold," "World Finance since 1941", "Bankers, Statesmen and Economists", "Exchange Clearing", "Monetary Reform in Theory and Practice," "The Theory of Forward Exchange". I am just half through. Is the minister satisfied?

Mr. ILSLEY: I did not think my hon. friend liked experts.

Mr. BLACKMORE: It takes an expert to catch an expert.

Mr. HANSELL: We have to pit one expert against another. His recreations are given, but I do not think we need go into that. It is stated that this gentleman likes music, reading and walking. He certainly has gone places anyway. In the same article he makes this strong statement:

> In 1925 the gold standard was, at any rate, restored in the full light of publicity. The public knew what was happening. It had only itself to blame for having failed to heed the advice of the lone voice crying in the wilderness—that of the *Daily Express* prominently among them—warning the country against the consequences of the proposed step.
>
> In 1944, on the other hand, the public is only too well aware that a return to the gold standard would be unmitigated evil, spelling ruin and misery. It would now be politically impossible to reintroduce the gold standard openly.
>
> But it is being introduced just the same, this time in disguise, under another name.
>
> The public is lulled into a false feeling of security by being told again and again that the new system is not the gold standard.

And again:

> Yet once the plan is translated into intelligible English and is denuded of all camouflage, every layman of normal intelligence is bound to realize that it is the gold standard, the full gold standard, and nothing but the gold standard.

Mr. BLACKMORE: Explain that away, now.

Mr. HANSELL: Now, Mr. Speaker, it is nearly eleven o'clock, and the next part of what I had to say would lose its continuity, if I stopped at that hour, but I once again urge the minister to help us. We are not here merely to put over some particular theory; all of us, I am sure, are interested in the preservation of our people and in the maintenance of real democracy in the world; and if it is probable, as Paul Einzig and others say it is, that this document is dangerous, let the minister not be a victim any more than the rest of us; let us in the banking and commerce committee give the act the full light of day. I would ask him to consent to call the greatest experts. Let us call, if need be, Mr. Morgenthau, who was one of the United States representatives. I refer to him because he is near at hand; I do not expect they are going to send to Norway, or the Netherlands, or some other remote place. But let them call Lord Keynes.

One other thing I wish to say in the minute or two I have left. Is it not surprising, since the minister has told us of the tremendous importance of this document, that he has left it until now, December 6, to bring it before parliament, when it should be signed before the end of the year, and the deadline for the closing of parliament is supposed to be December 15. I do not want to impute motives, but does it not seem strange that this act was printed by the Printer to the King's Most Excellent Majesty in 1944; yet

the matter has not been open for discussion; it was not sent to the banking and commerce committee, which in the spring of this year did not have anything to do, and now, at this late hour, such an important document as the minister himself claims it to be is left on our doorstep. That proceeding should be resented by every member of this house, and the committee should call the greatest experts, no matter where they have to be brought from.

Mr. BLACKMORE: Experts on both sides, too.

Mr. HANSELL: Yes, let us have the facts and nothing but the facts. I urge the minister so to do.

On motion of Mr. Case the debate was adjourned.

On motion of Mr. Mackenzie the house adjourned at 10.56 p.m.

Friday, December 7, 1945.

The house met at eleven o'clock.

NATIONAL WAR FINANCE COMMITTEE

TERMINATION OF ACTIVITIES IN OBTAINING FUNDS FOR PROSECUTION OF THE WAR

Hon. J. L. ILSLEY (Minister of Finance): I wish to announce to the house that the national war finance committee has recommended the termination of its active life. I have accepted this recommendation. It is not possible at this time to decide the nature of further campaigns for the sale of government securities which may be required in the future. It is therefore appropriate that the great organization set up to obtain funds for the successful prosecution of the war should end its career on the conclusion of its greatest achievement, the ninth victory loan. The final figures for this loan will be in excess of two billion dollars, of which amount approximately $1,200 million represents investments by individuals.

It is not my intention to outline the accomplishments of the national war finance committee in detail, but I think it is fitting that the house should take note of the end of this organization and that the record should show the names of the major organizations which contributed to its work.

As members are doubtless aware, much of the executive personnel of the national war finance committee was drawn from the ranks of the investment dealers of Canada. They have supplied in large measure the working machinery for the operation. Other groups in the Canadian financial world have made substantial contributions. Among them, the chartered banks of Canada assumed a large burden in connection with the sale and delivery of bonds. The Life Officers Association and the Life Underwriters of Canada have also facilitated the building of a sales organization. Leaders in agricultural and labour organizations have provided advice and assistance. Among these groups appear the names of the Canadian Federation of Agriculture, Canadian Congress of Labour, Trades and Labour Congress of Canada, the Canadian and Catholic Federation of Labour and the General Conference Committee of the Standard Railway Labour Organizations.

In the sales structure evolved by the national war finance committee certain special war organizations were required to meet special circumstances. The victory loan committees of the armed forces are a case in point. The results achieved by this group were a substantial element of the total sales reported from individuals. Further, the armed forces provided important aid to public events to stimulate general public interest. Mention should also be made of the accomplishments of the civil service in organizing and promoting their internal canvasses.

Finally, the sales organization of the national war finance committee was greatly benefited by the leadership of business executives in facilitating the canvass of their employees, and in stimulating public response. The executive personnel of the Canadian Pacific Railways and the Canadian National Railways provide examples of this type of leadership, which was repeated thousands of times across the country.

Although I have mentioned some of the organizations assisting in the sales operations, the accomplishments of the national war finance committee would not have been possible without the help of the Canadian publishers war finance publicity committee, a joint organization representing all publishers of Canada which has given invaluable advice and recommendations with reference to publicity. Associated with this committee, the advertising agencies of Canada have rendered expert service. The national radio committee, representing the Canadian Association of Broadcasters, Canadian Broadcasting Corporation and the advertising agencies of Canada, has performed a similar function in the field of broadcasting. The war services committee of the Canadian motion picture industry and its affiliated organizations in the United States

provided essential assistance in their field, both in the production and distribution of special films, and in the placing of their establishments at the disposal of the national war finance committee for public gatherings. The national film board was of major assistance in the production of special films and in respect to distribution of films, particularly in the 16-millimetre circuits. We are also indebted to the Outdoor Advertising Association and to the Canadian Street-car Advertising Company which gave their support in generous measure.

These and many other institutions and individuals gave powerful impetus to the work of the national war finance committee. I shall not attempt to name them all at this time because of the urgent affairs which claim the attention of the house. I believe, however, that the members will agree that the main credit for its success should go to the thousands of loyal workers throughout the country who have constituted plant victory loan committees or who served as chairmen of units and subunits, and in countless other assignments necessary to the success of our war financing programme. They have rendered a great service to their country. And finally I should say that the work of all these people would have been of little avail if the Canadian public had not been willing and anxious to assume their full financial responsibility for the winning of the war.

Suggestions have come to me from many quarters that suitable facilities be provided by the government for a continuing savings programme to commence next autumn when final instalments in the ninth victory loan have been paid. I should like to advise the house that this matter is being given careful study. In the meantime, war savings stamps and war savings certificates will continue to be available through normal channels, probably until the fall of 1946.

I do not wish to conclude without reference to the effective efforts of hundreds of voluntary workers, many of them women, on behalf of the sale of war savings stamps and certificates. The gross sales of war savings certificates before redemption since May 1940, and the unredeemed stamps still in the hands of the public, amount to the combined total of approximately $365,000,000, a substantial sum indeed to obtain from small savings over this period. School teachers have inspired thousands of school children to invest savings which are included in this total. War savings stamps are still being purchased steadily through the operation of the current school savings plan. It is my intention to ask each province for their views on a continuance of this plan as a means of teaching regular savings habits to students. If they so desire, it will be continued in a form suited to the new circumstances.

But my main purpose to-day is served by announcing the cessation of the national war finance committee. I know all members of this house will join me in expressing deep appreciation of its work. It has been an important factor in the winning of the war and in anchoring the economy against the shock of war. The results may well be an even more important influence for the future well-being of the Canadian people.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I am very glad to add my word of commendation to that already extended by the Minister of Finance (Mr. Ilsley) to the national war finance committee which the minister has announced is being discontinued. I am sure we all feel that that organization has performed an outstanding service to Canada during the last half dozen years. We are all agreed that all those associated with it, from the Minister of Finance and the chairman of the committee down, including the officials and the workers in whatever capacity, deserve the unstinted praise and thanks of this house and of the Canadian people.

Mr. M. J. COLDWELL (Rosetown-Biggar): I think we can all agree with what the leader of the opposition has said. Our thanks go out not only to those who organized the campaign, but also to the hundreds and thousands, yes, millions of Canadians who supported the campaign so overwhelmingly. I am particularly glad to note that the minister referred to the teachers in the schools. He suggests that inquiry is to be made of the departments of education with regard to the continuation of something of this kind. While the teachers willingly gave support to the war-time loans, I doubt whether it is proper and fair to ask them to continue this activity into the peace years, having regard to the burdens that they are carrying in the schools at the present time.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, in the statement which the Minister of Finance has just made to the house he was too modest to say anything about himself. I am sure that mem-

bers of the house, irrespective of party, would wish to have him know how deeply we all appreciate the services which he has rendered to the country in the whole-hearted manner in which he has assumed responsibility for the conduct of the work of the war finance committee, and the supervision he has given its efforts. I of course agree with all that the Minister of Finance has said with regard to the work of the war finance committee. I have already expressed in writing to the committee the government's appreciation. It is a pleasure indeed to realize that all members of the House of Commons are only too ready and happy to acknowledge the great services that all connected with that body have rendered.

TRADE AND FINANCE

UNITED STATES-UNITED KINGDOM LOANS AGREEMENT

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I should like to direct a question to the Minister of Finance arising out of a statement he made when the house rose at six o'clock last night in connection with the loan agreement between the United States and the United Kingdom announced yesterday. Will the minister lay on the table as soon as possible—he may or may not have it now—a copy of the official statement issued by the officials of the two governments?

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I will lay it on the table at the first opportunity.

Mr. BRACKEN: I have one other related question. It was reported this morning that a white paper has been issued by the United States and sent to all governments with the exception of Argentina and Spain. It has to do with proposals relating to reductions of trade barriers, building up of trade and employment, an international trade conference next year, and the establishment of an international trade organization. Will the minister lay a copy of that document on the table at the earliest opportunity?

Mr. ILSLEY: I do not think we have the white paper; we have long teletype messages which I undertook last night to lay on the table just as soon as I could get them copied. I said early next week, and perhaps sooner; but I shall certainly give that to the house as well as the white paper just as soon as it comes into our possession.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF AGRICULTURE

Production Service:

15. Production service administration, $35,445.

Mr. WRIGHT: These estimates were last before the committee prior to the conference held in Ottawa with regard to agricultural production for the coming year. That conference is over now and I believe certain decisions were reached with respect to production. Can the minister tell us what those decisions were? I should like particularly to have something said in regard to the production of wheat, as to whether under present world conditions we are to continue our production at the same rate or whether that production is to be increased. It was reported also to have been suggested to the various organizations represented at that conference that we should have an increase in the production of pork during the coming year, and I should like to ask the minister what steps the department is taking to bring about that increased production. It does not seem to me they are likely to get it unless some definite steps are taken toward that end. During the war years we demonstrated just what could be done with respect to increasing agricultural production in any particular branch if the government were prepared to make price concessions, and I have doubt whether we shall get any increase in the production of pork unless some change is made in government policy. I think the minister should give us a statement as to the conclusions reached at this conference.

Hon. J. G. GARDINER (Minister of Agriculture): Last evening the hon. member for Haldimand asked if I could have a statement prepared with regard to the findings of that conference. I have three copies of that statement, and will send one to the hon. member for Haldimand and the other to the hon. memebr for Melfort; and if I have the consent of the committee this statement might be placed upon *Hansard* so that every hon. member may be able to see it; it covers about two pages of foolscap.

Some hon. MEMBERS: Agreed.

Mr. GARDINER: The table is as follows:

Canadian Agricultural Programme for 1946

	Unit	1945 Production	1946 Recommendation	1946 of 1945 %
Grain and Forage Crops				
Wheat	ac.	23,414,100	23,414,100	100
Oats	ac.	14,393,200	14,310,200	99
Barley	ac.	7,350,000	8,000,000	109
Mixed Grain	ac.	1,453,400	1,453,400	100
Husking Corn	ac.	237,000	350,000	148
Rye	ac.	487,100	487,100	100
Summerfallow (Prairie Prov.)	ac.	19,397,000	19,397,000	100
Hay and Clover	ac.	9,975,000	9,975,000	100
Alfalfa Hay	ac.	1,600,600	1,600,600	100
Meat Animals (Marketings)				
Hogs	no.	5,900,000	6,148,000	104
Cattle	no.	1,720,000	1,720,000	100
Calves	no.	800,000	900,000	112
Sheep and lambs	no.	1,200,000	1,100,000	92
Dairy Products				
Milk (total)	lb.	17,600,000,000	17,900,000,000	102
Creamery Butter	lb.	294,493,000	310,000,000	105
Cheddar Cheese	lb.	183,290,000	180,000,000	98
Evaporated Whole Milk	lb.	200,000,000	200,000,000	100
Condensed Whole Milk	lb.	30,000,000	30,000,000	100
Whole Milk Powder	lb.	15,500,000	15,500,000	100
Skim Milk Powder	lb.	35,000,000	35,000,000	100
Eggs and Poultry				
Eggs (total)	doz.	395,019,000	378,605,000	96
Poultry Meat	lb.	288,179,000	288,179,000	100
Fruits and Vegetables				
Apples	bus.	7,416,000	12,500,000	169
Pears, Cherries, Plums, Prunes		(Varying increases for 1946)		
Peaches, Apricots, Grapes		(Varying increases for 1946)		
Strawberries, Raspberries, Loganberries		(Slight increases for 1946)		
Potatoes	ac.	507,600	523,600	103
Canning peas and corn		(Slight increases for 1946)		
Canning tomatoes and beans		(Slight decreases for 1946)		
Fresh vegetables		(Slight reduction for 1946)		
Oilseed Crops				
Soybeans	ac.	43,650	49,080	112
Rapeseed	ac.	20,400	20,400	100
Sunflower Seed	ac.	14,216	28,000	197
Flaxseed	ac.	1,059,200	1,250,000	118
Other Crops				
Dried Beans	ac.	96,400	96,400	100
Dried Peas	ac.	82,000	83,233	102
Sugar Beets	ac.	60,000	90,000	150
Tobacco—				
Flue Cured	ac.	76,880	85,000	111
Burley	ac.	10,185	12,500	123
Cigar Leaf	ac.	2,800	5,000	178
Dark	ac.	1,308	1,550	118
Pipe	ac.	2,775	2,750	99
Seed Crops				
Alfalfa Seed	lb.	6,450,000	15,000,000	233
Alsike Clover Seed	lb.	2,795,000	7,000,000	250
Red Clover Seed	lb.	4,442,000	10,000,000	225
Sweet Clover Seed	lb.	10,300,000	8,000,000	78
Timothy Seed	lb.	16,040,000	15,000,000	93
Brome Grass Seed	lb.	10,000,000	8,000,000	80
Crested Wheat Grass Seed	lb.	1,325,000	2,000,000	151
Other Grass Seeds	lb.	1,791,000	1,850,000	103
Vegetable and Field Root Seeds	lb.	(Decreases for 1946)		
Garden Pea Seed	lb.	11,170,000	18,000,000	161
Miscellaneous				
Maple Products	gal.	1,530,000	2,730,000	178
Honey	lb.	26,035,000	43,036,000	165
Wool	lb.	14,600,000	13,200,000	90
Fibre Flax	ac.	21,271	25,000	118

As hon. members will see, there is very little change in what is being asked for this year as compared with last year. With respect to wheat, we are asking for exactly the same acreage in 1946 as in 1945. We are asking for a slightly decreased acreage in oats, 99 per cent of last year's acreage. On barley we are asking for 109 per cent as compared with last year. In mixed grains we are asking for the same thing. In husking corn we are asking 148 per cent, but in the total amount of feed that does not mean very much; it is the difference between 237,000 acres and 350,000 acres. Rye is the same; summer-fallow is the same; hay and clover are the same; alfalfa hay is the same.

This means that we are asking for the same acreage of practically all crops, particularly the important crops as related to live-stock production, and of course it also means that we would not be justified in asking for any great increase in the production of live stock. I do not know that it is correct to say that in connection with any of these estimates we are requesting the farmers to do a certain thing. They are an indication of what we hope and expect the farmers will do. You will note that in connection with hogs, cattle, calves and sheep the figures are for marketings, not production; and we estimate that the marketings of calves will be 112 per cent of the marketings this year. All that means is that farmers are getting down in their cattle holdings, that they will be marketing more calves in 1946 than in 1945, which means they are not going to finish as many cattle in future as they finished this year and probably last year. We are estimating the cattle at about the same, 100 per cent of this year, and the hogs at 104 per cent. That is an indication that farmers have perhaps reached the bottom in their intention to reduce hog marketings or hog production; or on the other hand it may mean that they are still marketing some of their sows and getting down even lower in their holdings of hogs.

As I said earlier in the session, all that is related to the amount of grain we have in Canada. It would be useless for this government to establish a policy for the purpose of increasing hog production before the grain is harvested in 1946, which does not occur until two-thirds of the year have gone. There is no possibility of increasing live-stock production in Canada at the present time because we have an embargo on the American boundary line, from one end to the other, to keep grain in Canada to feed the live stock we already have. The only alternative would be to do what it has been suggested should not be done, that is, still further reduce the amount of wheat available for human consumption. Just before the war we were using about 40,000,000 bushels of wheat for feeding purposes. Last year we used about 130,000,000 bushels for feeding purposes.

[Mr. Gardiner.]

In other words we are feeding 90 million bushels more wheat than formerly. That being so, appeals have been made to us on this continent to feed less wheat and send some of that wheat overseas for immediate consumption. Of course that is possible because it is the quickest way to get it. But at the same time an appeal is made to us to relieve Britain of the monotonous ration which she has had during wartime. Now that monotonous ration has had nothing to do with a shortage of wheat or a shortage of flour. About the only food which Britain has never had to ration is bread; they have had all the bread they wanted to eat during the war. On the day we met in conference we had a cabled message from Sir Ben Smith, the Minister of Food, thanking Canada for what we had done and asking us to continue in this year to assist in making it possible for them to be relieved of the monotonous ration which they had had during the war. That can mean only one thing. It means that they are hopeful that we will send them increased supplies, or at least maintain our present supplies, of dairy products and of meat products. So we are suggesting that farmers should go on producing this year as they did last year; and we are saying that these amounts which are stated here, these marketings, will make it possible for us to maintain the present exports to Britain only if we keep on our present restrictions on consumption in Canada. If we do not produce—and I suggest that it is impossible for us to do so—any more beef and pork in 1946 than we produced in 1945, with the grain supplies we have, the only way we can meet the suggestion which is made from Britain is to continue to restrict the consumption of meat in Canada. So the meeting of their suggestion would be subject to that kind of restriction.

Coming to dairy products, we are suggesting that the marketings of milk will be about 102 per cent of what they were in 1945. That is an increase from 17,600 million pounds to 17,900 million pounds. In creamery butter, we are suggesting that we might be up five per cent. The production of cheddar cheese, we expect, may go down two per cent. Evaporated whole milk will be the same as this year; condensed milk, the same; whole milk powder, the same; skim milk powder, the same. Eggs we are estimating will go down a little to 96 per cent of what they were last year. Speaking from memory, our exports of eggs, powdered

and shelled, last year were 85 times as great as they were in the last year before the war; in other words we increased from one million to 85 million dozen.

Mr. NICHOLSON: What percentage of that would go in powdered form?

Mr. GARDINER: Probably I should put this whole statement on the record. It is a statement which was put before the conference the other day.

Egg production in Canada for 1945 is now estimated at 395 million dozen, the highest figure in the country's history, and exceeding the previous year by 34 million dozen. Quantities purchased by the special products board in fulfilment of the British contract totalled 90 million dozen, exceeding 1944 by 10 million dozen. Domestic use, estimated at 291 million dozen, was heavier than the 1940-44 average by 37 million dozen.

Production estimates for 1946 are based on chick hatches and sales in the 1945 season. There is now a carry-over of matured stock and anticipated early hatchings in 1946 from which fall eggs in 1946 will be produced. It is estimated that 1946 production will be 17 million dozen less than in 1945 and 18 million dozen more than in 1944. Hatches in 1945 based on approved hatchery figures were fourteen per cent under 1944. All provinces showed a decrease with the exception of Prince Edward Island, which recorded an eight per cent increase. An increase is anticipated for 1946, particularly in early hatches.

Eggs available for export in 1946, after allowing for a continued heavy domestic use, due to meat rationing, are estimated at 88 million dozen. The quantity will be approximately sufficient to fill the 1946 contract with the British ministry of food. Under this contract it is provided that the special products board will use its endeavours to provide up to 1,750,000 cases, that is 52,500,000 dozen shelled eggs, and 5,000 long tons, that is 11,200,000 pounds of dried eggs. Reduced to terms of shelled eggs the latter figure is equivalent to 1,087,000 cases; that is 1,087,000 cases of dried eggs as against 1,750,000 cases of shelled eggs, a difference of about 40 per cent. The total contract, therefore, requires 2,837,000 cases—85,110,000 dozen—shell eggs.

Shipments of shell eggs are to be made as closely as possible in accordance with the following schedule: Fresh eggs, winter and spring 900,000 cases; fresh eggs, autumn shipment 250,000 cases; storage eggs, autumn shipment 600,000 cases.

In operations under the British contract grades A large and medium offered to the special products board from September 15 to May 30 are shipped fresh in the shell or stored for autumn shipment. Other grades throughout the entire year, and all eggs during the summer months are used for drying.

Since the inception of the British ministry contracts in 1940, up to and including 1945, a total of 267 million dozen Canadian eggs have been shipped to Britain in shell or in dried form. That is the information with regard to eggs.

To give the figure for the past year, the year we are just in, the offerings of eggs in car lots, special products board, from November 24 to October 31, almost a complete year, for the 1945 season, for exports to Britain in shell, 1,431 car lots; for conversion to powder, 2,507 car lots; for fall storage, 948 car lots; for the same date in 1944 for conversion to powder, 4,259 car lots.

Mr. CAMPBELL: Is there any floor under egg prices?

Mr. GARDINER: This agreement which we have with Britain does set a floor.

Mr. FAIR: I am glad that the minister is getting closer and closer to those of us who sit in this corner, and I hope he continues this policy. The dominion and provincial governments are to be commended for the discussions which have been carried on recently. I hope they will realize their ambition, but mother nature may have something to say about all their plans. It does not make any difference how ambitious your plans are on paper, one night of frost or fifteen minutes of hail will destroy all your good intentions.

In order to aid nature in carrying out this programme something should be done in the way of increasing prices of the different farm commodities. The minister has told us on many occasions that at the present time we are receiving above parity prices for many of our farm products, but I should like to remind him that the period taken as a base for parity is 1926-29 when the farmers were receiving only 16·6 per cent of the national income. That is not a good enough percentage of the national income upon which to figure parity prices. If we took the prices that existed in 1915-19 as a parity base the farmers of Canada would get to work and do something worthwhile in the production of live stock, grain and other farm products. Until that is done I do not think the government can expect the farmers to get right down to business and produce as they should produce during the coming year.

Take wheat for example. When the export price reached $1.55 a bushel, a ceiling was placed on the price, temporarily at least. By that method the farmers were expected to make enormous gifts to other countries which

are using our wheat. Those gifts should be made by the people of Canada as a whole. The farmers of Canada should be paid the full present price. I realize that we have a floor under the price which will prevent it from dropping below $1 per bushel basis Fort William until after the end of August, 1950. But that is not good enough, because deliveries will be restricted and many of us will not be able to take advantage of the $1 per bushel basis Fort William. The government will have to revise radically its programme and do something to put the price up to where it properly belongs. We have been fooled in the past, at least some of us have, by being told that we were getting parity prices or above parity prices; I do not think that policy is going to carry out any longer. The production records show that the farmers are not doing their utmost and will not do their utmost until prices are radically raised.

Mr. HERRIDGE: To the best of my knowledge, the Minister of Agriculture has never made an official visit to my constituency of Kootenay West, and on behalf of the agricultural organizations of that riding I want to extend a hearty invitation to the minister to visit us. In the interior of British Columbia there has been in recent years a great expansion of poultry production and in the organization of poultry producers. Throughout the war there developed an unsatisfactory situation with regard to the egg inspection service. Far too many ungraded eggs are being sold in the interior of British Columbia, and the organized poultry producers consider this to be a most unfair situation. They have not pressed the matter previously because they realized there was a shortage of staff due to the war, but I should like to ask the minister what he intends to do to correct this situation.

Mr. GARDINER: May I suggest to the hon. member that he leave this until we reach the item having to do with marketing. All the inspection services having to do with quality come under marketing.

Mr. CASTLEDEN: In recent years the Department of Agriculture have subsidized the shipment of coarse grains and other grains to eastern Canada. This has been continued to the extent that it is no longer profitable for farmers in the west to raise hogs, and production has gone down at a terrific rate. What does it cost the Canadian government to ship this feed eastward? Does the Canadian government intend to continue the policy of having the Canadian taxpayer pay the cost of shipping this feed to eastern farmers when there are many farmers in the west who would like to use their feed in the raising of hogs?

Mr. GARDINER: There are one or two things I should like to correct in the statements that have just been made by the hon. members for Yorkton and Battle River. However, before I do so I should like to carry out a promise which I made the last time my estimates were before the committee. I promised the leader of the opposition that I would place on *Hansard* details of the subsidies that have been paid, and they would include the feed freight assistance subsidies just spoken of. The statement is as follows:

Subsidies administered by the Department of Agriculture up to and including November 30, 1945

Premiums of one cent per lb. on cheese scoring 93 points and 2 cents per lb. on cheese scoring 94 points	$ 9,388,735 61
Subsidies to cheese factories under the Cheese and Cheese Factory Improvement Act.	614,613 95
Cold Storage Warehouse Subsidies under the Cold Storage Act and Grants	549,886 89
Apples	11,319,408 18
Subsidy on export bacon	2,281,264 99
Freight subsidy on hogs shipped from Western to Eastern Canada	124,389 12
Premiums on hogs	23,920,284 46
Bonus on Grade A Large Eggs for export to the United Kingdom	916,938 00
Milk for fluid consumption	22,296,916 00
Milk used for concentration purposes	3,874,681 00
Milk used for cheddar cheese	8,970,683 00
Butterfat used for creamery butter	67,965,275 00
Vegetables used in canning	4,090,162 00
Berries used for jam	1,125,230 00
Freight assistance on Western Feed Grain	57,962,855 05
Feed Wheat Subsidy	17,469,678 95
Subsidy to processors of Alfalfa Meal	97,496 46
Subsidy to Manitoba Sugar Co. on dried beet pulp	25,828 50
Reserve stocks of Western Feed Grain, Plan-A	1,335,445 60
Reserve stocks of Western Feed Grain, Plan-B	1,331,730 65
Fertilizer Subventions and Freight Allowance	2,661,735 82
Lime for Soil Amendment Purposes	524,740 63
Transportation on Western Alfalfa Seed	18,873 90
Bonus on Wool Clips	306,249 34
Assistance in purchase of rams and Freight assistance on ewes	53,433 97
Prairie Farm Income	18,982,498 39
Total	$258,209,033 46

Mr. BRACKEN: Has the minister extra copies of that?

Mr. GARDINER: I have just the one now, but there may be more available later. The total amount paid for feed grain assistance from January 1 to December 31, 1944, the last complete year, was $14,565,607. The total amount paid in the first six months of this year, from January 1 to June 30, was $7,376,324. It is approximately $14,500,000 per year.

Mr. WRIGHT: Does that include the ten and fifteen cents rebate?

Mr. GARDINER: No, that is just the freight. It is not a ten and fifteen cents rebate, although that is stated over and over again; it is a ten and fifteen cents subsidy on grain to the producer on oats and barley.

It is not a rebate to anybody. It is ten and fifteen cents paid to the grain producer on oats and barley.

Mr. CASTLEDEN: Does that include the amount paid to eastern Canada millers?

Mr. GARDINER: That amount is purely freight, but it includes freight on bran, of course, and on mill feeds.

Mr. CASTLEDEN: If the miller has brought wheat eastward and ground it into feed, he is allowed the freight on the amount of bran he sells?

Mr. GARDINER: It includes all the freight that is allowed on feed coming east.

The correction I want to make is this. There is no authority anywhere, east or west, who would say that it does not pay the farmer who produces the grain in western Canada to feed grain to hogs. Anybody feeding grain to hogs can make more money that way, and some claim to be able to make fifty per cent more, depending on the kind of hogs they have and on their facilities for feeding them. Most hog producers say that they can feed at a considerable profit. There is no authority anywhere, so far as departmental officials are concerned, and they are the real authorities, who would say that it does not pay to feed grain to hogs. We are feeding hogs at our experimental farms under test. The one place where we are feeding them consistently is on the farm in Alberta, and all the reports from there indicate that hogs can be produced to advantage even at the present prices of grain. I feed hogs myself; I would not do so if I did not think I could make more money feeding hogs than by selling the grain.

Mr. CASTLEDEN: There is a fifty per cent reduction.

Mr. GARDINER: Because there is a fifty per cent reduction in feed grain. I cannot understand why those who discuss this question will not get down to the practical side.

Mr. CASTLEDEN: Are you not shipping grain eastward?

Mr. GARDINER: Yes, and hogs are being fed in the east to as great an extent as in the years before the war.

Mr. WRIGHT: In the section of the country in which I live there has been no shortage of feed grain in the last four years; our production of grain has been just about the same. Nevertheless the farmers have reduced their hog production by thirty-five per cent. That is the real test, whether the farmer considers the price advantageous. If he does, he will continue to produce, but hog production has dropped in the area I represent. It is not a shortage of grain which has stopped hog production, because the grain is there to feed. The reason is that the farmers do not consider that there is a reasonable margin.

Mr. GARDINER: If my hon. friend and I at our age were asked to feed hogs we probably would not think solely of the profit we were going to make out of it, particularly if we had been making a little profit in the last five or six years and had got ourselves into fairly good circumstances as compared with other times. We would probably say: We are not going to feed hogs this winter but will take a little rest. A lot of farmers are saying that. It is not because they cannot get more for their hogs; they know they can. My hon. friend knows he can get more for the grain fed to hogs, if he feeds them properly, than he can get by selling the grain. Every practical farmer knows that. But many farmers are getting older and they feel they do not want to feed hogs. There are also those who are coming back to farming who were accustomed to producing grain before the war, and they want to continue to produce grain rather than feed live stock. Some of those are not going into the feeding of live stock.

We rather feel this way about it, that we can produce in this country only the number of hogs and cattle that we can feed with our own grain. Some countries import grain and feed live stock on imported grain, but our markets are too far away for that. We do not import grain for the purpose of feeding live stock. We know that we cannot feed the live stock that we have on our farms at the present time on the average production of grain; everyone knows that, and you have to consider that, when you are considering the amount of live stock you are going to feed in

Canada. We feel that in the years ahead of us we are not going to market outside of Canada more hogs than we are marketing outside Canada now. We probably could for another year, maybe two years, market more outside Canada, but we certainly are not figuring that we shall be able to market more hogs outside Canada in the future than we are marketing now. In addition, we do feel that we shall market many more hogs in Canada than we are marketing at present, because we have been restricting the marketing of hogs in Canada all though the war in order to send the hogs to Britain to help them, and we have cut down the consumption of hogs in our own country. So it probably would not be right to say that we cannot market more hogs than we are producing at the present time. When you take the two markets together, the home and the foreign market, we may be able to market more hogs than we are now producing.

We feel that there are many farmers in Canada who want to produce hogs. There are many others who do not want to produce hogs. There is a greater percentage in eastern Canada than in western Canada of farmers who either want to produce hogs or feel that they must produce hogs if they are to exist on their farms. There are in western Canada areas like the Melfort district, of which the hon. member spoke, of which that is not true, but the Melfort district is the best hog-producing area in Saskatchewan, and one of the best in western Canada. So we are hopeful, and I think we have reason for expecting our hopes to be fulfilled, that the farmers in that area will still continue to produce hogs. When we come to the drought area, where the drough is extreme, we can expect many of those who have been producing hogs under pressure in war time not to continue to produce hogs to as great an extent in the future.

So, as we go across Canada, we feel that we shall have to encourage some people to produce grain which they themselves are not going to feed, and to ship it to some other part of Canada where farmers either want to feed hogs or feel they must feed hogs because it pays them better. It is only by a proper distribution of the grain that we can produce the type of hog we want. We do not say to every farmer: We want you to feed all your grain. We say that on the whole we want a production of grain that will make possible the peak of hog production, and we want the grain distributed in such a way as to keep the man producing hogs who feels that he can produce at a profit and is producing the type of hog we want for the markets we have to supply, more particularly the British market, where we are in competition with Danish producers.

The other statement I wanted to correct was the one made a few moments ago with regard to wheat.

Mr. ROSS (Souris): Just before the minister leaves the question of hog production may I ask a question? Have not the income tax exemptions been one reason for the decreased hog production on the prairies? The Minister of Agriculture may not want to answer that question directly, but he knows that under the income tax law, married couples where the wife is working in a factory are allowed an exemption of $1,800. It is admitted that this is wrong in principle, but it was simply to increase war production. The people on the farms have been allowed only $1,200. I repeat what I said the other day, that the income tax collectors have done a real job of collecting in my province of Manitoba in the last three years. They have gone to the municipal offices and I have been there when farmers were there and I have heard farmers say, "When I go home I am not going to raise any hogs." Farmer after farmer has taken that attitude. Owing to the fact that he can make a fair living in the production of grain, he and his family are not likely to work long hours before daylight and hours after dark in an effort to produce hogs when they are exempt on $1,200, while their city friends have been exempted to the extent of $1,800. That has had more to do with the decline in hog production on the prairies than anything else, and I am sure the minister will agree with me in that regard.

Mr. GARDINER: That, I believe, is really part of the answer to the question raised by the member for Melfort. He asked me why it was that men in that district were going down in hog production, notwithstanding that they had grain with which to feed hogs in that area. I am not going to presume to suggest what the farmer's reason is. I can only give the reason which he gives me and which no doubt he has given the member for Souris. I believe I have more letters in which it is contended that the income tax is responsible than I have letters assigning the cause to any other factor. I think that is part and parcel of the situation. Anyone who has made out an income tax return knows that all the profit is not taken away from him. When a man says it is because he has to pay income tax on the hogs produced or on the butter he produces, that is not quite correct. You cannot say that you will put it all on wheat, because it is easier to produce wheat than the

other commodities. After all, when you make up your income tax, you take your wheat, butter and everything else, put them in together and get the total income, so that only part of the profit and not all is taken.

Mr. ROSS (Souris): I did not say it was all taken.

Mr. GARDINER: I am not saying that the hon. gentleman did. I am answering the suggestion made that the reason is the income tax. It is income tax to this extent. A man says to himself: I have been working hard at this and I have done fairly well. At the beginning of the war I was not in the income tax brackets at all and now I am and I have to pay income tax. There is no doubt that he gets probably only sixty per cent of the profit he would otherwise get, and that has something to do with his quitting the production of hogs. But the real reason is that he feels he is getting along fairly well without producing hogs; that much greater labour is involved in hog production than in producing grain; that he is now in the income tax brackets paying income tax; that he is living better than he did at one time; and in short that it is not worth the labour at his age to go in for hog production. In most cases that is why he says: "I am not going to work just to pay income tax." He puts it that way, but we all realize that the income tax does not take all his profits from him, because he still makes a profit on top of what he would otherwise make if he did not feed hogs.

I wish to call the attention of those who are speaking about reductions and increases in different places to the figures, which they will find at page 32 of the annual marketing review for 1944. That was the year of top production, so that it gives the widest margins. Take Ontario. In 1940—I will give round figures so that there will not be too much confusion—the inspected slaughterings of hogs, the numbers coming to market to inspection plants, was 1,800,000. The highest figure was in 1941, 1,900,000, and the lowest was in 1942, when it was 1,700,000. In 1944 it was 1,800,000, just where it was in 1940.

Mr. BENTLEY: According to the figures I have from the Dominion Bureau of Statistics, as at June 1, 1945, there was a peak of 1,970,000 odd.

Mr. GARDINER: These are marketings at inspection plants, and that does not necessarily mean that these hogs were produced in the provinces. Ontario produced in 1940, 2,191,000, or approximately 2,200,000, and the figure for 1944 was 2,100,000, so that it is about the same proportionately as the other figure. As regards hogs marketed at inspected plants in Quebec and the maritimes, the figure in 1940 was 953,000, and that went down to 689,000 in 1942 and went up to 1,222,000 in 1944.

Mr. CASTLEDEN: Have you the figures for this year?

Mr. GARDINER: No, I have not that figure. This is the annual report. As regards Manitoba, it will be admitted that many hogs are marketed in that province out of Saskatchewan, but there would be just as large a proportion in 1940 as in 1944. In 1940 the number was 992,000, in 1942 it was 1,200,000, and in the year 1944, 1,900,000. In other words, they are double. In Ontario they are approximately the same. The maritimes and Quebec are up about fifty per cent. In Saskatchewan the figure in 1940 was 344,000 and in 1944 it was 1,181,000. They are about three times as high in Saskatchewan. In Alberta the figures are respectively 1,200,000 and 2,300,000. In British Columbia the figures are 128,000 and 211,000. Taking Canada as a whole the figures in 1940 were 5,400,000 and in 1944, 8,766,000. They are up by about sixty per cent in the whole of Canada.

Mr. CAMPBELL: I agree with a number of things the minister has said in regard to hog production, but I think he has overlooked one fact, and that is that in some of the northern areas of Saskatchewan and Alberta quite a large number of farmers decided that they wanted to go into hog production and they built what you might call brooder houses, going to a bit of expense to produce hogs. I am questioning whether the production of hogs next year will not drop below the figure that we shall need. We shall need a good many hogs next year and, in my opinion, some of the things the government has done have discouraged hog production to a considerable extent in some of those areas. Most of the men who went to the expense of putting up those buildings have their own grain. If they feed their own grain they lose the bonus. They feel that they are discriminated against in that respect; they believe that they are discriminated against so far as marketing is concerned. They think that the packing houses have too much control. The packing houses practically control what is to be paid for those hogs.

Around the middle of October I received a number of complaints. I hold in my hand a telegram which I received from a municipality —not a farmer. When a municipality goes to the trouble to send a resolution to their

member of parliament they must feel that something is wrong. This telegram reads as follows:

> The council of this municipality wishes to register its protest against the price reduction on hogs on Winnipeg market for the week ending October 13, amounting to $2 per hog. It appears that with the export price set this reduction in the price to the producers should not be necessary.

On receipt of that telegram I got in touch with the marketing services and asked why it was that the price of hogs had dropped on the Winnipeg and western markets and had not dropped on the other markets in Canada. They informed me that the government had requisitioned a certain number of hogs from those markets and possibly that was the reason why the price had dropped. I then put these questions on the order paper:

> How many hogs were requisitioned for the export market from each of the prairie provinces during the week ending October 11, 1945 and what price was paid? Would this price involve any loss to the prairie farmers had they received the domestic price? How many hogs were requisitioned for export from each of the other provinces during the same period, and at what price? How would the export price compare with the price for domestic use? Has the government considered making good any losses sustained by prairie farmers whose hogs may have ben requisitioned?

I received an answer to these questions which indicated that practically as many hogs were requisitioned on the other markets as on the western markets, but the fact remains that the price dropped in the prairie markets and did not drop very much in the other markets. I shall give the committee the exact drop. In Toronto the drop was practically nothing. In Montreal the grade A hogs dropped from twenty-five to thirty-five cents a hundred, and in grade B from thirty-five to twenty-five cents a hundred. In Winnipeg they dropped $1.25 a hundred; in Calgary they dropped $1.40 a hundred; in Edmonton they dropped $1.30 a hundred. In Prince Albert they dropped $1.25; in Moose Jaw $1.25; in Saskatoon $1.15 to $1.25; in Regina $1.20 to $1.25; in Vancouver from nothing to forty cents, and in Moncton ten cents.

Through these questions I tried to find out why that drop had taken place. The answer told me that they had no record of domestic prices and that they could not give me an answer. The farmers in those prairie provinces are making a gift of around $2 a hog. That is one of the things that is discouraging farmers from producing hogs. I know of a lot of farmers who are not going to breed a sow at all for next year. I am afraid if the government do not do away with some of these discriminations, if they do not allow us to have a board of live stock commissioners where we can sell our hogs, if they do not allow the farmers who grow their own feed to get the same benefits as the farmers who buy their feed, we are going to go short of hog production next year.

Mr. FAIR: Were packers paid the same price by the meat board for the hogs that they bought at the reduced price which has been quoted by the hon. member for The Battlefords as they were when there was a fairly level market?

Mr. GARDINER: Perhaps I had better take a few minutes to discuss this question briefly. The answer to the last question is that the packers are paid the same prices for all the bacon that goes to Britain, and that is all the bacon with which the government has anything to do. The packer sells bacon and all other kinds of pork products on the home market. When the packer buys a hog it does not all go into bacon, and not all hogs go into bacon. The prices at the present time are about the same as prevailed when there was the same floor on bacon all through 1944. The average price at Toronto in 1944 was $17.25. That is the yearly average. The yearly average for Montreal was the same, $17.25. The yearly average at Winnipeg was $16.40. Everyone who markets hogs knows that there is always a difference between eastern and western markets because of freight and things of that kind. The market at Calgary was $15.98; Edmonton, $15.92; Prince Albert, $16.03; Moose Jaw, $16.05; Saskatoon, $15.99; Regina, $16.03; Vancouver, $16.69 and Moncton down on the eastern coast, $17.22. These are the markets across Canada for which we have records. These are the average prices. If I were to go all through the months I would find some variations. In Toronto, for example, it varies from a high of $17.63 in December to a low of $17.11 in January of that year. The variation there is about fifty-two cents a hundred.

As I understand the question, it is why we have these variations at all. The question asked by the hon. member for The Battlefords is as to why we had a drop in the fall of this year. I think the question he ought to ask me is, why did we have a rise in price? There has been no change whatsoever in the floor price created by the contract which we have had with Britain since the beginning of 1944. The average price in Toronto in 1944 was $17.25; in Winnipeg, $16.40, and that price or a little better price than that prevails at this moment. That is the price which is made possible by the sale of a certain proportion of the hogs under the

British contract, which is the floor price, and a certain proportion of the hogs on the Canadian market at the ceiling price. We have been discussing whether we should not have ceilings and floors. We do not want the floor too far removed from the ceiling. The spread on hogs between May and August of this year, upwards, not downwards, is a spread that is not provided for at all in the difference between the floor and the ceiling. The average price paid for hogs from May to August was a price that no one could figure as having been paid by anybody under the ceiling price for pork products in this country. In other words, it means one of two things; either the pork products were marketed above the ceiling, or someone was taking a loss during a certain period of that time or taking less profit than he might otherwise have had during a certain period of that time.

I see one hon. member smiling; because he is Irish he can smile at anything and change his mind. I imagine he thinks that is a ridiculous thing for a packer to do. I say this to him: in my experience with packers and every other person in business I find that the best of them take losses occasionally. They have to do that in order to keep their customers satisfied and in order that they may perhaps make a little more profit at some other time than they otherwise would get. During that particular period of time they did take losses occasionally. I have talked to most of them, and my information, for what it is worth, is that they all had losses during that period. A man who will not believe that of course will not accept what is the ordinary practice in connection with business of all kinds. People occasionally do take losses rather than be unable to supply their customers at all. As a matter of fact if there was somebody on the black market who had a sale for the product and was out bidding for it, so that another man was not going to be able to stock his shops with that product at a time when we were letting people in Canada eat all they liked of it, he would probably say, "Well, I have to pay more and take a loss in order to get hogs," and some of them may have done that. I am not going to question wether they did or not. If a man takes a pencil and sits down to figure it out he may not be able to account for the price being as high as it was in some of those weeks. There is no difficulty in figuring what the floor should be and what the ceiling should be, but nobody can figure such a wide margin between the floor and the ceiling. When we resumed rationing of meat in Canada the situation immediately began to adjust itself. We said we were going to take most of this product off the Canadian market; the price of hogs went back to about the level of 1944, and that level is somewhere between the floor and the ceiling. The floor may be pretty well represented by the figure of $17.11 at Toronto in a certain month, and the ceiling is pretty well represented by the $17.63. In other words the real margin that should exist is probably somewhere around 50 cents rather than the $1.50 it reached during a certain period at certain points this year.

That is the explanation. It is a matter of our taking ninety per cent of all the A's and B's off this market in the fall and sending them overseas and allowing only ten per cent to go on the Canadian market, as against an earlier period when we were letting thirty-five, forty or fifty per cent go on the Canadian market and sending the remainder overseas. By making the adjustment between the ceiling price a man could get and the floor price he could get, and averaging the price somewhere in between, the price goes back to the old level provided for 1944, and it is still maintained.

Mr. CAMPBELL: The minister asked me why the price of hogs went up. I think that is quite clear. It went up because there was a tremendous demand and people were willing to pay higher prices.

Mr. GARDINER: On the Canadian market.

Mr. CAMPBELL: Yes.

Mr. GARDINER: Then the price went down because we sent the hogs to Britain instead.

Mr. CAMPBELL: The question I want answered is this. When the price of hogs rose to the ceiling the government stepped in and took ninety per cent of them by means of an arbitrary seizure, you might say, at the floor price, which to me means that the farmers who produced those hogs lost about $2 per hog, or gave that amount to Britain themselves. I do not object to Canada giving goods to Britain at lower prices, but I say if there is going to be a loss somewhere that loss should be distributed. There is another question I should like to ask—

Mr. GARDINER: May I just answer that part first? I realize that I did not answer the main question my hon. friend asked, which was why there was a greater variation in the west than in the east. As I remember it, the hon. member's statement was that the price went down on the western markets but did not go down in Toronto. I do not think that is a complete statement of the case, because I have had many complaints from Ontario and else-

where in the east about price variations during the same period. I have not followed that situation closely enough, nor have I the figures, to state definitely what the difference was, but there would be some difference. The reason is that under normal conditions the market for all the hogs produced in Ontario may be in Ontario, but all the hogs produced in western Canada cannot be marketed there; they have to be shipped somewhere else. In other words if you just leave the market alone and do nothing at all about it the eastern farmer is bound to get the advantage of the fact that he has a home market right at his door, and I do not know that we can deny him this advantage. If the Ontario farmer just produced enough hogs to supply the Ontario market, and all his hogs were marketed in Ontario, then we in the west would have to take a price lower by at least the difference in freight. And if it is a fact that the Ontario market does absorb all the Ontario hogs, then we must ship our hogs to British Columbia or the maritime provinces, wherever there is a shortage in Canada, or to Britain; and our cost becomes that much higher. I know there are people who think somebody should do something about that and level it all up, but I am afraid if we started doing that around the world we would have a problem on our hands.

Mr. KNIGHT: I am interested in this question to some extent from the point of view of the Canadian consumer of Canadian bacon, and I want to address a question to the minister. To what extent are we sacrificing the quality of our bacon for home consumption in order that we may send the best of it to Britain?

Mr. GARDINER: Before we go further with this may I point out that this discussion is all about marketing. We have not reached the marketing estimates yet. When you start talking about prices and grades and the numbers marketed, that has to do with marketing, and we can discuss all those matters when we get to the marketing items. Then I will have the officials here who have all the information, and I can better answer my hon. friends. If we could pass the production items we could get on to marketing.

Mr. CAMPBELL: I am interested in the question of production, but the minister did not answer one question. Why could not the man who feeds his own grain get the benefit of the subsidy?

Mr. GARDINER: That comes under marketing. Let us get to marketing and we will discuss all these matters.

[Mr. Gardiner.]

Mr. TOWNLEY-SMITH: In the final analysis the price factor will determine just how much production there is going to be.

Mr. GARDINER: Then discuss production as related to price when we get to marketing, because I have not before me the officials who have that information.

Mr. HATFIELD: Did the minister say the maritime provinces did not produce enough hogs to supply their own market?

Mr. GARDINER: That is right.

Mr. PEARKES: I think this question has to do with production. Does the list of subsidies which has been tabled include the subsidies on feed grains to British Columbia? On November 27 the minister promised to make a statement on that.

Mr. GARDINER: I can give the statement on British Columbia, though it is all included in the other statement.

Mr. PEARKES: Then I will see it there.

Mr. GARDINER: The total amount paid from October, 1941, to the present time is $5,437,508.

Mr. PEARKES: And those subsidies will continue?

Mr. GARDINER: I cannot say definitely that they will. That is a matter of government policy. The present order in council leaves it indefinite; if nothing is done about it the subsidy goes on.

Mr. HODGSON: I should like to know why the minister has not brought in both ceiling and floor prices on all farm commodities. If he has not had time to do so, or there is any other reason, will he bring in something of that kind at the next session of parliament?

Mr. GARDINER: A ceiling price on all farm commodities?

Mr. HODGSON: Ceiling and floor prices?

Mr. GARDINER: The ceiling price is on the meat product, for example, in connection with hogs. There is neither a ceiling nor a floor on hogs, but there is a ceiling on the different cuts of pork.

Mr. HODGSON: I was more particularly interested in floor prices.

Mr. GARDINER: And there is a floor price which is put on through the contract we have with Britain. Our inspectors keep checking on the relationship of pork prices to the price of hogs.

I think we can say that since we started these contracts the price has never been for any period of time beyond, perhaps, a day or so, below the floor price.

Mr. HATFIELD: I should like to ask when the floor prices board is going to function.

Mr. GARDINER: Well, the legislation we were discussing yesterday has some bearing on that. If we in this house had decided that the War Measures Act was not going to be continued, or the principles of the act were not to be continued, we should have had to bring the floor prices measure into effect immediately. But as it is now, it will depend somewhat upon when controls are taken off the marketing of farm products.

Mr. HODGSON: I do not think the minister answered my question. I should like to know more about floor prices. Will the government bring in some form of floor price measure at the next session of parliament?

Mr. GARDINER: We did that a year ago. We brought in a bill which provides for floor prices. I think I have stated twice before to the committee how these floor prices will be arranged, and I answered the question just now to the hon. member for Victoria-Carleton. I cannot give an exact date as to when the board will start to operate under this act. So long as we can maintain the present position under the legislation we now have, I assume we shall go on under that legislation.

Mr. BENTLEY: We are dealing with subsidies on freight. I wonder whether what I am going to ask is related to a subsidy or a freight differential. I believe that in Lethbridge there is a firm which makes a product known as Alfa-Lasses. I have a letter from someone in my constituency to the effect that this product is delivered to a farm at Steveston, near Vancouver, at $20 per ton. Vancouver is much further from Lethbridge than is Swift Current, but this same farmer, getting the stuff at Swift Current, has to pay $32.50 per ton for it. Is there a subsidy paid to the feeder at Vancouver which is not paid to the producer in the prairie provinces, in the matter of concentrates and feeds?

Mr. GARDINER: There was a subsidy paid some years ago, but it was for making the product, not for delivery. But that subsidy has been discontinued.

Mr. BENTLEY: This difference must be a matter of freight differentials, and would come under transport.

Mr. GARDINER: I should think so.

Mr. CASTLEDEN: Earlier this morning the minister indicated that there was something wrong in a statement I made. I do not think he will find anything in my statement which indicated that the farmer was being compelled.

Mr. GARDINER: No. The part of the statement I referred to, and which the hon. member may have made inadvertently, was that it did not pay farmers to produce hogs with grain at present prices. I think it does.

Mr. CASTLEDEN: The fact that farmers are going out of hogs is probably an indication that it does not pay to raise them, otherwise they would be produced. I know of farms where hogs were being produced up in the hundreds, but they have gone completely out of them. The point is that it is costing Canada more to grow hogs by shipping the feed from western Canada to eastern Canada than it would cost to raise these hogs in western Canada, without the government paying a freight subsidy.

Mr. GARDINER: I do not think it is costing Canada as a whole any more to do it one way or the other. I think it is probably about the same.

Mr. CASTLEDEN: If you are increasing the cost by shipping the feed from one place to the other, the cost of raising hogs must be greater.

Mr. GARDINER: I do not like to use my own case, but I have a farm in the east and another in the west, and I want to say in the first place that I make more money feeding hogs on my Saskatchewan farm than I do on the eastern farm. In the second place, under the provision which has been made for moving grain east the grain costs exactly the same on the eastern farm—to my surprise. When I moved a carload from my farm in western Canada to my farm down here, it cost just the same to feed the grain on the eastern farm as it did on the western farm. That is, the grain stood me the same price when I got it down here as it did out there.

Mr. CASTLEDEN: With the government paying the freight?

Mr. GARDINER: With the government paying the freight in the east, and the fifteen and the ten cents in the west.

Mr. CASTLEDEN: I think that proves the point I wanted to make.

Mr. BRACKEN: Will the minister have a statement prepared with respect to the total subsidies paid out, so that when the committee meets again we may have it. I am sure it would help us in the discussion.

Mr. GARDINER: Oh, yes; I asked a minute ago to have it put on *Hansard*.

Mr. BRACKEN: Well, we won't see *Hansard* until to-morrow, and probably the minister will be going on with his estimates this afternoon.

Mr. GARDINER: I do not think I shall be going on this afternoon, but probably this evening, and it will be in *Hansard* if I do not go on to-day. If I do I will get some copies made.

Mr. BRACKEN: We shall not see to-day's *Hansard* until to-morrow.

Mr. GARDINER: Then, if we are coming back to-night, I will have some copies made.

Mr. BRACKEN: I understood the minister to say that the present production of hogs in Ontario is about equal to what would be consumed in Ontario. Am I correct in that?

Mr. GARDINER: If we took off all the regulations and let people eat whatever they liked, they would probably consume most of it.

Mr. BRACKEN: Would that apply to Quebec?

Mr. GARDINER: Well, to practically all. I might say this, that probably Ontario and Quebec and the maritimes, all put together, if everything was left alone, would pretty well balance out.

Mr. BRACKEN: I gather that the point the minister was making there was that normally the amount produced in eastern Canada would be consumed in eastern Canada and that there would not be much export from this portion of Canada. Was that his point?

Mr. GARDINER: That was the point, yes.

Mr. CASTLEDEN: One other question, on the minister's earlier statement this morning. Would he say that the Canadian people consume more or less meat when there is rationing on?

Mr. GARDINER: All I can say is that when we had rationing before, we probably consumed more, but that was because—in 1943, I believe it was—we were rationing to take care of distribution. That is, it was found that if you did not ration, cities like Toronto, Montreal, Vancouver and Winnipeg would be short of meat. Of course the fact that there is a shortage of meat made the consumption lower, because that is where the big consumption is—in those cities. When you ration it and let them get equal amounts, the fact that you put meat back on these big markets results in more meat being consumed in Canada. But at the present time they are not rationing for that purpose; they are actually putting the ration down below what people do consume, and it is expected that that will reduce the consumption this year.

Item agreed to.

Health of Animals:

16. Administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $1,924,443.

Mr. NICHOLSON: I am sure the minister and the committee will be interested in knowing that I had a forty-minute speech on this item, which I am not going to deliver. I understand that the minister is going to the old country very shortly, and I think all hon. members agree that his business is so important that his estimates should not be held up indefinitely. I just want to say that I attach a great deal of importance to his visit. The fact that we have gone through the war actually consuming more food than we ever did in our history places, I believe, a special responsibility upon us to reduce our consumption if possible and make more food available to Great Britain and to Europe during these critical months ahead. I hope that when the minister returns he will be able to help us to supply more food than we are supplying at the present time to people who have been feeling the impact of war so much more than we have.

Mr. JUTRAS: For a moment or two I should like to refer to a cattle disease known as mastitis which is markedly cutting down milk production in Manitoba as well as affecting the quality of the milk. The department has tried to help relieve this situation by making serum available to the farmers, but the main difficulty is that the causes and cures are still unknown to our department and apparently to the departments in other countries. Extensive research work is being done in the United States and I understand the Department of Agriculture here are doing what they can to relieve the situation. I would ask the minister to have the appropriate officials in his department make aggressive efforts to find the causes of this disease and the possible cure. It is causing grave losses to many farmers, especially those in southern Manitoba

Mr. BROOKS: I understand that the department of health has passed certain regulations regarding cheese production in Canada. I understand that these were made necessary by the disease just referred to by the previous speaker. The cheese producers in New Brunswick have been under a great handicap because of the regulations passed by the department of health and agreed to by the Department of Agriculture. Is there any

possibility of relaxing the restrictions which have been placed on the production of cheese? I understand that the regulation is that cheese must be kept for sixty or ninety days at a certain temperature and the cheese boards are not allowed to sell their product until after that period. As I say, this is working a great hardship on the small cheese producers in New Brunswick because their storage facilities are limited. It also means that the farmers must wait a considerable time before receiving pay for their milk. I have a letter here from the New Brunswick cheese board which states, among other things:

> Our regular monthly meeting was held here on May 22, at which order in council No. 2131 requiring cheese to be held for ninety days was discussed and fully considered. All cheese board members viewed the enforcement of the above regulation with some misgiving and firmly believe it will result in the ruination of the New Brunswick cheese industry.

They finally drew up a resolution with instructions to present it to the Minister of National Health and Welfare. If diseases of cattle prevalent in certain parts of the dominion which require the department of health to take a certain stand, I should think that the veterinary should be able to treat the disease in the animal itself, so that stringent regulations to apply in all parts of Canada would not be necessary. I should like to know just what is being done in this connection.

Mr. GARDINER: This matter really should come up under item 24, dairy products, but as the explanation is short I will give it alongside the question. The reason for the regulation which was put on recently was an epidemic of typhoid; it had nothing to do with diseases of animals. This occurred in Alberta and was traced back to cheese as the carrier, to a person who was supplying milk to make cheese. It has always been claimed that cheese is a safe food because the process of curing kills germs, but that requires at least ninety days. The regulation really means that cheese must be cured for ninety days from the time it is produced. Naturally the cheese can move along while it is being cured; it does not necessarily mean that it must be held at the one point. I do not think there is as much hardship as there might appear to be, but on the other hand it is a question whether you can afford to have cheese become a carrier of a disease like typhoid. If it did, I am afraid it would affect not only the production of our cheese but its marketing in many places. That is the explanation for this regulation. If there is any further discussion on the matter, perhaps we can leave it until we reach the proper item.

Mr. BLAIR: I am interested in this item because unfortunately in the constituency which I represent we have had altogether too much Bang's disease. This is a cheese producing county, in fact it was due to the advertising received from a mammoth cheese constructed in Lanark county that we owe our present export trade in cheese to the British isles. It was back in 1893 that this large cheese was manufactured for publicity purposes. It weighed eleven tons and was exhibited at the world's fair in Chicago. It crashed through the floor there and created more attention than ever. Later on it was exhibited in London, England, and it was through the publicity and advertising that it obtained that our export trade with that country was started.

The cheese producers and live stock breeders have had a lot of trouble because of Bang's disease. The exact time and manner in which cattle contract and spread Bang's disease or infect each other is not always an easy matter to establish. The disease is generally first introduced into a clean herd through unknowingly obtaining infected cattle from another herd. Once this happens the disease will go through a herd like a storm, and it may spread through a whole township or district. During the storm stage of the disease the highest losses are experienced. The usual experience is that during the first two or three years of the appearance of the disease many victims are claimed, but the casualties become reduced each year unless new stock is introduced or young stock are growing up, which in turn would become infected.

The cattle seem to develop a natural immunity, and the active losses are not so noticeable. When the disease does become acute the owner of the herd suffers severe losses in young stock, a drop in value occurs and he has difficulty in disposing of his herd. In order to determine whether animals are infected with this disease it is necessary to have them blood-tested and the specimen examined at a laboratory. If a large number of reactors are found it may be desirable to keep the herd intact, consider it an infected unit and deal with it under combined methods of sanitation, segregation and the inoculation of calves in an endeavour to build up a clean herd from the offspring.

The cost of this examination is paid for by the herd owner, that is, he must have the veterinary withdraw the blood and make the examination, although the laboratory people will do the work. In Ontario there are no provincial regulations regarding the sale of animals afflicted with Bang's disease, but it has been a common custom among pure-bred herd owners not to buy animals unless they

are negative as to blood test. The best breeders strive to have negative herds, but in spite of all precautions the disease will find its way into the herd, with consequent financial loss to the owner.

The reason I am interested in this matter is that unfortunately the disease does not stop with the herd. Human beings may acquire the disease through handling infected cattle or using raw milk. In the human being it is called undulant fever. It is a rural disease, eighty per cent of the cases reported having occurred among farmers and their families. Butchers, truckers, veterinary surgeons and travellers account for the remainder of the cases through handling infected cattle or using raw milk. In Ontario, and I have studied this disease particularly in this province, the disease is highest in the counties of Middlesex, Waterloo, York, Oxford, Perth, Elgin, Simcoe, Essex, and is prevalent throughout eastern Ontario. During the past four years 321 cases of undulant fever have been reported in Ontario, with ten deaths. This is a reduction as compared with the years prior to the advent of pasteurization when 515 cases and twenty deaths were reported from 1934 to 1938. In connection with these statistics, which I obtained from the Ontario Department of Health, I would say of my own knowledge that for every case reported there probably would be five or six not reported. Sometimes the people affected with this disease are sick for months, and it may go on for years. They do not know what is the matter with them and many do not consult a doctor.

I have here some statistics showing the incidence of undulant fever in Ontario in the years 1934 to 1938, which I should like to place before the committee: In 1934 the Ontario Department of Health lists 97 cases of undulant fever, with three deaths, and a morbidity rate per 100,000 of 2·7 per cent; 1935, 86 cases, five deaths, morbidity rate 2·4 per cent; 1936, 127 cases, two deaths, morbidity rate 3·1 per cent; 1937, 104 cases, seven deaths, morbidity rate 2·7 per cent; 1938, 101 cases, three deaths, 2 per cent.

Since pasteurization—and all the milk in Ontario is not pasteurized—there has been a marked drop since October 1, 1938, in the incidence of undulant fever, as is shown by the figures I have before me. With the consent of the committee, Mr. Chairman, I should like to have the whole table printed in *Hansard*.

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Lanark has read some figures and requests the leave of the committee to place the whole statement on *Hansard*. If he read the entire statement, then of course no permission is needed, but if what he has read does not cover the entire statement he must have unanimous consent.

Mr. MACKENZIE: Agreed.

Mr. BLAIR: The table follows:

UNDULANT FEVER IN ONTARIO

Incidence of Undulant Fever—1934-1938

Year	Cases	Deaths	Morbidity Rate per 100,000
1934	97	3	2·7
1935	86	5	2·4
1936	127	2	3·1
1937	104	7	2·7
1938	101	3	2·
Total	515	20	

PASTEURIZATION, OCTOBER 1, 1938

Incidence of Undulant Fever—1940-1944

Year	Cases	Deaths	Morbidity Rate per 100,000
1940	64	3	1·7
1941	68	0	1·7
1942	69	3	1·7
1943	65	2	1·7
1944	55	2	1·6
Total	321	10	

This disease of undulant fever causes marked weakness and may run a course of two of three years. People afflicted with it suffer a most serious illness and during the more acute stages are confined to bed. They run a temperature for weeks and months, and the course of the disease is most debilitating. It is doubtful whether those who get it ever regain normal health; the effects may show themselves in later years. There is no doubt that a disease with such debilitating effects and lasting for such a long period takes a severe toll from the human body. There is no specific treatment for undulant fever; even penicillin has been tried with very little result. A medical man called in to treat a disease of that type can give only symptomatic treatment. He is helpless because we have nothing to stop the incidence of the disease. The table of statistics from the Ontario Department of Health shows that we are dealing with a disease that cannot be taken lightly. From 1940 to 1944 there were 321 cases reported, with ten deaths. If an accident occurred in any Canadian city, injuring 321 people and causing ten deaths, it would be headlined in the press throughout America as a tragedy.

In order to cure or get rid of undulant fever we have to go back and tackle Bang's disease. The control of this disease, with its tremendous loss to stock owners and the infection of

human beings with a morbidity rate of 1·6 per 100,000, I maintain is a problem for the federal Department of Health. It is clearly shown in the Animal Contagious Diseases Act that this is a responsibility of the federal Department of Agriculture. If this disease, which causes tremendous loss to stock owners and the infection of human beings to the extent I have mentioned continues to be dealt with in the manner in which it has been dealt with by the federal Department of Health, we shall have the disease rampant throughout the province.

I suggest that more money should be spent in the research branch of the Department of Agriculture to study the disease and to find methods of combating it. Dairy herd owners should receive assistance by free blood-testing of their herds under the supervision of the federal Department of Agriculture, and there should be more rigid control in segregating animals in infected districts. Other measures such as the inoculation of young stock should also be free and carried out by the Department of Agriculture. Some financial compensation should be given to owners of the infected herds for losses sustained. This disease has been talked about for years and nothing done, so that we must approach it progressively. Clean herds should be kept clean; under the present situation they are not.

We believe the time has come when we ought to build up some protection against this disease by the vaccination of calves. We think the methods used in dealing with T.B. in cattle, whereby when seventy-five per cent of owners in a good area sign a petition asking the government to establish an area of segregation it becomes operative, should be followed in connection with this disease, and that all heifer calves in the area should be inoculated for immunization.

The objection to signing the form that is now required by the department, where all animals found to be infected must be slaughtered, is that in many instances the owner of a herd would lose the work of a lifetime in building up blood lines in pure-bred herds. Such owners—the Pure Bred Breeders' association—would approve calf vaccination, realizing that it is the only insurance against the disease. We admit that this is being done by some herd owners at their own expense, but where they are surrounded by careless farmers, their effort is nullified. The scheme I propose would be of value to the whole country in eliminating the disease.

I should like to quote from the *Ayrshire Digest* of October 15, 1942, which describes a new law in force in the state of Connecticut, where compulsory vaccination of calves has been adopted. The article reads:

> With the passage of a law that virtually requires compulsory vaccination of all calves except members of herds that are enrolled in the so-called test and slaughter plan, the state of Connecticut has undoubtedly put into effect the most revolutionary of all Bang's legislation. The new Connecticut bill was "born with teeth," for it specifies that any person refusing to have his calves vaccinated shall not be permitted to move any of his cattle from his premises except for slaughter-purposes, unless such cattle react negatively to a state approved blood test for Bang's disease. The foregoing statement practically places an embargo on movement of cattle from farms that are not enrolled in either calfhood vaccination or the test and slaughter plan. In fact in order to move cattle that are not under one or the other of Connecticut's two plans, it is necessary to send them to slaughter or to spend time and money in testing, and with no prospects of indemnity in the event that they react.
>
> Apparently Connecticut authorities are ambitious to establish Bang's control measures that may be given state-wide adoption.
>
> Theirs is a programme for the masses and should prove to be in direct contrast to the results attained in many states where millions of dollars have been spent by owners and governments without appreciably reducing the hazards of this costly disease.
>
> The first step toward popularizing calfhood vaccination was made when astute legislators of the "Nutmeg" state wrote into their bill the statement, "calves shall be vaccinated at state expense by an approved licensed veterinarian who shall be assigned by the commissioner." The foregoing sentence is preceded by the following, "the commissioner of domestic animals shall cause all calves to be vaccinated against Bang's disease when they are between the ages of four and eight months, except calves in those herds under the state and federal cooperative herd test plan also known as test and slaughter method, which calves need not be vaccinated unless the owner desires." The foregoing includes these boiled-down directives that should go a long way toward developing a state-wide programme; first, the "commissioner shall cause all calves to be vaccinated," and second, "calves shall be vaccinated at state expense."

The majority of the herds in Connecticut have not been tested, so to continue the plan Connecticut's new legislation will discourage private vaccination of calves for the simple reason that privately vaccinated animals will have no official status. The reason for this is their feeling that the injection of vaccine was rendered impotent because of exposure or careless handling. It was not properly done. From fifty to sixty of Connecticut's practising local veterinarians will be employed in the work, for which an appropriation of $125,000 has been made.

I suggest that we bring this matter under discussion, and from my own knowledge of it I think that something will have to be done about it in this country. The disease is

spreading, and it is very hard for any live stock breeder to attempt to do anything with it with a careless farmer on either side of him, because the disease spreads rapidly.

Mr. GARDINER: I thank the hon. member for Lanark for having given as complete a review of this disease and its effects as he has. He knows the problem better than those of us who are not so closely associated with it, but I may say that a great deal is being done. Let me mention one fact to substantiate that statement. In Ontario there is a total of 2,150 herds, and the listed herds in regard to which something is being done number 1,531. The latter are declared clean. I would say at the same time that a great deal must be done along the line suggested by the member for Lanark, and we have been waiting for the end of the war to bring down for the estimates before deciding upon a larger programme, more closely related to what we are doing with tuberculosis. Some thought will be given between now and next session to the points raised by the hon. member, and when our estimates come down we shall try to do something.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

VETERANS' LAND ACT

INCORPORATION OF PROVISIONS OF CERTAIN ORDERS IN COUNCIL

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to amend the Veterans' Land Act, 1942, to make it conform in several respects with the act to amend the War Service Grants Act, 1944, passed at the present session of parliament, by incorporating in the measure the provisions of certain orders in council passed under the War Measures Act and by extending and clarifying in several other respects the application and operation of the act, as recommended and reported by the special committee on veterans affairs.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. MACKENZIE: Mr. Chairman, with the consent of the committee I should like the same procedure adopted in connection with this resolution as we adopted with regard to the War Service Grants Act, namely, to allow the resolution to be carried in committee, and then I shall give a detailed explanation of the bill itself on the first or second reading, as the house desires. I want to say once again that this is a unanimous report of a committee consisting of sixty ex-servicemen of this house, who have done a splendid job and worked harder than I have ever seen a committee work in the fifteen years I have been in parliament.

I thoroughly understand that some members of the committee have certain reservations. I want to give the assurance that as soon as the house meets again the same terms of reference will be used and this act can then be reconsidered with reference to certain features that were advocated and which are not included in this measure. With the understanding I think the committee could very well advance the resolution, and upon second reading I shall be glad to explain briefly the amendments which were suggested by the special committee on veterans affairs.

Mr. CHURCH: Is it considered ample to maintain the families?

Mr. MACKENZIE: This is an amendment to the Veterans' Land Act, which embodies the orders in council already passed by the government over a certain number of years and two or three other changes recommended unanimously by all parties in the house.

Mr. BROOKS: I want to understand this thoroughly. The minister said that there would be an opportunity given to discuss this on the first or second reading.

Mr. MACKENZIE: Yes, that is right. On the second reading of the bill I intend to make a short statement, and hon. gentlemen will have ample opportunity to discuss any suggestions for future alterations, or any references to the bill which will be placed before the house.

Mr. WRIGHT: I thought the minister gave the impression that we were unanimously in favour of the bill as it stands. I want to state definitely that so far as we are concerned we are not unanimously in favour of the bill as it stands. There are certain definite recommendations with respect to it which we intend to put forward at the proper time. We have the minister's assurance that we shall be given that opportunity to discuss it when he makes his statement, and that at the next session we shall be given an opportunity to make certain recommendations with respect to changes which we believe should be made in the act. With this assurance, we of this group are prepared to expedite the business of the house.

Mr. MACKENZIE: I thoroughly understand the position of my hon. friends, and I definitely give the assurance that at the next

session the reference will be as wide as possible, and he can then advance the suggestions which he has advanced at this session.

Mr. ROSS (Souris): With that understanding we are quite prepared to facilitate the passing of this resolution, but we have certain reservations. We want to facilitate the passage of this measure as quickly as possible, for the benefit of the soldiers.

Mr. MUTCH: I have no desire to say anything other than that all the reservations are not on the opposition side of the house.

Resolution reported, read the second time and concurred in. Mr. Mackenzie thereupon moved for leave to introduce bill No. 233, to amend the Veterans' Land Act, 1942.

Motion agreed to and bill read the first time.

NATIONAL EMERGENCY

BILL TO CONFER CERTAIN POWERS ON THE GOVERNOR IN COUNCIL

Hon. L. S. ST. LAURENT (Minister of Justice) moved the third reading of bill No. 15, to confer certain powers upon the governor in council during the national emergency following the war.

Mr. DEPUTY SPEAKER: Is it the pleasure of the house to adopt the motion? Carried.

Mr. BRACKEN: You have not called for a vote, Mr. Speaker.

Mr. DEPUTY SPEAKER: I asked if it was the pleasure of the house to adopt the motion, and I understood the motion was adopted.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

Some hon. MEMBERS: On division.

The house divided on the motion, which was agreed to on the following division.

YEAS

Messrs:

Abbott
Archibald
Argue
Baker
Belzile
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Bertrand (Terrebonne)
Blackmore
Blanchette
Boivin
Bonnier
Bowerman
Bradette
Bridges
Brown
Burton
Campbell
Castleden
Chevrier
Claxton
Cloutier
Coldwell
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Croll
Cruickshank
Dechene
Dion (Lake St. John-Roberval)
Douglas
Emmerson
Fair
Farquhar
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gariépy
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gillis
Gingues
Gladstone
Glen
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Hansell
Harris (Grey-Bruce)
Herridge
Hlynka
Howe
Ilsley
Irvine
Isnor
Jaenicke
Jean
Johnston
Jutras
King, Mackenzie
Kirk
Knight
Kuhl
Lafontaine
Lalonde
Langlois
Lapointe
Leger
Lesage
Little
Low
McCann
McCuaig
McCulloch (Pictou)
Macdonald (Brantford City)
Macdonald (Halifax)
McDonald (Parry Sound)
McGarry
McIlraith
MacInnis
McIvor
McKay
Mackenzie
MacLean
Maloney
Marier
Marquis
Martin
Matthews (Brandon)
Matthews (Kootenay East)
Maybank
Mayhew
Michaud
Mitchell
Moore
Mutch
Nicholson
Quelch
Reid
Richard (Ottawa East)
St. Laurent
Shaw
Sinclair (Ontario)
Sinclair (Vancouver North)
Sinnott
Smith (York North)
Stuart (Charlotte)
Strum, Mrs.
Thatcher
Townley-Smith
Tremblay
Tucker
Viau
Warren
Weir
Whitman
Winters
Wright
Wylie—121.

NAYS

Messrs:

Ashby
Barrett
Black (Cumberland)
Black (Yukon)
Blair
Bracken
Bradshaw
Brooks
Bruce
Case
Casselman
Church
Daniel
Diefenbaker
Dorion
Ferguson
Fulton
Green
Hackett
Hamel
Harkness
Hatfield
Hazen
Henderson
Héon
Hodgson
Homuth
Jackman
Jaques
Lennard
Macdonnell (Muskoka-Ontario)
McGregor
McLure
McMaster
Manross
Menary
Merritt
Pearkes
Robinson (Bruce)
Ross (St. Paul's)
Senn
Stanfield
Stephenson
Stirling
Tustin
Webb—46.

Mr. GIBSON (Hamilton West): I was paired with the hon. member for Trinity (Mr. Skey). Had I voted, I would have voted for the motion.

Mr. McCUBBIN: I was paired with the hon. member for Middlesex East (Mr. White). Had I voted, I would have voted for the motion.

Mr. LAURENDEAU: I was paired with the hon. member for Beauharnois-LaPrairie (Mr. Raymond). Had I voted, I would have voted for the motion.

Mr. MacNICOL: I was paired with the hon. member for Nipissing (Mr. Gauthier). Had I voted, I would have voted against the motion.

Mr. HARRIS (Danforth): I was paired with the hon. member for Waterloo North (Mr. Breithaupt). Had I voted, I would have voted against the motion.

Mr. CARDIFF: I was paired with the hon. member for Chateauguay-Huntingdon (Mr. Black). Had I voted, I would have voted against the motion.

Mr. ROSS (Souris): I was paired with the Minister of Agriculture (Mr. Gardiner). Had I voted, I would have voted against the motion.

Mr. FRASER: I was paired with the hon. member for Outremont (Mr. Rinfret). Had I voted, I would have voted against the motion.

Mr. GAGNON: I was paired with the hon. member for Bonaventure (Mr. Arsenault). Had I voted, I would have voted against the motion.

Mr. BOUCHER: I was paired with the hon. member for Simcoe East (Mr. Robinson). Had I voted, I would have voted against the motion.

Mr. DESMOND: I was paired with the hon. member for Essex South (Mr. Clark). Had I voted, I would have voted against the motion.

Mr. CHARLTON: I was paired with the hon. member for St. Anne (Mr. Healy). Had I voted, I would have voted against the motion.

Mr. COCKERAM: I was paired with the hon. member for Hamilton East (Mr. Ross). Had I voted, I would have voted against the motion.

Bill read the third time and passed.

[Mr. Deputy Speaker.]

WAR CHARITIES ACT

INCLUSION OF WAR MEMORIALS AS PROJECTS ACCEPTABLE FOR REGISTRATION—CONCURRENCE IN SENATE AMENDMENTS

Hon. J. J. McCANN (Minister of National War Services) moved the second reading of and concurrence in amendments made by the senate to bill No. 13, to amend the War Charities Act, 1939.

Mr. McMASTER: I notice that the senate have deleted certain words from the bill, and I should like to ask the minister what effect that will have on the bill. There was a great deal said in this house about whether or not this bill would affect municipal institutions, and I notice that the same question arose in the other house. I am referring to buildings or memorials erected by municipal institutions which are authorized under provincial legislation. No public appeals are made for these buildings.

Mr. McCANN: My understanding is that the amendments affect more the generality of the class of war memorial rather than those which might be regarded as individual undertakings. Certain memorials could have been designated by regulation as a class of war memorial, but now each application for permit will have to be dealt with individually rather than as a class. In answer to the hon. gentleman, may I say it is my opinion that the type of memorial he refers to will come within the meaning of the act.

Motion agreed to; amendments read the second time and concurred in.

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The house resumed from Thursday, December 6, consideration of the motion of Mr. Ilsley that the house go into committee to consider the following resolution:

That it is expedient to present a measure to grant authority to accept on behalf of Canada an dto carry out the obligations of Canada under the articles of agreement for an international monetary fund and an international bank for reconstruction and development prepared by the united nations monetary and financial conference held at Bretton Woods in July, 1944; to authorize the payment of the subscriptions required from Canada out of unappropriated moneys in the consolidated revenue fund to an amount not exceeding seven hundred million dollars; and to authorize the borrowing under the provisions of the Consolidated Revenue and Audit Act, 1931, of sums not exceeding seven hundred million dollars.

Mr. W. GARFIELD CASE (Grey-North): Mr. Speaker, I have listened with some concern to the contributions made to this debate, particularly by members of the Social Credit group. Some harsh language has been used, and I doubt very much if that is the proper course to pursue. The hon. member for Lethbridge (Mr. Blackmore), the hon. member for Acadia (Mr. Quelch) and the hon. member for Macleod, (Mr. Hansell) appeared to be concerned about their monetary theories; in fact they were allowing their concern to overshadow, as it were, their better judgment.

The discussion which has taken place in this house has tended to emphasize the great patience which must have been exercised in seeking this Bretton Woods agreement. Forty-four nations were gathered together from all parts of the earth, and no doubt there was the language difficulty to contend with. Yet they could agree on a method of procedure and finally come to an agreement. With your permission, Mr. Speaker, I should like to read one paragraph from Annex C, summary of agreements of Bretton Woods conference:

> This conference at Bretton Woods, representing nearly all the peoples of the world, has considered matters of international money and finance which are important for peace and prosperity. The conference has agreed on the problems needing attention, the measures which should be taken, and the forms of international cooperation or organization which are required. The agreement reached on these large and complex matters is without precedent in the history of international economic relations.

I say to you, Mr. Speaker, and to hon. members of this house that that message, subscribed to by forty-four nations gathered together in conference, is indeed most inspiring.

Mr. BLACKMORE: Would the hon. member mention the pamphlet from which he quoted?

Mr. CASE: It is entitled "Monetary Conference, Bretton Woods, 1944," and I quoted from page 68.

Mr. BLACKMORE: Would the hon. member tell us the author of that pamphlet?

Mr. CASE: I obtained it from the parliamentary library, and on the title page I find this: "United Nations Monetary and Financial Conference, Bretton Woods, New Hampshire, U.S.A., July 1 to July 22, 1944, Final Act." It is an official document, printed by the King's Printer and authorized, I presume, by parliament.

Mr. BLACKMORE: Would we be justified in assuming that the hon. member is reading from the Final Act, from the report of these men?

Mr. CASE: Yes.

Mr. BLACKMORE: Of course they would support their own ideas.

Mr. CASE: Whoever is responsible for this document, at least they knew something about it, and I am inclined to accept it as authentic, and as coming from the conference itself. It does not indicate the grave concern which was indicated by the members of the Social Credit group in this house.

Mr. JOHNSTON: The hon. member does not even know who wrote it.

Mr. CASE: Probably the hon. gentleman can find out for himself, and if he wishes to challenge its authenticity or authority he will have an opportunity later.

I should like to predicate my remarks on the thought: Without Bretton Woods, then what? Should we by our action here cause the nations of the world to be called together again in order to devise a better plan than the one which has been subscribed to by the forty-four nations which participated in that conference? Are we to allow old suspicions and old doubts to creep into our minds at this time, when a new world is seeking to be born? We do know, if we look back to the days prior to the war, that the general economic condition of the world played havoc with our sense of security. That came about largely because of doubts and a lack of confidence in the world, particularly on the continent of Europe. With war overhanging the universe, business men could not make long-range plans. And so, Mr. Speaker, I am not particularly concerned about the $700,000,000 which is called for by this resolution. I am rather inclined to adjust my thinking and to realize that a nation which could afford to spend billions of dollars for war can indeed afford to take this risk to promote peace. Surely we must recognize that this is an approach to a solution of one of the greatest problems that the world has ever faced. Students of economics have long recognized that for the world again to get on to a trading basis, there must be some central bank or clearing house in order that monetary values and the media of exchange can be adjusted. After all, Canada is a trading nation, and a highly productive nation stands to gain a great deal by the machinery set up in a central clearing house. It will help us to dispose of our goods.

I do not think it is fair to say that the hon. member for Muskoka-Ontario (Mr. Macdonnell) did not refer to imports because, if I remember rightly, he spoke of trade being a two-way street. Trade usually results in bringing about a better understanding between the nations of the world and in promoting friendships. We are usually more friendly with those with whom we trade. The world has grown smaller because modern means of communication have made the world a more compact, closely-knit unit. We know that the fruits of the earth are sufficient to maintain the peoples of the world, and we must seek to distribute the products of our industry, of our fields, our forests and our farms.

Reference has been made to a return to the gold standard. I do not think there is anything wrong in a return to the gold standard. The one great fault of the gold standard, as we understood it in days gone by, was that it was too rigid, but if we do return to the gold standard I have every reason to believe that it will be made more flexible. Most students of world affairs and of economics agree that we must have some reasonable standard of values and that it must be reasonably durable. I do not see why we should hesitate to give consideration to a return to the gold standard. In other words, may I pose this question. Suppose we were not returning to the gold standard while the great powers of the world were seeking to do so. Do you suppose we could defeat their purpose? After all, we are a gold producing nation, and I should like to see that one precious metal, one of our greatest natural resources, used to a large extent for the benefit of the people.

When I listen to speakers addressing themselves to this problem of Bretton Woods I cannot imagine anyone holding a gun at Britain's head or attempting to force Britain to become a party to a pact if she felt that it would result in a situation such as has been indicated by hon. members of the Social Credit group. It is true that the Bretton Woods conference was held while the war was still in progress, and some have suggested that it was because of Britain's dire need that she was willing to accept the results of that conference. But many hon. members will recall that the Right Hon. Mr. Churchill, when he was Prime Minister, said in one of his memorable talks that one of the great weaknesses of the Versailles treaty was that the war had been concluded, that the allied nations had not the same things in common, and that they would have done well if they had approached the problems of peace while the war was still going; and he expressed the hope that the united nations on this occasion would approach the problems of peace while they were still comrades in arms. I think that is one of the strongest features of this conference.

As a matter of fact, I do not think that the question of survival was in doubt; we confidently believed that sooner or later victory would be ours, though we knew that the struggle would be a long and trying one. We knew the weaknesses of the old league of nations; we knew that it provided nothing in the way of trade to hold the nations together; we knew that there must be some compensating value for that which was being contributed. I feel therefore that Bretton Woods is an attempt at least to provide the answer, and that never again shall we be required to drench the soil of Europe in the best blood of Canada, something that has happened twice in our generation.

I do not necessarily accept the advice of the experts. I do not pose as a statistician. I am more inclined to listen to the voice of reason and to seek if possible to bring about a greater understanding, friendliness and comradeship among all peoples of the world. I believe it was Darwin who expounded the theory that like begets like, and I feel that if in a moment of ill-considered judgment or haste or concern we use harsh words to describe the attitude of our great and friendly neighbour; if in a misguided moment we seek to destroy that feeling of good will and concern that should be mutual, and which I am sure now exists, we can do a great deal of harm. We should be guarded in our language. I hope that before this debate concludes we shall have composed our differences and that when the bill goes to the banking and commerce committee any technical aspects of it that need adjustment will be attended to.

For a moment I should like hon. members to look at Europe to-day. In my opinion this is indeed the gravest moment possible in the world's history. Those people in Europe are starving. How many of us realize that a hundred thousand people still lie buried beneath the rubble of Warsaw; that five millions are homeless in Poland, living in trenches and in caves with perhaps a mere shelter over them, some roof to protect them from the elements, from the rigours of winter; that these people are very poorly clad; that disease, indeed tuberculosis, is rampant and thousands are dying? Consider the caloric content of their diet. It has been raised to 1,520 calories a day, whereas UNRRA fixed as an objective 2,250; and we know on the authority of scientists that a diet of around 1,400 is considered a starvation diet. Yet these people are existing under such terrible conditions. What is

it that keeps them alive? Merely hope; and if we do anything to destroy that hope, chaos and despair will be the lot of Europe.

It is interesting to reflect for a moment upon what the terrible realities of war have meant to that great continent. In one centre were there is located one of the largest steel industries in the world, with two hundred odd blast furnaces, only two are in operation. Why? Because in France alone ten thousand bridges are down; their railroads have been destroyed, huge locomotives lying over embankments; and their transportation is difficult. Indeed, they can transport only sufficient coke and coal to this huge steel industry to keep two of these furnaces going, while steel is so badly needed.

A story was told the other night which gives us an inkling of the hope and the courage of these people. A seventeen year old Yugoslav girl was looking over the ruins of her small community where between 500 and 600 persons resided before that place was destroyed. She said, through an interpreter, to a member of UNRRA, that her parents had been killed, her family completely destroyed, and she was the only one left. "But," she said, "I will rebuild my community." She will not however rebuild that community, no matter how courageous she may be, unless we keep her from becoming a victim of disease, unless we can provide food for the sustenance of her body and the preservation of that courage which is so necessary to-day. Let me say to you, Mr. Speaker, that if the great continent of Europe, with its hundreds of millions of people, slips into the abyss of despair, people on this continent and elsewhere throughout the universe will suffer; because we have surely arrived at the point where we recognize the fact that you cannot have prosperity in one part of the world while another part is in dire stress and starving.

We should recognize and pay attention to the words of the hon. member for York West (Mr. Adamson), who is a world traveller, and who brought a message to us last night which would indicate that the United States is approaching the period when she will be a large importer because she is gradually exhausting her natural resources.

What is needed more than anything else in this world to-day is a wave of Christianity and good sound Christian thinking, such as that which swept England during the days of John Wesley, when that country stood at the very door of paganism. From that great period came Lord Shaftesbury, the emancipator of labour, who sought to remove children from the industrial slums and to have women return to their homes. I hope the time is not too far distant when in this country and in other lands women will recognize that woman's highest ideal indeed is that of motherhood. I also think of Dr. Barnardo, the father of fatherless children.

To-day we stand at the crossroads. We, and we alone, can determine our future course. We shall never build a world society if we allow our minds to inject into our thoughts suspicion, doubt and discord. Our hope for civilization is a world at peace for a long time, so that civilization will have an opportunity to rebuild those moral forces, to strengthen its courage. With that determination we can indeed approach the future with confidence.

We are citizens of the world, citizens of the world society. When Bretton Woods was presented to this house I had hope that at least Canada, one of the great trading nations of the world with much to gain—I do not want to use that language in a selfish sense, because I hope that we shall be big enough to share our prosperity with the world; we have too much at stake to do otherwise—would give unanimous endorsation to the pact and that at least we might try to bring abotu a semblance of orderly trade and exchange. I do not believe we can do that without having some central clearing house, and I have confidence enough in this pact to believe that Bretton Woods will provide just exactly that. Therefore I say to hon. members, let us not be hasty in our judgment.

I recently read a statement of Mr. Attlee, the present Prime Minister of Great Britain, in which he said that Great Britain desired to have friendly relations with all nations of the world and to know their neighbours better. I cannot feel that those who were inspired to bring about this approach to world problems were entirely guided by selfish motives and ideals, because I believe that the great war has taught us a tremendous lesson. Society on all levels have lived together in Great Britain in trying circumstances and have grown to appreciate each other more and more. It is for us in our generation to be big enough and broad enough in our vision that our children and our children's children will find that we indeed have kept alive that hope, that we have lit a new beacon which will shine and encourage future generations not to copy our example, our hatred and warfare, but to copy our example of bringing about as rapidly as possible the ideals of the brotherhood of man that we in this country can particularly understand and appreciate.

I am satisfied that given the opportunity to survive, great good can come from Bretton

Woods. There is no perfect formula. How can you expect forty-four nations to gather together and devise a perfect plan? But let us at least seize this opportunity to give effect to something which has a semblance of hope, a degree of understanding and an approach to the world's problem of deciding our future course, in the hope that there will come peace and security to a tried war-torn and troubled world.

Mr. W. F. KUHL (Jasper-Edson): Mr. Speaker, I do not lay any claim to being an expert, either amateur or professional, on international exchange, foreign trade or kindred matters. I do not believe that one needs to be an expert to pass judgment on the subject now before the house. If one has an understanding of the simple elementary principles which operate in the economics of the countries of the world, it is a sufficient guide to one to indicate whether the measure is sound or unsound. I agree that the Bretton Woods agreement involves all the iniquities referred to by my colleagues who have already spoken; but in addition to that, this whole scheme is nothing less than a red herring to distract the attention of the peoples of the various countries of the world from the real issue. It is a scapegoat for the sins, not only of omission but of commission, of the various governments of the world. No international organization framed along the lines of Bretton Woods and designed under present circumstances can bring about world prosperity. All these schemes for international organizations, Bretton Woods and any others, are based on a false premise. Unless the premise on which any organization is based is sound and true, then the organization which is built upon it cannot serve the needs of humanity.

The conditions to which the minister referred, which prevailed in the pre-war days and which have been mentioned frequently by practically all hon. members who have spoken thus far, were not causes; they were effects. The minister stated, at page 3041 of *Hansard*:

> The characteristic features of world economic relationships before the war were high and discriminatory tariffs, import quotas, export subsidies, depreciated currencies of uncertain value, discriminatory clearing agreements, multiple currency practices.

It is true that those conditions prevailed, but I assert that they were symptoms of the disease and not the disease itself; they were effects, not causes. I think the most convincing proof that tariff arrangements or any kind of trade relationships which may be suggested will not bring about prosperity may be found in what has taken place in the United States of America. There we have a union consisting of forty-eight states. There are no tariff barriers between them, no inhibitions to trade, no obstacles, nothing in the way of the freest possible exchange.

Mr. BLACKMORE: They have the same money, too; stabilized money.

Mr. KUHL: They have almost everything that is required to bring about the greatest possible prosperity within the boundaries of that nation. They have a common language; they have one money system common to all. Yet in the pre-war days they suffered from the depression as much as any other country in the world, if not more. If adjustments in tariffs or the abolition of tariffs and the elimination of all these other things to which the minister referred as the causes of depression are the cure, then why was there a depression in the United States, when these things were absent from its internal organization? So I say the conditions and circumstances referred to by the minister and by other hon. members are the symptoms of disease and not the cause; and the thing we must do is to discover and eliminate the cause. Then the symptoms will take care of themselves.

In my opinion Bretton Woods will fail, and so will every other similar organization that may be attempted, because they are based upon a false premise. What is that false premise to which I refer? Why has there been and why is there now again suggested this constant drive for foreign markets? On every side we hear that we must export, export, export. What has been the reason that the exporters in various countries of the world have agitated so strongly for exports? Simply because they believe that the people within the country either do not desire the goods or cannot consume them. The whole drive for foreign markets is predicated on the assumption that the people at home either do not wish the goods or are not physically able to consume them, and I say that is a false premise. It is true that those who have referred to foreign trade in this debate have said that trade must be a two-way street, that it must work both ways; but the mere exchange of goods between one nation and another does not guarantee that the people of those countries will be able to enjoy the goods when they receive them. The chief reason that the people of Canada desire to export—and this is true of the people of the United States and almost every country in the world—is not the fact that they do not desire the goods, but it is largely that they are unable to purchase them. In days gone by many articles have been exported by Canada that we could

have consumed here if we had possessed sufficient purchasing power, and the same would apply to every country in the world.

I have before me a page from the Canada Year Book giving the statistics in regard to Canada's exports for the year 1938-39. I readily grant that we produce many commodities in Canada which we could not hope physically to consume, but we have also exported many things which Canadians would have been glad to enjoy themselves if they had possessed sufficient purchasing power. These items are arranged in order of importance, and I notice that the sixth most important export at that time was planks, boards and lumber, which we exported to the amount of $37,000,000. We all know that in those days prior to the war, as is the case now, many people would have bought that lumber if they had been able to do so. One only needs to take a trip across this country to discover the tremendous need that exists for new buildings. We could have used every stick of that lumber in this country. The next item in the list is meats. I am not suggesting that Canadians could physically consume all the meat products we produce, but there are many people in this country who would gladly avail themselves of much greater quantities of steaks, hams and all the other meats that are processed in this country if they had the ability to purchase them. People cannot afford to eat many steaks at a cost of $1.25 or $1.50 per meal. So I say that in pre-war days as well as post-war days we could consume in Canada far more of the commodities we produce in this country.

I see that automobiles are eleventh in this list of twenty-five items; in that year we exported 58,849 automobiles. What in the name of common sense are we exporting automobiles for when there are so many people in this country without automobiles and a great many more running around in worn out jalopies tied up with haywire? So one could go all the way down the line. In the past we have exported products which could very well have been consumed here at home, and I say the reason they were not so consumed was not that the people did not desire them, but purely and simply that their purchasing power was not equal to their producing power. I have already said that it seems to be taken for granted on the part of those who are constantly talking about foreign trade that if we export a million dollars worth of commodities and then bring back in exchange a million dollars worth of commodities the people will be automatically able to buy those imported goods. That is a false assumption. A word as to the reason why it is false, why the premise on which I claim the whole scheme is based is a false one.

One of the objectives which it is hoped to attain through the use of the Bretton Woods agreement and many other measures which have been adopted, both national and international, is the achievement of what is described as full employment. The minister stated several times in his address that that is an objective they are hoping to achieve. The term has been used frequently, indeed incessantly during debates in this house and, doubtless, elsewhere: we must "cure unemployment". I wish to challenge that contention. There is only way that unemployment in this modern world, this power-machine age, will ever be cured, and that is by setting up a slave state. Personally I do not want to see unemployment cured. Unemployment is not a disease. It is the greatest sign of progress which we have yet witnessed.

Mr. MacNICOL: That is a new theory.

Mr. KUHL: Unemployment is a sign of progress and not a sign of decay. It has faced this country and it will face us again. Statistics were quoted by an hon. member of this group, yesterday I believe, indicating that the United States is expecting 20,000,000 unemployed by the time the reconversion period is over. I am satisfied that that will be the condition in every country in the world, particularly in those countries which have the greatest development in technology. The reason for this unemployment must be obvious to everyone; yet it is ignored continuously. Not only do hon. members and economists who talk and write on the subject ignore the fact that we have been and are now in a power-machine mass-production age, but they ignore the fact that we have now entered the atomic age. The unemployment which prevailed prior to the war and which will occur again, once we get through the reconversion period, is merely technological; it indicates that man has used his head to save his back, and I think he is entitled to do that. Personally, subscribing to the philosophy that I do, I do not want to see unemployment cured, I want to see more unemployed.

Mr. MacNICOL: You want to see more unemployment?

Mr. KUHL: Yes, more unemployment.

Mr. MacNICOL: That is a terrible doctrine.

Mr. GIBSON (Comox-Alberni): More leisure, he means. Call it "leisure"; it sounds better.

Mr. KUHL: The hon. gentleman says that that is a terrible doctrine.

Mr. BLACK (Cumberland): Better come down to Nova Scotia if you want to see more.

Mr. KUHL: Why, the hon. gentleman has been trying all his life to become unemployed; so have I; so has every hon. gentleman in this house. It is the secret ambition of every individual to get out of all the work he can.

Mr. JOHNSTON: We are not so successful as some hon. members over there.

Mr. MITCHELL: That accounts for some being members of this house, I suppose!

Mr. KUHL: That does not mean that those who have that ambition desire to loaf; it means simply that they desire to reach a position where they can choose their activity instead of being forced to take it. That is the difference between work and leisure. I say that it is a false objective to endeavour to cure unemployment by providing work either nationally or internationally. What is the difference between that philosophy and the philosophy which Adolf Hitler followed? I see no difference.

I say that Bretton Woods will fail because nations, governments and those who speak on behalf of governments fail to recognize the impact of the power-machine age and—now—the advent of atomic energy. More and more we shall have power-machine production, and eventually the application of atomic energy when it is commercially feasible. When extraneous energy displaces human labour, it displaces the pay cheque; and when it displaces the pay check, obviously people have not purchasing power to buy the goods which machines make. Hence has arisen the drive to export those goods which would otherwise in large measure be consumed right at home. I believe this truth must be recognized by governments and those who speak on their behalf before we shall make any progress either in preserving peace in the world or in bringing about prosperity. We certainly shall have peace in the world only after we learn how to distribute our abundances. The greatest contribution which we as Canadians could make to the cause of peace would be to demonstrate how we can distribute our abundances here at home without mortgaging the lives of those now living, or the lives of future Canadians, to those who issue the money of the nation. If we can demonstrate how it is possible to distribute our own goods and avoid economic warfare with other countries then I consider we shall be making the greatest contribution that Canada can make.

I assert that Canadians have the first claim to Canadian goods. All goods produced in Canada are produced with Canadian labour and by Canadian effort. Therefore Canadians have the first claim on Canadian production. Once we have passed through the transitional period, I am not in favour of exporting a single article until Canadians are first satisfied completely. I agree that during the transitional period we have a moral obligation to rehabilitate those countries which have been overrun by the enemy, but as my colleague, the hon. member for Acadia (Mr. Quelch) indicated, this should be an outright gift and should not constitute a debt. I repeat that we as Canadians should rehabilitate the war-stricken countries of the world with some of the superabundance of goods that we have. But once they have been rehabilitated, once their machinery of production is brought back to the place where they themselves can provide almost all the things they need, we shall then be faced with the problem of disposing of our so-called surplus. That makes it imperative that all countries, particularly the United States and Canada, should institute within their countries a system which will enable the people at home to consume to the maximum of their own goods.

I assert that we must eventually come to the place where we accept one of the major proposals in the social credit philosophy, the bonusing of consumers or, in other words, a national dividend. I do not propose on this occasion to elaborate on that; but I am convinced that only by a national bonus, only by increasing the ability of the consumer to buy his own production, and that which may be brought in in exchange for genuine surpluses, can we ever bring about prosperity of a substantial nature. An hon. member over here has said that it is a case of Bretton Woods or chaos. I would suggest another slogan—a national dividend or chaos.

Mr. SINCLAIR (Ontario): Would that be free of income tax?

Mr. KUHL: Yes, definitely. Taxes decrease rather than increase the purchasing power. I shall not be satisfied until all taxation is abolished. Those who think that taxation is necessary simply do not understand the a-b-c's of the relationship of money to goods. It is assumed constantly that consumption always equals production, but that is the greatest fallacy that can be assumed by any one. As long as we in Canada assume that when we produce a billion dollars worth of

goods we automatically have a billion dollars of purchasing power we shall make absolutely no progress. On previous occasions I have shown by statistics, and anyone can demonstrate it by examining the books of his own business, that in every business of this country there is only approximately half as much distributed in purchasing power as is produced. The thing we need is an increase in purchasing power, not a redistribution of it, and that is why I say that taxation should be abolished.

Even under a system where we enable the consumer to acquire up to the limits of his capacity to consume of our own production, I grant that there will be genuine surpluses which we can not physically consume. Those would be available for export. To-day when we have a surplus, whether genuine or not, we think immediately of exporting it. I think the reverse should be the case. When we have a genuine surplus, whether it be wheat or newsprint or aluminum or any other commodity, and we have satisfied Canadian consumers to the limit, we should import an equivalent amount from the other countries of the world.

By following that process we would put in an order to other countries for goods of an equivalent amount. Will they be ready and willing to sell to us? Of course they will. That would turn the wheels of industry in those countries and thus generate purchasing power which would enable them to put in orders for our surplus. In that way trade wars would be overcome, or at least we would be doing our part to eliminate such trade wars. When those goods come into Canada, let us see to it that the Canadian consumer has sufficient purchasing power to acquire them. Merely exchanging goods, merely bringing back one surplus in exchange for another, will not automatically guarantee distribution. As I have already said, we must tackle the question of distribution within our own country and consider it the fundamental basis of the success of any international arrangement.

If that is done it will mean that those who now have a stranglehold on this nation and other nations of the world will have to give up some of their powers. To-day the economy of Canada is absolutely in the hands of those who create and issue money. Those who create and issue the money of the nation control the nation; the government does not. The government is helpless to effect any vital changes in the economy of the country as long as the power to create and issue the money of the nation is in the hands of private individuals. Before any country, whether it be Canada, the United States or any other, is in a position to enable its own people to consume its own production, it must first restore to the crown its most sacred prerogative, that of creating and issuing the money of the nation.

By that I do not mean that I favour the nationalization of the chartered banks, because I do not. I believe that when the government goes into the banking business the people will be obliged to do business with politicians instead of with business men. I want to see the private banks remain in private hands so that business men may do business with business men, and not with politicians. But the power to create and issue the money which the banks now enjoy must be taken from them and restored to the crown, and then the crown must use that privilege on behalf of the people to enable the people to consume their own production without adding to the debt and without an increase in taxation.

Mr. CAMPBELL: Would the hon. member say that he was dealing with politicians when he took a ride on Canadian National Railways?

Mr. KUHL: There is a vast difference between running a bank and running a railway. Far more judgment is required in a bank manager, who has to decide whether an individual is credit worthy or not, than is required of a man driving an engine or one engaged in any other form of railway work.

I was asserting, Mr. Speaker, that if we are to make Bretton Woods a success we must in Canada restore to the crown the powers which will enable it to enable the people to consume their own production; that is, we must restore to the crown the power to create and issue the money of the nation. In this connection I should like to quote a statement made by Abraham Lincoln, who said:

> Money is the creature of law, and the creation of the original issue of money should be maintained as an exclusive monopoly of the national government. Such needs can be served by issuing national currency and credit through the operation of a national banking system.
>
> The government should create, issue, and circulate all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of the government, but it is the government's greatest creative opportunity.

That is a statement of great significance. That is what should be done in Canada; that is what should be done in the United States; that is what should be done in every country; and until that is done, and until that privilege is used by the state for the benefit of the

people, Bretton Woods will not succeed in bringing about prosperity or peace in the world.

I consider that the refusal by those who are responsible to restore to the crown its sacred prerogative constitutes one of the greatest betrayals that have ever been made of the people of this country or of any country in the world, and my suspicion is this in connection with Bretton Woods. My colleague the hon. member for Macleod (Mr. Hansell) on various occasions has suggested the operation of a power behind the scenes. I concur in his fear of this power. But whatever that power is, and whoever are the indviduals who possess that power and attempt to exercise it, it is in the final analysis the Minister of Finance (Mr. Ilsley) and the ministry who are responsible. They must take the responsibility for whatever actions are done by this power. If anyone is getting away with murder in the realm of finance it is the responsibility of the Minister of Finance. He is the one on whose doorstep we must place the responsibility.

Mr. DEPUTY SPEAKER: I must remind the hon. member that his time has expired.

Mr. H. G. ARCHIBALD (Skeena): Mr. Speaker, I should like to take a few moments just to compare two things: the actual, with the hope that was expressed last night. The Minister of Finance (Mr. Ilsley), in introducing the Bretton Woods resolution yesterday, said, as reported at page 3040 of *Hansard*:

> The main issue which is at stake in the Bretton Woods proposals is the same as that involved in the united nations charter which this house recently approved by so overwhelming a majority. That issue is: are we and other countries to organize and cooperate for peace, or is each nation going to use its strength and resources at the expense of others in a struggle for survival?

This country is extending loans to countries over in Europe, and the actual thing is that we are going to get a rate of interest back by any means possible. Let me read a clipping from this morning's Ottawa *Journal*. The heading is, "Give Dutch Troops Canadian Equipment", and the item reads:

> Amsterdam, Dec. 6—(Reuters). Dutch authorities are equipping four divisions with Canadian army equipment, for immediate service in the East Indies, the Netherlands news agency *Aneta* reported to-night.
>
> Canadian army headquarters at Appeldoorn announced the sale of $11,000,000 worth of army equipment to European governments, the Dutch being the chief buyers. They have bought 1,500 trucks and other material and negotiations are taking place in Ottawa for the purchase of tanks and field artillery worth $5,000,000. The report said 44 tanks now in Britain, 170 anti-tank guns, 26,000 Sten guns, 3,000 Brens, 42,000 rifles and bayonets and 1,200 mortars are involved.
>
> The "mammoth base ordnance depot" equipment at Bordon, Hampshire, England, has been sold by Canada to the Netherlands government for $500,000 together with two Canadian army workshops in Antwerp with full equipment, it was stated.

Mr. Speaker, this allows the nations once again to collect the rate of interest by the good old-fashioned method—at the point of a bayonet.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, before I begin I wish to correct a statement which I made the other day. I said that a man by the name of Leslie Roberts was present at a meeting at Chatham House in London last winter. Mr. Roberts informs me that he was neither at Chatham House nor in London at the time. So I am glad to make that correction.

This debate undoubtedly is the most important that has been held in this house not only in this session but in any session outside of the declaration of war. Yet whom do I see in this chamber? Just a handful of members on the government side. I am glad to see that there are four or five members of the government in their places.

An hon. MEMBER: What about the others?

Mr. JAQUES: Yes; what about the others? It is a strange thing that in a debate of this importance, that while the two major parties have been at one another's throats during the session, this is, one might say, quite a love feast. I do not think there will be found much disagreement between them on this occasion. Not only is it a love feast, but one might say that they are actually dining off the gold plate. The minister said yesterday that no country was willing to revert to the gold standard. More than that, he said that prosperity, that is national prosperity, depends on export trade, and he also said that export trade will be controlled by gold. That is definite enough, so that our prosperity will be controlled by gold.

Mention has been made of tariffs, and governments are always blamed for raising tariffs out of pure cussedness. It never seems to penetrate these people that tariffs are not a cause but a result. As a previous speaker said, it is because no industrialist country can afford to consume its own production, nor can it afford to consume the production of other countries in exchange for its own, and therefore in order to defend themselves they put on a tariff so as to export as much as possible and import as little as possible. In other

words, they export their unemployment. That is so elementary that I apologize for mentioning it at this time.

We are told that all the experts were agreed. I do not know that that is very remarkable. No doubt they were all hand-picked and had already agreed; otherwise they would not have gone there.

Mr. BLACKMORE: Agreed beforehand.

Mr. JAQUES: Yes; and who are the experts? Most of them, those who were used are the product of the London School of Economics, a socialist college or school of which the presiding genius at the present time is Professor Lasky. That college is responsible for the experts whom you people over there, who pride yourselves on being Liberals, are going to vote to support. I do not know whether hon. members have read Hayek's "Road to Serfdom." Here I should like to acknowledge an unknown benefactor. I did mention this book at the beginning of the session. I quoted from the "Road to Serfdom" and suggested that it would be a good thing if every member of the house would read it. A few days afterwards a copy was sent to me, and I understand that every member in the house received one as well. I do not know who sent it, but whoever he is I take this opportunity of thanking him. He is a generous man, and a great benefactor if the book has been read.

The London School of Economics was founded fifty or sixty years ago by Fabian socialists in London, and some time before the last war it was endowed with some five million dollars by the late Sir Ernest Cassel, the German international financier. When asked by Lord Haldane why he had bestowed those millions on this college he said his reason was that it was the purpose of the London School of Economics to train the bureaucracy of the future world socialist state. That is the purpose of the college, and that school has turned out a stream of economists, gold-plated economists, and subversive professors who have taught the youth of the empire to lose faith in the empire and in our power to govern ourselves as free peoples. And that work still goes on, and Bretton Woods is one rotten egg that has come out of that school, whether you believe it or not.

I do not pose as an expert, so may I quote Mr. Smith, congressman from Ohio, speaking in the United States congress in 1943 with reference to Bretton Woods. He said.

> We are apt to be led to believe from the newspapers, radio and other reports that this scheme emanates from a few individuals. Mr. Harry D. White, special assistant to the secretary of the treasury, is being credited as the prime mover of the United States contribution to the plan. Professor Maynard Keynes is being credited as the prime mover of the British contribution to this plan. Now, of course, we would be naive indeed if we were to believe that the officials of our treasury had undertaken this task on their own initiative or that Professor Keynes and perhaps a few of his associates had inaugurated their part of the scheme on their own accord. We may rest assured that back of this move are the most powerful international monied interests and financiers of the world. Furthermore, we may be certain that world power politics are playing a prominent role in promoting this movement.

I should now like to quote a man against whom I do not think anybody in this house will have much to say, namely, the Right Hon. Winston Churchill. I shall not apologize for quoting him. How are we to judge an expert except by the results of his expert advice? By their fruits ye shall know them. Listen to Mr. Churchill. In the House of Commons in 1932, as a private member he said this. I shall not read it all. He reminded the house that in 1925 when he was the chancellor of the exchequer he took the advice of the highest experts, men of great ability, indisputable integrity and sincerity, to the effect that if they returned to the gold standard they would anchor themselves to stability and reality. He accepted their advice and he went on to say:

> I take for myself and my colleagues of other days whatever degree of blame and burden there may be for having accepted their advice. But what has happened? We have had no reality, no stability. The price of gold has risen since then by more than seventy per cent. That is as if a twelve-inch footrule had suddenly been stretched to nineteen or twenty inches; as if the pound avoirdupois weight had suddenly become twenty-three to twenty-four ounces. Look at what this has meant to everybody who has been compelled to execute their contracts upon this irrationally enhanced scale. Look at the gross unfairness of such a distortion to all producers of new wealth, and to all that labour and science and enterprise can give us. Minor fluctuations might well be ignored but I say quite seriously that this monetary convulsion has now reached a pitch where I am persuaded that the producers of new wealth will not tolerate indefinitely so hideous an oppression.

The man who made that statement was man enough to admit his mistakes; he, more than any one man, saved the world in 1940. I think we would do well to-day to listen to what he said then. He said that he was advised by the best experts, men of undoubted integrity and ability. He took their advice, and what happened? Chaos and ruin. It is not too much to say that it was one of the main causes of the late war. And now we are going to do the same thing again. We have the same lot of experts who have never apologized and have never admitted their mistakes.

I should like to go back a couple of years to a personal experience in this House of Commons. In 1943 I was speaking on international financial policies and the discussion turned to gold. I made the statement that eighty-five per cent of the gold under Fort Knox in the United States was owned or controlled by private interests. The Minister of Finance (Mr. Ilsley) was in his place, as he is to-day. He took exception to my statement and said:

I should like to correct one misstatement of fact by the hon. gentleman. He said he would stake his reputation on the statement that eighty-five per cent of all the gold at Fort Knox was owned by private interests, and not by the government of the United States. I have sent for the federal reserve bulletin of July, 1943, and the annual report of the secretary of the treasury on the state of the finances for the fiscal year ending June 30, 1942. At page 638 of the federal reserve bulletin I find a table headed: "Analysis of changes in gold stock of the United States," from which I find that in June, 1942, the stock of the United States of America was $22,737,000,000 odd.

His final statement was:

The records are prefectly clear, that the gold stock of the United States is owned in its entirety by the United States treasury.

Is the minister equally sure to-day as he was when he made that statement? I staked my reputation on my statement. Is the minister equally sure to-day as he was then that all the gold under Fort Knox is owned in its entirety by the government? I should like the minister to answer that question.

Mr. ILSLEY: Perhaps we had better wait until we get into committee. We are not in committee; no one is obligated to answer except in committee. If the hon. gentleman has evidence to the contrary I should be glad to have it. I shall look up the facts myself if he would like me to.

Mr. JAQUES: When I made my statement I had not seen a copy of the annual report of the treasury. At page 594 there is a table headed: "Condition of the treasury." It says "Assets: gold, $22,736,503,160.69." Below that in another column there is this statement: "Liabilities: gold certificates, gold certificate fund—board of governors, federal reserve system, $17,735,182,989.18." Then on page 638 of the same report there is a table which shows the stock of money in the United States treasury. The first column is "Stock of money, 1942, $35,840,908,000." Then the fifth column is headed: "Held for federal reserve banks and agents, $17,750,403,000." Who owns this? How can a thing be an asset and a liability at the same time? I admit that I am not enough of an expert to understand that.

Mr. ILSLEY: It does not say that the same thing is an asset and a liability. It says that the gold certificates are liabilities, and the gold is an asset.

Mr. JAQUES: Well, on page 638 it gives the stock of money in the United States as $35 billion; but the amount held for federal reserve banks and agents is $17,750 million. It is just as though an elevator contains 100,000 bushels of wheat. There is the wheat, all right, but 80,000 bushels have been deposited by farmers who have grain certificates against it. I think that is the real position of the gold in the United States. I mention that because I consider it to be of fundamental importance. People get the idea that Bretton Woods will be all right because the people own the gold. I maintain that the people do not own the gold; they do not control it. Of course, when my colleagues and I criticize the policies of the United States, both their financial policy and their anti-British policy, it is understood that we are not criticizing the people of the United States at all, because they are perfectly innocent and, I may add, largely ignorant of what is going on.

When I was in England the winter before last I put a question to an authority there, whose name I am not at liberty to mention in public because this was a private conversation, but I am perfectly certain that no hon. member would question his knowledge, and if they are interested I should be pleased to give his name in private. I asked this gentleman if he had happened to read a certain debate, which I mentioned, in the Canadian House of Commons, and he said that he had. I said, "Well, was I right or wrong?" He replied "Jaques, you were absolutely right; there is no question about that." I said, "Well, if I was absolutely right, how do you account for the fact that the minister must have been wrong?" His reply was, "I am quite certain that the statement was not made to deceive anybody, but he just did not know." So that even the experts do not know; that is the position.

I should now like to go back to the year 1943. In April of that year a Mr. Sandwell addressed a meeting of the league of nations society somewhere in this city, and according to the report which appeared in the Ottawa *Citizen* the next day he predicted a supranational authority with power to settle questions of immigration, natural resources, the protection of minorities, the repudiation of debt, finance and other questions. Then he went on to say that the loyalty of Canadians must be weaned away from the crown to an authority wider than Canada, wider than the empire and wider even than democracy. I

thought that was something which should not have been said, especially in war time, and I brought it to the attention of the house on a question of privilege. Immediately I was assailed in the press right across Canada and called every name they could print. I was accused of wasting the time of the House of Commons. Particularly was I assailed by the Winnipeg *Free Press*. A week later there appeared a dispatch from Washington, as follows:

Secretary Henry Morgenthau disclosed to-day comprehensive administration plans to stabilize post-war currencies and fix their value in terms of gold. The plans involve:

1. Creation of an international stabilization fund by the united nations and their associates.
2. Fixing the value of currencies in terms of gold.
3. An agreement among participating countries not to devalue their currencies without consulting other members of the stabilization fund.

Both plans entail the establishment of a stabilization fund to be managed by an international bank, vitally important because it would mean that participating countires would lose control over the value of their currencies for world trade purposes. This control would be vested in the bank, not in a parliament or a congress, and if a country wanted the rate lowered or increased it could only appeal to the bank, not take action itself.

That was the first intimation of the Bretton Woods plan, and the speaker at the meeting of the league of nations society here in Ottawa prepared the way for it by telling the people they would have to surrender their loyalty to the crown. In other words, they would have to surrender their sovereignty, and to what? To international bankers and the gold standard. Is that what we fought the war for? It is not what I rose in my place in this house in 1939 to support.

Mr. BLACKMORE: Our boys did not die for that, either.

Mr. JAQUES: No. What about the Atlantic charter? We do not hear much about that to-day. Let me refer to a recent debate in the British House of Commons, when they were discussing conditions in Europe at the present time. One hon. member said that instead of the united nations charter, "since Potsdam something different has been added; we are contracting into a country very little larger than the United Kingdom over sixty million people. It appears that something like the fiendish Morgenthau plan is being carried out." Who is this Mr. Morgenthau? He is a former secretary of the United States treasury and connected with Kuhn, Loeb and other international bankers. He is also the sponsor of the international monetary plans agreed to at Bretton Woods. It was these same international bankers who financed Japan's war against Russia in 1904 and German and Japanese rearmament for the second world war, while the British empire and America were kept in a state of depression and unpreparedness. Now, according to the Morgenthau plan, war-torn Europe is to be weakened by division, starvation, hardship and the liquidation of democratic leadership until reduced to a Balkan standard of living, and eastern Europe will be added to the "new democracies" within the power-complex orbit of the Soviet Union.

I should like to refer to an article published in a well-known magazine by Doctor Ludwig von Mises. We are told at the end of the article that Doctor Ludwig von Mises was recently professor of international economic relations at the graduate institute of international studies at Geneva, previously professor of economics at the university of Vienna, and author of "Socialism". Speaking of international finance between the two wars, he makse this statement:

The state of things which prevailed in the last decades can be characterized as a complete surrender of the rights of the creditors and of the investors. Every nation successfully made use of its sovereignty to the disadvantage of foreign creditors and investors. Every nation exercised its power to expropriate foreign investments directly or indirectly by discriminatory taxation, to debase the currency, with which loans had to be repaid. The history of international financial relations has, in the last twenty years, been one of almost continual embezzlement. The governments of the debtor countries behaved like swindlers for the benefit of their own treasury and for the benefit of pressure groups within their population.

The new covenant of the league of nations—

One might say that instead of the league of nations we have got Dumbarton Oaks and Bretton Woods and the united nations.

—will therefore have to include a rigid limitation on the sovereign rights of every nation. Unilateral measures which affect the essentials of the contractual obligations, the currency system, taxation and other important matters have to be rendered unlawful. The debtor countries should not have any rights which are denied to private debtors.

And he went on to say:

All these provisions will have to be efficiently enforced by international tribunals and by sanctions which the league must apply with a greater measure of success than in the past. Without some kind of international police power such a plan could not be carried out. Coercive measures are indispensable in order to make reluctant debtor countries pay.

We have had Mr. Churchill's statement about the doubling of the debts by the gold standard, and, as a consequence, the impossible conditions in which the debtor nations found themselves. Now, under this scheme, under

Dumbarton Oaks, under the united nations set-up, it is suggested that we should have an international police force. You can see the beauty of the scheme. First of all you put the world on a gold standard so as to double and treble the debts, and then, when private individuals and countries find it impossible to carry out their contractual obligations, the bailiff will enter the country and will be supported by an international police.

Mr. BLACKMORE: And atomic bombs, likely.

Mr. JAQUES: Yes, and atomic bombs.

Speaking of atomic bombs and the activities of experts generally, both financial and other experts, I believe it is a good time to say that experts should be on tap, not on top. It is the experts who produced the atomic bomb. Is it the experts who are to tell us when to drop it, and on whom? That does not lie with experts. It does not need experts' advice; it needs only common honesty, which the vast majority of people have and would apply rightly if only they knew the truth.

Speaking locally, I have in my hand a little pamphlet setting out the farmers' action programme of the Alberta Farmers' Union and the United Farmers of Canada (Saskatchewan section). Most farmers are familiar with it. I am going to quote only three or four lines on page 6 under the heading "Financial Policy":

> The people of Canada must have complete control of the nation's money system which must be operated under the direction of parliamentary policy with a national finance committee in charge, under the chairmanship of a person who shall have the power of a judge of a superior court.

I put this question to every hon. member in this house: Under the provisions of this act of Bretton Woods, if it is adopted, will the people of Canada have complete control of the nation's monetary policy? That is the question hon. members have to decide when they come to vote on this proposal. Are they going to vote for these ideas of internationalism, international government, international controls, or are they going to vote for the people who sent them to this place? That is the decision we have to make. It is a decision which I have already made, or I would not be speaking this afternoon.

A word about gold mining. I cannot help thinking—and in saying this I am not attributing anything in the nature of dishonest motives—that most of the speakers who have defended the Bretton Woods proposals are speaking on behalf of the gold mining industry of Canada. I repeat that I do not attribute improper motives at all; perhaps the majority, or an important section, of the constituents of some hon. members are themselves gold miners. Mention has been made, quite recently by the last Progressive Conservative member who addressed the house, of the tragic and terrible conditions which exist at this moment in the greater part of Europe. We are officially told by Sir John Orr, who, I believe, is president of the united nations food organization, that more people will die this winter in Europe from starvation and hardship than were killed in the whole six years of war. Of those who preach the virtues of gold mining in this country as a means of producing employment and wealth, I would ask: How much food, how many clothes, and how much shelter will all the gold in the world produce for those people? Can they eat it? Can they wear it? Can they warm themselves with it? There it is, down in a hole in the ground, absolutely useless; yet we go on mining more and more gold, under the delusion that by doing so we are getting rich. If lunacy can go farther, I do not know in what direction.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, as the minister will no doubt have gathered, the Social Credit group is definitely opposed to any gold standard, camouflaged or otherwise. Gold has never reflected the real wealth of any nation, or of the world for that matter. I believe it would be well to define what is meant by wealth. We in this group believe that wealth is goods and services provided to the people when and if required. To us gold has the same meaning as any other metal which might be used in the making of rings, jewellery and so forth, and it should sell for about $2 an ounce and no more.

Yesterday the minister made a good speech in presenting the case for Bretton Woods, but in making his statement I think he was perhaps too confident of the success of this measure. I think he felt that it would go through without any opposition or perhaps without any discussion. In his presentation he made this statement:

> In the measure now before it, the house is asked to express its approval of Canadian participation in the two new international financial institutions considered at the united nations monetary and financial conference held at Bretton Woods.

Let me repeat what he said, "The house is asked to express its approval." Apparently he did not think the house might not care to approve the measure; he took it for granted that it would approve. Even though he may be right, I still think the minister should have said that these proposals were placed

before this house for approval or disapproval. That is the stand I take. Then he went on to say:

The proposed institutions are intended to be part of the permanent framework of international collaboration in the monetary field.

In the next column he continues and says:

The main issue which is at stake in the Bretton Woods proposals is the same as that involved in the united nations charter which this house recently approved by so overwhelming a majority. That issue is: Are we and other countries to organize and cooperate for peace?

Then he continues a little farther on:

In many parts of the world there is evident a keen awareness that if peace is to be maintained and if prosperity is to be achieved it will be necessary to plan for a higher degree of international collaboration than we have ever achieved in peace time in the past. In pursuit of this purpose, the united nations are in process of creating a number of institutions which are to serve as the instruments of such collaboration. The central institution is, of course, the united nations organization embodied in the San Francisco charter. This, it is hoped, will provide the political basis of security. But it is recognized that security also has an economic basis and that economic instability and poverty and unemployment provide a background conducive to political dissension among nations.

In other words, the minister chose to present this measure by way of making an appeal for the promotion of peace. I happen to have been looking over some of the statements which have appeared in various publications, and I find that this propaganda has been going on for some time, certainly since the beginning of the war. The words used are practically identical with those used by the Minister of Finance in speaking to this motion. I find that the supporters of the so-called "Union Now" or federal union also claimed that we must have peace at any price. They asked the nations of the world to subscribe to the establishment of an international government and to relinquish their national sovereignty. This international government was to have control over, first, the monetary policies of the countries in the union; second, the armed forces of the countries in the union; third, an international police force; fourth, citizenship rights of the people in the union; fifth, postal and other means of communication and, sixth, the regulation of foreign and other trade. It is rather striking that the approach they used is almost identical to the one used by the Minister of Finance in dealing with this peace problem so-called. The minister continues and says:

The international monetary fund is primarily concerned with securing orderly exchange arrangements, while the bank is intended to help in the restoration of economies which have been destroyed or disrupted in the course of the war and, over the longer period, to encourage and facilitate the international flow of capital for productive investment.

I should like to quote from an article which appeared in the "Voice of Austria," published in August, 1941, in New York. The author of the article is Ludwig von Mises, who is described in the publication as being a recent professor of international studies at Geneva, a previous professor of economics at the university of Vienna and the author of "Socialism and Economic Analysis." The article says:

. . . if there is any hope at all that foreign capital can be procured for the post-war reconstruction of Europe, then a new legal system for the safeguarding of these investments and loans is essential. No country which stubbornly wishes to maintain its full sovereignty in this field can expect to attract foreign capital.

Do not the two statements read very much alike? Let me read what the minister said:

The international monetary fund is primarily concerned with securing orderly exchange arrangements, while the bank is intended to help in the restoration of economies which have been destroyed or disrupted in the course of the war and, over the longer period, to encourage and facilitate the international flow of capital for productive investment.

The article in the "Voice of- Austria" continues:

The new covenant of the league of nations will therefore have to include a rigid limitation on the sovereign rights of every nation, which intends to borrow abroad or to obtain foreign investments. Unilateral measures which affect the essentials of the contratcual obligations, the currency system, taxation and other important matters have to be rendered unlawful. The debtor countries should not have any rights which are denied to private debtors. No country should have the right to inflict harm on foreign investors.

All these provisions will have to be efficiently enforced by international tribunals and by sanctions which the league must apply with a greater measure of success than in the past. Without some kind of international police power, such a plan could not be carried out. Coercive measures are indispensable in order to make reluctant debtor countries pay.

Of course, this is equivalent to a very rigid limitation on national sovereignty. But there is no other way to make international capital transfers possible again. The nations involved will have to choose between the renunciation of the aid of foreign capital or this abandonment of their unlimited sovereign powers.

It appears to me that the whole crossword puzzle is gradually being put together piece by piece. Parts of this scheme are embodied in various bills and presented to parliaments of the various democratic countries of the world. Of course they are made to appear very innocent and humanitarian in purpose. But these measures are being put through,

and eventually we shall wake up one morning to find ourselves rounded up and with a world police force on the throne.

The Minister of Finance said:

On the political side, the keystone in the structure of institutions being set up for this purpose is the united nations charter. On the economic side we have, to date, three main pieces.

Then he mentions as No. 1, UNRRA, the united nations organization to deal with urgent problems of relief and rehabilitation; No. 2, the food and agriculture organization, and No. 3, the Bretton Woods agreement. Then he continues:

The structure of international collaboration will be by no means complete when the fund and the bank are established.

Which goes to prove that the whole system is being put together piece by piece and, as I have already pointed out, we shall wake up one day and find ourselves governed by an international police force. The minister says:

Nor does the establishment of a monetary framework conducive to liberal commercial policies in itself assure that liberal policies will in fact be followed. For this, separate agreement is necessary.

The minister is promising that he will bring in further measures to complete the puzzle. All we have to do is to look over some of the utterances and writings of the men prominent in the economic affairs of the world to see at once what striking similarity there is between their statements. I have a clipping from the Glasgow *Herald* of June 19, 1941, which quotes Sir Victor Sassoon, British merchant-banker who had arrived in Los Angeles the day before, en route to Shanghai. It reads as follows:

Sir Victor Sassoon said there was no other way to stop Hitler but to form a world federation of democracies, with Britain, Canada and Australia becoming a part of the United States.

"The United States," he said, "needs Britain, Australia and Canada to consume the exports of South America.

"It is now obvious," he added, "to business men of the world that the federal alliance of Britain is so necessary that it hardly bears discussion.

"Britain must come into the democracy of the United States with full rights of statehood.

"It is also obvious that such an arrangement would mean that Britain would relinquish her traditions and institutions of government."

Mr. BLACKMORE: That is her reward for winning the war.

Mr. HLYNKA: Yes. I maintain that it is not in Canada's interests to see the United Kingdom reduced to the position of a second class nation. I maintain that it is in our interests to have the British commonwealth of nations remain the strongest power in Europe. But it is evident to all, I think, that if these schemes are successful the British people will be placed in a secondary position, or perhaps worse.

Yesterday, the minister argued with the hon. member for Acadia (Mr. Quelch) that the Bretton Woods proposals perhaps did not mean a return to the gold standard. He did not say whether the Bretton Woods proposals were or were not a return to the gold standard, but he placed the onus of proof on the hon. member for Acadia. It would appear to me that it is up to the minister to tell us definitely whether it means the gold standard or not.

Mr. BLACKMORE: And prove it.

Mr. HLYNKA: And prove it. In that connection I should like to quote from an article which appeared in the Victoria *Daily Times* of British Columbia of January 25, 1941, written by Major A. H. Jukes, D.S.O., O.B.E., of Victoria, B.C. He said:

What does it mean to surrender our national citizenship, our control of finance, armaments, fiscal policy and judicature, and return to the gold standard?

That is what federal union proposes we should do. In return for what? Greater economic freedom for the individual? If so, we must have safeguards.

Promises are not enough. We should know: Who sponsors it? Who pays for it? And, above all, who will benefit by its adoption?

Is this another attempt to consolidate under a new name that age-old enemy of individual freedom, centralization of power, with its absentee ownership and control? Can we recognize in it any concealed instrument of repression? Its advocates stress its sentimental value without explaining what we stand to lose.

I maintain that it is up to the minister to explain what Canada stands to lose if we subscribe to these proposals, and it is also up to the minister to explain what we would gain by accepting them. To make a general statement on the proposals, which are said to constitute the most important measure to have been introduced in this house in many a year, and discussing them in an ordinary manner, will not be satisfactory to anyone. It does not satisfy me at any rate.

I need hardly say that the position of this group has always been clear in reference to monetary matters, and I should like to quote from a press release which was issued by the Hon. William Aberhart, late premier of Alberta, two or three years ago. Mr. Aberhart denounced the federal union proposals, and, of course, the whole scheme as it is being put over us at the present time. This is what he had to say:

The proposals involve the federation of the British nations, the U.S.A. and other democracies in a union under a central authority. This

central authority would have absolute control over (1) the armed forces of all the countries involved in the union, (2) finance and (3) citizenship.

Control over finance would give the central authority power over every aspect of the economic life of every country within the federation. As I have pointed out before, "those who control the things that people want control the people." So that the central authority would have absolute power over the lives of all the people in the union.

Suppose that the people of Canada were dissatisfied with the economic conditions being imposed upon them by the operation of the union's financial system, they would be powerless to do anything about it. Control over the money system would be vested in the central authority, and it would be beyond the jurisdiction of Canada's parliament to reform it.

Further, suppose that conditions became intolerable in Canada. Well—the international authority would have all the armed forces under its control, so the people could do nothing about it.

This all powerful central authority, with absolute totalitarian control over the people's lives, would be the executive of the union's legislative bodies, on which the British empire would have minority representation and Canada would be impotent, for all practical purposes. Under such conditions it is more than likely that the British people would find themselves under outside domination.

As a scheme to secure the centralization of power on a vast scale for the purpose of divesting every democratic country of its sovereignty, destroying the British empire as a commonwealth of free peoples, abolishing existing democratic constitutions and substituting an international dictatorship by the money power, the proposals of "Union Now" could not be improved upon.

I maintain, however, that any loyal British subject, with a love of king, country and the precious democratic rights which are our inalienable inheritance, cannot but view with revulsion and alarm the open advocacy of a scheme which would rob us of all the things we hold dear, and for the preservation of which we are engaged in a life and death struggle against the menace of totalitarianism.

The late Premier Aberhart was an outstanding student of economic and political affairs, and that is the statement he made. Mr. Speaker, may I ask you to call it six o'clock?

Some hon. MEMBERS: Go on.

Mr. SPEAKER: The hon. member has still five minutes.

Mr. HLYNKA: Very well, Mr. Speaker.

I should like to put on record the stand of the democratic monetary reform association which was adopted in the fall of 1941 in the city of Edmonton. Monetary reformers got together and drafted certain resolutions, and the one on foreign trade has this to say:

Whereas the peace-time struggle for foreign markets is basic because of international strife, and is the disastrous outcome of manufacturers and producers being—

Mr. SPEAKER: Order. The hon. member appears to me to be out of order and has been for the last fifteen minutes. Throughout that time he has been reading from the same book. Standing order 41, section 293, paragraph (i) states that no member shall:

use his right of speech for the purpose of obstructing the business of the house.

I do not say that the hon. member is doing so, but I have had sufficient experience of debate, both in the House of Commons and in the legislature, to know that it is not permissible for an hon. member to read continuously from a book. If that were permitted, any hon. gentleman could make a speech by simply quoting from a book for forty minutes. I must rule that it is not in accordance with proper procedure.

Mr. HLYNKA: Mr. Speaker, I was only quoting from pamphlets and books in support of my contention.

Mr. SPEAKER: Order. I would point out to the hon. member that, notwithstanding the fact that he has quoted different writers, he has been reading from the same book for fifteen minutes.

Mr. JOHNSTON: That is not right.

Mr. HLYNKA: I have various booklets here, Mr. Speaker. One of them is "Federal Union Exposed"; another is a report; another is "Debt-and-Tax Finance Must Go" and a fourth is "Prepare Now".

Mr. SPEAKER: I do not wish to enter into a discussion with the hon. member, nor do I think he wishes to debate the matter with the Chair. It is my duty to see that the debates are conducted in accordance with the rules. I have listened to the hon. member; I have also looked at him while he has been reading, and he has been quoting from the same book for fifteen minutes.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVILEGE—MR. CHURCH

REFERENCE TO STATEMENT IN OTTAWA JOURNAL

Mr. T. L. CHURCH (Broadview): I rise to a question of privilege to call the attention of the house to an article in this evening's Ottawa *Journal*. The article is headed, "'Tommy' Church Slipped." I never slipped in my life. All I want is a modern plant to clear the sidewalks on parliament hill. I want efficiency in road and sidewalk cleaning. I

object to the article. It says that a veteran employee told the writer of the article that some years ago I slipped on an icy spot and that I have raised hell about winter conditions of walks and roads around the hill ever since. I never made such a statement. They have now a modern plant in Toronto that can clean all the snow from the streets and walks in eight hours after it has fallen, and that is all that I ask here to make the walks safe for the public on parliament hill.

Mr. MACKENZIE: I think the question of privilege is profoundly well taken, and would suggest that we now move to private bills.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 29, to amend an Act respecting Vancouver, Victoria and Eastern Railway and Navigation Company, The Nelson and Fort Sheppard Railway Company and Great Northern Railway Company.—Mr. Reid.

Bill No. 30, to incorporate International Air Transport Association—Mr. McIlraith.

Bill No. 162, respecting the Lake Erie and Detroit River Railway Company and Pere Marquette Railway Company.—Mr. Croll.

Bill No. 28, respecting the Quebec Railway, Light and Power Company.—Mr. Lesage.

Bill No. 177, to incorporate Canada Health and Accident Assurance Corporation—Mr. Breithaupt.

Bill No. 158, to incorporate Compagnie de Fiducie du Canada.—Mr. Fournier (Maisonneuve-Rosemont).

Bill No. 175, to incorporate Canadian Conference of the Mennonite Brethren Church of North America.—Mr. Maybank.

Bill No. 187, to incorporate The Catholic Episcopal Corporation of Whitehorse—Mr. Black (Yukon).

CONSIDERED IN COMMITTEE

Bill No. 116, for the relief of Kathleen Helena Henry Bates.—Mr. Maybank.

Bill No. 133, for the relief of Nellie Sapphire Tanham Herring.—Mr. Maybank.

Bill No. 163, for the relief of Frances Gladys Ruth Leveille Williams.—Mr. Casselman.

Bill No. 164, for the relief of Dorothy Ada Greenwood Pringle.—Mr. Brown.

Bill No. 165, for the relief of Edward Vaughton Molson.—Mr. MacLean.

Bill No. 166, for the relief of Elizabeth Jean McKay Hepplewhite.—Mr. Maybank.

Bill No. 167, for the relief of Alfred Henry Gray.—Mr. Boucher.

Bill No. 168, for the relief of Dante Antonio Olak.—Mr. McGregor.

Bill No. 169, for the relief of Joseph Barzyk.—Mr. McGregor.

Bill No. 170, for the relief of Florence Mardi Harding.—Mr. Brown.

Bill No. 171, for the relief of Ernest Lavoie.—Mr. Maybank.

Bill No. 179, for the relief of Samuel Gardner Bradford.—Mr. Whitman.

Bill No. 180, for the relief of Olive May Marks Sanderson.—Mr. Boucher.

Bill No. 181, for the relief of Marie Regina Elaine Arcand Dorval.—Mr. Brown.

Bill No. 182, for the relief of Joan Frances Timms Couture.—Mr. Brown.

Bill No. 183, for the relief of Edith Louise Boutilier Snow.—Mr. Maybank.

Bill No. 184, for the relief of Cyril James Morgan.—Mr. Maybank.

Bill No. 185, for the relief of Joseph Adolphe Aime Berthiaume.—Mr. Maybank.

Bill No. 186, for the relief of Molly Shusterman Percher.—Mr. Maybank.

Bill No. 189, for the relief of Emma Grace Kriticos.—Mr. Maybank.

Bill No. 190, for the relief of Donald John Northey Armstrong.—Mr. Hazen.

Bill No. 191 for the reelief of Goldie Boltuck.—Mr. Croll.

Bill No. 192 for the relief of Irene Nelson Johnston.—Mr. Boucher.

Bill No. 193 for the relief of Justinien Joseph Damase Gerard St. Amant.—Mr. Hazen.

Bill No. 194 for the relief of Olive Pashley Mackie.—Mr. Emmerson.

Bill No. 195 for the relief of John Graham Gatehouse.—Mr. Casselman.

Bill No. 196 for the relief of Gertrude Violet Kerwin Desjardins.—Mr. Nixon.

Bill No. 197 for the relief of Winifred Madge Jones Brown.—Mr. Whitman.

Bill No. 198 for the relief of Winnifred Catherine Bird Jackson.—Mr. Benidickson.

Bill No. 199 for the relieef of Archibald John Pratt.—Mr. Maybank.

Bill No. 200 for the relief of Mary Theresa Sharp Mackay.—Mr. MacLean.

Bill No. 201 for the relief of Edith Holbrook Hume.—Mr. Maybank.

Bill No. 202 for the relief of Amy Helen Bowerman Hume.—Mr. Maybank.

Bill No. 203 for the relief of Mary Anderson Bell Gordon.—Mr. Maybank.

Bill No. 204 for the relief of Leopold Levesque.—Mr. McGregor.

Bill No. 205 for the relief of Myrtle Elizabeth Fraser Bennett.—Mr. Rose.

Bill No. 206 for the relief of Sylvia Pamela Solomon Lande.—Mr. Cleaver.

Bill No. 207 for the relief of Annie Kandel Askanazy.—Mr. Brown.

Bill No. 208 for the relief of Rose Acomsky Bloom.—Mr. Boucher.

Bill No. 209 for the relief of Ethel Meakings Downs.—Mr. MacLean.

Bill No. 210 for the relief of Evelyn lsabeI May Ramsay Jarvis.—Mr. Brown.

Bill No. 211 for the relief of Arthur John Frederick Temperton, junior.—Mr. Casselman.

Bill No. 212 for the relief of Myrtle Ann Westover Coleman.—Mr. Rose.

Bill No. 213 for the relief of Marie Gertrude Owens Conant.—Mr. Maybank.

Bill No. 214 for the relief of Louis Humble. —Mr. Casselman.

Bill No. 215 for the relief of Sarah Silverstone Michelin.—Mr. Maybank.

Bill No. 216 for the relief of Roderick Auguste Robert de Lotbiniere Harwood.—Mr. MacLean.

Bill No. 219 for the relief of Emile Bastien. —Mr. Maybank.

Bill No. 220 for the relief of Cecilia Kate Burrows Andrea.—Mr. Maybank.

Bill No. 221 for the relief of Helen Eaton Gair Curnew.—Mr. Maybank.

Bill No. 222 for the relief of Jack Bailey.— Mr. MacLean.

Bill No. 223 for the relief of Winnifred Pearl Simcox.—Mr. Maybank.

Bill No. 224 for the relief of Robert Dickerson Silverman.—Mr. Maybank.

Bill No. 225 for the relief of Mary Arden Stead Eberts.—Mr. Maybank.

Bill No. 226 for the relief of Omer Guindon. —Mr. McGregor.

Bill No. 227 for the relief of Leona Mary Murphy de Marky.—Mr. Maybank.

Bill No. 228 for the relief of John Robert Mackenzie.—Mr. MacNaught.

Bill No. 229 for the relief of Gertrude Silverson Holmes.—Mr. Maybank.

HAROLD JAMES CHESTERMAN

The house in committee on bill No. 188, for the relief of Harold James Chesterman—Mr. Maybank—Mr. Golding in the chair.

On section 1—Marriage dissolved.

Mr. CASE: I want to ask whoever is responsible for these bills who bears the cost of having these divorce bills put through the senate. After all, as I sit here listening to these bills just going through like a machine I believe we are making a mockery of the whole thing. I understand that some 179 divorce bills have been dealt with by the senate, of which about 177 come from one section of Canada where they have no divorce courts. It seems to me we should amend the constitution or do something so that we shall not have to deal with these bills in this fashion. Where is this thing going to lead?

Section agreed to.

Section 2 agreed to.

Bill reported.

HERBERT LAWRENCE LOUCKS

The house in committee on bill No. 230, for the relief of Herbert Lawrence Loucks—Mr. MacLean—Mr. Golding in the chair.

Sections 1 and 2 agreed to.

The ACTING CHAIRMAN: Shall I report the bill? Carried.

Mr. HANSELL: Before this last bill is reported I desire to make one or two observations; and I do not choose this particular bill for the purpose, but rather what I have to say would apply to all of them. I do not rise to discuss the constitutionality of these matters or whether they should be dealt with by parliament or by a court, but after one has been here for a few years it becomes obvious that these bills are on the increase. Each year there are a few more, and here we have bill No. 230. I do not know how many divorce bills that would include, perhaps over two hundred, and that is far too many. There must be a reason for this.

Mr. MAYBANK: There certainly is.

Mr. HANSELL: I know there certainly is, and we are all quite cognizant of it. The thing is a little too serious to pass over in a rather jocular fashion. I rise simply to say that the causes of these things must be removed if at all possible; and if in a small way one small voice crying in the wilderness might bring this matter to the attention of the people and institutions concerned, whether they be church or reform organizations, as to whether anything can be done to eliminate the cause, it must be all to the good. Every divorce meas a broken home, and in many cases children are involved. Does it mean that society on the whole is on the downgrade? Surely we should be alarmed at the situation if that is the case.

I notice, in reading some of the evidence in these cases—

Some hon. MEMBERS: Oh, oh.

Mr. HANSELL: Yes, I sometimes pick them up and remark to some of my colleagues, "Now I am going to read my bed-time story."

Some hon. MEMBERS: Oh, oh.

Mr. HANSELL: That is about what the picture is, in most of them anyway. I notice

that almost invariably there is liquor connected with these cases. And when one goes to a moving picture-show, one hardly sees a picture these days which does not show someone, maybe in two or three or a half a dozen scenes, taking a drink.

Some hon. MEMBERS: Shame.

Mr. HANSELL: That sort of thing must have some influence upon our younger generation; I do not believe that we should treat these matters with too much levity. If society is going down—down—down, we had better look out for our Canadian institutions, our Canadian life, and our nation. Someone had better become alarmed about it all. Evidently hon. members are not very much alarmed. All I can say is, that they had better be, because the same thing may happen one of these days to one of their own children. I am not overmuch impressed with the position regarding constitutionality. I believe Quebec is doing something to try to stop this thing; I honestly do. It may not be the way I would do it, or the way someone else would do it, but the fact that they do not want a divorce court is an indication that they do not want divorce. That is certain. It is about time that someone in Canada sounded a note of alarm.

Mr. LaCROIX: I have been listening for years to discussions in connection with these divorce cases, but I have never heard any practical suggestion in this house to solve the problem. From my humble point of view there is only one way to settle it, and that is, to kill all these divorce bills through our vote. Then there will be no more divorce bills next session.

Mr. MAYBANK: I thought at first that the hon. gentleman who has just sat down was going to say that we should kill all the adulterers before they committed adultery. That would be conclusive, just as hanging stops murders. However, I wish to make two or three suggestions which have come to me in looking over some of these bills and listening to the arguments which have gone on from year to year.

I cannot see that there is very much object in discussing whether or not these bills are on the increase here in parliament. I am under the impression, for what it may be worth, that they are not, although this year there is a larger number than usual.

Mr. MACKENZIE: It is later in the year.

Mr. MAYBANK: This is a year when one may expect a considerable number of "saved-up" divorces. There have not been quite so many over the war years as there were before, but there has been a great deal of unnatural living of Canadians during these war years, and quite a lag—if one may borrow a term we use regarding industry—with respect to the bringing of divorce suits. That accounts in part for the larger number of divorce bills which are now before parliament, just as there is a larger number before the courts. I think that condition will continue for two or three years; then the outraged spouses will have caught up with the demand for divorce and things will become normal again.

Some reference has been made to the evidence in these cases. I am not at all satisfied with the divorce procedure as it obtains in the houses of parliament, although in any remarks I make in this respect I want it understood that I am not criticizing any persons in another place who conduct the divorce hearings. But it seems to me, as I read the evidence in these cases, that there is a great deal of illegality, aside from the adultery, behind all these cases. If one takes a page out of one case and puts it into another case there will not be any difference; you would never know as you were reading that you had run into another case; they are all so similar. The evidence in case A, if you tore out the title page, would seem to relate to case B. When you find that degree of similarity in divorce evidence you are bound to conclude that there must be collusion behind these cases. For that reason alone I do not think it is satisfactory to carry out the divorce business the way the houses of parliament are doing it at the present time.

When this matter came up a few days ago the Minister of Finance remarked that he thought some person ought to make a concrete suggestion as to what should be done, and not merely to inveigh against this practice from year to year; and that is what I desire to do. I have three proposals. The first is, that parliament simply stop being used as a divorce court. I see no reason why a spouse living in Quebec should expect the houses of parliament to go into action on his or her account merely because he or she has made a bad choice in marriage. I do not think parliament should be used for the purpose of passing special laws for special cases. However, there will be many who will think that that recommendation is too drastic. If that be so, I would suggest that a court be set up. I do not say you have to foist courts upon Quebec; there is another way of doing it. At any rate we should get these cases away from the houses of parliament and into the courts where there is machinery for checking up with reference to the honesty of the evidence. Again, if it be not desired to make that decision immediately

to set up a court, the third suggestion I make is that early in the next session of parliament the government set up a committee composed of members of both houses to consider the whole question and to bring in recommendations as to how we can get rid altogether of this business, which is liked by nobody in either house.

Mr. HACKETT: Mr. Chairman, I have very definite—

The ACTING CHAIRMAN (Mr. Golding): I do not think we can allow a lengthy discussion on the bill. The bill was carried.

Some hon. MEMBERS: No.

Mr. HACKETT: I submit that the bill has not been carried. I should like to associate myself to some extent—

The ACTING CHAIRMAN (Mr. Golding): The bill has been carried and there is nothing before the house.

Mr. HACKETT: I submit that the bill has not been carried.

Mr. MACKENZIE: Yes.

Mr. HACKETT: When was it carried? We have listened to three or four speeches. I protest that the bill has not been carried. We have been sitting here waiting for an opportunity to speak.

The ACTING CHAIRMAN (Mr. Golding): I must disagree with the hon. member. The bill was carried and I asked if I would report the bill. That was carried and then the hon. member for Macleod said a few words, but we cannot allow a general discussion on divorce at this time.

Mr. MacINNIS: On a point of order; if the bill was carried and the discussion was out of order, then the hon. member for Macleod and the hon. member for Winnipeg South Centre should have been declared out of order, or the hon. member for Stanstead should be allowed to speak. I agree that he can say what he wants to say on the third reading and he cannot be stopped then.

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Vancouver East is quite right. We should have stopped any discussion. However, hon. members can discuss these bills on the third reading if they wish to do so.

Mr. BRACKEN: With all respect I suggest that you have already allowed two members to speak and you should let the third one speak.

Mr. HACKETT: I was about to say that—

[Mr. Maybank.]

The ACTING CHAIRMAN (Mr. Golding): Order. If the hon. member wishes to discuss these bills he can do so on the third reading. I will report the bills.

Bill reported.

Mr. RALPH MAYBANK (Winnipeg South Centre) moved the third reading of bill No. 116; bill No. 133; bills Nos. 163 to 171 inclusive; bills Nos. 179 to 186 inclusive; bills Nos. 188 to 216 inclusive; and bills 219 to 230 inclusive.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I should like to add just a few words to what has been said by the hon. member for Winnipeg South Centre (Mr. Maybank) and by the hon. member for Macleod (Mr. Hansell). I think the way in which divorce bills are being treated by parliament is not doing a great deal to enhance the respect of the Canadian people for parliament. If there has ever been a time since this dominion has existed when we should maintain respect for our institutions it is now when they are being so sorely tried.

The hon. member for Winnipeg South Centre has suggested that a committee be set up to study the question of divorce as it presents itself to parliament. I should like to suggest that that committee go even farther. We are confronted with a menace to the life of our country. I doubt if there is a man within sound of my voice who does not agree that divorce is undermining our society. If that be true, then parliament should be interested in attempting to allay the evil. Some people may say that that is not the function of parliament, that that is the function of our schools, our churches, our homes or other bodies, but I submit that anything that is so important, anything that has cast such a blight upon the national life should be considered, and considered promptly, by parliament.

Merely to ascertain where divorces are to be heard will not go to the root of the evil. When we attempt to stamp out malaria we do not merely kill the mosquitoes that carry the virus about; we go to the swamps where it originates and try to dry and cleanse them. That, I submit, must be done if we are to be freed from this evil. If the suggestion of the hon. member for Winnipeg South Centre is considered—and I think it is a subject worthy of the consideration of parliament—the question to come before the committee should go to the root of the evil and not merely stop at considering the inconveniences caused to parliament and the indignities heaped on parlia-

ment through having to deal with these matters as we have been dealing with them to-night and in the past few years.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, divorce has been increased in latter years as after every war. I suggest that the minister should consider appointing a legal committee to deal with this whole matter of divorce. At every sitting of the high court of justice in Ontario the judges are loaded down with these cases; at times there are two or three hundred standing on the record. The fees in a few cases are sometimes exorbitant and many poor people cannot pay them. Then they must wait for six months before the final order is issued. I think a legal committee on legal bills should consider the whole question involved herein at the next session. The Minister of Justice (Mr. St. Laurent) should also consider introducing some amendments with regard to procedure.

It was stated in the house the other evening that divorce through the courts would be cheaper than in the senate, but in my opinion the law court method is about as dear, because you have lawyers on both sides and a file of pleadings, and a big bill of costs would be run up. I think there should be a fixed fee for divorce, say fifty or seventy-five or one hundred dollars, and divorce should be transferred from the jurisdiction of the high court to the county courts for the reason that at the assizes held in many cities and towns there is a large expense for the grand jury. I suggest to the Minister of Justice that during the parliamentary recess he consider the appointment of a legal committee because we have many legal bills coming up, and it would save a great deal of time.

Mr. L. A. MUTCH (Winnipeg South): Mr. Speaker, I just wish to say that I have been four times credited with having made a contribution to this debate, and I am not guilty.

Mr. J. H. MATTHEWS (Kootenay East): Mr. Speaker, this discussion indicates that many members of the house are deeply concerned about this great menace to our national life and quite a number have asked what can be done about it. I am not so much concerned about the saving of time of parliament, because I think that what we are here for is to spend our time in discussing issues of national importance, and anything that is a menace to our national life is the business of this house.

Some hon. members have mentioned different causes for this disease that is in our national life to-day. The hon. member for Macleod (Mr. Hansell) has spoken of the liquor interest. That is only one thing. I think the cure goes far deeper than any committee of this house could bring about. It goes beyond the work of the churches. You have to go into the home of everyone in this country, and we as fathers and mothers should endeavour to instil into the hearts and minds of our children a proper regard for the vows that married people take, vows made before God, not just a vow to be taken to-day and lightly cast aside to-morrow, and that divorce is not to be as easily obtained in the future as in the past. I read somewhere quite recently, and I was intrigued with the suggestion, that in Russia they are making it increasingly difficult for people to get married, and I think that is one of the lines along which we shall need to travel in the future. As it is to-day, two young people meet each other; they feel that there is a certain compatibility between them, and without consideration of what the future may hold or whether they will be congenial companions for life, and perhaps supported by a few drinks of liquor, they go out and get a licence and say, "Let us find a preacher and get married." That is all that many young people think about marriage.

I believe that in the home, in the church, in our schools, and in all our social organizations we should endeavour to instil into the minds of our young people a deeper regard for the sacred contracts into which men and women enter.

Then there is, I think, a work that parliament can do. I venture to say that at the next session, if not at this one, we should consistently demand a recorded vote on every one of these divorce bills that come up, and let the members of this house stand up and be counted so that we shall know just where they stand on this matter. The members of the other place will then find that we are beginning in this house to regard divorce with something of the seriousness that it demands.

Hon. H. A. BRUCE (Parkdale): Mr. Speaker, I simply wish to reiterate what I have said in former sessions of this house in opposition to the method of handling divorce which we have had illustrated here this evening. It is nothing but a farce, and I think this house should rid itself of the responsibility of giving its assent to divorce bills in the way it is being done here to-night and has been done on former occasions. I therefore approve of the recommendation of the hon. member for Winnipeg South Centre (Mr. Maybank) and think the suggestion made by the hon. member for Stanstead (Mr. Hackett) might very well be incorporated in the work of the committee. At any rate our first and

important duty is to get rid of the present unsatisfactory method of granting divorce. None of us knows the details of any of these cases, and we are quite incompetent to say whether the parties applying should be given their freedom. Although I would not for one moment suggest that we impose on the province of Quebec a court to deal with divorce if they do not want it, I think the people of that province who wish a divorce could very well come to a court in the city of Ottawa where they could seek relief by the regular process of law. I protest against the present procedure and hope that something will be done at the next session to remedy the situation.

Mr. SPEAKER: Shall the motion carry?

Mr. MACKENZIE: Carried, on division.

Mr. PIERRE GAUTHIER (Portneuf): There are five members standing, Mr. Speaker, and we want a vote. We are entitled to it.

Mr. SPEAKER: Call in the members.

Mr. MACKENZIE: Mr. Speaker, it is an established rule according to British practice that one may rise to a point of order after the division has been called. My point of order is this, that for years the House of Commons here has been, as a matter of convenience, putting through a great number of divorce bills on one motion. I submit that for the purpose of this vote the protest can be against only one specific bill or measure and not a number of bills en bloc. I think that is reasonable; I think it is sound and I think it is sensible.

Mr. TUCKER: On the point of order, I would suggest that the matter goes even farther than that, the taking of the vote on other than the first bill being out of order. Had they not all been put at one time, perhaps the division would not have been asked for. Perhaps each hon. member asking for the division may have had different bills in mind. Therefore I submit that the whole request for a division must be out of order. Obviously when thirty-eight bills are put at the same time it cannot be said that each member who rises is rising on the same bill, or the first bill; he may be rising on the second, the third or the fourth. Therefore I submit that the whole request for a division must be out of order and we must start over again on the motion for this reading of these bills.

Mr. HANSELL: On the point of order, may I say this, that I concur in the remarks that have been made by the Minister of Veterans Affairs (Mr. Mackenzie) and the hon. member for Rosthern (Mr. Tucker).

Mr. SPEAKER: Order. Standing order 8 says definitely:

When members have been called in, preparatory to a division, no further debate is to be permitted.

If the house insists on the point of order I must say that I have already put the question to the house and have called for the members. Therefore, according to the rules, I do not think I should permit any debate on the motion itself. If it is the desire of hon. members to prove to the Chair that they have a right to discuss the point of order I may give them that opportunity, and if I am not sure of the decision that I should give I shall reserve it until later.

Mr. GAUTHIER (Portneuf): On the point of order, I believe that divorce is rather a point of disorder, and if we call for a vote it is because the majority of the province of Quebec are opposed to divorce.

Mr. SPEAKER: Order. Probably I have not made myself understood to the hon. member. I could not permit a debate on divorce or on the motion. The Minister of Veterans Affairs (Mr. Mackenzie) raised a point of order and said that a single vote should not be taken on all the divorce bills which have been reported by the committee of the whole, but that it should be taken on one bill at a time. I wonder whether I can permit a debate on that point of order. If the minister insists on a debate I shall reserve my decision and give my ruling a little later. Therefore we shall not have a vote now.

Mr. MACKENZIE: I thoroughly concur in your judgment, Mr. Speaker. I think it might be of advantage to the whole house if you would reserve your decision and we shall proceed to the next order of business.

Mr. COLDWELL: On a point of order, is the suggestion of the leader of the house in conformity with the rules of the house? After a motion has been put, is it possible to raise a point, reserve the decision, and take a vote at a later hour? I would ask the Speaker for his ruling.

Mr. SPEAKER: That is what I do not know.

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: I am grateful to the house for its applause, but they will see very plainly in the rules of the house that it may

often happen that the Speaker is not sure and not in a position to give a ruling; but as the house is master of its own rules the Speaker asks the house for permission to reserve his decision to study the question and to give a ruling which will have the approval of the house and which will be fair to all.

Mr. MacINNIS: On the point of order, Mr. Speaker, I agree that perhaps your action is the correct one at this time, because we are dealing with a matter that has never come before the house since I have been a member of it. If the point of order raised by the leader of the house is correct, that the vote must be taken on only one bill, it does not get us very far unless we take it as a precedent for a decision in all other cases. I submit, Your Honour, that a proper bill must receive three readings in this house; and if there is a division called for on any of those readings then a division is in order; otherwise there is nothing before the house. Every bill must go through that procedure, and these bills legally are no different from any other bill. While I agree with your decision to reserve judgment until some future time, and until you have had an opportunity to go into this question, I cannot agree with the point of order which was raised by the Minister of Veterans Affairs and the hon. member for Rosthern.

Mr. SPEAKER: I should like to call the attention of the house to paragraph 107 of Beauchesne's Parliamentary Rules and Forms, third edition, at page 53:

> In all matters of doubt, the Speaker will consider attentively the opinions of members of experience, or sometimes, instead of expressing his opinion on either side, may ask instructions from the house or reserve his decision on the point in discussion, or suggest that the house may, if it think proper, dispense with the rule in a particular case. In doubtful cases, he will be largely guided by circumstances.

Mr. STIRLING: May I ask whether the matter now stands until eight o'clock on Tuesday evening?

Mr. MACKENZIE: It stands until His Honour has made his decision and it is convenient for all hon. members of the house to proceed again with the consideration of these divorce bills. The time will be announced and due notice will be given to all hon. members.

Motion (Mr. Maybank) stands.

[Mr. Speaker.]

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The house resumed consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that the house go into committee to consider the following resolution:

> That it is expedient to present a measure to grant authority to accept on behalf of Canada and to carry out the obligations of Canada under the articles of agreement for an international monetary fund and an international bank for reconstruction and development prepared by the united nations monetary and financial conference held at Bretton Woods in July, 1944; to authorize the payment of the subscriptions required from Canada out of unappropriated moneys in the consolidated revenue fund to an amount not exceeding seven hundred million dollars; and to authorize the borrowing under the provisions of the Consolidated Revenue and Audit Act, 1931, of sums not exceeding seven hundred million dollars.

Mr. HLYNKA: Mr. Speaker, when the house rose for the dinner recess at six o'clock I was trying to place on record the stand of the democratic monetary reform organization on this problem of gold, but since Your Honour raised an objection to lengthy quotations I shall refrain from quoting anything more and proceed with my remarks.

I should like to say that I personally do not know how any international control of money will assist Canada in distributing the goods and services we produce among our own people. I say that to try and pretend that we can solve great problems on a world-wide scale is pure and simple shadow-boxing, and that the practical and sensible thing to do would be first to put our own house in order and endeavour to solve our own problems within our own boundaries. Surely this nation has reached the position where the leaders of government should be able to find ways and means of distributing the goods and services which the people of Canada produce, but of course we always hear appeals and speeches telling us that the only way we can solve our problems is to get into the world arena of international finance and tie ourselves to the gold standard and other international organizations. Strange as it may seem, since the beginning of the war, great pressure has been applied in every field to endeavour to get us to join various international organizations. Instead of hearing speeches and discussions in this house as to ways and means of preserving democracy, we hear speeches and appeals from the government benches to tie ourselves to international organizations, because this country seems to be too small for us.

The slogan of this group, Mr. Speaker, is that that which is physically possible and desirable must be made financially possible. How in the world can we make everything that is physically possible and desirable financially possible within our own country if we tie ourselves to some external force or authority? The people of this nation, and particularly those who advise the government, should be in a position to find ways and means of making financially possible that which is physically possible and desirable.

I have said that we must endeavour to put our own house in order before we embark on an international scale. I hardly need say that during the period from 1929 to 1939 the gold standards and all the other devices they could think of failed dismally in this country. Why did not the gold standard system or scheme prove a success at that time? Why did we have to abandon the gold standard during the war? Simply because we knew that to tie ourselves to this mechanism or this scheme would not solve the problems of the nation. Now, in the peace-time period, no system which will tie Canadian currency and credit to any basis of gold will help Canada to distribute her goods and services, rehabilitate her returned men, and assist in putting this nation on its feet economically.

I will add only one other thought. I consider that all these international schemes are carefully and cleverly aimed at reducing the power of the British commonwealth of nations. For centuries the British empire has been the bulwark of freedom and democracy, and we must not permit any scheme to be introduced, piece by piece, until we finally realize that we have surrendered our sovereignty and those liberties for which the British people have fought for more than a thousand years.

If this measure is as important as the minister says and as other hon. members who have supported it claim that it is, it should receive the fullest scrutiny and the most careful consideration; and I for one cannot see how we can examine the proposals as closely as we should, or discuss them as thoroughly as we should, in the short space of time remaining at our disposal. I fail to understand why the minister did not bring in this measure at the very beginning of the session. It is one of the most important measures. Why has it been postponed until practically the last week of this session? I do not wish to impute motives to the minister or his advisers, but I suppose it was expected that during the dying days of the session the measure could be rushed through this house without much trouble and of course the government would not have to put up such a very strong fight.

Therefore, in closing, Mr. Speaker, I urge the minister, even at this time, to give the most careful consideration to this suggestion. I do not believe he would lose much if he postponed the discussion of this issue for a time, or left it over to the next session, so that the people of the nation may be better informed upon it and hon. members have had ample opportunity to discuss it as thoroughly as they should.

Mr. ANGUS MacINNIS (Vancouver East): If I thought there would be no further discussion of this order I do not think I would take the time to discuss it; but if we are to carry on discussions I suppose that what I have to say may have as much weight as the views of somebody else. The proposal which was made yesterday that the matter be referred to the banking and commerce committee was a perfectly reasonable one, and we should have accepted it. After we had heard from those who are familiar with the terms of the Bretton Woods agreement, and any other experts—I almost hesitate to use the word—then, if we were not satisfied, the proper time for a debate such as this would be when the bill comes back from the banking and commerce committee.

Mr. BLACKMORE: It would be too late then.

Mr. MacINNIS: No, not a bit later than it is now.

Mr. BLACKMORE: It would be all signed and delivered by that time.

Mr. MacINNIS: I think my hon. friend is afraid that he would be convinced.

Mr. BLACKMORE: We would be hog-tied.

Mr. MacINNIS: This bill, when it comes back from the banking and commerce committee, is really no closer to enactment so far as the powers of this house are concerned than before it goes to that committee.

In my opinion the issue before us is very simple, although the Bretton Woods agreement is very complex. We are not now asked to approve the Bretton Woods agreement; we are asked to approve the principle embodied in the Bretton Woods agreement, and then to send it to the banking and commerce committee so that it may be investigated section by section, and so that hon. members who are later to vote on it will have an understanding of what they are voting for. The real issue before us is, do we want international cooperation in the matter of trade and finance, or do

we want to "go it alone"? That, as I see it, is the issue involved in either accepting or rejecting this agreement.

To-day and yesterday I listened to speeches on the dangers of international control, and fears that we might lose our sovereignty and have an international police force imposed upon us. That, to me, seems a strange fear, after having been engaged for six years in an international war. It would be better, perhaps, to accept an international police force than to engage in another international war in a few years. We have come to the point where the choice is, international cooperation for peace, or international cooperation in war.

Mr. KUHL: Even cooperation.

Mr. MacINNIS: Even cooperation. But my hon. friends did not object to that cooperation during the six years of war. I am not finding fault with them for that.

Mr. BLACKMORE: What does the hon. member mean by that?

Mr. MacINNIS: My hon. friends did not object to Canada associating herself with other nations throughout the world in order to destroy the forces that were destroying the world. My position is that, having done that, having given our blood and treasure in bringing about peace, are we now to let all that go by and each country take its own way with its own affairs in opposition and competition to all other countries? That would end as it must end, as it has ended twice in a generation, in another world war. That seems to me to be the simple position with which the people, not only of Canada but of the world, are confronted.

We have heard a great deal of talk about national sovereignty. Will some one tell me how many countries have to-day any national sovereignty that is worth while? I think I could count them pretty well with the fingers of one hand. We have reached the stage where if we are to have peace; if we are to have that measure of cooperation that will bring about prosperity, not only for ourselves but for others, we must be ready to give up a great deal of our national sovereignty. Indeed that is the way world progress has been made. Not only have people given up things, but privileges have been taken away from sections or from groups in order that those privileges might be extended to even larger numbers of people. That is the way democracy has developed in nations, and that is the way it must develop in the international sphere.

Reference has been made to the danger to the British empire and the British commonwealth of this agreement. To-day in London, right in the heart of the British empire, a measure of this kind has proceeded even farther along than the road to enactment than this bill. I understand it has reached first and second reading. That measure is to approve the Bretton Woods agreements. Do my hon. friends to my left believe that the British government has taken that action in order to destroy the British commonwealth or the British empire?

Mr. BLACKMORE: They were clubbed into it yesterday.

Mr. MacINNIS: My hon. friend says they were clubbed into it. The fact is that they have taken another step on the road to international cooperation.

Mr. BLACKMORE: International slavery.

Mr. MacINNIS: We shall have to differ on those points. I must associate myself with the people who are dealing with these matters not on a narrow basis, a basis that is provincial to-day, national to-morrow, and then perhaps narrowing down to one city or one county. Let me say again that this Bretton Woods agreement is a very complex document. I do not say that at the moment I approve it; if I were asked to make a snap judgment I would say that, on balance, as far as I understand it I approve it. Some of the doubts I had in regard to it were removed yesterday to some extent when the Minister of Finance spoke. In the committee, if we do not fully understand it we can ask questions and have things explained to us, provided that we do not go into the committee with the feeling that we know everything and that we shall have to explain things to the people who drew up the agreement.

Let me say a word in regard to the experts. I agree that experts can be wrong the same as ordinary people can be wrong. Considering the field that must be covered by the average member of parliament in carrying out his activities; considering the great magnitude of the matters he must deal with, he cannot possibly carry on unless many things are explained to him. In many cases he must accept what he is told and use whatever intelligence he has to deal in the circumstances. It is rather funny to hear my hon. friends to the left object to experts. I remember a few years ago, when the late Mr. Aberhart was alive, when anything was asked about the social credit programme and how it would work the answer given was, "It is none of your business; you could not understand it; leave it to the experts."

I remember the stock illustration that was given. We were told that when we entered our bedroom and pressed a button to turn on the light we did not know how the dynamo operated or how the electricity was generated in order to provide that light. But yet we made use of it. That was the argument we were faced with. Now when we come to a question that is as extremely complex as this one we must rely on experts, and I suppose there can be experts in finance as well as experts in electrical engineering or any other kind of engineering.

It is not a question of having a perfect thing either one way or the other. It is not a question of black or white. I think the position the intelligent man must take is to examine the problem that comes before him, accepting what is good in it and rejecting what is bad as far as he can see it. Then he can indicate the way he wants to go. I submit that if we let this question go to the committee on banking and commerce we can come back here and those who favour it can be stronger in their support. If the experts or those who know most about the agreement do not make out a case in the committee, then those who are opposed to it can come back with their opposition much stronger. Why not let the agreement go to the committee so that we can act intelligently?

Mr. PATRICK H. ASHBY (Edmonton East): Mr. Speaker, there seems to be some doubt in the minds of many members as to whether Bretton Woods is on or off the gold standard. I submit that Bretton Woods has set up a new gold standard. We are as much as told that we can either take it or lump it. Here it is on page 31:

> Par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944.

There it is, as bold and as impudent as it could be. It may have had a little dirt washed over it, but it is the same old carat; it may have been increased to sixteen carats, but it is still there; it is the same old gold standard. I do not claim to be an expert on gold. I personally put very little value on gold. Most certainly this metal has an increasingly minor role to play in the economics of most nations. What I am concerned with are results.

At page 205 of the *Fortnightly Review* for December, 1944, is an article written by one of the leading authorities on gold and finance. In fact, he was the co-editor of two Paris economic weeklies from 1935 up to the outbreak of the war and economic consultant to various British and French firms in Paris, a graduate of Lausanne university, a doctor of social science, and he has contributed articles and political subjects to journals in Paris, London and New York. If he were not an authority this publication would not publish any statements from him. He said, at page 205 of the *Fortnightly Review*, under the heading, "The Role of Gold":

> Bretton Woods set up a new gold standard. Any attempt to explain away the provisions of fund agreement article IV section 1 (a) on this point is condemned to failure. It may be better or worse than its pre-1914 or 1925 predecessors. That is open to argument. What is not open to argument is the fact that its reintroduction is in the overwhelming interest of the United States of America which, with a gold stock of $20,000 million dollars, is fundamentally concerned in preventing its demonetization.

It may be better or worse, but it is still a gold standard, and I feel sure that it is worse. When we speak of the United States of America we do not mean the people of the United States of America. What we mean are the financial dictators called financial experts, with their vaults of gold, who control the lives of the people of that country and who hope to control the world. They are the supreme yet hidden power whose methods they are determined shall be upheld and maintained at all costs. This insane gold standard is wrong. It does not matter what system or standard we use; if the results are not what we want the wrong methods or the wrong standards are being used. The gold standard has never given and will never give us the results we desire. It always has and always will produce fear, poverty, wretchedness and insecurity, with ever-increasing debts and taxation, breeding crime and vice and ending up in periodic wars of ever-increasing violence. It is not the duty of the people we represent to adjust their lives and living conditions to a gold standard or to any other method or system whatsoever. It is our duty, sir, as representatives of the people to learn what results our people desire and want and then to instruct the experts whom we have appointed to devise ways and means that will produce those results. The people must hold us, the members of this parliament, responsible for all sickness and for all deaths in Canada caused by a lack of any food, clothing or shelter. They should hold us responsible for all crimes committed for financial gain. They should hold us responsible for all conditions of poverty and suffering as long as the materials required are not available or potentially available in Canada.

Likewise we must hold our appointed experts responsible, and it is our duty to our people to transmit to them the names of the

individuals who are responsible for the financial system and for even attempting again to introduce and fasten upon us another gold standard. It is the duty of this parliament to remove from office any expert who does not obey our instructions. We must not serve finance but serve our people, who have chosen us in good faith to represent their will. It is the duty of the experts first to obtain from this parliament instructions as to what the people want, and then make their plans accordingly.

In this Bretton Woods agreement these international financial dictators responsible to no one have, without any instructions from us, devised a certain system and standards, with full knowledge, we must admit, of what the results will be; they have introduced a new gold standard for a purpose, and the purpose or result they know must follow is not one, I can assure this house, that will create a happy, contented and prosperous nation of people. It is designed, I feel certain, to repeat in a more drastic form the conditions which the gold standard has always brought about.

I spent some time when a student at Oxford in studying money and discovered that the whole system was based on fraud. Until we replace this system with an honest method, the results will always be disastrous. We must learn to distinguish between means and end, between methods and results. We do not want par value of currency expressed in terms of gold or old umbrellas. What we want is corned beef and cabbage. In other words, we want what we want when and where we want it.

In 1894 it was clearly stated by some of the world's keenest economists that the gold standard means inevitable war. But once war is brought upon us, gold is abandoned and money as required for destructive purposes is created in abundance. The gold standard means inevitable war. We know that. We have had several wars during the lifetime of many hon. members now present. Modern wars do not just happen. We are being ruled, not being served, by those who worship gold.

I wish the Minister of Finance (Mr. Ilsley) would not look so glum. Let us be cheerful about the matter. We have not lost yet. In fact, if this government only realized it, they stand to-day in a position which could be used and long remembered by humanity for many generations to come. In the hungry thirties I decided to go off the gold standard and to go on a standard that was backed, but not by worthless metal. I decided to go on a standard backed by real assets. I went

[Mr. Ashby.]

off the gold standard and on to the turkey standard. I believe in that old slogan, a chicken in every pot; but my slogan in the hungry thirties, when we could not sell our turkeys, was a turkey on every table.

What we want to-day is not counterfeit money, but genuine money, money backed by the real available assets created by the people. As I have said, I went off the gold standard and on to the turkey standard. That is true. In the hungry thirties I received bills as usual. At first it was just an ordinary bill, and I would set it to one side hoping I might be able to meet it the next month. When the next month came, a word was added to the bill, the word "please"; and then the next month still more words were added, "please remit". "Past due" would appear on the bill the next month, and so on, until finally many of them gave up hope of ever being able to collect from a farmer who possessed untold wealth in the form of food which nobody could buy.

Consequently I started in to make some money myself. I know that the chartered banks had greater facilities than I had. They made beautiful bills, some of them highly coloured, and on each of them was the picture of the president or the vice-president. My bills had to be made of common ordinary paper, but I wanted mine to look fairly good too. Indeed I tried to embellish them. Now, whose picture should I put on my bills? Well, money is nothing but a joke, and the greatest joke in the funny papers was old Major Hoople, so that I cut out the picture of that notorious gentleman and pasted it on my bills, one of which I now hold in my hand. On the left-hand side is a picture of Major Hoople, the big joke, and on the other side is his wife Martha; for my money, if it amounted to anything, had to have some force and push behind it, and she was the one who was always pushing the major around. As it looked a little bare, I also stuck a tuberculosis seal on it.

Armed with about $75 of this money which I had made myself I went to town to pay my bills. I did have a little difficulty at first, but I explained that my bills were genuine money, the only genuine money in circulation, that my money represented real available assets. I explained to people that my bank would never have to close its doors, that I was not afraid of running my bank, because there were goods at any time available to all who wanted them in the form of turkeys, whereas a bank, if too many begin to collect their money, will close its doors since it has nothing back of its money, nothing whatsoever but pure unadulterated bunkum.

I explained and read to them what my bill said, and I shall read it to the house. "This piece of paper represents real assets, is not issued as a debt, and is non-interest bearing." After I explained that this was actual, genuine money it was quite readily accepted. In fact, so readily was it accepted that I had no further difficulty in getting rid of it. I went to a newspaper; I may as well mention it, a very commendable newspaper, the Edmonton *Bulletin,* because they had implored me to continue reading the *Bulletin*; otherwise I could not have followed up the antics of Major Hoople nor could I have read news about this government. Well, I went into their office and told the clerk I wanted to renew my subscription to the *Bulletin.* "Yes, sir," he said, and he immediately wrote out a receipt, thinking I was going to put my hand into my trousers pocket and pull out counterfeit money to pay for the subscription. Instead of that I reached into my coat pocket and pulled out one of my own bills—

An hon. MEMBER: Genuine money?

Mr. ASHBY: Yes, genuine money, and I presented it to him. I said to him "Here is genuine money. This is what it says: 'Will give to the order of the Edmonton *Bulletin* thirty pounds of A-1 turkey valued at six dollars, payment for the *Bulletin* for one year.'" There was a "6" all over it in case anybody could not read. The clerk looked at it for a while. He looked at Major Hoople; then he looked at me, wondering—

An hon. MEMBER: Which was which.

Mr. ASHBY: Which was which; wondering if it was my likeness. I saw him glance at the other pictures, thinking perhaps one might have been the Minister of Finance or even the Prime Minister himself. "Well," he said, "I really have no authority to take this money; I shall have to see the editor or someone." So he went into one of the other offices. In a few moments he came back. Before that there was not a smile on his face; now he was happy; he was contented. He was smiling all over when he said, "We will accept your money." I went home and left that bill in the office and I received the *Bulletin* for one full year. The date was changed because they were extending it for another year. Later on, after this transaction I have spoken of, a man telephoned me and said, "I have one of your Hoople bills. Is it any good?" "Why, man alive," I said, "read what it says on it." "Well," he says, "do I have to come to the farm to cash it?" I said, "I am not a banker. You do not have to come to my doors. You do not have to wait until you see me. Just let me know whenever you want to cash it and I will deliver the goods." Then I said, "But where did you get the money?" He replied, "I received it as part payment for my wages." One of those bills bought goods, and then it extended on and paid wages. This man was then about to buy some of my produce with it, and he did, after I delivered it to him. I hold that bill in my hand now. It has the stamp of the Edmonton *Bulletin* on it. It is marked "paid" and endorsed on the back by the man who finally bought the turkeys from me. Mr. Speaker, that is really all that money is, a permit to buy goods.

Mr. BLACKMORE: A claim to goods.

Mr. ASHBY: A claim to goods. Surely we can find experts who can see to it that our money is backed not by some metal buried in caves or vaults, but by the assets made available by the people, backed by goods. I am certain that this will be done in time. It is inevitable. That time is coming when real money shall be created and issued in terms of public need. If we do not do that I am sure we may perish.

That government, no matter what party may be in office, nor in what country it may be, which has the courage and the initiative to-day to take this step will go down in history as the greatest reformist for good in modern human history. The present Liberal government here and now will get our wholehearted support if they do that, and they now have that opportunity.

Mr. W. A. TUCKER (Rosthern): I feel somewhat under an obligation to say a few words because I was a delegate from Canada to the conference at Bretton Woods. In view of that fact I considered that I should make a few comments on some of the speeches which have been made. First, in regard to our own experts who attended that conference, it is well known to the members who were there —their names are to be found in the final act of the united nations monetary and financial conference at page 6—that our experts were the equals of any there. I watched those experts in action, and I came to the conclusion that Canada had economists who were certainly able to hold their own in discussion with economists from any other part of the world. I feel that I would not be doing justice to our own outstanding economists who attended that conference if I did not say that.

Further they played a more vital part in the conference than those from many other

nations, because of Canada's position with reference to the United States of America and United Kingdom. When from time to time it appeared that there was some conflict between the United Kingdom viewpoint and the viewpoint of the United States, the Canadian delegation more than once performed the very great service of helping to reconcile the viewpoints of the two parties.

With regard to the suggestion that Great Britain has been clubbed into accepting Bretton Woods, I take it that that is based upon the idea that Great Britain did not agree to enter Bretton Woods until the loan of over four billion dollars was actually agreed to. It was well understood at the time of the conference that this international monetary fund could not possibly hope to function unless Great Britain was given a loan which would enable her to tide herself over the difficult period which it was known would follow the war. That was well understood by everybody there. Naturally, Great Britain could not possibly hope to carry out her obligations under Bretton Woods unless the interval after the end of the war was bridged by a loan which would enable her to get on her feet once more and begin to be able to pay for her necessary imports by exports. Therefore any suggestion that she was clubbed into submission, or anything of that sort, is not well founded.

There is this further thought; having watched Lord Keynes and his associates on the United Kingdom delegation in action, I can say in all sincerity that I do not think for a single minute that a man such as Lord Keynes has shown himself to be, one of the outstanding economists of the world, or his outstanding and able associates would agree to anything that would harm their own country and the British commonwealth of nations.

There is some suggestion that this is going to tie the nations of the world to gold. It was well understood in the British parliament before Lord Keynes came across to attend this conference, that Great Britain would not permit her currency being tied rigidly to gold. That was one of the reasons why the conference took longer than was originally expected. In other words, there had to be a formula whereby Great Britain would be able to have elasticity in her internal set-up, and should not be tied rigidly to gold.

When my hon. friends of the Social Credit party, for whom I have the greatest amount of friendship, suggest that, when a man like Keynes starts out from the United Kingdom pledging himself that he will not permit his country to be tied to gold at this conference, and when he says after he goes back that he has not, that he has carried out his promise, he has not done so, that in spite of that we are tied to gold, then I submit that they are saying something which in their own minds they must find it very hard to believe.

Mr. BLACKMORE: They will prove it.

Mr. TUCKER: The hon. member says that they will prove it. This is a most complicated agreement; it is a complicated mechanism, and for anybody in this house to take that mechanism and by citing a clause here and a clause there without citing the qualifying clauses and the escape clauses, and try to arouse fear on the part of the people who cannot possibly have a chance to study this in all its implications, he is not fulfilling the responsibility which I think we owe to those who sent us here to work for them.

From the best study which I was able to give this matter at the time I attended the conference and since I say that when Lord Keynes said that this agreement does not mean that we are tied to gold, in my humble opinion I believe he is telling the truth and nothing but the truth. There were people at the conference who were just as anxious that they should not be tied to gold as my hon. friends can possibly be. For example, the representatives from Australia and New Zealand were very much exercised about this matter. I refer to men like the Right Hon. Walter Nash, a man just as anxious about it as my hon. friends are, and who believes in their ideas to a certain extent, who watched from this viewpoint the working out of this agreement very carefully. I submit to my hon. friends, who often have spoken with approval of the opinion of the Right Hon. Walter Nash, that he would not have agreed to the Bretton Woods conference findings if he had not been satisfied that the freedom of action of New Zealand to build up a high level of employment within her own country was fully preserved even after they agreed to adhere to the Bretton Woods decision.

There is one other matter on which I feel I should say something. There has been some suggestion that in its attitude to the international monetary fund and the international bank for reconstruction and development the United States is motivated by some scheme of imperialism, of getting control of the rest of the world. In reply to that suggestion I would say that the conference was called by the late President Roosevelt, who sent to it as his representatives some of his best economists and closest friends. When the conflicting viewpoints were being discussed and it was proving difficult to reconcile them, one always felt the driving force of that great humanitarian President of the United States

behind the suggestion that the conference must not fail. Remember, the war was not yet won; Dumbarton Oaks had not yet occurred; we did not have the united nations organization set up. This was one of the first attempts to establish a scheme of cooperation among the nations of the world. We heard more than once that it was the wish of the President of the United States that the conference should succeed in its work in working out a basis of agreement in regard to setting up a clearing-house for the currencies of the world and also for the setting up of a bank which would help rebuild the war-torn world. To hon. members who suggest that in some way this is aimed at the British commonwealth I say, that in its darkest days the British commonwealth had no greater or more valuable friend than Mr. Roosevelt. When it is suggested that he would lend his great position, prestige and power to the drawing up of an agreement concerning this plan with some ulterior motive in view, some imperialistic motive, with the intention of destroying the British commonwealth, I say that suggestion comes with ill grace from anyone on the floor of this Canadian parliament representing a people who were touched to the heart with gratitude when in the darkest days of the war they heard that great president say that his great and powerful nation would not stand idly by and see us overrun and conquered by a foreign nation. I should like it made perfectly clear, in all fairness to the honoured memory of that great leader of mankind, that he could not possibly have had in mind any thought of dominating the rest of the world or of breaking up the British commonwealth when he arranged for this conference and urged those representing him there to reach an agreement.

In conclusion, Mr. Speaker, let me remind you that the way of mankind down through the ages has not been easy. It was not easy during the war that is just over. I have spoken to people who have seen what has happened in Europe, and they say the things that happened there are so terrible it is of no use trying to describe them, because the ordinary human mind cannot conceive of these things happening to fellow human beings. During the first great war those who wanted to escape the direct impact of war felt that all they had to do was remain neutral, and the war would not touch them. Well, some of the nations which adopted that policy during the first great war were among those who suffered most terribly in this war. And the people who suffered were the ordinary working people of the world. It is they who pay in large measure the price in human suffering and human misery.

To those who oppose this agreement I say that, like any international agreement, it cannot wholly satisfy every nation that adheres to it. The main thing is that mankind should come to international agreements in all phases of activity. If we learn to work together in the conduct of economic affairs, the settling of international disputes, the settling of disputes in regard to the use of raw materials, the setting of fair prices to primary producers the world over, the fixing of fair wages for all the workers of the world, the controlling of cartels and combines, and in regard to all the other things that require international action; if we achieve real success in dealing with them, we are well on the way to enduring peace. I suggest that it would be a most retrograde step, when forty-four nations have agreed on these proposals, for Canada, which depends perhaps more than any other country in the world on international trade, to be the one country questioning the motives of the power which originated this plan and which is making the greatest contribution to its success. I say that we owe it to the past and to the future to see that this step is taken, and to see that it is not the last step toward international cooperation in all fields of human endeavour. We must press forward along the way to ultimate world peace in all realms of human activity.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, perhaps I would not have spoken on this matter but for some things that were interjected into the debate this afternoon and particularly this evening, which I think require that I take a few minutes of the time of the house to discuss. I am sorry that the hon. member for Vancouver East (Mr. MacInnis) is not in his seat at the moment, because I have someething to say to him in particular. In the course of his brief remarks he made the statement that he for one would support giving up a great deal of our Canadian sovereignty in order to obtain peace and prosperity. The difference between the hon. gentleman and myself and this group—and, thank heaven, a good many other in this house—is that we value freedom along with peace and prosperity, and we shall always value freedom. I can quite well understand that the objective of the hon. member may be peaceful prosperity. So is that our objective; but I say to him, and I think it ought to be quite obvious to all hon. members, that men can never be satisfied and happy if they have to give up their right to choose, which is the most sacred right they have and the one they value most,

in order to obtain peace and security. I wish to point out to hon. members that an inmate of any well-run gaol in this country has the four freedoms and has them in abundance. No one can deny that a man in any well-run gaol or institution in this country has freedom of speech. He can talk all day and all night if he wants to, and nobody denies him.

An hon. MEMBER: It depends on how loud he talks.

Mr. LOW: They talk pretty loudly too. No inmate in a well-run gaol in this country is denied freedom from want. He has all the food and shelter required to keep him healthy and strong.

Mr. WHITMAN: How do you know?

Mr. LOW: I have investigated a good many of them, without being an inmate. Furthermore, nobody can deny that they have freedom from fear. They have armed guards during the day to keep their enemies away—that is something which we do not have. They are behind walls of steel and concrete at night to keep their enemies away—and that is something we do not have. They have freedom of worship. In a well-run gaol the authorities will supply assistance by way of priest or rabbi or minister of the gospel to any man to help him to worship in his own way without molestation. But there is one thing which men in these well-run gaols do not have, and that is freedom of choice whether they will stay inside the gaol or go outside; and that is the reason why so many take their lives in their hands to break gaol and get out. They want that freedom; and all the other freedoms and security they have inside the gaol mean nothing to them without freedom of choice—real freedom. I for one will not give up my freedom, without tremendous struggle, for any security.

An hon. MEMBER. Hear, hear.

Mr. LOW: I want the hon. member to know, too, that there are a good many in this house who feel the same way. All that surrender of sovereignty he talks about on an international scale can easily become surrender of sovereignty on a personal scale. We stand for the greatest possible amount of individual freedom along with security and peace.

One other thing, Mr. Speaker, referring to experts. We have not made light of the experts, but we have pointed out that experts have differed greatly in opinion about Bretton Woods. They have differed so radically that it arouses in thinking men suspicion and a determination to go into this thing and find out what it is really made of. If there were a preponderance of acceptance on the part of the experts I would not be questioning it, but we can quote as many experts as can be cited by hon. members opposite. Just as many experts as those who hold that Bretton Woods would be a good thing for us, will be found to say that it will damage us and will be a detriment to the recovery of the world after the war. It is because of that fact that we question the finality of this expert opinion. We can agree that it is necessary to have expert opinion and we are glad to have it. But it is the responsibility of members of this house to find out for themselves. Experts can be wrong, and they have been wrong. I point out to my hon. friend what Winston Churchill confessed about what "experts" deluded him into doing in 1925. He stood up like a man and told us that he had expected peace and happiness and security following the return to the gold standard in 1925, but that these expectations were delusions, and that prosperity could not return under that rigid system of tying money to gold.

So much for experts. I turn for just a minute to the speech of the hon. member for Rosthern (Mr. Tucker), who stated that he was sure Lord Keynes would not have had agreed to something which would harm his own country. Well, it must be obvious to anybody that he made the very best deal he could and he broke his health in the three months that he was trying to make it. He was there with his cap in his hand, and he could not afford to take any chances in the success of his mission. There is no doubt about that.

Mr. WRIGHT: Does the hon. member think that England ever goes to anybody with her cap in her hand?

Mr. LOW: Yes; she has had to do so now.

Mr. WRIGHT: Crazy!

Mr. TUCKER: I did not hear what the hon. member said.

Mr. WRIGHT: I asked the hon. member for Peace River (Mr. Low) if he thought that England ever had to go to anybody with her cap in her hand.

Mr. TUCKER: I do not think so.

Mr. WRIGHT: I do not think so either.

Mr. LOW: I will give you the chance to find that out in just a moment. The true test would be this: why did not the United States of America advance the three billion-odd dollars to the United Kingdom without forcing them to accept Bretton Woods?

Mr. ILSLEY: I do not think they forced them.

Mr. BLACKMORE: It was in the press yesterday.

Mr. LOW: All the press reports emanating from England since last night intimate that that was a necessary condition of the granting of the loan. That being the case, Mr. Speaker, I say to you that it would have been a much better support for the argument of the hon. member for Rosthern had he been able to say, when the United Kingdom came over and presented their case and the whole matter was investigated, that the United States was willing to grant those advances without the necessity of agreeing to Bretton Woods.

The hon. member for Rosthern also quoted the case of New Zealand. I should like to make it abundantly clear that here was another country coming cap in hand, another country, which had been accustomed for many years to go to England and there getting down on her knees for loans to keep her solvent in an economy which had been wasted on foolish experiments; an economy with the highest per capita debt in the whole world, and with her finances shattered. Certainly she came with her cap in her hand. She was in exactly the same position as was Great Britain.

Mr. TUCKER: If my hon. friend will listen, I may say a word on that.

Mr. LOW: I will give the hon. member a chance when I get through. He can make his answer at a later time, but I should like to continue and finish this line of thought which I am following.

The hon. member observed that Walter Nash would not have accepted a condition which would be detrimental to his own country. Well, what better chance had Walter Nash to get to understand the full implications of Bretton Woods than had some of the other experts of the world? For twenty-one days they met at Bretton Woods, as I recall it, from July 1 to July 22, 1944. The hon. member said that he saw Lord Keynes and Walter Nash and some others in action. That is fine. But Professor Paul Einzig, with plenty of opportunity to study this whole thing, makes a statement like this:

> And the text of the measures with the aid of which sterling is proposed to be wedded to gold has been made so obscure and complicated that even the expert with the specialized studies of a lifetime behind him has to read it many times before fully grasping its true meaning.

If Paul Einzig, with all his experience and training and understanding behind him, had to read it many times before understanding the full implications, what chance had Walter Nash to understand it in twenty-one days?

An hon. MEMBER: Or Walter Tucker.

Mr. LOW: Or Walter Tucker either.

Some hon. MEMBERS: Order.

Mr. LOW: The hon. member for Rosthern —excuse me.

This measure requires the most careful study, because the results may be most disastrous, first to the debtor nations, and then ultimately to our own and other creditor nations. The very fact that authorities differ so widely not only in their interpretations of Bretton Woods but also in their conception of the whole thing, that some say it is related to the gold standard and others that it is not so related, that one group says it will solve our problems or resolve some of our national and international difficulties, and another group says it will not, but that it will aggravate them, should give us ample reason for pause. It ought to make us determined not to rush headlong into an agreement like Bretton Woods, without ample opportunity for full investigation and debate. There have been a good many things introduced into this house this session of far less importance than Bretton Woods, that have occupied far more time than it appears this will have, and it is high time that we changed that order of things and got down to important matters and gave them their proper place in the business of this house: That is why I think a vote of censure ought to be passed on this government for having failed to bring in this measure earlier and for having held it up until the dying days of this session and then trying to rush it through the house. That is not a thing they can be proud of.

There are literally hundreds of questions about Bretton Woods that require full answers before anybody could possibly be in position to judge whether it is a good thing or not. I agree with the hon. member for Vancouver East that this measure should eventually go to the banking and commerce committee for full investigation. We would then have a chance to call in witnesses, examine them, get their views and straighten it out. I am prepared to go to the committee with my mind open. When I have heard what all the witnesses and members have to say I shall then be in position to judge whether it is a good thing or not. But to get those answers I say will take time, and plenty of time.

Some people, including the hon. member for Grey North (Mr. Case) who spoke this afternoon, seem quite willing to commit Canada

to Bretton Woods on the strength of the agreement of the experts from forty-four nations who met at Bretton Woods. I have already pointed out that experts can be wrong. Many times in the past they have been wrong, and we are reaping to-day the results of the great mistakes that the so-called experts have made.

They can very well be wrong in this instance, more particularly because in approaching this question of opening world trade on a multilateral basis so that every nation may have access to a fair share of it, they have not approached the matter in any new sense at all. They have made a slight modification of the old approaches. It looks to me as though they have attempted to put crutches under the tottering old economic system of scarcity. Any time that they attempt the same old approach we can expect the same old results. That is why I question very much the basis of this whole agreement.

It seems to me that the system which they are trying to bolster up by introducing this Bretton Woods arrangement has failed us so dismally in the past that the people of the world generally are seeking honestly for a new approach that is based on the real Christian principle, "thou shalt love thy neighbour as thyself." That is the only principle that we can ever depend upon to get us out of our difficulties.

The Minister of Finance ought to be anxious, and I pay him the compliment of thinking he is anxious, to give the members of this house full and complete answers to the many questions that arise in our minds about Bretton Woods so that all of us who are the representatives of the people can feel reasonably sure that whatever we do in the end about Bretton Woods will be the right thing, not only for Canada but also for the rest of the world. It is our responsibility to get the answers to those questions. That is why we should have had the resolution and the bill before us weeks ago. However, it is here now, and I hope that no one will attempt to discourage the fullest and freest possible discussion on the measure.

If the minister can prove clearly in his rebuttals that Bretton Woods will assure to every nation access to a fair share of the world's trade; if he can show at the same time that Bretton Woods will facilitate payment by debtor nations for their imports without piling up against them burdens of unpayable debt and interest; if he can prove that Bretton Woods will contribute to the maintenance of world peace and of peaceful prosperity, then I say to him that I will give him every support of which I am capable to get the measure through this house at the earliest possible time.

[Mr. Low.]

We in the house should examine Bretton Woods and all the arguments and the agreements in connection with it mainly from the point of view of the debtor nations, whose economic welfare these agreements are designed to promote in the first place. We should not worry ourselves too much about creditor nations and their welfare at this time. The creditor nations can be expected to get along quite well even if neither the international monetary fund nor the international bank for reconstruction and development ever come into being at all.

I was reminded when the hon. member for Edmonton East (Mr. Ashby) was speaking of another part of the same article from which he quoted. He was quoting R. P. Schwarz who had written an article which appeared in the *Fortnightly Review* of October, 1944. I should like to take a moment or two to point out what I think is something of great importance to the house in connection with the economic preponderance of the United States in this world. I think the hon. member for Lethbridge (Mr. Blackmore) mentioned that matter in his speech yesterday. Just as a passing reference I should like to mention it, now that the matter has been raised. Mr. Schwarz stated:

> Do the Bretton Woods agreements reduce the economic preponderance of the U.S.A. to bearable proportions by ending excessive economic inequalities between nations which, in the long run, must of necessity produce adverse political reactions?
>
> To answer this question, it becomes necessary to examine somewhat more closely the special economic position of the U.S.A. For, clearly, the dominant role it has acquired in the world economy since the first world war makes it the key factor in all future developments. All relevant facts and figures for that purpose will be found in the "United States in the World Economy," a publication issued by the bureau of foreign and domestic commerce of the United States department of commerce.

That was printed and published in 1943 by the United States government printing office in Washington. Here are some of the facts given in that document:

> These figures show that in 1929 the U.S.A. accounted for 15·6 per cent of world exports, the highest percentage of all countries; for 12·2 per cent of world imoorts (second place, after the United Kingdom); that during 1925-29, the net value of its industrial production represented 46 per cent of the total value of all countries included in a comprehensive league of nations index; that its national income, in 1929, equalled that of twenty-three other countries combined (including the United Kingdom, France and Germany); that between 1919 and 1929, the United States investment market supplied 7,500 million dollars' worth of loans to foreign countries—more than the total of foreign loans floated in all other lending companies combined; that, finally, the United States gold

reserves expressed in present fineness rose from about 3,400 million dollars in 1919 to about 18,000 million dollars in 1939 (and have since risen further by another ten per cent).

Mr. MacNICOL: They have risen higher than that.

Mr. LOW: Perhaps, but at least ten per cent.

Mr. MacNICOL: To 23,000 million dollars.

Mr. LOW: Mr. Schwarz concludes by saying:

This dominant position was achieved in the short period of fifteen years after the outbreak of the great war.

On motion of Mr. Low the debate was adjourned.

PRIVATE BILLS

DECISION OF MR. SPEAKER ON POINT OF ORDER—THIRD READINGS OF DIVORCE BILLS

Mr. SPEAKER: I wish to give my decision on the point of order raised this evening. I have considered the point of order raised by the Minister of Veterans Affairs with regard to the reading en bloc of the divorce bills reported to-night from the committee of the whole. I do not deny the minister the right to raise a point of order at the stage of the proceedings at which he raised it, but his point was that under our practice the question for third reading should have been put separately in each of these bills.

After mature consideration I have come to the conclusion that an objection to the question cannot be raised after the members have been called for a division; the objection should have been raised before that. It may be noted that the motion is that these bills be now read a third time. An affirmative vote will mean that they are read now. On the other hand, a negative vote would leave it open to any member to move that the third reading of one or more of these bills take place at a later date. Of course, such a procedure is seldom resorted to; nevertheless it is sound practice as shown in paragraph 756 of Beauchesne's Parliamentary Rules and Forms, second edition, which is a citation from Bourinot, pages 509-510, and reads as follows:

When the motion that the bill be now read a second time is negatived, the bill disappears from the order paper, but it is competent for a member immediately to move without notice: "That the said bill be read a second time on—next." On this motion being agreed to, the bill takes its place on the orders. The same practice obtains with respect to the bill, at any previous or succeeding stage.

So I will ask the Sergeant-at-Arms to call in the members.

Mr. MACKENZIE: On another point of order, Mr. Speaker, leading the house for the time being I gave a guarantee to the hon. member for Yale (Mr. Stirling) previously this evening that when Your Honour had come to a decision, due and proper notice would be given to the opposition of when this matter would be resumed.

Mr. ROSS (Souris): In view of what the minister has just said, it would be most unusual to take a vote now, because a great many members have left on the understanding that a vote would not be taken to-night.

Mr. SENN: I understand that the minister did give that undertaking, which I think should be observed.

Mr. MACKENZIE: Mr. Speaker, with all respect I must insist on the word I gave to the opposition being observed.

Mr. BLACKMORE: Would the minister speak a little louder so that we can hear him?

Mr. MACKENZIE: My point is this. During the debate on the point of order I gave a personal guarantee to the hon. member for Yale, who was then leading His Majesty's loyal opposition, that there would not be a final disposition of this matter until due and proper notice had been given to the other parties in the house after His Honour had had time to consider his decision. I regard that undertaking as an obligation of honour which should be observed.

Mr. BOUCHER: Mr. Speaker, what the minister stated is quite right, but I think he voluntarily gave that undertaking. I do not think it was at the request of any member of the house.

Mr. MACKENZIE: Yes; the question had been asked me.

Mr. BOUCHER: Was it asked that the minister give that undertaking?

Some hon. MEMBERS: Yes.

Mr. FRASER: Mr. Speaker, on a question of order, is it not correct to say that these bills should have been taken individually instead of holus-bolus?

Mr. SPEAKER: I put the motion before the house that these bills be now read a third time. Objections were raised and some hon. members asked for a division, so I called in the members. That was the only thing the Speaker could do after five or more members had risen in their places.

As I have stated in my decision, the hon. minister raised a point of order. I have studied it and have arrived at the conclusion that I

have only one thing to do, and that is to proceed with what I had already decided before the point of order was raised by the minister, namely, to call in the members. I think it is my duty now to call in the members, but since the house is master of its proceedings, if it is the unanimous desire of the house not to proceed with the vote to-night but at a later stage, the Speaker being the voice of the house I shall do what the house desires me to do. But I repeat that unless I have unanimous consent not to proceed with the vote to-night it is my duty to call in the members to vote.

Mr. SENN: The hour for private bills has long since expired, Mr. Speaker.

Mr. MACKENZIE: May I clear up that point? There is no such thing now as a private bills hour as the rule was suspended for the session.

Mr. MacNICOL: Mr. Speaker, I am not going to pass any opinion on whether Your Honour should or should not call in the members and proceed with the vote, but I recollect very well that the minister told the hon. member for Yale, who was then leading the opposition, that before a vote was taken, some time would intervene for notice to be given before the vote was called.

Mr. MACKENZIE: Would it meet the convenience of hon. members if we disposed of this matter first thing to-morrow at eleven o'clock?

Some hon. MEMBERS: No.

Mr. MACKENZIE: I am entirely in the hands of the house.

Mr. SPEAKER: If I have not unanimous consent, I must proceed with the vote.

Some hon. MEMBERS: Proceed.

Mr. SPEAKER: Is it the unanimous desire of the house that the vote be postponed until to-morrow?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Yes.

Mr. SPEAKER: Call in the members.

Mr. GARIÉPY: Mr. Speaker, as a motion to adjourn is always in order, I move that we adjourn.

Mr. SPEAKER: No member can put that motion to the house. The question before the house is a motion moved by Mr. Maybank, seconded by Mr. Croll, that bill No. 116; bill No. 133; bills Nos. 163 to 171 inclusive; bills Nos. 179 to 186 inclusive; bills Nos. 188 to 216 inclusive; and bills 219 to 230 inclusive, be now read the third time.

[Mr. Speaker.]

The house divided on the motion which was agreed to on the following division:

YEAS

Messrs:

Adamson	Low
Argue	McCuaig
Baker	McCulloch (Pictou)
Bentley	Macdonald (Brantford City)
Black (Cumberland)	McDonald (Parry Sound)
Blackmore	MacInnis
Bowerman	McIvor
Brown	McKay
Campbell	Mackenzie
Coldwell	MacLean
Emmerson	MacNicol
Gardiner	Maybank
Gibson (Comox-Alberni)	Mayhew
Gibson (Hamilton West)	Mitchell
Gillis	Mutch
Gladstone	Nicholson
Glen	Quelch
Golding	Reid
Hansell	Sinclair (Ontario)
Herridge	Sinclair (Vancouver North)
Hlynka	Sinnott
Hodgson	Stuart (Charlotte)
Ilsley	Strum, Mrs.
Irvine	Townley-Smith
Isnor	Warren
Jaenicke	Weir
Jaques	Winters
Johnston	Wright
Knight	Wylie—59.
Kuhl	

NAYS

Messrs:

Belzile	LaCroix
Bertrand (Prescott)	Lafontaine
Bradette	Lalonde
Burton	Lesage
Chevrier	McCann
Cloutier	Macdonnell (Muskoka-Ontario)
Dechene	Marquis
Dorion	Matthews (Kootenay East)
Fournier (Hull)	Menary
Fournier (Maisonneuve-Rosemont)	Ross (Souris)
Gagnon	St. Laurent
Gariépy	Tremblay
Gauthier (Portneuf)	Viau
Héon	Zaplitny—29.
Jutras	

Mr. HACKETT: I have an understanding with the Minister of National Defence (Mr. Abbott). Had I voted, I would have voted against the third reading.

Mr. FRASER: I was paired with the hon. member for Outremont (Mr. Rinfret). Had I voted, I would have voted against the motion.

Mr. BOUCHER: I was paired with the hon. member for Simcoe East (Mr. Robinson). I do not know how he would have voted, but had I voted, I would have voted for the motion.

Mr. McMASTER: I was paired with the Solicitor General (Mr. Jean). Had I voted, I would have voted for the motion.

Mr. CRUICKSHANK: I was paired with the hon. member for Vancouver South (Mr. Green). Had I voted, for once I would have voted with the opposition.

Bills read the third time and passed.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Saturday, December 8, 1945.

The house met at eleven o'clock.

VETERANS AFFAIRS

ALLOWANCES FOR TEMPORARILY UNEMPLOYED—VOCATIONAL OR EDUCATIONAL TRAINING—UNEMPLOYMENT INSURANCE

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure, as recommended and reported by the Special Committee on Veterans Affairs, to provide rehabilitation allowances to temporarily unemployed veterans or their dependents and to veterans undergoing vocational or educational training with provision also for the application of The Unemployment Insurance Act, 1940, for the veterans' benefit by contributing the amount of the combined employer's and employed veteran's contribution into the unemployment insurance fund, from moneys appropriated by parliament. Provision is also made authorizing the governor in council to take such measures as may be necessary to remedy any depletion of the said fund resulting from the payment out of such benefits.

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

Motion agreed to.

FIREARMS

POSSESSION AND USE—ACTION WITH PROVINCES TO CHECK CRIME

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I should like to direct a question to the Minister of Justice on a matter to which he gave an answer some days ago. On November 2, in reply to a question of mine, the minister indicated that the government had under consideration amendments to the criminal code which would help deal with the present outbreak of crime and violence in many sections of the country, and went on to say that consideration was being given to the passing of a special order in council designed to deal with the situation until legislation could become operative. Would the minister tell the house the result of the consideration which has been given by the government, and what are the present plans?

Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, a draft recommendation was prepared for study. After very serious consideration of that draft it was not found to be one that it would be advisable to ask his excellency to approve. The matter was again gone over by the law officers, the commissioner of the Royal Canadian Mounted Police and other officials whose opinion on this matter we value, and consultations are being held between representatives of the commissioner and the attorneys general of the provinces in that regard. The stage has not yet been reached where anything definite has been decided upon.

HOLIDAY TRAVEL

INQUIRY AS TO REDUCED FARES FOR STUDENTS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to direct a question to the Minister of Transport; I regret I did not have time to give him notice. Have representations been made to the minister in regard to the restoration of holiday rates for students travelling to their homes by rail, bus and steamship during the Christmas holidays? In the representations made to me this seems to be considered very important by returned veteran students.

Hon. LIONEL CHEVRIER (Minister of Transport): No representations have been made to me so far as I am aware, but I shall ask my officers for a report and give my hon. friend a reply on Monday.

BUSINESS OF THE HOUSE

BRETTON WOODS AGREEMENTS RESOLUTION—PROCEDURE

On the orders of the day:

Hon. J. L. ILSLEY (Minister of Finance): I think this would be a suitable opportunity to make one observation in regard to the course of business of the house, and I am speaking now of the Bretton Woods resolution. I cannot speak in the debate at this stage unless I conclude the debate, and it is still in progress. I would make an appeal to those who are opposed to the resolution to cooperate with the government in concluding this debate. I would not say this if there had not been

abundant opportunity for discussion. I am proceeding on the assumption that it is not the wish of those opposed to the resolution to oppose it by the consumption of time; rather I understand they wish to oppose it by argument, and there has been abundant opportunity for that. If this morning we could finish the resolution it would give me an opportunity to introduce the bill, have it given first and second readings and referred to the banking and commerce committee, and I am informed that this committee could begin its sittings on Monday. The committee is the place where the most satisfactory progress can be made in examining the provisions of the bill, rather than by an extended debate in this house.

I am simply making this appeal to hon. gentlemen. I think they have had an opportunity of expressing their views and, while I am not suggesting this, if they wish to make their position known by their vote I would have no objection, so long as the debate is concluded and the measure sent to the banking and commerce committee. As the hon. member for Vancouver East (Mr. MacInnis) said last night, there will be more than one opportunity for them to argue the case again when it comes back into this house; and if they see fit to vote against the bill then they will have that opportunity. My concern is to get this matter to the stage where we can really make progress.

Mr. M. J. COLDWELL (Rosetown-Biggar): If I may ask the minister a question, will not an opportunity be given to make known our opinion on the bill through a vote when it comes back from the banking and commerce committee? I think many hon. members are undecided on this measure and will facilitate the sending of this resolution to the committee by voting for it, but without committing themselves to the provisions of the bill when it comes back to the house.

Mr. ILSLEY: That is correct. The hon. member will recall the course we took here in connection with the revision of the Bank Act. The members of his party are opposed to the principle of our banking system in one sense, but they are not opposed to the principle of a bank bill. When this goes to the banking and commerce committee they can vote against the provisions of the bill; when it comes back to the committee of the whole they can vote against it; when third reading is moved they can vote against it. There is opportunity after opportunity to oppose it, but the important thing is to get it to the banking and commerce committee as soon as possible, where progress really can be made in discussing its provisions.

Mr. COLDWELL: That is what I wanted to have clear on the record.

Mr. SOLON E. LOW (Peace River): It should be remembered, however, Mr. Speaker, that when the vote is taken on the second reading of this resolution hon. members will be endorsing or opposing the principle of this whole measure. That is something we must keep in mind, and that is why we have been so anxious that a full dress debate should take place before the matter goes to committee, in order that hon. members may have a chance to decide whether or not the principle of the bill is one they can endorse.

Mr. COLDWELL: I disagree with that view.

Mr. ILSLEY: On behalf of the government I will say that we will regard the principle of the bill as being set out in the objects of the Bretton Woods agreements, with which everyone is agreed, rather than as contained in the provisions of the Bretton Woods agreements.

Mr. JOHN BRACKEN (Leader of the Opposition): A day or two ago I asked the Minister of Finance if he would let us have as soon as possible the white paper issued by the United States, and also the joint statement issued by the United Kingdom and the United States at the time the loan arrangement was announced. The minister advised the house that he did not have the complete statement of the two governments, nor did he have the white paper. I think it would help in the consideration of the merits of this proposal if we could have whatever information the minister can give us with respect to these two documents.

Mr. ILSLEY: After I made the statement in the house I found that the United States ambassador had delivered to the Department of External Affairs a United States publication embodying the trade conference proposals. That is a United States publication, and I am informed that there is doubt as to the propriety of tabling it. But this is being printed by the king's printer, and the other agreements are also being printed, and I was informed yesterday by an official of the Department of External Affairs that they expect to have them in a position for tabling on Monday. That is, everything will be tabled on Monday. The only thing I could do at the moment would be to lay one copy of the United States publication on the table, and I

doubt the propriety of doing that. I could do this to-day: I could get copies of that printed United States document and send them to the leaders of the various parties.

Mr. BRACKEN: Personally I should like to have that, and as soon as the other information can be laid on the table I am sure it will be appreciated.

Mr. ILSLEY: Yes.

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The house resumed, from Friday, December 7, consideration of the motion of Hon. J. L. Ilsley (Minister of Finance) that the house go into committee to consider the following resolution:

That it is expedient to present a measure to grant authority to accept on behalf of Canada and to carry out the obligations of Canada under the articles of agreement for an international monetary fund and an international bank for reconstruction and development prepared by the united nations monetary and financial conference held at Bretton Woods in July, 1944; to authorize the payment of the subscriptions required from Canada out of unappropriated moneys in the consolidated revenue fund to an amount not exceeding seven hundred million dollars; and to authorize the borrowing under the provisions of the Consolidated Revenue and Audit Act, 1931, of sums not exceeding seven hundred million dollars.

Mr. SOLON E. LOW (Peace River): Before I resume what I was in the process of saying about this matter last night, I should like to make one comment which I think should be considered by every member of this house. The Minister of Finance has stressed the objectives in the Bretton Woods plan. I quite appreciate that these objectives are worthy, and perhaps every member of the house will share that appreciation, but I want it definitely understood that we are concerned about the means by which the objectives are attained, and properly so. It is all very well to say that the best way to cure a headache is to cut off the patient's head, but we are opposed to cutting off the patient's head, and that is exactly the reason why we are trying to direct the attention of hon. members and of the people of the country to the means involved in bringing about the objectives that have been so admirably set out by the Minister of Finance.

When the debate was adjourned last night I was bringing before hon. members evidence of the industrial and economic unbalance between the United States and the rest of the world. I pointed out some statistical summaries that were published in the *Fortnightly Review* by Mr. R. P. Schwartz, an eminent authority on these matters. He concluded his statistical summary in connection with the matter of unbalances and the terrific economic industrial preponderance of the United States, in a world of smaller economies, by making this statement:

Upon the disappearance of this industrial and economic unbalance as between the United States and the rest of the world depends the economic recovery of the world.

If anyone has any doubts left in his mind concerning this economic unbalance and concerning what my hon. friend the member for Lethbridge (Mr. Blackmore) said the other night, when he referred to the United States as a giant among pygmies, as a Gulliver among the Lilliputians, when he said that this Gulliver, this tremendous giant in the world of economic and industrial affairs, would have to be very careful how he moved his foot lest some of the pygmies be crushed inadvertently, let me refer briefly to some further evidence of this great economic and industrial preponderance of the United States of America.

I have in my hand a treatise "America Conquers Britain", by Ludwell Denny, an eminent authority, and I suggest that the hon. member for Melfort (Mr. Wright), particularly, pay attention to what this author says. The hon. gentleman last night called me crazy when I said that the United Kingdom came cap in hand to the United States last September in her efforts to get assistance for post-war rehabilitation in that country. I suggest therefore that the hon. member read what Mr. Denny has to say and get the evidence which he presents in this book, "America Conquers Britain". If he does he will find out whether I was crazy. I suggest that to the hon. member for Melfort, who apparently is still living in the same fog that clouded his vision and understanding at the time that Britain needed our help in Canada during the early days of this war. I will quote briefly some of the things that Mr. Denny brings out.

I have heard members of the party to which the member for Melfort belongs decry, and rightly so, the grasp which the United States industrialists are securing in other countries. I have heard them mention, and rightly so, International Nickel, and many other things which United States industrial power is doing in our own country, Canada, and of the great control that they exercise over the Canadian economy. I want it definitely understood that the process of industrial conquest has been going on for many years in Britain and other countries until the

United States economic and industrial power has conquered Britain and many other parts of the empire with it.

Mr. Denny points out that in the United States during the boom period prior to 1929 the financiers were busy effecting great company mergers. He records that more than 1,000 public utility company mergers took place in the United States in 1926. In the period from 1927 to 1929 there were fifty bank mergers in New York alone, "creating an ever larger concentration of capital for domestic and foreign use," and he mentions that the National City bank had 98 branches in 26 foreign countries. What does that mean? From 1925 to 1928 United States loans to foreign countries averaged $1,100 million a year. Seventeen American corporations operating in foreign countries floated bond and stock issues in 1928 totalling $147 million. For what purpose? What would they be doing with this huge mobilization of the American public's money.

Mr. Denny supplies innumerable instances of what they are doing with it, of which the following are good examples. In 1929 General Motors of the United States bought the controlling interest in the Opel Motors of Germany. By March, 1929 American General Electric had bought sixty per cent of the stock of British General Electric, a controlling interest. Early in 1929 the leading electrical manufacturing concern in Britain, namely British Thompson Houston, Metropolitan Vicars, Edison, Swan, and Ferguson Pailin, were fused into the Associated Electrical Industries in which the principal shareholder was American General Electric.

I should like the member for Rosthern particularly to hear what I am saying because this should be impressed upon his mind after the demonstration he gave in this house last night.

Mr. MacNICOL: Exhibition would be a better word, would it not?

Mr. LOW: I suppose exhibition would be appropriate. In 1928 Electric Bond and Share, subsidiary of American General Electric, more than doubled its investments—from $108 million to $285 million—in Britain through these and other concerns. General Electric is said to control fifty-two per cent of the United States total power production. The Bond and Share Subsidiary controls public utilities of eleven foreign countries and has large holdings in six other foreign countries.

Another point that Mr. Denny brings out forcibly is this. In Italy American General Electric is said to have large holdings in Italian Super Power, which is making that country independent of British coal and has undoubtedly brought about a deterioration in the coal trade from Britain, which has brought her almost to her knees. American General Electric further interlocks with Radio Corporation of America, which in its turn is a huge trust with world-wide domination over wireless, the greatest means of mass communication in the entire world; and further, British Marconi Company is now tied up with Radio Corporation, of which I have just spoken. In 1929 American Power and Light Corporation brought up the entire common stock of greater London Counties Trust, a trust controlling seven of the chief power companies of Britain and supplying power on a monopoly basis to ninety-five cities in England and Scotland. It also controls Edmundson Electrical Corporation owning a number of electrical supply companies in Britain. A British government inquiry was made into this United States ownership of the motive power of British industry but it lamely reported that the ownership was unimportant. The late Lord Birkenhead was set up as a representative of the United States owners.

I could go on and enumerate hundreds of cases brought to light by Ludwell Denny showing and proving conclusively the almost complete conquest of Britain and the British commonwealth by United States industry.

Just at this point I should like to emphasize for the benefit of the hon. member for Rosthern and the hon. member for Melfort that when we speak of Britain coming to the United States with cap in hand, when we speak of the tremendous preponderance of United States industry and productive capacity, we are not attacking Mr. Roosevelt, the late revered president of the United States. No one in this group has ever done so. I think the hon. member for Rosthern could have saved himself the wear and tear of his outburst last night in that connection. What we have tried to emphasize is that the preponderance of the United States in world industry and production has made it absolutely necessary that something be done to remove the unbalances, otherwise inadvertently they may cause the destruction of lesser countries of the world. I would remind the hon. member that when he speaks of Mr. Roosevelt as being a friend of Canada, I agree that he was. He was also a revered friend of Great Britain. But I should like to ask the hon. member for Rosthern, or anybody else for that matter, whether he thinks it would have been humanly possible for President Roosevelt, with all the multitudinous affairs of state that he had to look after, to go deeply into the implications of Bretton Woods and know all of them.

I suggest that that would be foolish. President Roosevelt had to depend upon his advisers. I would like to know who those advisers were. I would like to know if Bernard Baruch was one. I know Morgenthau was one and there were several others. I suggest that those men were certainly looking after the welfare of the United States.

In that connection I am going to quote for the benefit of the hon. member for Rosthern what Mr. Morgenthau said at the Bretton Woods conference. I am quoting from the united nations monetary and financial conference Final Act, and related documents where Mr. Baruch is quoted on page 8. I suppose the hon. member for Rosthern was there and he probably heard him say this:

> The American delegation, which I have had the honour of leading, has at all times been conscious of its primary obligation—the protection of American interests.

I suggest that the United States delegation have always had foremost in their minds the protection of United States interests. No one denies that they have been mighty hard bargainers in the past and they have not yet got over that mental complex by any means. That is the reason why this thing must be subjected to the most careful scrutiny to see to it that our interests have been carefully looked after. One question which I think ought to be answered in this house is whether the Canadian delegation amply and completely looked after Canadian interests.

I should like to know also whether the Bretton Woods agreements have any provision for reducing the preponderance of the United States in the industrial and productive fields to bearable proportions by ending existing economic inequalities between nations, which in the long run must of necessity produce not only adverse political reactions but adverse economic reactions throughout the world.

Mr. TUCKER: That is the basic idea underlying the whole agreement. When my hon. friend talks like that it makes me think that he has not studied the agreement at all.

Mr. LOW: The hon. member for Rosthern will have plenty of opportunity to present his evidence. I make the suggestion right now that he be ready to present that evidence in committee.

Mr. TUCKER: It is in the agreement itself.

Mr. LOW: I do not want him to do this from any hidden conception he may have in his own mind, but from the Final Act itself. Does Bretton Woods provide and ensure that the United States will buy enough and can buy enough from its customers to give them regularly that supply of dollars which they require for their purchases from the United States? Upon a satifsactory answer to that question will depend whether I can support the measure. If the hon. member can show that it does, then fine.

Let me examine for just a moment the United States employment prospects, which reveal some very significant things. Competent authorities in the United States expect a very large unemployment problem by 1946 unless something adequate is done to prevent it. The Falk Foundation and other investigations carried on in the United States indicate that they expect unemployment to reach as high as 20,000,000 unless some very effective means are taken to provide relief. I suggest that if the United States is to avoid mass unemployment a far greater total of goods and services will have to be produced and consumed by Americans than ever before in peace time. Mr. Vinson, the new secretary of the treasury of the United States, recently described this—he shows by his statement that he understands the situation—as "the pleasant predicament of having to learn to live fifty per cent better than ever before." That must mean that he understands at least one great problem that has to be resolved before Bretton Woods can possibly be made to work.

The problem I say is one of matching expenditures to potential production. I suggest that it is not an insoluble problem, but it does require new vision and a new type of thinking. I have been much interested in some of the figures that have been given with respect to the prospects of full employment in the United States and also their great productive capacity. I should like to quote some figures which were recently published by the department of commerce with respect to the gross national product of the United States. I find that in 1929, this gross national product measured in terms of market prices total $99·4 billion; by 1944 that had risen to $198·7 billion. It had almost doubled. In other words, the United States is producing to-day nearly twice as much goods and services as she did in any time of peace.

The explanation is not far to seek; it simply must be that there were unexpected and unexplained margins of employment where they could have put men to work and where in many instances they could have doubled the capacity of existing factories and industrial concerns. I am convinced that if the United States is to avoid unemployment, far larger

totals of goods and services will have to be produced and consumed in America than ever before in peace time.

What was their consumption in peace time? In 1929 the total consumption of gross national product in the three fields of ordinary consumption, government consumption and capital consumption was only $87·7 billion. That was at the peak of the pre-war years. The consumption in 1944, which included war consumption, had risen to $171·2 billion. These recent surveys indicate that if the United States is to solve the unemployment problem that will face her as she goes into peace time she will have to keep up her gross national production to approximately $170 billion.

That poses a problem. It means that if the United States is going to keep her people busy, is going to give them what she pleases to call full employment—and I understand she is determined to do that—she will have to train her people to consume at least 50 per cent more goods and services within the country than they have ever consumed in any previous year. It means that the United States of America will have to find means of distributing equitably among its people purchasing power or consumer demand to enable them to consume those vast extra quantities of goods and services. Further, they will have to change a good many of their habits in some parts of the country to be able to do that, and this poses a problem that will have to be tackled before Bretton Woods can even start on the road to success.

In addition, even if the United States of America maintain a yearly gross national production of the $170 billion required to take care of the employment situation, and even if they train their people and make it possible through the distribution of effective consumer demand for their people to consume 50 per cent more than they have done in any year previously, there will still be left a great volume of goods, estimated variously at from four to seven billion dollars, that will have to go into the export market. If they do not make effective demand available to all the people of the United States and thus help to increase their internal consumption, it follows that a far larger total of the gross national production of the United States will be dumped into international trade channels, and when that happens in quantities greater than ever before, I suggest that it will bring about a very difficult problem in world affairs. I say that the solution of that problem cannot be found anywhere in Bretton Woods. I ask you, Mr. Speaker, and through you the hon. members who are sponsoring this measure, what provision Bretton Woods is making to see to it that the people of the United States will receive internally, sufficient effective consumer demand to enable them to consume 50 per cent more per year than they ever consumed in their lives before. I suggest that there is nothing in Bretton Woods which indicates any attempt to make that possible.

In a lesser degree Canada is in the same position as is the United States. Canada, if it wishes to maintain full employment from now on, will have to increase the gross national production and the gross national consumption. The only way that can be done is to find some means of distributing effective consumer demand in this country to the people who need it so that Canadians can consume. Otherwise all this talk of adjusting trade on a multilateral basis is just so much quibble. If I can be assured that Bretton Woods provides some means whereby the United States can consume within that country most of the goods she produces, or if it provides that the great exportable surplus that must be available if they put their men to work, may be given away or put into the hands of the peoples of the more unforunate countries of the world without piling up against them unpayable burdens of debt, I will support it.

Much has been said about gold and the gold standard. I am not certain in my own mind what kind of gold standard this might introduce. But it does seem queer that concurrently with the drive to get Bretton Woods adopted by the house and by the government, there has been a protracted programme of propaganda on the part of K. V. Gamble Company in Toronto to show that a gold standard is necessary. That may be just accident; I do not know. Here are some of the headlines: "Gold is the Balance Wheel of International Trade"—"That Off The Gold Standard Urge"—"A Herculean Task Requires Herculean Methods"—"The Old Lady Goes to Work," and so on. Of course, it may be just accident that these pamphlets appear just at this time; I do not know.

There are five points in connection with the gold standard which I should like hon. members to consider. The five points follow: Whether Bretton Woods means the introduction of a gold standard similar to the one of 1925 or 1914 I do not know, but the fact remains that:

(1) Under the old gold standard the value of sterling was legally fixed in terms of a given weight of gold. This will be precisely the same under the new gold standard.

(2) Under the old gold standard our monetary authorities were under the obligation to buy and sell gold freely at a fixed buying and selling price.

This will be the same under the new gold standard, with the difference that gold will not be available for internal hoarding.

(3) Under the old gold standard sterling was allowed to fluctuate within a range of about one per cent. Under the new gold standard its range of fluctuations has been rigidly fixed at one per cent.

(4) Under the old gold standard there was no limit for the fluctuation of the price of sterling for future delivery. In this respect the new gold standard is much more rigid, for under it a limit will be set also to the fluctuations of "forward" sterling.

(5) Under the old gold standard it was possible for this country to suspend the system or to devalue sterling to any extent by simple government decision, subject to confirmation by parliament, without having to ask for the permission of any outside body, indeed, without having to consult anybody about it.

Under the new gold standard, on the other hand, it will be necessary to obtain the permission of an international board, on which our trade rivals will control the majority vote for any devaluation in excess of 10 per cent.

These are not my opinions; they are the opinions of an expert. The five points I have just quoted are the opinion of Professor Paul Einzig.

May I assure the minister in conclusion that I am prepared to support what he has asked. No further speakers from this group will take part in the debate at this stage, but I should like the assurance on a matter of such importance as this not only that it will be given ample consideration by the banking and commerce committee but that we shall be given the opportunity for full debate also in this house in committee of the whole when the measure comes back from the committee.

Mr. ILSLEY: Yes.

Mr. IRVINE: With your permission, Mr. Speaker, and the permission of the hon. gentleman who has just taken his seat (Mr. Low) I should like to ask him a question, not in any spirit of opposition, because I agree with a great deal of the data which he has placed before the house and which I think is not open to question. But I think there is a point of difference between my hon. friend and myself in the matter of philosophy. I think he has come a long way toward my views, and I want to make sure whether I am right. The hon. gentleman made much in his argument of the ownership of industrial control by the United States of America, and made special reference to the ownership by the Americans of a large proportion of the electric power available in Great Britain. My understanding of his philosophy is that he takes the position that in Canada it does not matter who owns anything so long as those who do own it produce, that so long as we get the goods it does not matter who owns anything. If it does not matter who owns anything in Canada, by what reasoning, I would ask, does he arrive at the conclusion that it makes any difference who owns anything in the other nations of the world?

Mr. LOW: It ought to be obvious to the hon. member that in the international sphere the ownership can create these unfavourable trade balances which Bretton Woods is supposed to be ready to cure. But internally, that is nationally, I would say that the government of this country ought to be in a position to provide the capital to buy out international cartels and combines, and afterwards sell them into the hands of private ownership, to see that they are properly run.

Mr. COLDWELL: That is socialism.

Mr. LOW: No.

Mr. COLDWELL: Social ownership.

Mr. JOHNSTON: You did not get the last part of the sentence: "in the hands of private ownership", he said.

The house divided on the motion (Mr. Ilsley) which was agreed to on the following division:

YEAS

Messrs:

Argue	Cloutier
Baker	Coldwell
Belzile	Croll
Bentley	Cruickshank
Bertrand (Laurier)	Dechene
Bertrand (Prescott)	Dion (Lake St. John-Roberval)
Black (Cumberland)	Douglas
Blair	Emmerson
Blanchette	Farquhar
Bowerman	Ferguson
Bracken	Fournier (Hull)
Bradette	Fraser
Bradshaw	Fulton
Brooks	Gagnon
Brown	Gardiner
Bruce	Gariépy
Burton	Gauthier (Nipissing)
Campbell	Gibson (Comox-Alberni)
Casselman	Gibson (Hamilton West)
Castleden	Gillis
Chevrier	
Clark	
Claxton	

Gladstone
Glen
Golding
Gour (Russell)
Grant
Green
Harkness
Harris (Grey-Bruce)
Héon
Herridge
Hodgson
Howe
Ilsley
Irvine
Isnor
Jaenicke
Jutras
Kirk
Knight
LaCroix
Lafontaine
Langlois
Lapointe
Leger
Little
McCann
McCuaig
McCullough (Assiniboia)
Macdonald (Brantford City)
Macdonald (Halifax)
McDonald (Pontiac)
McGarry
McIlraith
MacInnis
McIvor
McKay
Mackenzie
MacKinnon
MacLean
McLure
MacNicol
Maloney
Manross
Marquis
Martin
Matthews (Brandon)
Matthews (Kootenay East)
Mayhew
Menary
Merritt
Michaud
Mitchell
Moore
Mutch
Nicholson
Reid
Richard (Gloucester)
Richard (Ottawa East)
Robinson (Bruce)
Ross (Souris)
St. Laurent
Senn
Sinclair (Ontario)
Sinclair (Vancouver North)
Sinnott
Smith (Calgary West)
Smith (York North)
Stanfield
Stephenson
Stuart (Charlotte)
Stirling
Strum, Mrs.
Thatcher
Townley-Smith
Tremblay
Tucker
Viau
Warren
Weir
Whitman
Wright—124.

NAYS

Messrs:

Blackmore
Church
Fair
Hansell
Hlynka
Jaques
Johnston
Kuhl
Low
Quelch
Shaw
Wylie—12.

Mr. MACDONNELL (Muskoka-Ontario): I was paired with the hon. member for Labelle (Mr. Lalonde). Had I voted, I would have voted for the resolution.

Mr. HACKETT: I was paired with the Minister of National Defence (Mr. Abbott). Had I voted, I would have voted for the resolution.

Mr. MacNAUGHT: I was paired with the hon. member for Elgin (Mr. Coyle). Had I voted, I would have voted for the resolution.

Mr. BOUCHER: I was paired with the hon. member for Simcoe East (Mr. Robinson). I do not know how he would have voted, therefore I did not vote.

[Mr. Johnston.]

Mr. HARRIS (Danforth): I was paired with the hon. member for Waterloo North (Mr. Breithaupt). Had I voted, I would have voted against the resolution.

Motion agreed to and the house went into committee, Mr. Macdonald, (Brantford City) in the chair.

Mr. QUELCH: When I spoke on December 6, the Finance Minister asked me the following question at the conclusion of my remarks:

What is the authority for the hon. member's statement that the United States forced a promise from Mr. Winston Churchill that he would lead the United Kingdom back to a gold standard satisfactory to the United States?

I replied:

I explained at the outset what my authority was. I was giving it for what it is worth. The pamphlet was signed by Mr. Eric Troward, president of the liberator council, and it is headed:

This memorandum has been specially prepared for the benefit of new members of parliament, many of whom have not had the opportunity of studying the trend of international financial development during the past two years.

In regard to the liberator council, I would just like to point out that the chief adviser is Sir Charles Morgan-Webb, late chief secretary of the Burma government, who is a world authority on gold and the sterling group. So it is not a pamphlet that can be dismissed lightly. I do not think a man like Sir Charles Morgan-Webb would have anything to do with an organization distributing a pamphlet making that charge unless there was some proof of it.

Mr. Ilsley: My hon. friend is basing its authenticity upon the alleged standing of the adviser to this liberator council. As to who the gentleman is who made the statement, I do not know. I just want to say that I do not believe the statement.

Mr. Quelch: The minister will agree that the fact that Britain has agreed to Bretton Woods is pretty good backing for that statement.

Mr. Ilsley: No, I do not believe that the dominions of the British empire are joining in this treachery to themselves. I think that is ridiculous.

I want to deal for a few minutes with the two points raised by the minister in this question. I should like to take the last statement first, in which the minister said he did not believe the dominions of the British empire were joining in this treachery to themselves, that it was ridiculous. Just to make sure there is no misunderstanding of what I might mean by the term "treachery" I should like to give the definition from Webster's dictionary, which says it is a violation of faith and confidence, or perfidious action, and of course I was referring to it in that sense. I believe I can justify my stand in that regard. I am not suggesting for one moment that the people of the dominions are betraying themselves, but what I do suggest is that the governments, under the advice of certain experts, are taking action that will be highly detrimental to the

countries concerned, and to that extent will unquestionably be a breach of the confidence they have from the people. As to who advises the experts of course I am not in a position to say. I think the committee would be very glad if the minister would explain exactly how this whole thing originated. Who was responsible for this? Did it come from the government in the first place, or did it come as a recommendation from some other body? I understand that the government participated in certain agreements at London and Washington to set up some form of monetary stabilization, and some time ago I asked what were the terms of reference upon which our experts worked. Did they go there with a completely free hand to agree to an international standard based upon gold, or was it recommended that they advocate a multilateral system of trade using the national currencies of the countries based upon index price levels rather than in terms of gold? I believe later on the minister should explain that point; I have asked the question before, but up to the present have not been able to obtain an answer.

I think the minister will agree that in the past there has been every reason why, not only in this country but in every country in the world, we should have a good deal of misgiving in regard to the actions or recommendations of so-called experts. I am going to give the minister two or three notable examples of what I am referring to. First of all I should like to mention the statement in Mr. Churchill's speech in 1932, when he said:

> When I was moved by many arguments and forces in 1925 to return to the gold standard I was assured by the highest experts, and our experts are men of great ability and of indisputable integrity and sincerity—

Then some one said, "And they are always wrong." Mr. Churchill went on:

> The hon. member is not always right—that we were anchoring ourselves to reality and stability; and I accepted their advice.

What did he find?

> I take for myself and my colleagues of other days whatever degree of blame and burden there may be for having accepted their advice.

He takes responsibility for having accepted the advice and goes on to say:

> But what has happened? We have had no reality, no stability. The price of gold has risen since then by more than seventy per cent. That is as if a twelve-inch foot rule had suddenly been stretched to nineteen or twenty inches; as if the pound avoirdupois had suddenly become twenty-three or twenty-four ounces instead of—how much is it?—sixteen.

I need not put more of that statement on record. I quote it to show that Mr. Churchill took the advice of men supposed to be real experts, and the advice proved to be faulty. Then I recall the actions of one man of world renown, the former governor of the Bank of England, Montagu Norman. I have not his statement here, but I have quoted it in the house before and I will just repeat it from memory. I took it from the British *Hansard* in 1939. He stated that he had made loans to Germany and said, "We may never get those loans back, but it would be better to lose that money than to see the fall of nazism." Imagine the head of the Bank of England, one of the chief advisers on monetary affairs, saying they had made loans of money to Germany and might never get the money back but it would be better to lose it than to see the fall of nazism! Was that sound advice? Would not the minister consider that was unquestionably treachery to the nation? I do not say that at the time Montagu Norman made that statement he intended to commit an act of treachery or to betray England. He may have held that there were other dangers and therefore it was better to build up Germany as a bulwark, but in view of what happened later I think everyone will agree that his action rebounded against Britain, because within a short time we had to defend ourselves against Germany.

Mr. ILSLEY: Could we not shorten this discussion by my admission that experts are sometimes wrong, and by my hon. friend's admission that they are sometimes right?

Mr. QUELCH: I do not need the second part of that statement, but I am very glad to hear the minister make that admission, and I hope he will impress that fact upon the hon. member for Rosthern, who on two occasions in this house has told us what a marvellous man Keynes is, and that as far as he is concerned if Keynes has said this is not the gold standard he is prepared to accept it.

Mr. TUCKER: I think Keynes is one of the outstanding economists in the world today, and is so regarded by other economists.

Mr. QUELCH: Yes, and so were these other experts whose advice Churchill took in 1925.

Mr. TUCKER: He did not take that advice from Keynes.

Mr. QUELCH: Norman was supposed to be an outstanding expert. In reference to Keynes I believe the hon. member was in the house when the then hon. member for Vancouver-Burrard quoted a statement by Keynes; and we all remember the reply given at that time by Mr. Dunning. I do not have it here, but you will remember he said in

effect: Why should we be asked to accept the word of Maynard Keynes? He has gone back on all his former convictions.

Mr. TUCKER: As the hon. member knows, I did not happen to agree with Mr. Dunning in that attitude.

An hon. MEMBER: Who has the floor?

Mr. QUELCH: Let him talk; probably I would not have thought of that if the hon. member had not been talking. However, the Minister of Finance has given in rather easily on this point, and I am glad to have his admission in regard to the experts.

Mr. ILSLEY: I should like to have yours.

Mr. QUELCH: We will give you ours before we are through; we have given our views before, but in view of the fact that undoubtedly this bill will eventually reach the banking committee I think perhaps it would be better for us to wait until it is there before we do give our views. In the meantime we have many questions to ask, for the simple reason that we should like to have a statement from the minister before we are asked to give our views on the matter. After all, this is his responsibility. He has accepted the advice of these people, and he must be prepared to back up the action he has taken. Therefore we want to see whether his replies correspond with those of the experts.

Perhaps I should say a further word in regard to the statement made just now by the minister that the experts are not always right. Let me remind him of what happened in this country. The minister said we could give our advice, too. Well, we did give our advice in 1936 and 1939, and events proved that our advice was right and that the advice given by the experts was totally wrong. Let us remember what happened back in 1932, when Germany and Japan started to rearm. Russia was arming also, because she knew that eventually she would have to defend herself against Germany and Japan, but what did the British empire do? It took the advice of experts and imposed a deflationary policy. It cut down employment, increased unemployment, put people on relief, and as a result when war came thousands of men had to be discharged because of malnutrition. Was that just an accident? When our potential enemies were all rearming, was it simply an accident that we imposed a deflationary policy and deliberately sabotaged the resources of the empire? I cannot believe it was entirely accidental. I think there was something definitely sinister behind that procedure.

Mr. BLACKMORE: Sinister is right.

Mr. QUELCH: I am not suggesting that the experts in the department were responsible, but I believe that there are experts from whom they obtained further advice.

Mr. BLACKMORE: Or instructions.

Mr. QUELCH: I recall that some time ago I asked that certain correspondence between the Bank of Canada and the Bank of England be tabled and I was told that it would not be in the interests of the dominion to table it. It was probably not in the interests of the banks to table that correspondence, but it might have been in the interests of Canada to have it brought down. I recall when talking about reconstruction once I pointed out that we were definitely paving the way for the restoration of gold and the Minister of Veterans Affairs (Mr. Mackenzie) rose in his place and said no. Is he prepared to say that to-day?

Mr. MACKENZIE: Yes.

Mr. QUELCH: Does he say that we are not going to establish currency at the par value of gold?

Mr. MACKENZIE: Which gold standard is my hon. friend referring to—gold exchange or gold reserve?

Mr. QUELCH: I am not referring to 1914 or 1925. I am referring to the fact that article IV, section 1, states that the par value of the currency of each member shall be expressed in terms of gold as the common denominator, or in terms of the United States dollar, and so on. As one hon. member said the other night, that is not the standard that he wishes to go back to; the gold standard for him is the turkey standard that he established in depression years. The member for Rosthern (Mr. Tucker) eulogized at some length the work of the experts at Bretton Woods. I do not doubt that there were very capable men there. The hon. gentleman said that he had seen them in action. Apparently the jargon of the experts rather hypnotized him, and after listening to that jargon he became very greatly impressed. I can quite understand that when some experts get going the effect is hypnotic. I was not on the banking committee last year because I was serving on the committee on reconstruction, but I remember going one day to one of the meetings of the banking committee and there I saw in action a gentleman by the name of Tompkins, I believe. I do not know his exact name. Well, he was a wow. Acrobats on the stage had nothing on him. I had seen acrobats on the stage tie themselves into knots, but they were always able to get out of their

difficulties. They could untie themselves. This gentleman, however, kept tying himself into a tighter and tighter knot and he was never able to get out of it. I am satisfied that if he had been asked to give a definition of a straight line, instead of defining it as the shortest distance between two points, he would have defined every other sort of line he could think of and in the end would have failed to define a straight line. Everyone who was on that committee will, I believe, agree with that statement. I think the Minister of Finance will agree that the statements made by that expert were about as confusing as they could possibly be. Every time he made a statement it took an hour or two for the members of the committee to understand what he was driving at. That is all I have to say about experts.

Now I should like to say a few words about the Liberator Council. I am not blaming the minister for being sceptical. Perhaps he has never heard of this council but in view of the fact that it is a body of men who have been doing excellent work in England, working in close cooperation with the Economic Reform Club, I suggest that no one should dismiss their views lightly. I have already mentioned Sir Charles Morgan-Webb. Perhaps I might give the names of the five men comprising the council: Sir Geoffrey Bracken, Mr. William Brown, Mr. G. H. Stock, Sir Charles Morgan-Webb and Mr. Eric Troward. They have put up a fight against Bretton Woods from the start. They organized meetings all across England and some time ago organized a large meeting known as the Bayswater conference at which Mr. Craven Ellis, M.P. and Mr. Stokes, M.P., participated in the debate. At that meeting they discussed four alternatives: The Twentieth Century economic plan of the London Chamber of Commerce; the Volens System, the McCarron Plan and the Liberator system. I have read all these, but the only one I have tried to understand is the London Chamber of Commerce plan, because I find it easier to follow. At the meeting in the evening session there were over 350 persons present, with 44 diplomatic and consular representatives. There were 28 nations represented altogether, so that the minister will agree that it was no fly-by-night concern but a reputable organization doing a great deal of very valuable work.

And now I should like to say a few words on the gold standard. Article IV, section 1, provides that the par value of the currency of each member shall be expressed in terms of gold as a common denominator, or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944. Section 3 states that the maximum and minimum rates for exchange transactions between the currencies of members taking place within their territories shall not differ from parity, in the case of spot exchange transactions by more than one per cent, and in the case of other exchange transactions by a margin which exceeds for spot exchange transactions by more than the fund considers reasonable. It is also provided that there shall be a change in par value of members' currency up to ten per cent without any need of consulting the fund, but if a nation goes beyond that, the fund must be consulted. I was interested to know what the orthodox definition of gold standard would be, and I looked up the Encyclopedia Britannica and I found that a nation's money, paper bills and silver coins, when that nation is on the gold standard, are redeemable at a fixed weight of fine gold for each monetary unit. One might say that is not true in all essentials of the Bretton Woods agreement.

Mr. ILSLEY: Not in any essential. Why does my hon. friend crawl out and say not in all essentials?

Mr. QUELCH: Let me finish my sentence. The main point is that the results of the operation of the system will have very much the same effect as the gold standard, for this reason. Under the automatic clause of the gold standard in the old days if a nation had an unfavourable balance of trade, gold went out of the country, with the result that there was a credit restriction and the price level fell, and then as a result of the fall in price level, which was supposed to encourage other nations to buy their goods, the price level in other countries went up and after a while nations stopped buying their goods, with the result that they had an unbalance of trade. It was supposed to act as an automatic regulator. But what happened if a nation was not willing to reduce its price level? It might have been all right in olden days to tell a nation that if it did not have gold it would have to reduce its price level no matter how great its powers of production might be. That was all right then, but people are not quite so foolish as to believe that argument any more. Mr. T. E. Gregory, in his book "The Gold Standard and its Future," points out what happens, and I quote from page 32:

> Thirdly, the world economic structure has become rigid to an unprecedented degree. Owing to the much greater pressure which organized business and labour interests can bring to bear on government, there has been a general advocacy of "stability" which has in practice meant that particular groups could stabilize their own position without any, or enough, attention having been paid to the result of such stabilizing action on other parts of the economic field or to the long period results of such action. Raw material producers have been allowed, with

the aid of governmental or quasi-governmental assistance, to "stabilize" the prices of particular raw materials, without regard to the fact that consumption might thereby be discouraged and production encouraged. In industry and distribution there has been a growth of large-scale organizations which have not always been willing to adjust prices to the trend of the market, thus adding in the end to the losses which had to be suffered on stocks when liquidation finally became necessary. In the sphere of labour there has been in certain countries a development of unemployment insurance schemes or similar relief measures which have prevented wage rates from falling, whilst in others public opinion, reinforced by government propaganda, has had very much the same effect. In a word, there have been tendencies at work in many countries preventing a rapid adjustment of the level of money incomes to changes in the general economic situation.

When people refuse to allow prices to fall then the gold standard is no longer able to operate automatically. If a nation continues to have an unfavourable balance of trade, the only alternative is to borrow money or to obtain gold. It can use the gold it has on hand, but if it does not have gold it will have to go further into debt. What is the effect under this agreement? If a nation has an unfavourable balance of trade it can borrow and go into debt. It can draw on its quota but when that is exceeded by 200 per cent it has reached the limit and it cannot borrow any further. It would not have any gold and the result is that in all probability it would cease to use the fund.

Neither under the gold standard nor under the Bretton Woods agreement does the creditor nation accept any responsibility for helping to balance the trade between nations. After all, the only way in which a debtor nation can pay is with its own goods. All a debtor nation should have to do is to say to a creditor nation, "We owe you $100 million; we have placed to your credit in the bank $100 million; with that you can buy any goods we have." That is all that nation should be required to do. Unfortunately that has not been the case and the result is that nations have been forced into a state of unpayable debt.

I am quite aware that under the Bretton Woods agreements when a nation's currency becomes scarce, provision is made for the fund to buy that scarce currency with gold, but that does not ease the situation so far as the individual nations are concerned. The only way they will be able to get goods is by going into debt if they have no gold with which to buy currency. I will quote article VII which deals with this question.

Mr. TUCKER: When the hon. member suggests that that is the only resort set up under this agreement, he is saying less than what is correct. The fundamental basis of this organization is that if a currency becomes scarce then the country whose currency has become scarce will be advised by the officials of the fund that they must take steps to enable other countries to sell their goods in the country of the scarce currency, and they would advise that country that they must be prepared to correct that fundamental unbalance of trade. The whole basis of this agreement is designed to promote understanding between countries in order to permit balanced trade and the keeping up of high standards of living in all countries.

Mr. QUELCH: If the hon. member can show me any clause in the act that compels the creditor nation to do that, I shall be glad to see it. All it provides for is the rationing of scarce currency.

Mr. TUCKER: Does the hon. member suggest that this international body should interfere with the sovereignty of this country and compel us to do something rather than just urge us to do it?

Mr. QUELCH: I am suggesting that as long as it has the power to take action against a debtor nation, it should have the same power to take action against a creditor nation.

Mr. ILSLEY: It has no power to take any action against a debtor nation. No debtor nation has to buy currencies from this fund.

Mr. QUELCH: What is the purpose of the fund? To expand trade?

Mr. ILSLEY: It is expected that they will, of course.

Mr. QUELCH: To expand trade on a multilateral basis. If a creditor nation refuses to buy goods in exchange for its exports, how is a debtor nation going to pay? You must make it possible for the weaker nations to be able to pay for their imports and exports, and yet this does not provide for that. All it does is to impose penalties on the debtor nations. Doctor Clark admitted in the committee that there is nothing in here to compel a creditor nation to buy goods.

Mr. ILSLEY: What committee is that?

Mr. QUELCH: The reconstruction committee.

Mr. ILSLEY: Is this another conversation the hon. member had with the deputy minister?

Mr. QUELCH: The minister will find it on the record.

Mr. ILSLEY: I want to protest against the hon. gentleman talking about conversations

that he had with the deputy minister in the corridors. I am not going to take the time to go back to the deputy minister to find out what was his recollection of the conversation. We had the hon. member for Wetaskiwin telling us last night that he could not break a confidence, that he could not tell us who his anonymous informant was about the ownership of gold in the United States. I want to say right now that I stand by what I said two or three years ago. I have given my authority as against the anonymous authority which the hon. gentleman has quoted. Yet the hon. member for Acadia stands up here and retails corridor conversations with one of my officials.

Mr. QUELCH: Wait a minute. The reference I made to the corridor conversation was not in any shape or form detrimental to Doctor Clark, and I am satisfied he would be quite prepared to have me repeat the statement. In committee he was asked a question by Senator McGeer and he said he would study the London chamber of commerce proposals and give a report on them. Apparently lack of time made it impossible for him to do this and I merely asked him what his recollection was. He certainly did not tell me that he was speaking in confidence. He said he thought the proposals were quite good but the main difficulty was that several nations would not agree to them. I am quite sure that he would not object to my having repeated that statement. I asked what he thought of Russia, and he went on to say that he thought the country that would most strongly object to the proposals was the United States of America.

So far as the statement I am giving now is concerned, any member who was present in the reconstruction committee will recall the conversation with Doctor Clark. He said that he did not think we should impose, just as the hon. member for Rosthern is saying, conditions upon creditor nations.

Mr. TUCKER: May I ask a question?

Mr. QUELCH: Let me finish with the other question the hon. member asked. Section 8 of article V deals with the member nation which is unable to meet its obligations. Perhaps I had better read the whole section, otherwise I shall be charged with taking something out of its text. This section reads:

(c) The fund shall levy charges uniform for all members which shall be payable by any member on the average daily balances of its currency held by the fund in excess of its quota. These charges shall be at the following rates:

(i) On amounts not more than twenty-five per cent in excess of the quota: no charge for the first three months; one-half per cent per annum for the next nine months; and thereafter an increase in the charge of one-half per cent for each subsequent year.

(ii) On amounts more than twenty-five per cent and not more than fifty per cent in excess of the quota: an additional one-half per cent for the first year; and an additional one-half per cent for each subsequent year.

(iii) On each additional bracket of twenty-five per cent in excess of the quota: an additional one-half per cent for the first year; and an additional one-half per cent for each subsequent year.

(d) Whenever the fund's holdings of a member's currency are such that the charge applicable to any bracket for any period has reached the rate of four per cent per annum, the fund and the member shall consider means by which the fund's holdings of the currency can be reduced. Thereafter, the charges shall rise in accordance with the provisions of (c) above until they reach five per cent and failing agreement, the fund may then impose such charges as it deems appropriate.

I suggest that that is a very severe penalty to impose on any debtor nation, to say that as you are not able to meet your obligations, the fund when your debt rises to a certain point can charge you any rate of interest it likes. If the members want me to do it I will read the whole of section 4.

Mr. TUCKER: The whole purpose of that section is to discourage a member from trying to finance a very heavy excess of imports over exports out of the fund. In other words the fund is to finance current transactions, not to finance capital expenditures. Its whole purpose is to discourage that very thing and to have it done by balancing trade.

Mr. QUELCH: How can you balance trade if one nation insists on exporting more than it imports? There is a mutual obligation.

Mr. TUCKER: The very fact of the nations coming together and making this agreement presupposes their willingness to balance their exports and imports. That was the basic supposition on which they met.

Mr. JAQUES: Where is all the gold?

Mr. MACDONNELL (Muskoka-Ontario): May I ask a question?

Mr. BLACKMORE: These members don't know shucks about this thing. Let them live and learn.

Mr. QUELCH: Let me proceed. I quoted from a statement made by Doctor Clark the other day showing what Canada aims to be. The member for Rosthern says that the whole idea behind Bretton Woods is the balancing of trade. Here is what Doctor Clark said in a speech that he made in New York:

We feel also that adequate arrangements are essential to make possible a substantial volume of long-term international investment, and we

trust that the technical and political difficulties involved in consummating these may soon be surmounted.

I agree that there is justification for investment on moral grounds, to help certain backward countries, but we know how in days past there have been trade wars because nations tried to force their goods on other nations and then raised high tariffs to prevent those debtor nations from paying them with goods. The white paper on reconstruction which was issued last year by the Minister of Reconstruction stated that Canada in all probability would be a creditor nation. So apparently it is not expected that we are going to balance our trade but rather that we will maintain a favourable balance of trade and make loans through the international bank.

Mr. TUCKER: These are loans to be made for reconstruction and development to enable a country to increase its productive power and raise its own standard of living so that it will be able to pay for its imports from other countries. They are productive loans.

Mr. BLACKMORE: Provided that it could sell the goods.

Mr. QUELCH: That is a lovely story, but I read how England had maintained her prosperity and that Mr. Reginald McKenna said that the reason England was prosperous for two centuries before 1914 was that she had been able to maintain a favourable balance of trade. The money paid for her goods exported abroad enabled her to maintain an effective demand for the goods retained internally. Owing to the fact that without exports there was no effective demand internally, Britain, in order to maintain full employment, found it necessary to export her surplus production abroad. Now the hon. member for Rosthern says that all we have to do is to make it possible for other nations to produce goods, and then there will be more prosperity. How are we going to export more abroad if we put other nations on a self-sustaining basis?

Mr. TUCKER: Each nation will make the goods it can best produce. That is the basis of international trade.

Mr. QUELCH: Have we in the past been able to maintain an effective demand against our production? Has the United States? The United States to-day is looking for large export markets. Why did Doctor Clark consider that it was necessary to make adequate arrangements for long-term foreign investments? Because he knows that we in this country are not able to maintain an effective demand against our total production, and so long as that condition obtains the only way in which we can maintain full employment is to export abroad a certain amount of our production in excess of our imports.

Mr. TUCKER: Does not the hon. member admit that if we helped to set up China and develop her production and a high standard of living there, she could absorb all our export food products without any difficulty?

Mr. QUELCH: On the condition that we accept in return payment from China in manufactured goods; and if we have a deficiency in purchasing power in Canada to buy our total home production how are we going to be able to buy those imports from China? It has not been done in the past. We have argued, and this is the whole basis of our philosophy, that you have to maintain production at full capacity and then maintain an effective demand against that production, or against the production of other countries for which your own can be exchanged. But that has not been done in the past.

Mr. TUCKER: The Bretton Woods proposals do not in any way interfere with the promotion of your doctrine within the country.

Mr. LOW: Nor with any other doctrine that will distribute goods.

Mr. QUELCH: If the hon. member is really sincere in his argument—and I think he is, although I doubt the sincerity of some people behind Bretton Woods—if the idea behind it all is to bring about a balance of trade, then the creditor nations as a sign of their sincerity should be willing to have included a section such as that which is included in the London chamber of commerce proposals, and the same suggestion was made in the Keynes plan. He mentioned that there should be an obligation on the part of creditor nations to accept payment in goods. There is nothing in these proposals at all to compel a creditor nation to accept payment in goods. But there is provision in here to force a debtor nation to pay any rate of interest that the fund sees fit to charge, after the debtor nation has gone into debt by a certain amount and for a certain period of time.

Mr. MACDONNELL (Muskoka-Ontario): May I ask a question?

The CHAIRMAN: If the hon. member who has the floor will permit a question it may be asked.

Mr. QUELCH: I have had a lot of questions asked me and now I should like first of all to ask the Minister of Finance a question. I think the Minister of Finance will agree

with the soundness of the argument that there is a dual responsibility in regard to international trade, that it should be a two-way street. It should not merely be the purpose of international trade to dump our unemployment problem on the doorstep of some other nation. If we export goods we should be prepared to accept payment in imports; for that is the only way in which other nations can pay. Is the minister prepared then to say that there is an obligation to raise the purchasing power of the people of this country up to the point where they can buy the total production of Canada and the imports of other nations exchanged for our exports? If the minister will announce that as a policy for the future, and if the government will say to the industrial concerns throughout Canada that from now on they can expand their production to the full capacity, and will guarantee a market for their output, we shall have the greatest expansion the country has ever seen. And you would never need to worry about unemployment in the future, because you would put money into circulation so that the people could buy the goods which industry could produce

Mr. ILSLEY: The government has repeatedly announced that it is its policy to encourage enterprise and develop full employment.

Mr. BLACKMORE: But how is it going to do it?

Mr. QUELCH: That does not answer the question at all. "Encourage"!

Mr. BLACKMORE: Will it give a dividend?

Mr. QUELCH: I am not now asking a question as to the dividend. All I am asking for is a clear-cut statement from the government that they recognize a joint responsibility, as between the creditor and the debtor nations, to balance trade; that they recognize that the only way in which that can be achieved is by a nation setting its own house in order so that it will be willing and ready to take an equal quantity of imports for its exports, and so that the people will be able to buy the total production of the country. Is the minister prepared to agree to that?

Mr. ILSLEY: That is different from the last question.

Mr. QUELCH: No, it is the same thing. I put the questions slightly differently, but they are the same.

Mr. ILSLEY: And it is not clear, either.

Mr. QUELCH: I will state it again.

Mr. ILSLEY: Is my hon. friend asking that we recognize an obligation with respect to any particular country with which we are dealing, to take the same volume of imports that that country takes of exports from us? If so, we do not recognize that obligation at all. That is bilateralism, so-called.

Mr. QUELCH: I am not advocating bilateral trade. The minister must be familiar with the London chamber of commerce proposals. No doubt he has read them. I know that his department has studied them. because the deputy minister told me so. The London chamber of commerce proposals are a multilateral system. Money is not based on gold. It is tied to the price index level. Every country agrees to maintain its price level stable. Every country agrees to balance its trade and to maintain a stable rate of exchange between its currency and the currency of another nation. In view of the fact that a country agrees to maintain its price level stable, then when it buys any goods from another country, thereby obtaining that country's currency it knows that its money will buy a certain quantity of goods to-day and the same quantity a year hence. There is a definite undertaking to balance trade, and therefore any nation which over a period of seven years refuses to accept payment in goods has its credit wiped out. Then there is an international exchange established, and representatives of foreign exchange controls in every nation will sit on that exchange, exchanging their blocked credits for the blocked credits of other nations, and the nations will always know in which countries they have credits, so that they will endeavour to accept more imports from that nation. But it will be on a multilateral basis, because the representatives of the foreign exchange controls will be sitting on this exchange, trading the blocked credits. They will not have the power to change the value of a nation's currency. The exchange rate will be fixed in terms of the nation's price level, and gold will not enter into the question at all.

Mr. ILSLEY: What is the question now? Is it changed?

Mr. QUELCH: The question is whether or not this government is prepared to guarantee to the industry of Canada that it will maintain the purchasing power of the people on a level which will make it possible for them to buy the total production of the country, and the production of other countries for which our own production may be exchanged.

Mr. ILSLEY: That is a guarantee that the government will issue money to the people

of Canada if they require it to buy all the goods they need from this country or other countries; is that it?

Mr. QUELCH: Not necessarily. Repeat that.

Mr. ILSLEY: I don't know whether I can repeat it. My hon. friend can never repeat his questions in the same language.

Mr. QUELCH: I am putting it in another way—

Mr. ILSLEY: I am wondering what sort of guarantee my hon. friend is asking me to make on behalf of the government. It sounded to me very much like this, that we would issue money—

Mr. BLACKMORE: He did not mention "money".

Mr. ILSLEY: Does it mean that? I think that is what it means, and I think if I said "yes", that is what he would say we were committed to.

Mr. QUELCH: That all depends. The government would estimate the total production of the country. They would estimate the approximate amount of labour required to produce the goods the people needed. They would know how much labour was available for various national projects. They would place a fair price on agricultural products. They would guarantee a minimum standard of living to all people; we will say, in the initial stages, $1,200 a year. They would, as the leader of this group stated, grant old age pensions at sixty years at $50 a month. They would make grants available to all people up to the age of twenty-one, or any age necessary to complete their training so long as these young people showed that they had the ability to continue their studies. Then they could watch the effect; and if they found that demand still lagged behind supply, say that over a period of six months they found that production was still going ahead of consumption, they could establish a discount, which would be nothing more than a sales tax in reverse, in order to bring about a balance. In other words, using figures, if the amount of goods available during a period was equal to $10 million and the demand against those goods equal to only $9 million, showing a lag of ten per cent, for the next period a ten per cent discount would be established to bring demand up to supply, that is to establish equation. That would cover your exports and imports. So far as the issuing of money is concerned, the issuance of money would be only to the extent to which taxation failed to meet government expenditures; in that event national money would be used. If taxation was sufficient it would not be done. But the government would not be trying to limit its expenditures to the amount of money it could tax from the people's pockets.

On that basis the government talks a lot about "full employment", a lot about "a new social order". They talk about "encouraging" this or that. Is it not time we have a government which would guarantee that it could take certain definite steps in order to promote the full development of the resources of the country? I think the minister will agree that the only way you can maintain full development of the country's resources is to guarantee a full-time market. The minister will agree that industry cannot continue to produce unless it can sell the goods it produces. Is the minister prepared to say that the government will in the future underwrite an effective demand in Canada? If a government will not do it, nobody else will.

Mr. ILSLEY: If the purport of the hon. gentleman's question is to commit the government to the detailed programme he outlined there, I say no. It is a long list of discounts and dividends and bonuses—

Mr. QUELCH: I never mentioned dividends.

Mr. ILSLEY: —and so on. We cannot commit ourselves to that.

Mr. BLACKMORE: Then you are heading for chaos.

Mr. QUELCH: I am not asking the minister to commit himself to all this. The minister asked me what I suggest. I am giving him a suggestion. I am not tying him to details; the government can use any technique it likes. All we are interested in is results. The people are interested in seeing that their standard of living is maintained at the highest level that the production of the country can provide. What has happened in the past is that when effective demand fell, prices were not reduced to a level where people could buy the production, but secondary industries reduced their production in consequence of the inadequate buying power. Then what happened? Well, we know what happened from 1935 to 1939. All I am asking the minister is whether the government will, by any technique they choose, underwrite an effective demand against the production of the country. We are not indulging merely in negative criticism. At any time that we criticize the government we are prepared to put forward some alternative suggestion.

Mr. MacINNIS: May I ask a question? I understand that my hon. friends of the Social Credit group are opposed to socialism and in favour of free enterprise. How would free enterprise operate within the policies which were outlined a moment ago by the hon. member for Acadia?

Mr. QUELCH: It is one o'clock, and there is no use in my starting off on another phase. I can go on if it is the wish that I should go on. But I have twenty or thirty questions which I want to ask, too.

Mr. JAQUES: I have several.

Mr. ILSLEY: I think it is obvious that we cannot get this resolution out of committee to-day. I cannot be here this afternoon or to-night, for most excellent reasons, so we shall have to take this up on Monday and try to get to the end of it at some time or other. But it is the government's intention to see that these matters are brought to a vote this session, and, I may say, whether the session has to be prolonged beyond the expected date or not.

Progress reported.

At one o'clock the committee took recess.

The house resumed at three o'clock.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF AGRICULTURE

Production Service—Health of animals—
17. Compensatiion for animals slaughtered, $372,620.

Mr. HARRIS (Danforth): Would the minister give us some idea of the incidence of hog cholera during the last year?

Mr. GARDINER: There were no serious outbreaks of hog cholera during last year. There was an outbreak in Manitoba. A number of hogs were slaughtered in Ontario during 1944-45 because of hog cholera. The figures are as follows: 1944-45, 494; 1943-44, 67; 1942-43, 3,415; 1941-42, 6,437. The figure was very much higher in 1940-41, 33,793. It will be noted that the tendency has been downwards.

Mr. HARRIS (Danforth): In what part of Ontario was the disease prevalent?

Mr. GARDINER: I am not certain as to the exact place, but I think the greater part of it was in the southwestern section of Ontario. The figures for Manitoba are as follows: In 1942-43, 83; 1943-44, 330; in 1944-45, 1,753. It will be noted that there is an increase there rather than a decrease.

Mr. SENN: Cattle prices have increased materially during the past few years. Has the department given any consideration to changing the amounts that are paid to individuals whose cattle are slaughtered under the tuberculosis regulations? The amounts paid at the present time are comparatively small, something like $40 for a grade animal and around $100 for a pure bred animal. Has the department given any consideration to the matter, or does it intend to do anything about it?

Mr. GARDINER: No, we have not done anything about it. The amount has remained about the same over a period of about twenty years. Experience has shown that while the maximum amounts which may be paid have remained constant, the amount which the farmer receives for anything that he can market goes up with the increase in the price of the animal. When prices are high he is able to sell part of the animal which has been condemned at a much higher price than when prices are low. We have had arguments when the prices were low and high to the effect that the amounts should be changed, but we have maintained the level over about a twenty-year period, and at the moment we are not considering changing it.

Mr. HARRIS (Danforth): I was hopeful that the department might take under advisement next session the matter of changing this compensation in view of the fact that prices are relatively high at the present time as compared with the twenty-year period of which the minister speaks. What is particularly running throuh my mind at the moment is the reference which was made by the hon. member for Lanark with regard to Bang's disease and tuberculosis contracted by humans from cattle. Compensation paid for these diseased cattle ought to be given some consideration so that we may clean up the unhealthy spots from which the disease emanates. If that were done it would benefit the general economy of Canada.

Mr. GARDINER: I think the whole question with regard to whether we are going to pay for Bang's disease as well as tuberculosis should be considered along with the other question when it comes up. Probably this is a matter to which we might give some consideration in the future. The hon. member

for Frontenac-Addington intimated to me that he was going to ask a question with regard to the testing of cattle for tuberculosis in the area immediately surrounding Kingston. I do not see him in his place at the moment, but I understand, from the records which I have looked up since he spoke to me, that the township of Pittsburgh, immediately outside of Kingston, is pronounced clear until April, 1946. I am not in a position to state whether immediately after April we can go on with testing, but it is high up in the list of counties and townships to be tested again just as early as possible.

Mr. SENN: Are any new areas being tested at the moment for restricted areas?

Mr. GARDINER: Those being tested for the first time are the districts of Algoma and Cochrane in Ontario, the district of Churchbridge and the municipality of Grant in Saskatchewan, being No. 372, and Camrose, No. 427 in Alberta. Thus it would appear that there are two in Ontario, two in Saskatchewan and one in Alberta which have been tested recently.

Mr. ROSS (Souris): What are the prospects for enlarging this work in the near future? I understand that there has been a let-down during the war years. Several people want to organize now to carry on.

Mr. GARDINER: Our main problem is staff. At the present time we are spending all the money on this that we have staff to make use of. We are hoping we shall have more staff as we get further beyond the war period. I know quite a number of men who were available at one time have been serving in other capacities during the war, and we may have them back. If so we can do more of this work.

Mr. McLURE: I know the minister is anxious to get through his estimates, but the hon. member for Brant, who was called away to-day, had prepared an excellent address on the health of animals branch. If the minister should not get through all his estimates to-day would he allow the hon. member to reopen that subject later?

Mr. GARDINER: My understanding is that the supplementaries have not yet been brought down, and there will almost certainly be an item in the supplementaries in regard to contagious diseases, on which he could bring up that matter.

Mr. FAIR: A programme was in effect last year and perhaps before that of vaccination for the prevention of Bang's disease. What progress is being made in that regard?

[Mr. Gardiner.]

Mr. GARDINER: It is still being carried on in the same way as it was a year ago. Does the hon. member want the statistics in regard to it?

Mr. FAIR: I should just like to know whether it is proving successful.

Mr. GARDINER: Yes, it is proving reasonably successful. The story told the other night by the hon. member for Lanark I think illustrated very well the usefulness of the method in tending to eradicate Bang's disease, and we are having much the same experience with it.

Mr. FRASER: Has the department experimented with streptomycin for Bang's disease? If so, has it been indicated that this drug will cure Bang's disease as well as shipping fever?

Mr. MACKENZIE: I know a bit about this new and scarce drug, which is used in very rare diseases. It is in extremely short supply in Canada to-day. Only the other day I had a request from my own city of Vancouver for some of it, for someone who is ill there, and it is very difficult to obtain.

Mr. FRASER: Was that person suffering from undulant fever?

Mr. MACKENZIE: I could not say.

Item agreed to.

Production service—

18. Live stock and poultry, $762,925.

Mr. BLACK (Cumberland): Can the minister give the committee a statement as to the policy of the department in respect to establishing a herd of beef cattle at the experimental farm at Nappan? This has been discussed in previous sessions, and if I remember correctly the minister expressed himself as favourable to the idea. Perhaps I should have brought this matter up under the appropriation for experimental farms, but I should think it might be discussed under this item also.

Mr. GARDINER: It would have been much better, of course, if it had been brought up under the experimental farms vote, because unfortunately I have not the official here at the moment who is acquainted with that matter. As the hon. member knows, I did visit that farm a few years ago, and the question was brought up while I was there. We have not been making any material changes in the herds at the different farms during the war period; we have been carrying on much as we were. I am not aware that any particular advance has been made in that

direction at Nappan, but I am not sufficiently acquainted with the matter to say nothing has been done.

Item agreed to.

Production service—

19. Plant products—seeds, feeds, fertilizers, insecticides and fungicides control, including grant of $18,900 to Canadian Seed Growers' Association, $601,294.

Mr. WRIGHT: Can the minister give some indication of the supply situation with regard to clover seeds and other small seeds this year, and whether there will be any restrictions on the export of these seeds? Have we available more than we shall need in Canada? What is the situation?

Mr. GARDINER: The supply of seeds this year is low as compared with other years. We are short of alsike and red clover; we have some alfalfa for export but nothing like what we have had in some previous years. The supply of seeds is down.

Mr. WRIGHT: Will there be restrictions on exports?

Mr. FAIR: I should like to ask about the supply of fertilizer, and whether any experiments have been conducted to find out whether artificial or chemical fertilizers have any detrimental effects on the land on which they are used. In my part of the country quite a lot of this fertilizer is being used and some people now have the idea that it is detrimental to the land. If it is, we should know something about it. If it is not, we shall be able to give the answer to some of these rumours.

Mr. GARDINER: Canadian production of fertilizers, particularly nitrogen and phosphoric acid fertilizers, is still going on at full capacity of the plants, and as a result the united nations, through the combined food board, are obtaining hundreds of thousands of tons of ammonium sulphate, ammonium nitrate, ammonium phosphate and cyanimide for allocation to the many countries, particularly in liberated Europe, which require them for the production of food. That is, our production is sufficiently high to enable us to export considerable quantities of these fertilizers to countries that need them. The supply of fertilizers for Canadian use is allocated by the combined food and materials boards of the united nations. These boards have a fertilizer committee with headquarters at Washington, and the administrator is the Canadian representative on that committee. The boards have allocated to Canada sufficient fertilizers of the various kinds for the entire Canadian demand next spring, provided that the demand does not again increase substantially. That is, they have provided for some increase, but if there is a great increase there may not be as much as is required. The consumption of fertilizers in Canada has increased from approximately 300,000 tons in 1940 to 650,000 tons in the calendar year 1945, or more than double. Despite this, however, we have been fortunate in obtaining an increased supply to meet the increased demand.

In reply to the other part of the question, my information is that in any of our experimental work it has not been found that these fertilizers do any particular harm. Probably the effectiveness of the fertilizer in producing results is somewhat dependent upon weather conditions.

Mr. FAIR: I realize that unless we have plenty of moisture one is further ahead to leave the fertilizer in the sack. If no experiments have been conducted so far, could that not be done, in order to find out if they have any detrimental effect?

Mr. HATFIELD: Are any fertilizer chemicals being exported other than ammonium nitrate?

Mr. GARDINER: In the statement I have just made I said the Canadian production of fertilizers, particularly nitrogen and phosphoric acid fertilizers, is still going on at the full capacity of the plants, and as a result the united nations, through the combined food board, are obtaining hundreds of thousands of tons of ammonium sulphate, ammonium nitrate, ammonium phosphate and cyanimide for allocation to the many countries, particularly in liberated Europe, which require them for the production of food.

Mr. WRIGHT: Are export permits required for the export of clover seeds and other small seeds this year?

Mr. GARDINER: Yes, they are required, and they are all being handled through the special products board.

Mr. SENN: I should like to ask the minister a question or two in regard to this seed situation, which is a serious one. The account that was given yesterday of the deliberations of the dominion-provincial agricultural conference shows that the production of grass seeds, particularly alfalfa and red clover, has been very much lower this year than in former years. We do not want to be left in the position, particularly in eastern Canada, of running short of these seeds, because there will be a very heavy demand for them next spring. On previous occasions measures have had to be taken to see that enough was

retained in Canada to supply the needs of the eastern market. Alfalfa particularly is in short supply in Ontario. The farmers will need a great deal of it for seed and we shall have to depend to a great extent upon western production. The same is true of red clover, though not to the same extent. Are any measures being taken to see that a sufficient supply is being kept in the Canadian market? I would ask the minister to tell us whether the export board with headquarters at Lindsay has made any contracts for the shipment of seed overseas for the British authorities.

Mr. GARDINER: At the conference which was held earlier in the week we suggested that there should be a material increase. From 7,450,000 pounds we are asking for 15,000,000 pounds this year, or more than double the quantity. That is not altogether under the control of the farmers, because weather has a great deal to do with it. We are paying freight on alfalfa seed from Winnipeg to eastern Canada in order to encourage the shipment of seed from Winnipeg to the east rather than from Winnipeg south, the object being to retain as much seed as possible in Canada.

Mr. SENN: I have figures to show that in 1944, production in Canada was 9½ million pounds. Last year, 1945, it was only 6½ million pounds, which would indicate that this coming spring there will be a shortage of seed for seeding purposes.

Mr. GARDINER: There is a shortage.

Mr. SENN: We want to be assured in eastern Canada that we shall have sufficient seed, because many of the meadows have been killed and there will be a large amount of land sown to grass seed in the spring. Measures should be taken to see that Ontario and Quebec will have sufficient seed. I do not think there will be any difficulty about the price, because Ontario will pay as good a price for the seed they need as can be obtained for export seed. Some provision should be made, before exports take place to any great extent, to see to it that Ontario and eastern Canada generally have a proper supply.

Mr. GARDINER: The matter of export has been under control all season and still is. It is impossible to export any of it unless a permit is obtained, and that permit is issued only where it is essential that the seed should be exported. The effort is to keep seed in Canada, and we are assisting in shipping it from Winnipeg east to make sure that it will come to this part of the country.

Mr. SENN: Has the export board any price set for seed for export purposes up to the moment? They generally have.

[Mr Senn.]

Mr. GARDINER: For 99 per cent purity, 90 per cent germination seed, it is 33 cents at Winnipeg.

Mr. WRIGHT: Has the government taken action, on the recommendation of the Canadian Federation of Agriculture, with respect to the Calgary plant for the production of fertilizer?

Mr. GARDINER: The plant at Calgary produces ammonium nitrate. It has been operated as one of three plants during the war, the product having been utilized largely for the production of explosives and things of the kind. Representations were made by the farm federation to the effect that this plant ought to be taken over by the government and operated to produce fertilizer now that the war is over. The plant has been operated by the Department of Munitions and Supply. But my understanding is that of the three plants, the one that will probably be operated as a government plant is most likely to be the one in the eastern part of Canada in the Niagara peninsula, for certain reasons which have to do with supplies that are to be provided to some of the allied countries having something still to do with munitions. There has been however a tendency to consider the policy of disposing of the plant at Calgary. The question whether it should be disposed of to some private concern or to a farm cooperative or some other organization of the kind is under consideration. I am informed that the department has no set views in the matter. If the farmers' cooperative desires to have the plant operated, or if it can make arrangements to that end, its wishes will be facilitated. However, that is under discussion and there is nothing more I can say about it.

Item agreed to.

Production service—

20. Grants to fairs and exhibitions, in the amounts detailed in the estimates, $62,690.

Mr. PEARKES: These grants, I believe, are made in part for the purpose of encouraging the improvement of live stock throughout the country, and in furtherance of that policy many of the associations hold race meetings during the time of the annual fairs. Included on the race programmes are events for Canadian-bred colts and fillies. It is necessary for a Canadian-bred colt in order to run in these races to be registered with the New York jockey club because we have no Canadian stud book for Canadian-bred horses. During this session we have discussed such questions as a Canadian flag for Canada and a nationality bill for Canadian citizens. Would the minister give consideration to a

Canadian stud book so that Canadian colts may run by right on the tracks of the land in which they were born?

Mr. GARDINER: It is the intention of the department to promote the breeding of horses of the type mentioned, and we intend to get some stallions and have them placed under clubs. I understand that the department obtains stallions and puts them out to the clubs and the clubs pay for them over a period of years. The last part of the question, having to do with the registration of horses in New York in order that they may run on tracks, is another matter. We do register colts here the same as any other live stock is registered in the records branch, but the question whether they will be permitted to run on tracks is one that I cannot answer. It is pretty much under the control of those who operate the racing clubs and of the breeders. I am not too sure that there is much I can do about it. As a matter of fact the department does not directly operate the records branch. We simply give a grant to the records people and they record all the animals that are bred, whether they are dogs, cattle, pigs or whatever they may be. They have done such a good job of it up to date that we have hesitated to interfere.

Mr. FAIR: What will be the policy of the government with regard to grants to classes A and B fairs during 1946?

Mr. GARDINER: I am speaking from memory, but I think during the first war we started giving grants to A and B fairs, and possibly some others, with certain ideas in mind. In between the two wars there was always a great deal of discussion as to whether we ever should have started them. It was argued by many people that the money could have been used to better advantage in some other way, but we continued to make the grants and entered into arrangements or understandings with the provinces from time to time. Sometimes we designated a certain class of fair as being one which would receive a certain class of grant, while others were left to the counties or the provinces to encourage.

Early in the war we struck off practically all grants that were paid by the Department of Agriculture except those to boys and girls clubs. We have under consideration in the preparation of our estimates for the next session the question whether they should be reestablished. Within the last month we have had delegations here from the different organizations that are represented suggesting that we should continue the grants. We have said to each of them that the question would be given the fullest possible consideration between now and the time the estimates for next year are completed.

Mr. FAIR: I should like to add my voice to the voices of those who have already made representations that these grants should be continued. I think they should be extended if possible. The minister will agree that our A and B fairs, as well as some of the smaller ones, have been of great assistance in improving the quality of our live stock and grains and other farm products. I know that some people take advantage of them and consider that they are simply a place to spend a holiday to see the side shows and all that, but the people who are really the salt of the earth, if I may use the expression, take great pride in their fairs and use them as a method of improving the quality of our farm products.

Mr. WRIGHT: Is it expected that the Ottawa and Toronto exhibition grounds will be available for fairs in 1946?

Mr. GARDINER: I have no information as to that; they are still occupied by troops.

Mr. BLACK (Cumberland): What are the plans with respect to the maritime winter fair at Amherst? There is a vote of $5,000 to cover improvements, which is contributed to by the three maritime provinces. It is generally expected that the maritime winter fair will be reopened in 1946. I think the minister should make some announcement of policy so that the interested people may have as much notice as possible.

Mr. GARDINER: I believe the hon. member is referring to the agreement that we entered into some years ago with the organization that runs that fair. We agreed to pay $5,000 for building purposes, and each year we have been paying that, even right through the war. We will continue to pay it until the agreement is completed. There is no suggestion that those grants will be discontinued. This is the type of grant that is made to fairs right across Canada by way of agreement. We have been carrying out those agreements and will continue to do so.

Mr. BLACK (Cumberland): If it is proposed to reestablish the maritime winter fair in 1946 there will have to be a grant in next year's estimates for the purpose. Can the minister give any indication as to what policy will be followed?

Mr. GARDINER: That is what we were discussing a few moments ago. Communications have been received from the Toronto winter fair and other fairs across Canada, as well as the exhibition associations, asking what we have in mind. I have told them

practically what I told the committee a few moments ago, namely, that the policy we followed prior to the war had been set up after negotiation with the provinces and that some understandings had been reached between ourselves and the provinces. At the moment we are having a dominion-provincial conference at which the collection and expenditure of revenues are being discussed. Until that gets a little further along I do not think we are in a position to announce a definite policy for the future. The policy is being worked out, and all those who are interested are keeping a close touch with us in regard to it. It will be made known at the earliest possible day.

Mr. BLACK (Cumberland): I understand that the maritime stockbreeder's association wants this maritime winter fair reopened in 1946 and are making representations accordingly. I think it is desirable that a declaration of policy be made as early as possible.

Mr. FRASER: During the noon recess I picked up a book on agriculture and was surprised to find that the first agricultural and cattle exhibition in America was held at New Amsterdam, United States of America, on October 14, 1641. That is just over three hundred years ago, sixteen years after the settlement of Manhattan.

Mr. HEON: Before the war the federal Department of Agriculture made a substantial grant to the Lachute fair, but during the war this grant was discontinued for the reasons just given by the minister. The Lachute fair is acknowledged to be one of the best in eastern Canada. I should like the minister to consider the resumption of that pre-war grant in 1946.

Mr. GARDINER: The Lachute fair received a grant because it was in the appropriate classification. If grants are paid under any policy that is announced in the future, this fair will receive its grant.

Mr. SENN: The minister has referred to classes A and B fairs as being those in receipt of federal government grants. There has been a certain amount of agitation to get grants for fairs not in those categories. Will the minister tell the committee just what is a class A or class B fair? I think it depends somewhat on the amount of the prizes given, but I am not sure.

Mr. GARDINER: They were classified according to the amount of live stock showing that was done, the attendance, and all that kind of thing. The class A fairs would cover such fairs as Toronto, which is the greatest of them all, and the one at Vancouver and—

Mr. BOUCHER: Ottawa?

Mr. GARDINER: Yes. There is a group of fairs in the A classification, and then there is another group in the B classification. I could get the whole list, but I think those who live in the communities know pretty well what they are.

Mr. SENN: There are a number of fairs that feel that the larger fairs in A or B classes do not need grants to the same extent that the smaller fairs do. These smaller fairs are doing good work throughout the country. I was just trying to find out what would put a fair in a class lower than B and thus bar it from a government grant.

Mr. GARDINER: They were based on the amount of prize money paid. I quite agree that it might be true that the larger the fair, the less it needs assistance. But there is another side to the picture. The more localized a fair is, the less is the argument that assistance should come from the federal treasury. In some places the assistance comes from the county, and in other places it comes from the provinces; then there are those fairs where it comes from the dominion. In some cases assistance is given by both the dominion and the province. These things will all have to be worked out in the arrangement between the provinces and the federal government and our grants will be made where they will be the most effective.

Item agreed to.

Marketing service—

22. Marketing service administration, $111,742.

Mr. REID: May I ask what steps are being taken to continue and enlarge our market for eggs in Great Britain? As the minister knows, but perhaps many members do not, the egg and poultry industry of British Columbia has greatly increased, so much so that this fall the largest shipment of eggs that ever left the shores of Canada left the port of New Westminister—294 million British Columbia eggs in one shipment. That is 24 million cases, or seven eggs for every man, woman and child in Great Britain. The poultry keepers of British Columbia are wondering what is going to happen when that great British market begins to be supplied from the continent of Europe. They have built up their plants in British Columbia, and although they realize that a market is assured in Britain for 1945 and perhaps half of 1946, they would

like to know what steps are being taken by the department to cover the period following the end of the agreement.

Mr. GARDINER: I had all the egg statistics with me the other night and put some of them on *Hansard*. I do not seem to be able to put my hands on them now. I can only repeat what I said the other night. Prior to the war we were marketing about 1,000,000 dozen of eggs in Britain each year. This last year we marketed 85,000,000 dozen; in other words the increase has been 85 times during that period. I do not know that it can be claimed that that would have happened in any event, even if the government had done nothing about it, but the government did try to promote agreements with the British government for the purchase of eggs right from the beginning of the war, and we were able to bring about an increase in their purchases. Then, too, we developed in cooperation with the British and others the process of dehydrating eggs, which allowed us to ship over seven times as much by weight of eggs in a given space in dried form as we could in the shell. That was at a time when it was essential that we should get out shipments into as small a space and down to as small a weight as possible. So a large portion of the shipments that we have made, as indicated by the figures I put on *Hansard* the other night, was due to the dehydration process which was developed and which made possible the shipment of eggs in powdered form.

There was also a process developed for which British Columbia is entitled to the credit—the dipping of eggs in oil, a process I do not fully understand. By the use of that process it is possible for eggs to be kept fresh for a long period of time. At the beginning of the war these eggs were classified as storage eggs. We were insistent at that time that they should be classified as fresh eggs when shipped from this country to Great Britain, and now these eggs are accepted as fresh by Britain as a result of our experience during the war. This British Columbia process of supplying eggs in the oil-dipped form has resulted in a greatly increased shipment of what are now known as fresh eggs to the European market, particularly Britain. That in itself will bring higher returns to Canadian egg producers right across the country, the classification of these eggs as fresh rather than as storage eggs.

Mr. CAMPBELL: When these estimates were before the committee yesterday I brought to the attention of the minister two cases of what we considered discrimination. The minister dealt with one case, but I did not get an answer in respect to the other. My question was, why could not the farmer who raises hogs and wants to feed his own grain to them get the same bonus as the man who buys his feed for hogs?

There is another matter I want to bring to the minister's attention, and it has been brought to his attention many times in the last few years. For a long time the farmers of this country have not been satisfied with the methods of marketing live stock. Through their different organizations they have on many occasions asked the government to set up a live stock commission for the handling of live stock. I want to put on *Hansard* a statement that was issued by the United Farmers of Canada in September last in connection with the selling of live stock. It reads as follows:

Live stock producers are entirely at the mercy of the packer buyer, who has sole command of the only market for live stock disposal in Canada, and the price for live animals is whatever the packer buyer chooses to make it, whether in the packer's yard or the packer's drover agent on the producer's farm or ranch.

Previously the producer had at least four main markets for his cattle:

(1) The feeder buyers in his own or neighbour provinces;
(2) The eastern feeder buyer;
(3) The American feeder buyer and market;
(4) The Canadian packing companies.

Numbers one and two markets are gone through owing to the feed situation and policy uncertainty. Number three is closed. Number four therefore is in supreme command, and as they are in control of a market with competition almost entirely eliminated, and as there are no floor or ceiling prices on live animals producers must take their price whether delivered individually, through a drover, through a commission firm or by their own cooperatives, which can only benefit them by reducing assembling costs.

On the other hand packers have two inexhaustible markets at their disposal with fixed prices; first, the domestic market for which they receive the wholesale ceiling price, which is widely different to the price received by producers; second, the Canadian meat board, which agency will buy any volume of beef from the packers at fixed prices based on grades.

Producers will only get fair prices when animals are in short supply but never above the packer's ceiling price; then when the flow of cattle becomes heavy the purchase price paid to producers has been and will again be below the packer's fixed floor price.

The government has a multitude of live stock and meat boards and committees with little policy cohesion, and the chasm between the man who raises the animal and all others engaged in the service and in the industry is as wide as the seas.

During the past few years, great strides have been made to improve and increase the industry of animal production in Canada, and producers have hitherto been very patient, but they now feel that their industry has been kicked around enough and that perhaps official advisers and those with an assured profit in the industry could for a change start producing and determine their own profits.

In another debate in the house this session, a member of this group, urging the government to set up a board of live-stock commissioners, quoted from a brief presented to the government by the Canadian Federation of Agriculture in February, 1944, as follows:

This federation desires to repeat its request of former years that the federal government should establish a board of live-stock commissioners, with powers and duties similar to those of the board of grain commissioners. It requests that the said board be empowered to administer under the Department of Agriculture, the Live Stock and Livestock Products Act, and that the members of the board shall be appointed in consultation with organized agriculture. The Live Stock and Livestock Products Act should be amended and consolidated with other legislation in order to vest in the board the power to license, regulate, and control the facilities for assembling, transporting, yarding, slaughtering, processing, and packing, together with the facilities for grading and selling all live stock and carcass products designed for human consumption.

I think that shows defiinitely, Mr. Chairman, that the government should really take into consideration again this matter of a board of live stock commissioners. I notice that the minister in another statement in this house suggested that there were obstacles in the way, but I think that these obstacles should be overcome; he can find a way of getting around them.

Mr. McIVOR: About thirty-five years ago I heard a student at Manitoba university by the name of James Gardiner debate the question of free trade. He upheld the negative side, and he won by a splendid margin. I congratulate him upon his statement at the recent agricultural conference here. It shows that he is still in favour of free trade, with the United States at least, so that he is growing in wisdom and in practical usefulness. Free trade should run north and south just as well as east and west. We should tell the United States government that we are not only practical neighbours as far as friendship is concerned, but real neighbours as far as tariffs are concerned. It should work both ways—not one thing for the United States and another thing for Canada; let us show the world that we are real neighbours.

Mr. MacNICOL: You would put every factory in Port Arthur out of business.

Mr. FAIR: I have no hesitation in supporting my Irish friend and former Irish neighbour across the floor. I have on many previous occasions brought up the question of guaranteed prices for producers of live stock, and again I must appeal to the minister to do something in the way of giving that guarantee to the producer. As has been shown on many occasions, the markets fluctuate, and these fluctuations are all to the benefit of the packers at the expense of the producers. It was shown, I think, that in October last the packers had a margin of about two and a half dollars on each hog shipped, and all that was at the expense of the producers. It is about time something was done to protect the producer against the fluctuation of the markets.

Mr. FRASER: Are there any regulations in regard to the inspection of peaches which are shipped to market. I understand that the only regulations are as to size, and that there are none as to the condition of the peach, as to how green it is. This has been the trouble with the marketing of peaches during the last five or six years, and perhaps longer. The peach must reach a certain stage before it will ripen after it has been shipped. Despite the fact that shippers have little tags in their baskets which say, "When these peaches are received in your home, spread them out on something flat so that they will ripen," during the last five or six years green peaches have been shipped which would never ripen, and the Canadian consumer has been fooled; there is no doubt of that. Now there must be a remedy, and I understand that that remedy is for the minister's department to put in the proper inspection at the shipping point, and also see to it that all fruit is inspected which is taken away from the peach orchards. A great deal can be said for this, and I believe the real peach grower would be thankful if the government would do something in that regard.

Mr. GARDINER: May I ask that those who are interested in this question reserve their remarks on it until we get to item 26?

Mr. FRASER: I brought it up on marketing service administration.

Mr. GARDINER: Yes, but if we take these items which concern any particular subject and deal with them at the appropriate point, we can confine the administration item to general remarks.

Mr. FRASER: Very well.

Mr. GARDINER: Take what has been discussed on live stock, just a moment ago: it would be much better if we could discuss that under the item, live stock and live stock products, or the marketing item which follows it, because at that time I shall have all the information in front of me, and I can give a better answer than I could give at the moment.

Mr. KNIGHT: I asked the minister a question, I think it was yesterday, and he advised

me to wait until this item was reached. To what extent are we as consumers here in Canada sacrificing quality in our home-consumed bacon in order to send the best to the British market?

Mr. GARDINER: Would the hon. member mind leaving that until we get down to live stock and live stock products?

Mr. KNIGHT: The minister stopped me yesterday and said that I could ask it on item 22.

Mr. GARDINER: I said, on marketing, which begins with item 22. If you look at the headings you can pick out the item on which you should discuss the matter. If it is live stock, discuss it under live stock; if it has to do with fruit, bring it up under the fruit item.

Mr. KNIGHT: It is difficult to get into this discussion. I thought after the second time I would hold my ground.

Mr. GARDINER: If it is a general discussion on administration, bring it up under this item.

The CHAIRMAN: I wish to draw the attention of hon. members to the fact that in committee remarks must be strictly relevant to the item under consideration. At the present time we are considering marketing service administration. Shall the item carry?

Mr. TOWNLEY-SMITH: No. I wish to make a few remarks on this matter of marketing. Every once in a while a letter on Canadian live stock products is issued by the industrial and development council of Canadian meat packers. This is dated October 8, 1945, and it contains an interesting table concerning the cost of producing and marketing bacon carcasses.

Mr. GARDINER: I am sure we can get along much more quickly if hon. members will try to cooperate. There is no one sitting at the table at this moment who has the facts with regard to the marketing of bacon. Mr. Pearsall will be here in a few moments, when we get down to live stock and live stock products. I could give the hon. member a general answer, if that is all he wants, but it would not be nearly as satisfactory.

Mr. TOWNLEY-SMITH: It is not really a question; it is a statement.

Mr. GARDINER: Well, a statement on marketing of live stock products ought to be made under item 27.

Mr. TOWNLEY-SMITH: Thank you.

Mr. HERRIDGE: Yesterday I asked the minister whether it is proposed to correct the situation with regard to the egg inspection service in the interior of British Columbia. Could the minister give some information on that?

Mr. GARDINER: Just as soon as we get down to live stock and live stock products, yes.

Mr. HERRIDGE: Yesterday the minister told me to bring up this matter under the marketing administration item.

Mr. GARDINER: I said, bring it up under marketing, but what we are dealing with now is item 22, marketing service administration. I do not think it is going to hurt anyone to wait a few minutes until we get to item 28.

Item agreed to.

Marketing service—

23. Agricultural economics, $129,980.

Mr. ARGUE: I believe I am in order in discussing under this item the matter I have in mind. As the minister knows, there is a dominion economics department located in the university of Saskatchewan, and a number of university students taking the course in farm management find it convenient to do temporary work with the dominion economic department. It provides the students with good training and some funds toward paying their way through university. What rate does the dominion economics department pay temporary help? Has consideration been given to raising those rates? I believe I am correct in saying that two years ago the rate paid to temporary help, which included senior students for the most part, was thirty-five cents an hour, which I think is shameful.

Mr. GARDINER: I am sorry, I have not the information with me at the moment. Would the committee go on with something else until I get the information?

Item stands.

Marketing services—

24. Dairy products, $401,719.

Mr. WRIGHT: When we were considering the publicity and extension division I endeavoured to bring up the matter of advertising of Canadian dairy products in Great Britain. I referred not only to advertising but to making our products available to the British public in a form which would be suitable to them. Will the minister explain just how our cheese is marketed in Great Britain? It is my understanding that between the two wars New Zealand captured a great deal of the Canadian market for cheese in Great Britain. My information is this was largely because she made her cheese available to the British

market. She had cold storage plants there where the cheese can ripen and be available at all times. Have we such cold storage plants in Great Britain? What is our policy with respect to the marketing of our cheese and the maintenance of the market which we now have? It is very important to a large section of our dairy industry that we should retain that market, and we can do so only by having supplies always available there in the form in which the British public want them, rather than having them available only at certain seasons of the year.

Mr. GARDINER: The suggestion that the New Zealand people did capture a considerable part of the British market between the two wars, is, of course, in accordance with the facts. We were heavy producers of cheese which was required in the British market, and we were sending it to that market prior to the last war and during the war. But at the end of the war we took the attitude, which some people seem inclined to take at the end of this war, that our product had a certain value and we would not sell it for any less. The result was that the British began buying New Zealand cheese in greater and greater quantities.

As I remember the story, the New Zealand people accepted the price for their cheese which they were offered, and produced it in large quantities and sent it over. It is true that they did have facilities to handle it, but they did more than that; they advertised it thoroughly, so that by 1936, when I had my first experience with it personally, they had made great strides. I was over in Britain discussing the possibilities of greater marketing of farm products, and everywhere one looked he saw New Zealand cheese advertised, but in 1936 Canadian cheese was not advertised anywhere. As one walked out on the Strand from the Savoy hotel and looked about half a mile down the street where the street had been widened and there is a building extending out across the sidewalk, he saw on the top of that building: "Eat New Zealand Cheese". More people walk that half mile going to work every morning and two or three times a day than any other half mile in the world. This sign was in front of them all the time, but nothing about Canadian cheese, nothing about Canadian products of any kind. The same situation was true of the buses. Every bus that passed you on the street had a sign on it reading: "Eat New Zealand Cheese", and nothing about Canadian cheese. I came back to Canada and sent six men over to Britain to look into the matter, and then I asked them to get out a pamphlet. After I got that pamphlet out I remember I had considerable trouble, not with the people in Canada, not with the people in Britain, but with some people in the house; with the result that probably it was not as widely circulated as it should have been. Nevertheless it said just what my hon. friend has been suggesting in the last few moments. It said that our cheese and other farm products were not being advertised in Britain, and it proposed ways and means of getting that advertising.

In the years between that time and the war, Canadian farm products were greatly advertised. It was not done under the agricultural department direct; it was done under the Department of Trade and Commerce and in a measure through external affairs. But it was done, and we came into the war with much more of our Canadian cheese on the British market than we had in 1935 and 1936. During the war we have gone on pushing first the production and then the marketing of cheese in Great Britain, with the result that in 1942 we obtained the largest production we ever had in the history of Canada. We got up to over 200 million pounds, and we sent 140 odd million pounds to Britain. We are in a favourable position at this time.

I quite agree that one of the things we have to continue to do, now that the war is over, is advertise our product in Britain. We have before the government at the present time consideration of a policy of extending our facilities for the handling of not only cheese but other products on the other side, as New Zealand has done. It has been suggested in the first place that we should improve our cold storage facilities on the wharves in this country; that we should improve our cold storage shipping facilities on the railways across Canada, and thus put our product on board ships in good condition. We should improve our refrigeration facilities on boats going across to the other side, and then we believe we should have some facilities on the other side for the proper storage of Canadian bacon, cheese, and other food of the kind that we are sending over, in order to maintain them in a reasonably good condition until they are placed on the market in Britain.

I quite agree that the suggestion which has been made is one to which we should give some thought, and that is being done at the present time.

Mr. BOUCHER: Could the minister give us some idea as to the government's policy of continuing the bonus on cheese? This is important to the cheese industry, as they say it takes a year from the time of planning to the time of marketing. I notice in the estimates that the total bonus paid on cheese last year

was not equivalent to the bonus on apples. It does not seem to me that that comparison is a favourable one for the cheese industry.

Mr. GARDINER: The premium that we pay on cheese was, of course, being paid before the war started. It continued through the war and so far as I know will continue indefinitely. We pay a premium on 93 and 94 score cheese, and that we shall continue to pay. That is the only direct subsidy we pay on cheese. At the present time we pay a subsidy on milk which enters into the production of cheese, which is much the same thing as paying it directly on cheese. Of course that subsidy will be considered when we are making any change from the policy now carried out under the War Measures Act to the policy which may be carried out under the floor prices legislation. At the moment I am not in a position to say what the nature of it will be, but the endeavour during the transitional period will be to maintain the relationship between the price of cheese and the prices of the commodities the producer of cheese has to buy, as has been stated here on a number of occasions. In addition one must keep in mind the fact that we have a contract with Britain which will continue until the spring of 1947 and which guarantees the present floor price of cheese for that period of time. The premium is on as well, and the only thing we are not absolutely assured of is the milk subsidy. So far as I know that will be retained for some time, but I do not know just how long.

Mr. BOUCHER: I should like to emphasize that point, because I think the minister will appreciate the fact that cheese production is an important matter in Canada and of great concern to war-torn Europe and to Britain. However, to enable farmers engaged in the manufacture of cheese to produce the quantity and quality desired, considerable guidance must be given before the cheese production season comes along, so that they can plan in advance how to dispose of their milk, whether to the cheese factories, the dairies, or the creameries. In other years we have criticized the minister for being a little late in giving the farmers the information they require, and if we could get these directions earlier than we have been able to get them in past years it would be of interest and benefit to the farmers and to the country as a whole.

Mr. CARDIFF: I should like to ask the minister just what standing our cheese has in Great Britain, so far as quality goes, as compared with New Zealand cheese, for instance.

Mr. GARDINER: Our cheese has been right at the top of the list so far as quality is concerned. That is indicated by the fact that we have always enjoyed a premium of two or three cents a pound as compared with New Zealand cheese, and that was so even before the war. Our cheese is recognized as being right at the top in the matter of giving the quality they require in Britain.

Mr. BROOKS: Yesterday I called the minister's attention to a protest from the New Brunswick cheese producers' association in reference to the regulation of the board of health which requires that cheese mature for a period of ninety days. At that time I understood there was not very much that could be done in that connection, though I think it is a serious threat to the cheese industry in our province. In New Brunswick they seem to like their cheese quite green, and they sell principally to their local market. Personally I have not acquired a taste for green cheese, but this is a serious matter down there. One of the great difficulties we shall encounter if this regulation remains in force is in connection with storage facilities in the small cheese factories. I believe the larger factories are given a subsidy for the construction of storage space, but in the small cheese factories no such provision is made. I should like to know whether some arrangement could not be made for the storage of cheese at some central place. The town of Sussex in my constituency is the centre of the cheese industry; as a matter of fact I believe about eighty per cent of the cheese factories in the province are in Kings and Queens counties, which form the constituency of Royal. I believe these cheese producers will be in a serious position unless something is done. A few minutes ago the minister spoke about storage facilities having been constructed across Canada, I should like to know if it would not be possible to provide some storage facilities in the town of Sussex. We have them now in Saint John and also in Moncton, but they are not sufficient to accommodate our cheese production if it has to be held for ninety days.

Mr. GARDINER: Of course we do assist those who are putting up storage facilities, in New Brunswick or wherever it may be, to the extent of thirty per cent of the cost.

Mr. BROOKS: That is in connection with the factory itself?

Mr. GARDINER: No, not the factory. There are two provisions. There is the old act, which I think has been in existence since at least 1922, which provides that wherever storage facilities are built, whether by a co-operative, an individual, a corporation or whoever it may be, and that cold storage is

available to the public, we pay thirty per cent of the cost. One-half that thirty per cent is paid in the year in which the plant is built, and the other half is spread over four years. That provision is available to anyone anywhere in Canada who puts up any storage facilities. Then under the act we passed in 1939, at the time we put a premium on the production of high quality cheese of 94 and 93 score, we agreed to pay for the cost of putting cold storage facilities right in the plant where the cheese is made, in order to assist them in raising the standard of their cheese. We are doing that right across the country, too.

As to the other question having to do with the curing of cheese, speaking subject to correction because I am not too certain of our legal position in the matter, I think matters of health are largely under the control of the provinces. If the product is to be shipped out of the province of course it comes under our control and we can check the shipment of it. We brought in the regulation as the result of an epidemic of typhoid which broke out in Alberta, where the germ was traced back to a carrier who was providing milk for the production of cheese at a certain plant. Curing the cheese for a period of ninety days kills that germ, so it was stated that cheese had to be cured for ninety days as protection against the spread of typhoid. If those facts are correct I think everyone will agree that this is the thing which should be done.

To come back to the point raised by the hon. member, however, so far as we are concerned I should think we could only enforce that in connection with the cheese that is shipped out. If the people of New Brunswick want to eat green cheese and things of the kind I am not too sure we could do much about it under that regulation. It is only when we have the full cooperation of the provincial authorities, as I think we have had up to the moment, that we can enforce the regulation both provincially and interprovincially. I would hesitate to suggest that we could change the regulation. Certainly I should not want to do so without very strong representations from all the provinces.

Mr. BROOKS: I quite agree with the minister from the point of view of health, but I was asking about the cold storage facilities. Do I understand that 30 per cent of the cost is paid by the government if the cold storage facilities are maintained in the factory?

Mr. GARDINER: No; any place.

[Mr. Gardiner.]

Mr. BROOKS: Then if the New Brunswick cheese producers' association set up a cold storage plant of their own the government would provide 30 per cent of the cost?

Mr. GARDINER: Yes.

Mr. HATFIELD: Is there not some chemical that could be used in cheese to kill the germ mentioned by the minister, without having to cure it for ninety days?

Mr. GARDINER: I am not too sure whether there is such a chemical, but this is considered to be the simplest way of doing it. As a matter of fact I think it is one of the strong arguments for eating cheese, that curing it in this way makes it safer.

Mr. CASE: There is an item here of $1,500 for lawyers' and analysts' fees. Are these lawyers who are employed by the department, or does this represent fees and retainers paid to outside lawyers? And what about the analysts. I do not suppose the lawyers are analysts, though they are lumped together in this item.

Mr. GARDINER: That just provides for the occasional services of lawyers and analysts. We apply to the Department of Justice for the appointment of some local man to do some particular thing for us; it may be a prosecution under the act.

Mr. CASE: And how about the analysts?

Mr. GARDINER: The same thing applies there; we employ them when we need them.

Mr. MENARY: Could the minister tell us how much poultry was exported to Britain in 1944 and so far in 1945, and also whether any honey has been exported?

Mr. GARDINER: I shall have to ask the hon. member to wait until we get to the live stock division. I have not the information now.

Item agreed to.

Marketing service—

23. Agricultural economics, $129,980.

Mr. GARDINER: The question of grants made in connection with economic surveys was raised a few moments ago by the hon. member for Wood Mountain. These are really salaries paid to individuals taking part in this work and they range from $1,260 to $1,800 a year. These men are provided for under the Prairie Farm Rehabilitation Act vote. They are not provided for under the vote stipulated here. Most of them—I believe practically all of them—come under the P.F.R.A. grant. They operate in different places and in different ways. I have a list of the group here, a

little more than a page, which I could put on *Hansard* if the hon. member wished to have it.

Mr. ARGUE: I am not interested in that list. I am really interested in the wage rates paid temporary help in the winter time by the dominion economics department.

Mr. GARDINER: We have no arrangement with regard to that. It will be understood that the agricultural colleges associated with the universities in the two provinces of Alberta and Saskatchewan are run by the provinces and we give assistance. In some cases it is a matter of our engaging individuals and paying them. That is true of the group I have here ranging from $1,260 to $1,800. The other work which is done may be temporary and is perhaps paid for by the university authorities under some arrangement with the provincial government. The whole administration is under the province.

Mr. BENTLEY: The hon. member for Battle River made reference to a certain survey with regard to the effect of commercial fertilizers on soils and I do not see anything here for that particular work. I do not see any estimates in connection with R.O.P. publications. All pure-bred associations issue in their journals a record of production and the department also issues an extensive one, which must call for quite a bit of money. If some of that money were diverted to other purposes it would add to the services that are being rendered. It does not seem necessary for the government and the breeders' associations to issue material as extensively as they do, and the breeders' associations appear to be the proper ones to do it. I should like to see the minister's estimates increased, because he has not enough money for the work of his department. I would suggest, therefore, the diversion of some of this money to other purposes.

Mr. GARDINER: I am not certain where the R.O.P. pamphlets are published.

Mr. BENTLEY: It would be under economics.

Mr. GARDINER: It would be under publicity and extension or under production somewhere. It may be that the pamphlets the hon. member has in mind are put out in the records organization, which is not a department of government, but a set-up provided by the breeders' association to which we make a grant. But their publications will be theirs and not ours.

Mr. BENTLEY: Would it not be better for the department to make a grant for that purpose instead of having these activities duplicated?

Mr. CASE: Under salaries there appears provision for cost of living bonus. I understand that this has been done away with and that it will be incorporated in the regular salaries. That was carried out in 1944-45 and, I believe, in 1945-46. Another item is travelling expenses under various heads. What is the over-all travelling expenses total of the department? How are they accounted for? At the moment I am seeking information about the cost of living bonus, and I should like to know why it appears in that way. I understood it to be incorporated in the regular salaries.

Mr. GARDINER: The decision has been made to incorporate it in the regular salaries and we are going through the process in the different departments of bringing that about, but so far as these votes are concerned, it is still as it was. I do not know to what extent the incorporation has taken place in our department, but surveys are being made by the civil service commission to bring it about.

Mr. CASE: What about the over-all travelling expenses of the department?

Mr. GARDINER: The total of all given here would indicate what the total expenses are, but I have nothing under my hand to show it.

Item agreed to.

Marketing service—
25. Subsidies for cold storage warehouses, under the Cold Storage Act, and grants, in the amounts detailed in the estimates, $338,477.
Marketing service—

Mr. WRIGHT: There is a considerable reduction, the reason being, I presume, that the facilities have been paid for now, and therefore it is not necessary to continue the vote. Can the minister give some information regarding the extent of cold storage facilities built by the government during the war in various places in Canada or the handling of production in Canada? Has there been any building of that description by the government? If so, to what extent and where are the facilities situated?

Mr. GARDINER: I do not think we have built any cold storage as a government. I am running over in my mind hurriedly, but I do not remember any that we constructed during the war. We did discuss the possibility of doing so in connection with the apple industry in Nova Scotia, but no construction was made. As a matter of fact we advised them that we had been paying up to thirty per cent of the cost of cold storage across Canada and suggested their proceeding on that basis, but up to date I cannot recall any cold storage put in by the government itself.

Item agreed to.

26. Fruit, vegetable and maple products and honey, including grant of $5,000 to Canadian horticultural council, $567,000.

Mr. FRASER: I was speaking before under vote 22 and I was told to bring up under this item the question of inspection of peaches. I understand that at present the peaches are inspected or graded only as to size. As I said before, I understand that the peach must reach a certain stage of maturity if it is to ripen after it has been shipped. Has the minister any suggestions to make, or could he tell us what they are doing along that line? I am quite sure the peach growers would welcome a proper type of inspection, because at present peaches that have not reached the proper stage of maturity when they are shipped do not ripen when received by the consumer; they rot and they are a total loss to the person who buys them.

Mr. GARDINER: I do not want to appear to be passing the buck to the provinces in connection with this matter; I am simply stating the facts. The grading of farm produce of different kinds, whether it is fruit or any other commodity, comes under the provincial authorities if the product is sold and marketed inside the province. We have no legal authority over that whatsoever. In so far as peaches are concerned, the grades would be established under the Fruit, Vegetables and Honey Act, which is a federal act. Those grades are reenacted under the provincial legislation. In the case of Ontario this is the farm produce grading and sales act, which covers provincial enforcement. They have an act and we have an act. We have set up certain grades and certain qualifications and they have reenacted them. In most instances they employ our inspectors; they say that our inspectors are their inspectors in order to legalize the acts of our inspectors. When our inspectors are working within the province in connection with business carried on inside the province they are working under the provincial legislation, not under ours.

I think the situation in Ontario this last year was created largely by weather conditions. It was probably most difficult to supply the market there was for peaches with the highest grade of peaches. I think it is perfectly right to say that last year a great many peaches went on to the market which were supposed to be up to grade but which were not up to grade. I do not know to what extent such peaches got outside the province, but I have had no complaints from persons outside Ontario with regard to peaches that they obtained from Ontario. But I have had a lot of complaints about peaches sold in Ontario. Whether it was our inspector or the provincial inspector who made the inspection, the inspection would be made under the provincial law. As I understand it, their grading would be just as high as ours and the inspected peaches would be the same whether marketed inside or outside the province, but because of the difficulties which occurred, much closer attention will be paid to grading and marketing during the coming year.

Mr. FRASER: I have had reports of peaches that went into Quebec which were not ripe but which rotted in the bottom of the basket. I understand that there have also been complaints from Quebec with regard to the pink or red gauze put on top of the baskets. This pink gauze is put on top of green peaches, and it makes them look as though they are ripe and the purchaser buys them with that understanding. The department should have some regulation governing the grading. I do not think the minister has answered my question in regard to the grading as to greenness or quality. As I understand it, they are graded now only as to size. The dominion government is the agency that should see that they are graded properly. When a basket of peaches is marketed as being grade 1, it should be grade 1, instead of being a basket full of hard, green rocks.

Mr. GARDINER: I think that question arises from the definition of "mature." The act states that unless otherwise defined, "mature" shall mean fruit that has reached the stage of development which ensures the completion of the ripening process. Probably that term will have to be more clearly defined before we can meet the situation.

Mr. FRASER: That is exactly what I was trying to get at.

Mr. GARDINER: It has been assumed that when one picks a peach or any other fruit it will be picked at that stage of ripeness which will ensure that in a reasonable time it will ripen, or by the time the cook comes to use it. I think it was found this year that the fruit was picked a little too green and it rotted very quickly. This caused a great deal of trouble right across the country. But as I say, that definition seems to be the source of the trouble and probably we shall have to try to make it tighter.

Mr. HANSELL: We are being asked to vote a little over half a million dollars under this item. I have no objection to that, but I should like the minister to throw some light on a little problem that I have had brought to my attention on several occasions by correspondents in the southern part of my

constituency. This has to do with the marketing of perishable fruits by British Columbia growers outside that province. When I received this inquiry I went to the hon. member for Yale who helped me out. I remembered that he had been in the government when the Natural Products Marketing Act was first passed. The minister knows that that act was sent to the courts and declared to be ultra vires; it was taken to the privy council and they supported the decision of the courts. But that does not explain the position to the people who are interested. People in southern Alberta, and perhaps in other parts of the country, are unable to purchase fruit from an individual grower at a cheaper price, and some individual growers do not understand why they cannot sell outside the province and receive a little better price. The grower would get a better price and the consumer would have to pay less. I am not asking for a lengthy statement, but I wonder if the minister could take a minute or two to explain this problem.

Mr. GARDINER: This question has been discussed, I think every year since I have been here, and I do not know that we have been able to get very far with it. Many years ago the provincial government of British Columbia passed a marketing act which gave authority to the organizations which control fruit in British Columbia to hold fruit off the market under certain circumstances. Among other powers which I do not wish to discuss this afternoon, they were given the power to hold certain species of apples from the market until other species had been entirely marketed. They also set the dates on which the apples shall be shipped. I stated once before on the floor of the house that a man came into my hotel room in Regina once and said to me, "Why cannot I buy such and such a species of apple?" I said, "Can't you?" He said, "No, I have been into a number of stores and cannot buy an apple, and I finally bought a case of oranges." I said, "That was your own decision. What are you suggesting I should do about it?" There is nothing I know that we can do. It had been decided that those apples of a certain species would not be marketed until a certain date until other apples had been got out of the way. That had been decided in British Columbia and there was not much I could do about it. I said, in discussing this matter before, that later on it might have the effect—it did not have that effect during the war—of making people want to eat something else or go somewhere else for their apples. However, it is British Columbia legislation, and it has gone to the privy council, where it was decided that the legislation was within the powers of the province to pass and enforce. It has been enforced there and as British Columbia has decided that it is in their own interests I would hesitate to criticize it.

Mr. CASE: To come back to travelling expenses, I find that the travelling expenses over-all amount to $1,170,709. I am not criticizing that total because I have no doubt that it can be justified, but it would appear that this is a substantial travelling department. Do they use motor cars or railway passes, or do they have to pay the regular fares?

Mr. GARDINER: The travelling expenses for this particular branch are $59,000, or ten per cent of its expenditure. Our expenditures here are a little over $10,000,000, and the hon. member said that the total travelling expenses were $1,170,709, or a little over ten per cent, which is the same proportion that $59,000 bears to the expenditure for this particular branch. So that the travelling expenses seem to run about the same all through the department. I have not examined other departments to find out how our travelling expenses compare with theirs, but I would be surprised if ours were not higher. The reason is that we have to deal with the affairs of 750,000 farmers, and our inspectors have to go right out on the farms and into all the markets for their products of those 750,000 farms, into creameries and everything of that kind all across the country, so that I would be surprised if our travelling expenses are not higher than those of other departments because our administration could not be properly carried out if that were not so.

Mr. STEPHENSON: Is there any overlapping between the provincial and federal departments of agriculture in the matter of inspection? I have received a letter from a dairy in my town, and this is the complaint the writer makes:

> We have twelve or fourteen inspectors calling on us at present, namely, local health inspector, provincial health inspector, provincial milk test inspector, provincial milk control board inspector, provincial producer's inspector, scale inspector, smoke inspector, excise tax inspector, income tax inspector, unemployment insurance inspector . . .

And so forth. That is what they have to go through, although I know that some of these inspectors do not come under this department. But is there not overlapping between federal, provincial and municipal inspections?

Mr. GARDINER: That list indicates that not very many of those inspectors were attached to the Department of Agriculture,

but we take the blame for our share. I repeat what I said a few moments ago, that there is a definite araringement between the provinces and the federal government that all through these services, the dairy branch, the fruit branch and I think in every case, the same inspectors are used for both federal and provincial inspection. What they do is to appoint our man to do the inspections required by the provinces. We try to avoid overlapping. In fact, at each of our agricultural conferences that we have had in the past ten years that has been one of the outstanding questions, and it has been agreed that everything possible has been done to avoid overlapping in the inspection service.

Mr. CARDIFF: You have a milk inspector, a cheese inspector and a butter inspector. I can see no reason why one man could not inspect all three products, instead of one man being sent around the first of the week and another man around the last of the week. Surely, if a man knows something about milk, he should know something about cheese and butter.

Mr. GARDINER: There are two sides to that. A specialist in cheese is not necessarily a specialist in butter, and in many cases you probably could not use the same man. Again, the big cheese producing area is from Ingersoll straight through to Three Rivers. Some butter is produced in that area too, but western Ontario is more of a butter-producing area than a cheese-producing area. There may be the occasional cheese factory in that area. A cheese specialist would only be competent to visit a small percentage of the plants in that area unless he was a butter expert too, and they do not necessarily come that way. One man specializes in cheese and another in butter, and you have to have a competent man to give a satisfactory inspection.

Mr. STEPHENSON: I should think one man would be competent to inspect butter, cheese and milk. If you call in a doctor, he can deal with measles, mumps and other ailments, and surely to goodness a man can be trained to inspect butter, cheese and milk instead of one man being sent to inspect cheese, another butter and another, milk. The dairymen have enough to put up with without all these inspections.

Mr. GARDINER: We want a specialist when we are very sick. But apart from that, cheese and butter inspectors seldom meet in the same factory, although you will find that in the province of Quebec. It is not a case of two or three men dropping in to the same place but of two men dropping in to two different places.

[Mr. Gardiner.]

Mr. FRASER: The only complaint I have heard about inspections in my district is that the inspector, who comes from Belleville, goes to just one dairy in the Peterborough district and takes a sample of milk to see if there is enough cream in it or too much. Then he goes back to Belleville and checks it, and then comes back the next day for another sample. Belleville is a long way off, seventy-five miles away.

Mr. GARDINER: Perhaps he thinks some man there is crooked and he tries to drop in unexpectedly.

Mr. BARRETT: I should like to refer to the red netting that is used on peach baskets. Rightly or wrongly the public suspect that it is being used by unscrupulous peach-growers to camouflage green peaches, but from what I can learn the reputable peach growers are not particularly in favour of the red netting. Is any action contemplated in regard to the use of it?

Mr. GARDINER: The matter of disallowing that kind of covering on peaches is being considered, and I understand there is to be a largely attended meeting on Saturday of next week in order to give consideration to that question along with many others.

Mr. KNIGHT: Are we on live stock and live stock products?

The CHAIRMAN: We are still on item 26.

Mr. KNIGHT: The matter I wish to bring up is perhaps not so very important, but the minister's persistence in keeping me to my turn made me equally persistent to get in.

The CHAIRMAN: Order. We are still on item 26.

Mr. GARDINER: No; it is carried.

Item agreed to.

Marketing service—

27. Live stock and live stock products, $631,507.

Mr. KNIGHT: You cannot beat a man at his own game, and I know the minister is right. He must know my little preamble almost by heart by this time.

What I was talking about was the horrible quality of the bacon products we have had to consume in this country, and with good reason, over the last five or six years; but one of the questions I wanted to ask the minister was, to what extent are we sacrificing quality in our home-consumed product in order to send the best to the British market? As I intimated before, perhaps we should not talk about the matter with any accent on

sacrifice, because our sacrifices have been infinitesimal in comparison with what the consumer overseas has put up with.

I was overseas just prior to the war, and I made it my business to look into this matter of Canadian bacon. I wonder now what percentage of our home-consumed bacon comes from sows, stags and heavies. I know that to compete with Irish and Danish bacon we have to send our best over there. I was amazed, however, when one of my colleagues —I take it we are all colleagues here—on the Conservative benches talked about our having to do something about the matter because the Danes were "stealing" the British market for bacon.

Mr. FRASER: They certainly are.

Mr. KNIGHT: Yes; I think it was the hon. gentleman who has just spoken who said that the Danes were stealing the British market for bacon. I would suggest to the hon. gentleman that the Danes are merely coming back into their own.

Mr. FRASER: They are getting their own and ours too.

Mr. KNIGHT: We never had the British market for bacon.

It is not only in proximity to the purchasers that the Danes and the Irish have the advantage. The minister said, perhaps yesterday, that you had to have grain to raise pigs. The minister also knows that the less proportion of grain in a pig's diet, the better pork you have and the faster you can make it. The Irish peasant who has only one pig feeds it on buttermilk, boiled potatoes and whatever small amount of grain he can get; he raises the best pork in the world, and raises it faster than it is raised any other place I know. The same is true to some extent of the small Danish farmer, because he uses a large proportion of tankage and skim milk which he has available from the fact that he goes in for dairy products.

Just before the war I looked somewhat into this matter of Canadian bacon in Belfast, and from the point of view of quality. I was interested to hear the minister say that Canadian cheese held a unique place on the British market. I am glad to hear that. He knows. But I found that Canadian bacon was occupying at that time a very poor fourth place on the British market. As a matter of fact, I may say, I was able to buy bacon over there sliced and ready for the table—strange to say, Canadian bacon—at fifteen cents a pound less than my wife was paying in the city of Saskatoon, for the same brand of bacon which was being cured just 100 miles from that city.

The Irish people do not like Canadian bacon. I must state that frankly. Many of them had not heard of it, and those who had did not like it because it did not fulfil their requirements. What is the trouble in that particular situation?

That brings me to the packers. If we are to go on eating the kind of stuff we have been eating—sows and stags and heavies —for the last five or six years here, I want to know that we are eating it to some purpose. That meat is as nourishing as the meat we send to Britain, so that when the minister sends it over he must have in mind not only the nourishment of the British people but, as our hon. friend would say, the capture of the British market and the holding of as much of the British market as we can hold in view of the better competition of the Danes, the Irish and the English farmers themselves. I should like to be sure that the packers are not now doing what they did six years ago, being quite careless and dilatory in the matter of filling their requirements for the British market. I found this, for instance. I found out that the British market likes what I would call short-cured bacon; I think the proper term is "mild cured" bacon. I do not know what we do with our bacon or what chemicals we put on it, but we certainly make it so that it will keep well, perhaps in order to keep it in the hot weather. The British do not like that sort of bacon; they like a mild cured bacon; and I would like to be assured—and I think I am, by something the minister said yesterday—that he is looking into the matter of increased cold storage facilities by which that bacon can be taken over in a greener or milder stage to fill the British requirements.

Another thing I discovered about British opinion of Canadian bacon was this, that they could not be sure of any uniformity when they got bacon. When they bought bacon from one Canadian packer they got bacon of a different cure than when they bought it from another Canadian packer. You know how conservative the British are in their tastes. When they want bacon of a certain kind they want bacon of that kind, and that is the only kind they will buy. It was astonishing to me to find that our bacon, which I had thought was pretty good, was, as I say, a very poor fourth on the British market. So that, if we are to make the sacrifice which we are making—and hon. gentlemen know that the quality of the bacon we, have been eating is something terrific; you cannot get decent bacon any more; I fancy we are eating

about 80 per cent of the rough bacon here. I should like to know from the minister what the percentage is.

That is about all I have to say on that matter. I should like, however, to direct three questions to the minister. I might add that during the war we did not mind eating that sort of bacon. If we thought we were doing our British brethren any good we would eat that kind of bacon or eat no bacon at all; but now that the war is over, the British will not be willing to take anything we care to send, or at any rate not for long. Just now they are in a condition where they are glad to take any piece of "sow belly" they can get their hands on.

Boiling this down to three questions, I should like to ask: first, what proportion of the bacon available in our Canadian stores to-day is rough meat of the kind I have described; second, what precautions are the packers and the department taking to see that there are proper facilities for taking to Britain the kind of bacon the British people want to buy; third, in a matter which the minister touched on to-day, relating to cheese, have we a thorough scheme of advertising in an attempt to hold the British market for bacon which our hon. friend says is in the process of being stolen from us?

Mr. GARDINER: I will answer the last question first, with regard to advertising, while it is fresh in my mind. With regard to advertising, during the war it was illegal to advertise any food in Britain. Britain bought all the food, took possession of it whether it came in from the outside or was produced inside, and distributed it.

Mr. KNIGHT: I am assuming—

Mr. GARDINER: I am telling what the facts are up to the moment. We were not permitted, neither were the Danes nor anyone else, to advertise. The food products belonged to the government and were distributed by the government. They did not permit anybody to advertise any particular product. They said that the people had to take what they could get.

With regard to the quality of the product, we have standardized the bacon during the war. The different packers are not permitted to make their own brand and send it to Britain; they must make bacon of a cure that is set, and that was established during the war. We hope to maintain it. Whether we shall have the authority to maintain it after the war is over is another question. I doubt very much that we shall have much opposition to maintaining it. We hope we shall be able to maintain the standard.

[Mr. Knight.]

With regard to the quality of what we have been sending over during the war, that is one of the reasons why I am most anxious to get over to Britain at this time. There is still bacon there which was shipped over during the war period. The hon. member is quite correct in saying that we had a rather heavy cure on our bacon during the war. We had to have that. In the first place, boats were irregular, and in the second place food had to be got to Britain and stored. Whether it was good policy as a rule to do that with bacon or not, it had to be put there in great quantities so that they could have it if there was a blockade. Therefore we had to put bacon over there which would keep. When they said they were going to have a ration for a certain period of time they wanted to know that it would be available before the announcement was made, and it required to be kept over a long period. Well, we were afraid of that condition at the end of the war, because stories started coming over that the Danish people were getting back into the market in Britain. They have not got back to any great extent yet, as one would expect, but they were getting back in a manner which would have done harm to this country. They started immediately to make their mild cure bacon, and send it to Britain. They did not need to advertise. As has just been said, the British people like that kind of bacon and all the Danish people needed to do was to put it there. We sent Mr. Pearsall over to Britain to go into that question immediately it started, and we got a definite understanding then that the Danish bacon which was put on the British market would be cured like our own, a heavy cure, so that it could be stored alongside our own as long as ours could be stored, and that the two bacons were going on to the market in the same way. In other words, we said that if the Danish bacon were to go on mild, then we had better start shipping ours over mild too, in which case it would have to be consumed immediately it got there. An arrangement was made, and I think it has been working out satisfactorily since, so that our bacon is cured in the same way as the Danish bacon, and they go on the market on the same basis.

As to what we can do in the future, I do not think we can maintain the position that the Danish people must always put their product on the market so that it will keep just as long as our product. We start ours moving from Edmonton through to Halifax or to Montreal and we put it on a boat and ship it across the ocean. We are shipping our commodity in cars and at times along with other commodities. Foods take on taints perhaps quicker than anything else.

We have not the same facilities for loading it in the boats that they have over there. Then their boats just carry bacon. They are built to do nothing but carry bacon. They take it across the North sea to Britain and unload it into facilities which are properly prepared for it. Their commodity does not suffer any great changes in temperature from the time it is first turned into bacon until it arrives on the British market. We must do that as nearly as we possibly can, but we cannot eliminate the distance which exists between Edmonton and London as compared with the distance between Denmark and Britain. Therefore we shall be at a disadvantage to that extent.

When I was over there in 1940 I met a man who I think is as good an expert as one could hope to meet. He was living in Glasgow; he was in the business and was appointed as the Scottish representative of the food ministry to handle all the food which came to Scotland. He told me definitely, as I said in this house before, that he had been eating Danish bacon prior to the war and never hoped to eat anything else, but for three months up to that time he had been eating Canadian bacon and that he would never go back to the Danish. He considered that Canadian bacon was as good as, and probably a little better than, the Danish, and he was going to continue to eat it for the rest of his life. I have no doubt that many people have come to that decision.

One or two statements were made with regard to the product which I do not think are borne out by the opinion of the experts. For example, it was said a moment ago that these rougher forms of bacon or cured meats were just as good from the point of view of feeding people, giving them what is necessary for their nourishment as the higher quality, or what we call the higher quality of product. One thing is self-evident, whether one is an expert or not. The kind of bacon which the Danish people supplied to Britain, and the kind we tried to supply is a strip of fat and a strip of lean, a strip of fat and a strip of lean. The kind of product that we have been eating in Canada during the war lacked that extra strip of lean. If it is oil you want you can buy lard for twelve cents a pound. You do not want to pay forty-five cents a pound for fat. What you are really paying forty-five cents a pound for is the properly cured lean that is in the meat, and that is where the real food value is. It was not the fault of the packer that this other product was on the market. As a matter of fact, the packer prefers to put the best quality he has on the market where most of his product naturally goes. There has been great competition among packers. There are two groups of packers. There is one group which exports, and another group which does not. Early in the war they were in competition with one another to the extent that they would come here and ask us to pass legislation for one group, which, if passed, might put the other group out of business. We said: "No, we will not do that kind of thing." but that we would have regulations which would make it possible for both of them to carry on, but they must carry on in competition.

I think that was best illustrated to me one day when I was out in the constituency of Humboldt trying to prevent the present hon. member for Humboldt from coming here at all. I was not successful, and that was his good fortune; but I was in a certain hotel one day and I thought the hotel-keeper was not any too friendly. He was sort of shying off to one side. Finally I went out and was going to go across the street. He joined me. When I got out across the sidewalk he became a little more friendly, and when we got in the middle of the street he stopped me where nobody on either side could hear what we were saying. He said to me: "I am a good friend of yours; I am a good friend of the government." He said, "I would not risk asking this question inside the hotel, which I am going to ask you right here in the middle of the street." He said: "We are getting nothing to put on our hotel table now but bacon that is made out of sows"—sow-belly, as my hon. friend said a while ago. He said: "Do you know that?" I said, "Yes, I know that." He said: "Who is responsible for that?" I said: "We are responsible for it. We told the packers that they had to send all the other pork over to Britain, and if we want to eat what we call bacon in this country it must be made out of something else for the time being. We take the responsibility for that." He said, "All right; I will explain it in that way. I was afraid to explain it in that way before."

I am not afraid to make that explanation. I know that sometimes even on trains, where you expect to get the very best, you got a little three-cornered piece of what looked like bacon and was cured like bacon. I made some inquiries to find out where that came from, and I was told that it came from the jowl of the pig, off the jaw, and did not come from where the bacon usually comes at all. But we were eating it; we were getting a certain amount of oil out of it and a certain amount of lean meat, which to some extent at least met our requirements. I quite agree we should not have to eat that sort of meat after we get a little farther away from the war; but I repeat what I said yesterday, which some news-

papers took to be a prophecy in connection with rationing, although I did not intend it in that way. All I said was that if we were to be able to supply Britain with as much meat as we did last year, we must have some restrictions on consumption in Canada. One of the restrictions we had some time ago meant that if we wanted to eat the same number of pounds of meat that we had been eating we would have to accept the things we were not sending to Britain. Some people conceived ways and means of curing portions that were not previously made into bacon in such a way that they tasted something like bacon and perhaps gave the same service to a degree. But if that kind of thing is to be carried on, probably we shall need along with it what we had during the war, and that is a certain amount of control over the prices of the different cuts. I do not know how long we can continue that; but in any event our effort would be to get for Britain as high a quality and as great a quantity of bacon as we possibly can during at least the next twelve months, and at the same time we shall try to keep on our own market food sold in accordance with its real food value. That is about all I can say at the moment.

Mr. KNIGHT: The minister did not answer my first question, although I think it can be answered in a few words. I am well aware that we were not advertising Canadian bacon during the war; for one reason, even if we had been permitted we did not have to, because the Danish bacon was going to Germany and the British had no other place from which to get bacon. My question was whether or not the minister was going to take steps now to advertise our good Canadian bacon, as he has told us he has made plans to advertise cheese. My first question, the one I asked in the beginning, was as to what proportion of the meat on our home market is this rough meat, such as the minister has described.

Mr. GARDINER: Last month we were sending ninety per cent of all the high-grade bacon and ham to Britain. That percentage changes from time to time. I think I said yesterday that in the period when the price went down we were sending ninety per cent of the high-grade bacon and ham to Britain, but that extended only over a short period.

Mr. HERRIDGE: In the legislature of British Columbia last March I brought to the attention of the provincial minister of agriculture the necessity for a better egg inspection system in the interior of that province. I pointed out that large quantities of ungraded eggs were being sold by the unorganized egg producers, and that something should be done about the matter, although very little had been said during the war by the organized producers. At that time I was told that this matter should be brought to the attention of the federal government, that it came within their jurisdiction. Well, I am here now, asking the Minister of Agriculture what can be done in the near future to remedy this situation.

Mr. GARDINER: That matter was brought to the attention of the proper officials of the department, and they now have under consideration the matter of putting in a better inspection system in British Columbia.

Mr. TOWNLEY-SMITH: To come back to the meat business for a moment, we have heard a great deal about the profits which have been made by western farmers, particularly, in the raising of hogs. I have always regarded those profits with some suspicion, for in my own case they were rather nebulous. I have a letter from the council of Canadian meat packers containing a table of hog production costs headed, "Is hog production profitable at present prices?" I wonder if hon. members would be interested in hearing the farmer's break-down of some of these figures. I will accept them without argument, because there is not time to discuss them. At any rate they show that it costs $17.20 to feed a hog to the marketable stage. Up in my country last year the young pig, the weanling, was worth $5 when it was six weeks old. Some sold for a little more, some for a little less, but $5 was the average price. So that if we add $5 to $17.20 worth of feed we get a total of $22.20. According to the figures contained in this table, a grade B-1 carcass—and most of our carcasses are B-1—is worth $28.40, which gives the farmer a leeway of $6.20 between what he receives for the carcass and the cost of the pig and the feed.

This $6.20 has to take care of various things, such as chopping the feed; the interest on the outlay for buildings; occasional losses, because even pigs occasionally die; the hauling of pigs to the market and the hauling of feed, as well as the labour. If we apply that amount of $6.20 to labour alone we find that it covers a period of four and a half months or eighteen weeks during which the pig has to be fed. If you divide 18 into $6.20 it works out to thirty-four cents a week, or roughly five cents per pig per day, and that has to tak care of all these things. However, since this form was printed the market has fallen by roughly $2 per animal, so that we have to revise our figures, and instead of having a leeway of $6.20 we have only $4.20. That works out at twenty-three cents a week or 3½ cents a day, to take care of labour,

chopping, outlay on buildings, occasional losses and hauling. Therefore, when the farmer comes in at night and breaks down this 3½ cents under all these headings and figures out his income tax, he learns what profit he has made.

Mr. FULTON: I have waited for a long time to reach this item; I have not tried to make this statement on something else so that I hope the minister will hear me now. What I have to say has to do with the price of hogs. I have a letter enclosing an article from the *Western Producer* of October 25 calling attention to the fact that immediately after the government announced that ninety per cent of all available bacon would be taken for export to Great Britain the price fell $1.25 per hundredweight. In order to explain this situation I wonder if the minister could tell me how the price for what we ship to Britain is set. I understood—and I hope the minister will correct me if I am wrong—that the price paid the packers for overseas shipments is set by the meat board. If that is correct, will the minister explain what relation this price set for overseas shipments bears to the price which prevails in the domestic market, and how that price is arrived at. If the minister will answer that I will follow it up with another question.

Mr. GARDINER: I think I dealt with that the other day; probably the hon. member was not here.

Mr. FULTON: I looked through *Hansard* and saw a reference to quantities but not to prices.

Mr. GARDINER: The basis of the price the packer obtains is set not by the meat board but by an agreement entered into between the meat board and the British government. The meat board, acting for the Department of Agriculture here, enters into an agreement with officials of the food ministry in Great Britain that a certain price will be paid by the British food ministry for bacon, laid down at the port. They took delivery of it at the port and assumed all the risks from there on, getting it across the ocean. That has been the established policy during the war. The way in which that price has been set since 1940 is this. We went to Britain in 1940 and took the officials of the meat board with us, and we sat down with the food ministry in Britain and discussed the whole question, what they would require and what they could pay for it. At that time they said they would not pay more than eighty-one shillings per hundredweight for bacon laid down at Saint John. It would not have made any difference what we thought; we could not get any other price. They said, "That is all we have to pay for it, and that is what it must be." We started from that basis. We said, "That price will result in our bacon going to the United States long before the end of this year." They replied, "We will deal with that situation when we come to it."

In May, 1941, our bacon would have gone to the United States, but the British government raised their price from eighty shillings to eighty-five shillings, and they intimated that that was the most they would be able to pay for the product during the war period. They said that if we were to give them bacon, the Canadian government would have to deal with any additional allowance that would have to be paid in order to keep it from going to the United States. That was before the United States came into the war.

We then paid as high as $3.50 per hundredweight in order to keep hogs in this country instead of having them go to the other side. When the price got up to that figure we came to the conclusion that we could no longer pay out of the treasury and therefore we placed an embargo on hogs going to the United States. We would not permit the export of hogs there at all. We took possession of the product and sent it to Britain. All I can say with regard to the price is that it eventually reached 113 shillings and we took care of it out of Mutual Aid. I would emphasize the fact that this statement of subsidies that we have here does not include things like that at all.

We have a list of subsidies paid on farm products running up to $258 million, but it does not include the amount of money taken out of Mutual Aid to make possible farm prices in Canada which we have experienced since the British came to the point where they could not pay more. That is true not only of bacon but of cheese and of nearly every other product that we have shipped. Much of that amount is really subsidy taken out of the treasury and paid to the farmer to establish that price. That is the basis of the price, and that covers the part of the question asked as to whether this price was set by the meat board. That is the floor price. We buy everything anyone attempts to sell, at a lower price than that, in the way of bacon and ham, which is the greater part of the hogs; that establishes the floor price on hogs, and that price has never been below a reasonable variation between the price of hogs and the price of pork since the time we first entered into these agreements.

In addition to that, we have had a ceiling price since 1941. That is on pork products and not on hogs. In 1941, when we were

back at the stage where the price of bacon laid down was at the lower levels I have spoken of, there was a very wide margin between the floor and the ceiling, and every year we increased that floor upward until we got it last year to where the variation between floor and ceiling on hogs amounted to thirty cents. The only variation you could have between the ceiling and the floor was about thirty cents a hundred on hogs.

As has been suggested, last summer, for a while, there was a margin of $1.25 between what had been established as the floor before and what was actually the ceiling. In other words, there was somewhere around ninety cents which people found it difficult to explain. Most of that is explained by one of two factors, and it lasted for only a few weeks and therefore did not affect greatly what had been happening during the rest of the year.

There could be only one of two answers. One is that somebody was bidding against the packer who supplied the bacon for overseas, for hogs in order to get the pork for the home market where there was a demand for it, where they could sell it above the ceiling; and if that were true, then there was a black market in Canada just as there was in the United States in the same period. We are not responsible for that; we tried to prevent it as far as we could. On the other hand, people were asking for bacon at the ceiling price. They were asking for pork products at the ceiling price; and the purchaser of these products being a packer, if you like, whether of the type that ships to Britain or of the type that markets his product in Canada, was saying, "We have had certain customers for a period of time and we want to keep them." There was nothing that said that there should be a ceiling or a floor in respect of hogs. It was established by the policy being carried out. But there was a ceiling on pork. The assumption is that, unless people were breaking the law, some of those purchasing hogs did pay prices higher than would be reasonable, if the ceiling on pork controlled the price of hogs, and so they got it to $1.25 above where it had been previously.

As I said the other day, the explanation called for is not as to why it came down but as to why it went up. The price is now on the same level as it was in 1944, and if it is maintained on that level we cannot say that the packer or anyone else is breaking the law in relation to it. We believe that somebody got outside the regulations in the short period of two or three months when we all ate all we wanted in Canada.

[Mr. Gardiner.]

Mr. FULTON: The explanation given by the minister has done much to clear up the point, but it raises another question. If I understood the minister correctly, he said that the basic price is set by the price arrived at between his officials and Great Britain. They indicated to the meat board the price they would pay and that went up as high as 113 shillings a hundredweight.

Mr. GARDINER: That is where it is now. It has been that way since February, 1944.

Mr. FULTON: That was the basis for hog prices throughout Canada, and I believe the minister said that if anyone was quoting hogs at a lower price than that the department bought them at the equivalent of 113 shillings.

Mr. GARDINER: I had better make that clear. We were prepared at all times to buy all the bacon in Canada cured in inspected plants on that basis, and the hon. member will agree with me that no packer would sell it for less when we were prepared to buy it at that figure. That established the floor.

Mr. FULTON: This is where a further explanation may clear up the point. I find that 85 shillings a hundredweight comes to $18.72 and 113 shillings comes to $24.75.

Mr. GARDINER: It is $22.50, to be exact. I was speaking in terms of 112 pounds, which is the British hundredweight, and that makes a difference. The actual figure is $22.50.

Mr. FULTON: Can the minister explain how that is related to the figures, quoted on the markets here for grade B, which is the general run, of $18.06 in September—which was the high for this fall—and $17.33, which was the low for this fall? That low followed the announcement that 90 per cent of all production would be used for overseas, and the producer cannot understand why, when the government takes hogs for overseas shipment at the comparatively high price the minister has disclosed, there should be a sudden drop immediately after the government announces that 90 per cent of all bacon produced would be sold at that price.

Mr. GARDINER: Ninety per cent of the bacon is not ninety per cent of the hog. That bacon is made out of what are known as Wiltshire sides. You lop off the head and the feet and trim off a lot of other meat, and then what is left is called the Wiltshire side. You would require to have figures on all the different cuts that do not go into the Wiltshire side and what they were sold at.

Mr. FULTON: This article in the *Western Producer* states:

Two weeks back, the meat board announced it would take ninety per cent of the hogs slaughtered at inspected plants (excepting sows and stags) for export to Britain. The prices paid producers by the packers immediately slumped $1.25 per hundredweight.

Not ninety per cent of the bacon, but ninety per cent of the hogs slaughtered.

Mr. GARDINER: I do not know what article the hon. member is quoting, but what was taken was ninety per cent of the A and B hogs. Those are the hogs from which we wish to take the British bacon. We took ninety per cent of them off the market for a period of time in order to supply that extra amount which was asked for by the ministry of food. It would be difficult to take it and apply it to the total marketing of hogs in Canada in order to figure it out. The annual marketing review of 1944 summarizes it over a four or five year period.

Mr. FULTON: I still am unable to understand why that drop should take place in view of the fact that the price set, in accordance with the minister's figures, was very much higher than that which prevailed immediately after the announcement was made. Immediately the announcement was made the price dropped, according to the Department of Agriculture figures, by an average of seventy-three cents.

Mr. GARDINER: The fact is that the price dropped because it went up. It is another case of what goes up must come down. The price went up between May and August by exactly the amount my friend says it came down. It started at a level between the floor and the ceiling for 1944 and the first four months of 1945. At the end of that time we said that we were not going to have rationing in Canada, that they could sell all the pork they liked. Immediately those who were buying hogs started to pay more for them because they could sell them, not at the floor or not at the average but at the ceiling. Everybody in the business started buying hogs and selling them. There were no restrictions as to where they could sell them. A man would sell them out in the country to somebody who would bring them in to Toronto. During that period of time the price went up $1.25.

When we came back into the market again, in September I think it was, and said that we were going to have rationing, that we were going to have controls, these people could not sell hogs wherever they liked. They had to be graded under certain classes and this all brought the price back to the level where it was before. As I say, at the end of the period it came down when these controls were put on again. Instead of selling most of our product in the home market at the ceiling, we were selling most of it at the floor in the British market.

Mr. FULTON: I am not trying to be smart, but as far as I have been able to follow the minister's argument it would appear that the packers were getting away with something before he stepped into the market in September. That is the only explanation I can give for the fact that prices went up in the way that has just been described, and then came down again. Will the minister say whether that is correct?

Mr. GARDINER: I would say that by any figuring we have been able to do the packers must have been losing money for a few weeks. They were supplying us with meat at a price at which they could not supply it when they were paying those prices for hogs. As I tried to explain a while ago, a business man will sometimes do that when he knows the price will eventually come back. I have not been able to make some other people believe it, but I believe myself that the packers did lose money.

Mr. BURTON: Possibly I should have made my remarks a little sooner, but I just wish to assure the Minister of Agriculture that the next time he feels like coming to Humboldt to give our people information similar to what he has been giving the committee this afternoon, we shall have a better place for him to meet us than the centre of the street. I was pleased with the success of my friends in smoking out these questions into the open even if that had to be done in the middle of the street.

For many years I have had an opportunity of discussing the bacon situation, both domestic and export, with friends of mine. Some of them were born and raised in England, have been over here for many years but have gone back home for visits. Others still live in England. When I ask them what they think of the possibility of Canadian bacon taking first place on their market their answer invariably is, "You will have to send us different bacon from the shrivelled stuff you are sending now." They tell me that the bacon which comes from Canada is thin and not the type that they want. I believe the minister and many other hon. members realize that a hog which is properly fed will give better bacon at 250 pounds weight than it will at 200 pounds weight. Many of the experts disagree as to

that, but in my opinion I think a mistake has been made to emphasize getting thin hogs on to the market at too early a stage in their growth. I agree with the minister when he says that you do not want to pay forty-five cents a pound for fat or grease when you can buy lard at twelve or fourteen cents a pound, but I know that many a slice of bacon off a 200 pound hog has just as much or more fat than a slice of bacon from a 250 pound hog and there is not the same amount of lean meat.

I was wondering if the officials of the department could not help this situation by finding out what is the trouble. In my opinion the trouble is that we farmers, through force of circumstances, have been compelled to rush thin, young hogs to the market before they have reached their proper maturity and had got up to a certain weight. When those hogs are sent to the market you do not get the kind of bacon that the hon. member for Saskatoon City was calling for. I just wish to draw this matter to the attention of the minister. I know he cannot do anything about it now, but I think this is something that should be given consideration if we are to compete with the Danish people in the British market.

Mr. GARDINER: Our weights are exactly the same as the Danish weights. In order to compete we made our weights the same.

Mr. BURTON: Is that all that is concerned in it?

Mr. GARDINER: No; they are right and we are right.

Mr. BURTON: This is not just an isolated case. The British consumers of our product are complaining that they do not like the thin, shrivelled up stuff we are sending them. Denmark may have some system by which that weight is attained with a month or two added age. They would thus get a different type of meat.

Mr. CAMPBELL: Would the minister explain why the bonus is not paid to the farmer who feeds his own grain?

Mr. GARDINER: First, I do not know of any way in which it could be done. I know of no way whatever in which you could prove to the auditors of the department that a man had fed a particular amount of grain to a pig or a steer. But that is not the reason why the position is taken. We are paying a far higher subsidy on meat or dairy products that are produced from the feeding of the grain than we are paying on the grain itself over and above the basic price, not only through what we got out of Mutual Aid but through these other subsidies that were put on *Hansard* yesterday. That makes it not only unnecessary but inadvisable to our mind to pay a subsidy on what is fed to the animal. We pay the subsidy on the animal itself. We pay the farmer to feed the grain to the hog. We do not want to pay him, on top of that, another subsidy on the grain that he is feeding to the hog. The man who buys the grain also gets the subsidy, but nearly all of them are in eastern Canada; and to that extent it may be true to say, as one member did the other day, that some advantage is probably being given to the eastern feeder. If there is a feeder near Winnipeg or Edmonton or anywhere else out there feeding grain to his hogs, we make some allowance on the grain just as well as to the prairie farmer on the grain he buys. We would have had a greater outcry than we have over this if we had not done that.

Mr. CAMPBELL: I still do not agree with the minister. The department knows to a pound how much grain it takes to feed a pig.

Mr. GARDINER: Nobody here will admit that we know because they are all asking whether it pays or not.

Mr. CAMPBELL: The fact remains that the farmer who feeds his own grain is under a handicap.

Mr. WRIGHT: Since the matter of subsidies has been raised I wish to make myself clear lest what I said the other day be misinterpreted.

A subsidy is paid on grain to producers in western Canada and a subsidy is paid on the freight to eastern Canada. I am not objecting to these subsidies either on the freight or on the grain produced in western Canada, but when we start to pay subsidies we very often upset the balance between our economies in different parts of the country, and that is just what is taking place with respect to these subsidies. Take cattle, for instance. At the present time the government is paying the freight on feeder cattle brought from western Canada to eastern Canada. The government also pays the freight on the feed grain brought east to feed those cattle. It seems to me that you are giving an advantage to the feeder in the east in that respect unless you are prepared at the same time to pay the freight on the finished product, that is on the cattle fed in western Canada and then brought to eastern Canada. If you are paying these two subsidies, the price of cattle should be the same on the eastern and

western markets. There is no justification for the difference in that price when the production in the east is being subsidized.

I would ask the minister to take this matter into consideration, because it does place the western feeder and the man who has fed his cattle on the farm in western Canada in a different position from the man who has fed his own cattle on his farm in eastern Canada. I think they should both be on the same footing if we are to pay subsidies at all.

Mr. GARDINER: What we are doing is dealing with a particular problem. We say to the farmer in Ontario, Quebec and the maritimes: If you will go out into the drought area and buy cattle direct from the farmer who has not the feed to feed them and bring them east, we will pay the freight. That is done just because there is a lack of feed in that area, and we limit it to that area. I have no hesitation in saying that we also help to pay for the feed that comes here to feed those cattle. We are dealing with a temporary problem that has to do with the drought area. We would not want to apply that principle to the cattle that come east.

Mr. FERGUSON: I would ask the minister if there is a penalty on packers buying pork hogs below the ceiling price?

Some hon. MEMBERS: No.

Mr. FERGUSON: No. Is there a penalty for selling pork above the ceiling price?

Mr. GARDINER: Yes.

Mr. FERGUSON: There is no penalty for buying at low prices standard hogs on which a ceiling price is set?

Mr. GARDINER: There would be a penalty if the packing plant did not carry out that undertaking. We would not buy their bacon, and that would be the biggest penalty you could inflict.

Mr. FERGUSON: I understand from farmers in my district that their prices fluctuate. If the packing house did buy below the floor price, is the only penalty on the packing house that you would not buy their product?

Mr. GARDINER: That is the only one I know of, but it is the biggest one you could inflict on them.

Mr. FERGUSON: If a case of a packing house buying below the floor price is brought to the attention of the government, what would the penalty be? Would the government refuse to buy any of their products, or would it refuse to buy say just two sides of bacon?

Mr. GARDINER: Under the authority given to the meat board, to which some members of the house apparently were opposed the other night, the meat board can absolutely close up the packing plant?

Mr. FERGUSON: The minister's memory must be better than mine as to what happened the other night, because everybody on this side was unanimous that controls on feed prices should be retained. There are other controls that were objected to, but no one objected to controls on food prices.

Item agreed to.

Marketing service—

28. Marketing of agricultural products, including temporary appointments that may be required to be made, notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $15,000, $25,000.

Mr. FARQUHAR: The farmers are very anxious to know just what is going to happen to farm prices now that the war is over. They have not forgotten what happened after the last war when prices dropped so low that many farmers never recovered from their loss. The farmers want assurance that this will not happen again. The minister has encouraged increased production of farm products, and the farmers have done everything possible to comply with his request until agricultural production has practically doubled. Farmers now find their barns filled with live stock. There are more live stock on the farms to-day than ever before in the history of Canada.

Mr. MacNICOL: Hogs, too?

Mr. FARQUHAR: Are we to have losses on a scale similar to those we experienced after the last war? That is the question the farmers are asking to-day. I have a list here of the monthly average for the years immediately following the war. In June, 1920, the average price for good butcher steers was $15.02 a hundred; in November, 1921, that price had dropped to $5.57. That is, in less than a year and a half prices had fallen almost two-thirds. I consider that the farmers have a right to ask, are we to have a guarantee that this will not happen after this war? The only way, in my opinion, that it can be prevented is by floors under farm products.

I was greatly surprised at an article which appeared on December 1 in the Ottawa *Journal*, the Toronto *Globe and Mail*, and other papers, reporting an interview with Hon. T. L. Kennedy, minister of agriculture of Ontario. I am not going to read all the article, but only a small portion of it. The heading is:

Will demand agricultural controls end.

It goes on:

Toronto, November 30.—T. L. Kennedy, Ontario minister of agriculture, said to-day that he will demand immediate abolition of all war-time controls on Ontario agriculture when he appears next week before the agriculture committee set up by the dominion-provincial conference in Ottawa.

He said in an interview that the time had come to abolish price ceilings and price floors and let the farming industry find its own natural floor and ceiling.

That is, the minister says, in effect, "I don't want a guaranteed price on farm products; I want them to find their natural floors."

As I pointed out, that was the course of affairs after the last war. Prices found their natural floors, with a drop of almost two-thirds from the selling price during the war.

May I point out briefly what the government of Great Britain is doing in an effort to assist the farmers by guaranteeing prices for farm products. Mr. Williams, in the House of Commons, said:

The government will establish assured markets and guaranteed prices for the principal agricultural products,—milk, fat live stock, eggs, cereals, potatoes, and sugar beet . . . The existing system of fixing prices for fat live stock, milk and eggs will be developed to cover the period after June, 1948, when the present guarantees would cease to operate. For these branches of food production, a new system of overlapping four-year periods with reviews will be established. Thus, in February, 1946, minimum prices will be established for the period ending June, 1950, and in 1948 prices for the period 1950 to 1952 will be set.

That is a guarantee price for seven years, to be continued from that time on.

There are some 20,000 applications for farm loans by returned men in the Dominion of Canada to-day. These young men who are buying farms are purchasing their stock and equipment at very high prices. According to Mr. Kennedy, if these prices are to find their floor in a natural way, how many of these soldiers will be able to pay for the farms they have bought? Surely these returned men, as well as other farmers, are entitled to some protection in the way of guaranteed prices. I trust that the government and the Minister of Agriculture will pay no attention to the unwise and surely thoughtless demands of the Ontario minister of agriculture and that floor prices on farm products in Canada will be continued.

Mr. MACKENZIE: I think it is desired to introduce certain measures just before we adjourn at six o'clock. I therefore move that the committee rise, report progress and ask leave to sit again.

Progress reported.

[Mr. Farquhar.]

INCOME WAR TAX ACT

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce bill No. 234, to amend the Income War Tax Act.

Motion agreed to and bill read the first time.

EXCESS PROFITS TAX ACT, 1940

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce bill No. 235, to amend the Excess Profits Tax Act, 1940.

Motion agreed to and bill read the first time.

DOMINION SUCCESSION DUTY ACT

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce bill No. 236, to amend the Dominion Succession Duty Act.

Motion agreed to and bill read the first time.

SPECIAL WAR REVENUE ACT

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce bill No. 237, to amend the Special War Revenue Act.

Motion agreed to and bill read the first time.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

The house in committee of Supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF AGRICULTURE

Marketing service—

28. Marketing of agricultural products, including temporary appointments that may be required to be made, notwithstanding anything contained in the Civil Service Act, the amount available for such appointments not to exceed $15,000, $25,000.

Mr. CASE: In reply to the hon. gentleman who was addressing the committee when we adjourned I wish to say that the Hon. Tom Kennedy, minister of agriculture of Ontario, is a practical farmer who enjoys the confidence of farmers in particular and, I think, of the people in general, and it is pretty hard to judge his remarks on the basis of a news report. I wish to make this statement for the benefit of my hon. friend.

Mr. DESMOND: What is to be the future of some of the specialized products of western

Ontario? We have some problems there which are peculiar to our district. First, I would refer to our beans. As the minister well knows, a ceiling was fixed on beans early in the war, and it was fixed too low. Then we were subsidized to the extent of fifty cents. Later we were granted a price for the domestic consumption on the basis of participating certificates. The exportable surplus of our crop, which we had committed ourselves to send to Britain, was paid for at the rate of $3, and we have been settling our participation certificates at the rate of nineteen cents. This afternoon one hon. member referred to floor prices, and I would associate myself with the statement made by my colleague the hon. member for Grey North in regard to the remarks of the minister concerning ceilings, floors and controls. When these controls are taken away, what will be the future of the Ontario farmer?

For a moment I should like to deal with another problem which is very close to us in western Ontario; that is, the matter of tobacco. Certain controls were set up in 1933 under the Natural Products Marketing Act. When that act was discarded in 1935, the growers, who were well aware of the extent to which they had benefited under it, organized themselves on a purely voluntary basis, on which they have been carrying on ever since. The successful marketing of our product was due largely to our control measures. It is true that we had a small exportable surplus, but the greater part of our product was consumed in Canada. We had production control. That may or may not be popular with the minister, but in connection with some of our specialized products it is important to the primary producer. So that I should like to ask the minister what is to be our future, since in order to cooperate with all the regulations which apparently were necessary during the war, and in order to make a contribution to the whole country, we willingly gave up the control measures under which we had been working. When these prices come back, with our controls taken away, what assurance shall we have that we shall be given certain protection in the years that lie ahead?

We have another problem as well, if I am not going too fast. I mentioned that we had suffered because of low ceilings. I have mentioned the fact that we gave up our production controls. Hon. members have listened to a great deal of talk about wheat, but there has not been a great deal of talk about Ontario wheat. The price of our wheat was frozen at a level at which it is not economically sound to produce it in western Ontario. We produce wheat for the straw, silly as that may sound. To-day that wheat is selling at $1.09, and it costs more than that to produce. What are we to do in the future? Must we come back to the government and ask for the reinstatement of the control policy, which was acceptable both to the companies and to the growers? I may be rambling from one product to the other, but these are problems which are very close to the farmers of western Ontario.

If I may come back to tobacco for a moment, as I have said we were willing and glad to give up our production control for the sake of the war effort; but we convinced the people of one thing. In nine years of operation we increased the price received by the producer by from seven to nine cents; we maintained the level of dividends to the shareholders of the company, and we did not increase the cost to the consumer by one iota. We thought that was quite an accomplishment. If this system is to be discarded; if the companies are not convinced and will not play ball with the primary producers, it is time that these matters were brought to the attention of the government, because we are coming into days that will be extremely competitive. We do not know exactly what Great Britain will do in the matter of preferential tariffs, and so on, so that I would ask the minister if there is any assurance that in future these specialized products will be protected.

Mr. GARDINER: The question raised by the statements just made is one that is vital to agriculture in this country. I think I should repeat what I said the other day to the conference of representatives of the nine provinces and the farm federation. I may be wrong, but I do not know of any line anywhere in the world more completely closed against the international marketing of products than is the Canadian-American boundary line against the marketing of farm products. During the war, because of restrictions which were found necessary in order to retain food in this country either for our own use or for the use of our allies, particularly Britain, we completely closed the United States boundary line. You just cannot ship anything out of this country into the United States. As against that, it can be said that if you were to open the boundary line to-morrow, with conditions as they are at present, inside of one week we would be pleading for food in every part of this country. The food would just disappear from this country within a week. It would go to the markets of the

United States and be sold there, unless we did something about our price levels as related to those in the United States.

In my opinion that is the present situation. I believe it is recognized by everyone that with beef prices, I think it is reasonable to say, three cents higher in the United States than they are here, and with prices of all other products similarly higher, if you were to open the market and let everybody ship their products to the United States, then food would just disappear from this country. We would have great difficulty in maintaining enough food here to feed our own people. We probably could not do so. I think we are all agreed that that is a condition which could not continue very long. We have been listening to a discussion here for the last two or three days, and as Minister of Agriculture I have not had sufficient time to give adequate study to the question debated, but there are a few essential principles which I think apply at all times and some of these have been under discussion. I think it is obvious that we have to find something that will stabilize our values in the different countries at some early day. I am not prepared to say whether that should be the gold standard, or what it should be; but I think I have benefited sufficiently by the experiences of the last six years, when everything has been done by putting on controls of one kind or another to satisfy a particular group in some particular country for the time being in order to meet their own situation, to recognize that if we are to be afflicted now with that sort of thing after the war is over, if we are to go on without a regulator of some sort, there may be some danger ahead of us much more serious than even the gold standard. We might encounter some serious difficulties in getting back to the position to which we wish to revert in the period of peace. At any rate that situation exists to-day, as far as agricultural products are concerned. There is a difference between the marketing of agricultural products in the United States now as compared with five years ago, a difference in values placed on everything as between one side of the line and the other, and beans is one of these commodities.

When my hon. friend and his delegation started to come here first to talk about marketing beans, the price of beans in Michigan was double what it was in this country, and if it had been possible to sell beans in the United States the price would have immediately gone up. But in the negotiations then going on to meet the situation in the United States and Britain we were asked to export our own beans and we went directly to Britain and arranged a price. That price was satisfactory to the bean growers in western Ontario as long as they could buy what they wanted at the prices arranged for under present price controls, but it would not be satisfactory if they had to pay the same prices for what they wanted to buy as paid on the United States side of the line.

That is what we are talking about when we speak of the transitional period. That period will not come to an end until these questions are dealt with by somebody somewhere, and in the meantime it is my conviction that we have to maintain the position that exists in western Ontario and everywhere else at the expense of all the people of Canada until such time as we can get the situation adjusted to the place where we can trade as we used to trade and where we shall have values equalized on the two sides of an imaginary line such as exists from one coast to the other of this continent.

One can speak of relationships with Great Britain. There are other factors that operate there, and all these have to be adjusted. While they are being adjusted, we expect to apply the terms of what is generally known as the floor prices act passed in the last parliament preceding the election. We intend to see to it that the position of people such as the bean growers and others is safeguarded so long as it is necessary to safeguard it during the period when we are adjusting this condition which has been created by the war and for which the people themselves, who feel the effects of it, have had no direct responsibility.

The governments all over the world have done the things they thought necessary to win the war, and now that the war is won we have to give consideration to these matters that have been brought to our attention by the hon. member whether they deal with special products or the products that we are producing in greater quantities and are being consumed. That is the intention of the act passed a year ago and the spirit of that act will be applied. We believe that if we apply it in that spirit we can maintain a relationship similar to that which has prevailed in the last two or three years.

Item agreed to.

Special—

29. Prairie Farm Rehabilitation Act and water storage, $2,000,000.

Mr. IRVINE: There is a question which I wish to ask the minister. It has reference to a serious situation in the Peace River block. If we were not so pressed for time, I would go into details, but I will content my-

self for the moment with reading a resolution I have received from the Peace River Improvement Association. It will bring the matter to the minister's attention, and I can then ask the question which I should like to have him answer. The resolution reads:

Whereas, farmers throughout Canada are being urged to produce the maximum of beef, pork, lamb and dairy products, and, whereas, the farmers of the British Columbia block of the Peace River district have responded to the extent that in 1944 over one million dollars worth of live stock were shipped from the block.

And, whereas the aforesaid farmers are anxious to maintain and increase that production.

And, whereas, this objective cannot be reached owing to the drastic shortage of water for stock and even for domestic use.

And, whereas, these farmers have been contributing to the P.F.R.A. since it was started.

And, whereas, the aforesaid farmers are financially unable to bear the entire costs of constructing stock-watering dams and dugouts.

And, whereas, people of this district have learned with considerable interest, of the very valuable work and assistance in this respect, given to farmers and ranchers of the prairie provinces,

Therefore, be it resolved that we, the members of the Peace River improvement association, respectfully urge the Hon. J. G. Gardiner, Minister of Agriculture for Canada, to make provisions of the P.F.R.A. Act applicable to the province of British Columbia, in order that farmers and ranchers in this province be afforded the very great advantages and benefits which could accrue to them from policies that are available under the act, with particular reference in our case to the plan of assistance in locating suitable sites for and in the construction of stock-watering dams and dugouts.

The question I wish to ask is this. Can the minister extend the benefits of the Prairie Farm Rehabilitation Act beyond the limits of the Palliser triangle without further amendment to the act itself? If not, has he given consideration to the extension of the act beyond the prescribed limits or the application of it to all the provinces? Would the minister make a statement?

Mr. GARDINER: I think I can state in a few words what the present position is. As the name of the act indicates, it was intended only to deal with prairie farm rehabilitation. The act does not say definitely that it must be applied to the Palliser triangle, but it does suggest and the spirit of it is that it shall apply only to what is generally known as the drought area, and we try to confine it pretty much to the Palliser triangle. We were approached by all the provinces, and it certainly was recommended by a committee of the house during the last session that we should extend the principles of the Prairie Farm Rehabilitation Act to all Canada. If we were to do that, it would involve a material change in the responsibilities of the provinces in relation to a number of problems as compared with the responsibility of the federal government.

I think everything we are doing under the P.F.R.A. is, under our constitution, the responsibility of the provinces. The only reason that responsibility was accepted by the dominion when the act was first brought in in 1935, and when I brought in amendments in 1936 and 1937, was that we had induced people to go into an area that we knew to be exceptionally dry, and having induced them to go in we had a responsibility to reestablish them, now that the situation which we had reason to expect at the beginning had been proved to be true. So we started out to reestablish them and we said that, irrespective of the fact that these were provincial obligations to people who had established themselves on land within the boundaries of the province, we would do this particular thing.

If we are to assume new responsibilities in all the provinces, it seems to me that that question would be bound up in the larger question which is now being discussed at the dominion-provincial conference. It has been submitted to them and it is under discussion at the present time. If it is determined that there is to be a redistribution of funds and the sources from which funds come as between the provinces and the federal government, and that takes a certain direction, then I assume that we shall take on some of these obligations in a dominion-wide way. If that is done, then it would be quite reasonable to expect to extend the areas in the three western provinces into the north outside of what is generally known as the drought area, as well as to extend them into other parts of Canada.

I should like to make myself perfectly clear on that. I do not think an act such as the Prairie Farm Rehabilitation Act could be extended to all Canada. Probably, if that policy were followed, we would have to have the present Prairie Farm Rehabilitation Act renamed and perhaps redrawn and apply it to the four western provinces. Then we would have to have another piece of legislation which would apply to the provisions east of the great lakes. I think the administration of works which would be carried on in western Canada under a policy of that kind would have to be in western Canada, probably where it is now at Regina which is pretty central. We would then have to have another administration set up in eastern Canada to deal with eastern problems under a separate act. I doubt if we could administer the whole

thing under one piece of legislation, because the problems here are so different, although the principle is the same. That is all I care to say at the moment.

Mr. MacNICOL: I am going to refer only to the last two words of the vote, "water storage." In doing this, I should like to refer to an article which appeared recently in the Moose Jaw *Times-Herald* of September 17, which referred to an article which had appeared in the Regina *Leader-Post* of September 15. These articles refer to a serious condition that exists in connection with the water supply of Regina. The Moose Jaw *Times-Herald*, in referring to the proposal to build a dam on the Saskatchewan river which would permit the taking of water to Regina, says:

> The project is a large one, and it is not primarily proposed as a means of supplying the cities of Moose Jaw and Regina with a visible and abundant water supply. The primary purpose is to provide water for irrigation of an immense acreage of farm land and the development of hydro electric power.

The article in the Regina *Leader-Post* of September 15 is headed, "City near limit of water supply," and reads:

> Regina has pretty well reached the limit of her present water supply, J. W. D. Farrell, waterworks superintendent, said Friday.
>
> Deep artesian wells from which the city has been taking its water give between 5,500,000 and 6,000,000 gallons a day on the average. This summer the city could have used 7,000,000 gallons a day, if the quantity had been available.

What I have to say has to do with the water supply for these two cities. I have made a most extended survey into the problem as it affects these particular cities, and I maintain that the Dominion of Canada is responsible for this lack of water. I am not blaming the minister because I realize that he has done a job in solving problems, quite apart from the P.F.R.A. work to which I am not going to refer. An effort has been made during the last few years, I have no doubt under the minister's orders, to supply water to Moose Jaw. I think what has been done proves that water can be taken from the river to the city. During the past summer water was pumped over the bank of the river near Riverhurst to a total of 1,375 million gallons. But of that quantity only about 191 million gallons reached the Caron basin from which Moose Jaw draws its water. That showed a loss of the difference between 1,375 million gallons and 191 million gallons. This was due to the fact that an open ditch was used. I am not finding fault with that; I am simply urging the minister, now that it has been proved that water can be taken from the river to Moose Jaw, to provide an adequate and proper system. That is what these two newspapers ask for in their articles and I am going to support them.

They referred also to irrigation, but I am not going to touch on that problem tonight. However, I wish to say that I am in favour of irrigation between the river and Regina. I suppose before the dominion government could really enter into such an irrigation project there would have to be agreements with the three provinces that control the Saskatchewan river. This could be carried on under a Saskatchewan river authority. When the construction of Regina, and perhaps Moose Jaw, was first started, permission was given to take 100 cubic feet a second out of the Saskatchewan river, which is a much larger amount than these two cities are using to-day. As I said before, Regina is using at the moment about 5,500,000 gallons a day, and I presume Moose Jaw would use between 3,000,000 and 4,000,000 gallons a day, provided that they can get it, but that is not always the case. That would be less than twenty cubic feet a second, so that the original agreement entered into when these provinces were set up and which allowed 100 cubic feet a second would be ample.

I should like to see the minister bring in an item, not for $2,000,000 but for between $10,000,000 and $20,000,000. It should be at least $10,000,000, because to build a dam on the Saskatchewan river would cost $6,000,000 in any event, and perhaps a little more under present-day prices. I would suggest that if the minister does bring in a vote in another year to build a dam on the South Saskatchewan river, he keep before him a dam at that point which in the future could provide water for irrigation purposes for the district between the river and Regina, or right down to Estevan. The dam would be amply large enough to take care of that, because the reservoir behind it would be approximately 75 to 100 miles long, and would conserve a large number of billions of tons of water. The water supply situation of Regina and Moose Jaw is serious. Regina is taking water from three different areas, from Boggy creek, from Mallory springs and from Mound springs. Some time ago I read an engineer's report which stated that by the constant drawing of water from those areas and the deepening of the artesian wells that receive supply from the whole prairie roundabout, the water plane of the whole prairie roundabout is being lowered. If that is true, it must have an effect on the farms roundabout. In my judgment, we should not delay in overcoming the lowering of the water plane, and I will support any

reasonable vote which the government brings in to relieve that situation. The sooner we commence, the better.

I would suggest to the minister that he bring in a vote that will be sufficient, first of all, to build the dam which the engineers say they have found a base for out there, and there is no trouble in building a dam if you build the base wide enough, as they did on the Tennessee river. The dam should be built large enough not only to provide a reservoir of ample water for these cities for all time to come so long as the world lasts but to provide irrigation water if and when the proper body is set up to see that these irrigation works are carried out. It does not require a special body to be set up to construct a dam or to construct conduits from the dam to Moose Jaw and Regina. The department can do that itself through P.F.R.A., but legislation would likely have to be brought in to construct irrigation works between the river and Regina or right down to Estevan. I would urge first that we build the dam, and, second, construct conduits. The water would have to be pumped over the river bank. I would not recommend a dam 310 feet high at that point, because there would be too much pressure, but a dam 150 feet high could be constructed, and I would recommend that the water be carried in a conduit built of British Columbia cedar or pine; I forget just which is used in the building of conduits, but British Columbia timber is used in making irrigation conduits in that country. When British Columbia cedar is used the frost has no effect, but a conduit made of steel would be affected by frost.

As an easterner who in my business life profited greatly, not personally, but through the company with which I was associated and others, by the opening up of these cities in the west and through the effect which that had on the development of the prairies, I consider it my duty to urge the minister to bring in a vote for whatever amount is required to place these two cities on a proper foundation as far as their water supply for domestic purposes is concerned and as far as their water business requirements are concerned. See what happens to-day! The cost of the water for Moose Jaw, for instance, is much higher than it should be, through no fault of the department and no fault of Moose Jaw. If Moose Jaw and Regina could obtain water for domestic purposes at a low rate it would induce manufacturing concerns to establish themselves there; that would help to build up the west, and the more the west is built up through the development of cities, the better it will be for all down here in the east. That is the doctrine I have preached right along, because I have been through it. I have seen how business has profited in the east and in the country generally through the opening up of the west, and I am convinced that if we could put these two cities on a proper basis as far as their domestic water supply is concerned their populations would be tripled and quadrupled in number as they should be, and that would help to develop the whole country.

I say to the minister: Do not hesitate; do not be too humble in asking for sufficient to do that job. Give these two cities a chance to live by supplying them with an ample water supply. If that is not done, the water plane all roundabout may go down and down and down, and that can all be prevented by bringing the water from the river.

Mr. BLACK (Cumberland): Mr. Chairman, I have availed myself for several sessions of the opportunity offered by this vote to discuss particular problems in the maritime provinces, at the head of the bay of Fundy. I would refer to our marshlands. I do not believe that there has been in this house a proposal which has received such unanimous support and one about which so little has been done. I know that the minister himself has expressed his approval of framing a policy to deal with these marshlands, comprising from 100,000 to 150,000 acres which require protection from the sea, drainage, and to be reclaimed. That word which we use so much in the post-war period, rehabilitation, certainly applies to this area. We have now arrived at the point where there should and must be some declaration of policy as to what is to be done with respect to this undertaking. Our people and the owners of the land want to know what is to be done, and it is certainly in the interests of the entire eastern part of Canada that there be a decision soon. We expect that it will be favourable.

Not only has the minister himself expressed his approval of the purposes and objectives of this undertaking but also the officials of his department, including the deputy minister, and the director of experimental farms, who comes from eastern Canada and who is so capable and understands the special problems in the east. These men have given it their approval. The director has authorized special development work and experiments at the experimental farm at Nappan. The superintendent is Mr. W. W. Baird, who has done special work in draining and cultivating this land, and with exceedingly satisfactory results,

securing three to four tons per acre of the very best hay for fodder purposes. Up to the present nothing has been done except to expend a few thousand dollars in conjunction with the provincial governments and the marsh owners in restoring breakages in the dykes. The Nova Scotia legislature has gone on record unanimously as favouring the reclamation of these lands. The New Brunswick legislature has done the same. Ex-premier the Hon. A. S. MacMillan, of Nova Scotia, came to Ottawa and gave evidence before the committee on reconstruction and reestablishment. Hon. John A. McDonald, now Senator McDonald, who was minister of agriculture, came here and gave forceful evidence in this connection. Mr. McDonald was probably the most energetic minister of agriculture of any province in Canada. He never spared himself in advancing the interests of agriculture, and he strongly recommended action. The matter was dealt with before the committee on reconstruction and reestablishment in 1943, and a unanimous report was brought in recommending that something be done. That report, which was brought down to the house on January 26, 1944, and unanimously adopted, states that the committee has given a great deal of thought to the economic situation of the maritime provinces. It recommends that improvement be brought about "through assistance to the farming community, by the application of the provisions of the Prairie Farm Rehabilitation Act." The argument made before that committee was that with an expenditure annually of $2 million, aggregating up to the present time $20 million, valuable work had been done in the west, and that work should be done on these fertile marsh lands in the east. That was the conclusion in a unanimous report of the committee, submitted to parliament and adopted unanimously.

We also have reports and recommendations from boards of trade and other public bodies, along the same lines. We had a visit by the leader of the Progressive Conservative party (Mr. Bracken). He made a thorough personal investigation of the conditions. He went down on the marsh to look through these aboideaux, and made inquiries, and examined the land. I am going to read from a statement made by him. Although I have not his authority to repeat it here, it is on record. The leader of the opposition said:

> As a long-range policy, we propose to have the present Prairie Farm Rehabilitation Act extended throughout the farming areas of Canada, so that it will become national in scope. Just as drought areas are being reclaimed in western Canada, so, under a revised act, marshlands may be reclaimed from flooding in Nova Scotia and New Brunswick.
>
> You have a big problem in the marshlands at the head of the bay of Fundy and other places, an area comprising some 150 thousand acres of marshlands . . . We propose, however, that the dominion share with the provinces of Nova Scotia and New Brunswick the cost of continuing this reclamation.
>
> Any present surveys should be reviewed; any necessary further surveys should be made at once. We shall share with the provinces the cost of such studies and we shall assist by generous financial aid the reclamation of these lands.

A brief was submitted to the royal commission, known as the Dawson commission of Nova Scotia, from which I am going to read some recommendations. I do not say that these are final; I do not say that they should not be modified, but they constitute the basis of the representation made to the Dawson commission, and I understand that the commission reported favourably upon them, although I have not seen the report. The brief was presented on behalf of the agricultural society and on behalf of the board of trade of the town of Amherst; it had also the support of the board of trade of Sackville, the adjoining town. The chief requirements are:

(a) The opening up of the main drainage rivers and canals, now blocked by sediment and vegetation. This is a machine job and should be done by the federal authorities.

(b) Dykes and aboideaux should be built and strengthened. This was formerly done by hand labour, but now must be largely a machine operation and the federal government should assume considerable responsibility.

(c) The main vent ditches must be reopened and new ones dug. This too is now a machine job and might well be assisted by the provincial government.

(d) Small drainage ditches must be dug wherever the marsh is cropped. The owners should have this responsibility but special ditching machines should be designed and supplied by the provincial government on a moderate rental basis.

(e) A large supply of lime and some special fertilizer should be made available at low cost.

(f) The land would in great part have to be ploughed and reseeded by the owners.

(g) The marsh roadways require rebuilding and maintaining and the provincial government should assist in this work.

(h) Marsh areas should be organized into as large bodies as possible, having natural boundaries and similar conditions.

(i) The more remote acreage in considerable sized blocks in different districts should be taken over by the government and improved for use as community pastures, such as has been done in the west.

These are general recommendations. I am not expecting that they will be adopted verbatim. They should be the basis upon

which a policy should be decided by the federal government with the cooperation of the provincial governments and in collaboration with the marsh owners, whereby this land would be reclaimed. It means not only the cropping of these fertile marshlands which grow three tons and more an acre of the best possible hay and clover and grain, but the building up of the uplands to the extent of two and three acres for every acre of marshland. Instead of retrogression, there would be development and prosperity where one finds nothing now but decay, a blot on the whole countryside. As to the amount of money which is asked for, and which I believe I can quote the minister as saying that he favours it is a very small amount in comparison with the sums we are voting at this time. A few days ago we voted $750 million in export credits in order that we may trade and assist other countries; and under the Bretton Woods agreement, which is still before the house, it is proposed to vote $300 million for an international monetary fund for world stabilization, and the establishment of an international bank for reconstruction and development—an additional amount of $325 million, plus United States exchange. So that the amount we ask for, $250,000 to $300,000 a year for that whole area at the head of the bay of Fundy, is a small amount in relation to the enormous expenditures being provided in this parliament, and in relation to the enormous amounts that we of the eastern provinces have supported and voted for under the prairie farm rehabilitation schemes since 1935. Up to the present time they have amounted to $20 millions. What the people at the head of the bay of Fundy, the provincial government, the municipalities and the marsh owners want is some declaration of policy, some prompt action in order that something may be done to enable them to know what to plan for. It is not something that can be done in a day or a year; it is a policy that should be put into effect and applied over a considerable period of time, so that the people in that whole area may gradually build up and reestablish what is one of the best stock raising centres in eastern Canada.

When we were dealing with the estimates of the Minister of National Defence, Army, I requested that some of the explosives which were being destroyed, because we have no further use for them, be used in opening up some of these drainage ditches. Some of the newspapers did not take my suggestion seriously. I wrote to the department of agriculture in Washington and they sent me the United States department of agriculture "Farmer's Bulletin, No. 1606." I shall quote a few sentences from that report. On page 5 we find the following:

> While ditching with dynamite is possible under almost any conditions, it usually is economical only for making small ditches or cutoffs in stream channels, in soils other than gravel and dry sand. The most economical size of dynamite ditch is about three feet in depth and eight feet in top width; much larger ditches can be built in this manner but the cost per cubic yard of excavation increases rapidly with the size. The ideal material for dynamite ditching is a saturated sedimentary soil that is firm but not as stiff as the hardest clays and is free from stumps and large roots.

The marshlands contain ideal soil in which to use this explosive for that purpose. I go on:

> Many excellent ditches have been blasted under conditions quite different from these, but at increased cost. Where conditions are such that the work is adapted to any one of the several types of ditching machines, it generally is not advisable to use dynamite, but usually it is much cheaper to dig ditches with dynamite than with hand labour.

Then on page 6 we find the following:

> The proper size and spacing of charges to give a clean-cut ditch of the desired depth must be determined experimentally for each set of conditions. This can best be done by firing a number of single charges, and when a size of charge is found which gives a smooth crater of the desired depth, a little less than the half diameter of the bottom of the crater will be the proper distance between charges . . . The proper distance between charges . . .

Then farther down:

> The cost of ditch excavation by dynamite varies greatly. Under favourable conditions a pound of dynamite will blow out from one to two cubic yards of earth, making the cost for the explosive from fifteen to thirty cents per cubic yard. Very little labour is required for such ditching. A gang of four men will load and shoot about six hundred linear feet of single-row charges per day. It is usually necessary to remove debris and smooth the sides and bottom of the ditch with shovels after blasting. This work should be done as soon as possible, and if done promptly should not cost more than one cent per linear foot of ditch. This method is very useful for straightening streams.

I am not going to say anything more except that we have enormous quantities of surplus explosives in this country. Much of this explosive must be destroyed. I ask the Minister of Agriculture and the department if they will not make an inquiry to see what can be done toward utilizing this waste explosive in opening up these drainage ditches on our marshland. I ask the minister and the department to announce their policy—I know he cannot do so now, but in the near future. For myself, I am going to support this vote to-night. I have supported it ever since I came to the house; but if something is not done in order to do justice to eastern

Canada, to reclaim the mashlands at the head of the bay of Fundy, which contain 100,000 to 150,000 acres of the most fertile land in Canada, if I am here next session I shall move that the vote for the prairie farmers be reduced from $2,000,000, or whatever it is, to one dollar. I plead with the minister, the house and the government to take some action to announce some policy in conjunction with the provincial governments, and the marshland owners.

Mr. COLDWELL: May I just say a word. To-night we have wandered from Peace river and the prairies down to the Atlantic coast. Everybody who has spoken has had a pretty good case to put before the Minister of Agriculture in relation to water conservation or drainage. I suggest that when the next session comes around there should be a thorough discussion in this house or in the agriculture committee regarding the possibilities of water conservation, of irrigation and of drainage in various parts of Canada.

Some years ago in 1937 or 1938, I went into the problem of water conservation in Saskatchewan, and made a speech in this house which was criticized because it involved large sums of money, $30 or $40 millions as I remember it. I was glad to hear the hon. member for Davenport raising the problem of the utilization of the waters of the South Saskatchewan river and the use of that water not only for supplying the cities of Moose Jaw, and Regina with a good water supply—and I mean a softer water supply than Regina has—but for irrigating a large section of the country particularly south and east of the South Saskatchewan river.

When I was looking into the matter with a view to saying something in the house I remember that I had an opportunity of being shown by engineers the contours of the country from the place where the hon. member for Davenport suggests a dam should be built right down as far as Weyburn and Estevan. It was amazing to see that natural channels could be used for that water and the irrigation of a large section of Saskatchewan which I was told at that time could be done economically.

As far as the water of the cities is concerned, I had not seen this newspaper report from Regina. I know the condition in Moose Jaw. I happened to be on the city council when the last water supply was brought in from Mound springs. I think one of our dominion officials assured the council at that time that we were obtaining enough water then from Boggy creek and other sources for 125,000 people.

[Mr. P. C. Black.]

Mr. SMITH (Calgary West): Where is Mound springs?

Mr. COLDWELL: It originates in the Maclean watershed. Apparently what happened is that the pumping of the artesian wells, which was also advised by another engineer, but not one of our own departmental men, has depleted the water in that natural reservoir. These are problems for Moose Jaw and Regina, but problems which are linked up with the whole of the water conservation policy of our country. To my mind, the thing we should do is to endeavour to get a thorough understanding of what we can do in this prairie region in the way of irrigation. I would say that the minister has introduced into western Canada a useful water conservation policy in the Prairie Farm Rehabilitation Act. However, it is too small, although probably it was as much as the country would accept at that time and as much as this house would accept then. With the fertile land we have, which at times lacks water to produce crops, I believe there is a very fine field for reconstruction projects following the war, for the giving of employment and so on.

Before I sit down, may I just say to the hon. member for Cumberland, who has made the plea he always makes, and properly so, on behalf of the marshlands of the provinces of New Brunswick and Nova Scotia, that I hope he will not suggest at any time that the amount appropriated for P.F.R.A. or any other project which is valuable to any section of Canada should be reduced. We remember, of course, that the two maritime provinces mentioned have received very considerable subsidies over a period of years for coal freight rates and other things, and we never objected to that because we believed it to be in the interests of the economy of Canada or we would not have supported it. And because we believe this water conservation proposal is in the interests of Canada we are prepared to support it and to urge it in this parliament. I am suggesting to the minister that at the next session the experts in his department and those in the Department of Mines and Resources, where I believe there are some persons interested in conservation, perhaps together with some of the young men who have done a great deal of investigation into the soils of western Canada and their probable productivity if properly supplied with water, be brought before the committee and we try to formulate, in cooperation with the government and then in support of a government policy, a water conservation policy for western Canada and a policy of reclaiming the marshes of the maritime provinces, so that we may

make the whole country more prosperous and give many of the young men who are coming back an opportunity to earn a decent living on the land.

Mr. SMITH (Calgary West): I am sorry to be so much in agreement with the leader of the C.C.F. party and to be even so slightly in disagreement with the hon. member for Davenport, whom I and all the other people in western Canada believe to be the eastern statesman most sympathetic toward our part of the country; and I hope he heard me use the word "statesman" rather than "politician." We have heard a great deal about supplying Regina and Moose Jaw with water. I was in Regina when they got their first water supply; my father was mayor of that town, as it was then. The first wells were drilled at Boggy creek, six or seven miles to the east. We were rather worried about ourselves for a number of years, because they were drilled on a farm belonging to a Mrs. King. The people of Moose Jaw, who were jealous of us because they had no water then, said that we in Regina were drinking Mrs. King's water, and that is how the thing came about.

This scheme to bring water from the Saskatchewan river at a point near Riverhurst is not new, but I am going to make a suggestion to those people who want this government to spend that money. If the government appropriates money to give the cities of Regina and Moose Jaw a water supply, why should they not do the same for any city, town or village in Canada that requires it? I say this in the interests of the minister, because there are differences in jurisdiction. If we are to centralize everything here, then let us vote the money, which after all is the money of other people since not much of it belongs to us; let us vote it and do all these things, but let us realize that there must be a limit somewhere to government spending. I wish I could think of something in my own constituency for which I could ask the minister. I see the hon. member for Lethbridge almost glaring at me now, but we are rather a perfect constituency and do not need anything. You see, we kind of look after ourselves rather well. That, of course, is an exaggeration.

We have heard a great deal in this house about irrigation. I am all for it; let there be no misunderstanding about that, but let us take the history of irrigation in western Canada. It begins and ends largely, I think, in the province of Alberta. The Canadian Pacific Railway company began it. They spent their money and had two districts, the eastern district, which is the Brooks area, and the western district, which centres on the towns of Strathmore and Gleichen, just east of the city of Calgary. What has happened? They did their best with it; their engineers did an excellent job; but about eight or ten years ago the Canadian Pacific Railway company were very glad to give to what we now know as the eastern irrigation district everything they owned: ditches, houses, machinery and land, the whole works and $400,000 in cash to help them carry on. It is true that it is well operated and getting well on its feet, and this is the reason. While the farmers in that area would not pay the C.P.R., the directors of that show see to it now that everybody pays his water rates and taxes, so that it is a successful show.

Keep on a bit to the west and you come to the western block of that district. What happened? I was before the committee of the whole in the Alberta legislature, I think within the past year. What is happening there? Again the C.P.R. are giving to a newly formed district the whole works, everything they own, together with an amount in cash. I cannot remember the exact figure, but in any event it is somewhere between $300,000 and $400,000.

We speak of irrigating from the Saskatchewan river through Regina and Moose Jaw down to the Weyburn and Estevan area. I have no doubt the slope of land is there, or the engineers could not have found it. But take that western block. Not five per cent of those persons who originally paid water rates are paying them now. Why? Because they do not need the water. The rains came, and that has been a prosperous area. So that within the past year, with Mr. Brownlee in the lead, what have they done? They had to go to the government to have this thing formed. There were certain persons who had paid their water rental and who, for the lifetime of their contracts, which was almost forever, wanted to make the C.P.R. supply them with water. So they had to go to the provincial legislature and the C.P.R. were relieved of their contracts with those very few people who were using that water.

We will go to the Lethbridge northern, if you like. Water was laid on there and it is a splendid area; and you can take the one out of Medicine Hat running down south of the Bow river; I think it was the Canada Land and Irrigation. Take those four projects; we all know they went broke and have been carrying on with assistance from here and there.

Do not think I am arguing against irrigation. I am not, but I know that if a man is going to work an irrigated farm he will have to work harder than I ever did or than I hope I ever shall. When a man makes a success of an irrigated farm you know you have a really hard-working man on that job. It is not easy to handle a six-foot shovel, with rubber boots, in mud up to your knees, keeping those ditches open, with a load of mud on your shovel to start with, trying to get one foot up and cleaned off so that you can get out another shovelful. That is what working in an irrigated farm means. I am all for irrigation, but neither this government nor any other government in Canada should go into this business on the basis of any minimum cost. The four projects I have named all came to grief. They are doing infinitely better now; they are on their feet, but if we are to spend money to build that dam on the river which the hon. member for Davenport has been seeking for so long, let us not go in on a two-dollar basis. If we are going to go into this thing, let us not go in on a two-dollar basis. It is a sixty-four dollar question. Do not let us make it lower than that. May I ask who is in charge of P.F.R.A. and what his salary is?

Mr. GARDINER: Mr. George Spence is in charge in western Canada and his salary is $6,000.

Mr. SMITH (Calgary West): Where is Mr. Gray?

Mr. GARDINER: He is under Mr. Spence handling the water part of it and he gets $4,500.

Mr. ARGUE: The remarks I have to make on this item will be brief, since previous speakers have covered a good deal of the territory I had previously planned to discuss. I agree with the Minister of Agriculture when he says that the prairie areas are the areas in which the P.F.R.A. should have commenced, this being the dry section of Canada and the place where people have been settled, so that it rightly fell to the government to see that they were given some security against crop failure. I wish to assure hon. members from the maritimes who have spoken that we in this group are not attempting to keep corralled for our own particular use anything that is good for all the people of Canada. I believe the marshlands project which one hon. member has described, is, from the small amount of study I have made of the subject, certainly a thing the government should consider.

[Mr. A. L. Smith.]

In my opinion the whole of the P.F.R.A. might be lumped into one title, or one project, namely land utilization. I believe the P.F.R.A. is attempting to direct settlement to and use of land to the extent that it will have its optimum use. In some areas that might be land under forest crop; in other areas it might be land under grass; still in other areas it might be land under rotation; and in other areas again, as in southwestern Saskatchewan, it should probably be alternate crop and summer fallow.

P.F.R.A. has been lumped under three divisions. One is cultural work. Under the cultural work division are formed the agricultural improvement associations. The agricultural improvement associations are an organization of farmers working together, thinking out their own problems, and at the same time they are given technical leadership by agricultural men both in the Department of Agriculture and in the universities. In our own particular area agricultural improvement association work has been directed mainly against the prevention of soil drifting, and with the help that farmers have been given through their associations they have gone a long way toward the control of soil drifting. The agricultural improvement associations are something that could be extended to all Canada, and I suggest that the minister should take that into consideration.

Under the land utilization part of prairie farm rehabilitation come the community pastures. I would suggest that P.F.R.A. be given some cash for buying land from farmers who hold title to land in areas which are perhaps to be formed into community pastures. I have seen the situation, and no doubt the minister has seen dozens of them, in which one particular farmer does not want to leave his land; a fence is put around it, he stays in the community pasture and his neighbours are gone. It is an expense to P.F.R.A. So that P.F.R.A. should have a sum of money for the purpose of purchasing land from people who do not wish to leave areas that are made into community pastures, or alternately the money should be used for the purpose of buying good farms which in turn can be traded to owners of land that is to be used as community pasture.

We have heard a good deal to-night about water development, and the main emphasis has been on large irrigation works. I do not minimize the necessity for and the value that comes from large irrigation development, but I feel that if there is to be only a small amount of money devoted to P.F.R.A. it should be used almost entirely for small water development.

I believe I am correct in saying that the amount of money P.F.R.A. to-day pays for a small dug-out is $125. In our area a number of dug-outs were built this year. Into that area came men with proper machinery and they would construct the farmer a dug-out which cost him $250. He could obtain $125 from P.F.R.A. There was crop failure in that area this year, and there are many farmers who need dug-outs but who have not the extra $125 to pay the contractor to build the dug-out. I would ask the minister if he is taking into consideration the question of increasing the amount that will be paid for small dug-outs. The small dug-out, of course, can provide farmers in that area an assured supply of water, both for home use and for the use of live stock. The farmers then, by having the dug-out, can keep increased numbers of live stock and obtain the benefits that come from diversified farming.

It is estimated by Mr. George Spence, the P.F.R.A. director, that there could be engineered from 5,000 to 7,500 small water developments each year for a period of ten years. He estimates that the cost of that programme would be three-quarters of a million dollars each year. I would strongly urge the minister, while he has not seen fit to increase the amount allotted to P.F.R.A. this session, that he certainly increase it by much larger amounts next session.

A small irrigation project can give the farmer an assured supply of vegetables. If the farmer can irrigate an acre or two he can have a good garden and perhaps a small orchard. More than that, if he has any number of acres irrigated he is assured of adequate supplies of feed. P.F.R.A. officials estimate that an acre of irrigated land will stabilize fifteen to twenty acres of land. In other words, in the dry areas of Saskatchewan a farmer can grow enough feed on an acre of irrigated land to carry through the winter the live stock that he can pasture in the summer on fifteen to twenty acres of land. I believe the advantages of small irrigation developments are even greater than those I have mentioned. It would reduce to a considerable extent the present trend toward larger farms. If we can arrest that trend and maintain a denser population in our agricultural communities, it will mean better community life, better social services, better recreational facilities, better health services and, all in all, a much better life for our farmers.

I contend that the money which would be spent on small irrigation developments would be self-liquidating. We all know what happened in the thirties. It cost the various governments in Canada tens of millions of dollars to buy feed to ship in to the farmers in the dried-out areas. If we could provide 75,000 small irrigation projects they would to a great extent ensure our farmers against crop failure; they would ensure our farmers adequate supplies of feed and make it unnecessary in the future for the government to spend millions of dollars on relief, to the embarrassment of all concerned.

I was going to refer in detail to the larger irrigation developments, but I shall make my remarks on that phase of the matter quite brief. It is estimated by Mr. George Spence that the cost of feasible irrigation projects in Saskatchewan would total some $86,000,000. It is estimated by the P.F.R.A. officials that the feasible projects in the prairies, including some possible developments in Alberta, would total about $111,000,000. Irrigation developments have many advantages, one of the most important being that they would provide a great deal of employment to people who are now unable to find work. We hear reports of tens of thousands of young Canadians who cannot find work. Going home last night on the street car, I overheard a conversation by a young returned soldier who had been discharged. He could not find a job and had no prospect of a job. He was single, and he went on to say that the married men were being given the preference. He had joined up in 1940 when he was quite young and had no experience in any particular line, and he found that experienced veterans were given the preference. I admit that that is just one case, but I think any one with foresight who looks into the near future will be dismayed at the prospects for full employment in Canada.

A few months ago the Minister of Reconstruction gave us a glowing report of the labour situation in Canada. He said that there were twice as many jobs as there were workers for the jobs. I wonder what the figures are to-day. I have been told that it is estimated that there are about 70,000 unemployed in Canada to-day. We should not consider irrigation projects solely from the point of view of whether they will pay or whether the government can hope to get back its investment. We are dealing with people and with the happiness of people. If we can provide irrigation facilities for thousands of farmers, we shall increase the happiness of thousands of people on those farms. If a veteran taking land in western Canada under the Veterans' Land Act knew that he could carry on irrigation even on a few acres, he would be more

willing to become a farmer and his chances of security on that farm would be much greater.

The government was given a mandate by the people of Canada, and that mandate to a large extent calls for jobs for all. I do not think the government should measure the money cost of jobs for all Canadians. In considering any comprehensive programme to provide full employment, the government must get away from a niggardly figure of $2,000,000 for farm rehabilitation. Surveys that have been made to date by P.F.R.A. officials show that feasible programmes would cost something like $125,000,000. The cost of labour calculated into that estimate is at the rate of forty cents an hour, which I say is far too low. Wage rates should be increased for P.F.R.A. work. Possibly $150,000,000 is more like the outlay that should be made on the prairie farm rehabilitation programme, which, if spread over the next ten years, would mean an annual expenditure of $15,000,000.

I suggest that the Prairie Farm Rehabilitation Act be made to cover all Canada and that adequate surveys be made for proper land utilization throughout our nation. It may be that after these surveys have been made we shall need $50,000,000 a year for an adequate Canadian farm rehabilitation programme.

Mr. STANFIELD: I should like to support my colleague, the hon. member for Cumberland, in his strong plea that something be done about the marshlands in Nova Scotia. The minister knows that there is not too great an area of land in Nova Scotia suitable for farming as farming is carried on to-day. Farming has changed in Nova Scotia the same as it has in many other places. The early settlers settled on the tops of hills so that they could see what was coming, but those farms have had to be abandoned. In many instances whole settlements and districts have had to be abandoned, and this has placed the rural population of Nova Scotia under great hardship. Our farms are now mostly concentrated along the river valleys and along the marshlands to which my colleague refers. I shall not speak about the river valleys at this time. They, too, have their problems at certain times of the year, and sooner or later something will have to be done to curb the flood waters on these rivers.

The marshlands in the counties of Cumberland, Colchester, Hants, Kings and Annapolis are the large producing areas in Nova Scotia. It is along these marshlands that the bulk of the farming is done. Years ago they were having a little problem keeping the dykes and sluices open and the drains dug, and keeping the water off these areas. To-day some areas are having a great deal of difficulty and some of the land has been abandoned altogether. That is largely due to the fact that in the old days there were many men on the farms and in the communities roundabout who had been accustomed to putting in dykes and keeping the ditches open under the supervision of men who knew what they were doing, but these practical men are all gone now and there are few men left who understand the putting in of brush heaps and the building of dykes and sluices.

I suggest to the minister that what is required is an engineer who will study the situation and have working under him a group of men and the necessary machinery with which to do the work that is required. It is not an expensive project. No doubt it would take a little while to get such a crew organized and in operation. I do not suggest that the whole cost should be borne by the dominion government. I firmly believe that the property owners of the marshlands would be willing to bear their share, and I should like to see something of that kind set up. Then, when a sluice goes out or some drains have to be dug or brush heaps put in, the engineer could go and look over the situation and go ahead and do the work. I would suggest that the cost be borne in equal shares by the federal Department of Agriculture, the provincial department of agriculture and by the marsh owners.

As I said before, the cost would not be so very big. In these days we are appropriating money for huge projects running almost into billions. Only the other day we were asked to approve a project whereby $750,000,000 would be devoted to the setting up of an international bank. It is hard for the ordinary person like myself to grasp such figures. But this project that I am advocating would not be expensive, and for the sake of the farmers of Nova Scotia along these fertile lands I would ask that the government grant a few thousand dollars to reclaim these marshlands. I do not think that is asking too much, and I urge the minister to take into consideration the organization of a body of men under a competent engineer to take this work in hand.

Mr. QUELCH: The Minister of Agriculture is aware that there is a great deal of interest in the east central part of Alberta in a scheme known as the Red Deer river diversion scheme, which is a modification of the William Pearce project.

On October 1 last I moved for the production of papers containing a report on the progress of the surveys that had been made in connection with the scheme and I should like to

quote a paragraph from sessional paper No. 215 dealing with the possibilities of this project. It says:

This project will provide settlement, permanent homes and means of livelihood for 7,500 families in a section of western Canada from which over ninety per cent of the original settlers were forced by drought; it resettles an area now practically depopulated; the area will support between thirty and forty thousand people.

It will provide irrigation for approximately 500,000 acres of land suitable for irrigation. This land is not now in production and is largely publicly-owned. It will give constant flow to approximately 1,200 miles of dry creek channels traversing an area containing 12,000,000 acres of range lands and will materially increase the live stock carrying capacity of such lands.

It will rehabilitate twenty-four urban communities now practically depopulated from the years of drought.

The most important feature of this project will be stock watering rather than irrigation, because most of this land is used for grazing, and there is a serious shortage of water in that area. During the past years of successive drought the rivers and lakes have dried up, and very few of the dug-outs are holding water to-day because there has been little or no run-off in the last few years. The dam built a few years ago held only enough water this year to let water down on the irrigated land just once. So that until water is diverted from the river into this area the situation will continue to be a serious one in years of short rainfall.

I asked when it was intended to develop this project, and the reply that was brought down was "not yet determined."

I should like to point out that the interest in this scheme is a lively one, and during the last election it reached fever height. The Liberal party certainly got the people so excited about this project that I had a hard job to persuade people in that area that work on this scheme had not already been started. When I announced that I hoped it would be started I was told that I was talking through my hat. Some people had seen men working on the dam down the Red Deer river and thought that work on the scheme had actually started, but these men were only carrying on surveys. I am convinced that many people still believe that the scheme has been started, and they will be disappointed because it will not be started this year and in all probability will not be done next year and possibly the year after. But I express the hope to-night that work will be started in the very near future, because it is not in the category referred to by the hon. member for Calgary West. There is no question that, if put into operation, this scheme will be of immediate service to the farmers in the area. Unfortunately at the present time there seems to be a great deal of confusion between the federal government and the provincial government as to whose responsibility it is to make an investigation regarding the development of power. Paragraph (c) of the reply that was brought down to my question states:

The possibilities of power development are being investigated by the province of Alberta but no report on the subject has been received as yet by the dominion government.

That point was given a great deal of publicity in the newspapers throughout western Canada and I have received many inquiries. So I sent an airmail letter to the deputy minister of trade and industry in the government of Alberta to find out how far their investigation had gone. I should like to quote from that letter to show the minister the confusion that exists and to ask him whether he would not clarify the situation. The letter addressed to myself and dated Edmonton, December 4, 1945, reads:

Dear Mr. Quelch:

On receipt of your letter under date of November 22 asking for information on the proposed Red Deer diversion scheme I referred the same to Mr. B. Russell, director of water resources for the province.

You will perhaps remember that Mr. Russell before coming to this government was, for a number of years, closely connected as an engineer with the P.F.R.A. In fact for a larger part of his experience he has been closely connected and informed regarding both irrigation and power possibilities in Alberta and Saskatchewan, and I know of no one who can speak with closer authority from all angles in this matter, and particularly with regard to the best interest of the province of Alberta herein.

Mr. Russell has written a complete memorandum summarizing the situation at present as far as we know it in Alberta, this under date of November 28. Mr. Russell suggests that this memorandum will perhaps give you the information that you need, and I have pleasure in enclosing copy herewith.

I might say, and I am quite sure, that Alberta will be only too glad to make definite recommendations on the question of power developments or any other aspects of these proposals if the necessary particulars were made available to the proper officials of this government, with the intimation that the views of the province were desired.

Then he includes the recommendation and the submission by Mr. Russell, which I will now read:

I have your memorandum of the 26th to which is attached a letter dated November 22, from Victor Quelch, M.P.

The following is briefly a summary of the situation to date:

On March 5 last, Mr. George Spence, director of P.F.R.A. wrote to the Hon. D. B. MacMillan to which was attached a sketch plan showing the route now referred to by Mr. Quelch; the advantages and other general data was also attached.

Mr. Spence in his letter expressed the opinion that the P.F.R.A. had then gone about as far as it should go in its studies without having the consideration of the province and the usual application for investigation. Mr. MacMillan was requested to take this question under advisement.

In the material submitted, while power development was referred to, there was no indication as to how such power could be developed, nor in fact any plans or information in sufficient detail from which any part of the proposal could be intelligently considered. We therefore wrote to Mr. Spence requesting certain additional plans and other material and at that time proposed other alternatives which we considered should be further investigated.

In the meantime, however, although we did not think that such a permit was necessary, we issued to the P.F.R.A. a preliminary permit required under the Water Resources Act to enter into and upon any lands for the purpose of making such investigations and surveys as may be necessary for the preparation of plans and estimates. I understand that these investigations are still in progress.

With regard to the power development particularly, this is a matter which has not yet been considered in sufficient detail either by the P.F.R.A. or the province to determine conclusively its feasibility, and we have no requests on file from the P.F.R.A. or any other body for permission to develop the water power site.

The view of this department is that incidental to the development of irrigation from the Red Deer river there are very good possibilities for the development of water power and that no plan of irrigation which will destroy these power possibilities should be permitted. On the other hand, the P.F.R.A., while interested in the development of irrigation, is not much concerned with the power possibilities of the river. However, as a result of a conference I had with Mr. Gray and engineers of the P.F.R.A. last spring, a plan was discussed whereby the irrigation works could be so designed and located as to provide immediately the facilities for diverting water for irrigation without interfering with the power possibilities, but rather would create the conditions for power development later on when required. The P.F.R.A. undertook to make the necessary investigation and surveys to determine such possibilities but I have not yet received any report or plans from which to judge feasibility but I would infer from the paragraph quoted by Mr. Quelch that a combined irrigation and power development is now proposed. In this case the P.F.R.A. has never advised this office regarding this or requested the cooperation of the province with regard to power development or irrigation development.

The minister will note that in the concluding paragraph it states:

In this case the P.F.R.A. has never advised this office regarding this or requested the cooperation of the province with regard to power development or irrigation development.

Yet in the order tabled in the house it stated that "the possibilities of power development are being investigated by the province of Alberta but no report on the subject has been received as yet by the dominion government." There seems to be some confusion there, and since there is so much interest in this question in Alberta I was wondering if the minister could say anything to clarify the situation. There seems to be some confusion as to whether the P.F.R.A. is conducting the investigation. Apparently the view of the province is that it is, while on the other hand the federal government appear to believe that the provincial government are conducting it. I think we should try to clarify that situation so that progress can be made. Can the minister give us some information?

Mr. GARDINER: I am just answering the questions that were asked with regard to it. My understanding is that the development of the Red Deer project will cost somewhere in the neighbourhood of $6,750,000, based on the same estimates which were referred to a few moments ago by the hon. member for Wood Mountain, and which, he said, were at wage rates which he thought would be too low; so that if the wage rates there are increased in proportion to what he was suggesting, I suppose the cost would be considerably more than that.

The position which I understand exists there is this. Investigations have been made which indicate that there could be certain storages of water created, and that if you were to use all the water which is stored there for the purpose of developing power, it would reduce very little the amount of water which could be used for irrigation purposes; and vice versa; so that when one is talking about all the land which can be irrigated if you utilize all the water which can be stored in that dam, and then proceed to talk about all the power that can be developed if you use the water for the purpose of developing power, both things cannot be done to that extent.

It may be correct to say that nothing whatever has been done to determine just how much power could be developed there, but I have had reports over a considerable period of time that certain power development could take place; but engineers are careful, as they ought to be, not to put their names to reports which would indicate that something can be done until they are definitely sure. As a matter of fact, the reports which we have are made by the same man who made the other reports. Our reports are made by Mr. Russell, who up to a few months ago was employed by us and who is now employed by the Alberta government. I assume that whatever information we have, they have, because the same man has done the work for both. I have not any reason for believing that the provincial government have gone any farther in considering a power development, but that they

simply took the figures which Mr. Russell has possession of, as we have possession of them, and which indicate that a certain amount of power could be developed there, and to that extent they are probably giving consideration to it. We are giving consideration to it to the same extent.

One or two projects are taking precedence over that project at the present time. One is the St. Mary's project in the southern part of Alberta, for which we hope to get some money voted in supplementaries in the present year. We shall not be able to spend all we get in the supplementaries because of the nearness of the end of the financial year, but we hope to get sufficient to make a start, and have a revote, if we are not able to spend it all, in the succeeding year to go on with that development.

Mr. BLACKMORE: Would the Minister of Agriculture give us an idea of about how much he expects to have appropriated this year?

Mr. GARDINER: I would rather wait until the supplementary comes down. I know how much we have recommended, and I think the amount we have recommended will be in it. But we shall not be able to spend as much as we got this year.

Mr. BLACKMORE: When does the minister expect that to come in?

Mr. GARDINER: Well, the supplementaries will be in in a few days, if we expect to get through by the end of next week.

Mr. QUELCH: The people in that part of the country realize that the St. Mary's power project will have priority, on account of the international situation; but can the minister say that there is every reason to believe that when that project is completed the federal government will be proceeding with the Red Deer development scheme? That would be some encouragement.

Mr. GARDINER: I would say that that is one which is on the list to be given consideration at as early a day as possible. I do not know just when that day will be; it depends on so many things, the amount of labour available and the question of making final engineering explorations in connection with it. It is just possible that when we get to the stage of making our report, those who have to take the responsibility for supplying the money will say, "We want another firm of engineers", or something like that, before we proceed with the work. If they do so, it will take longer; therefore I am not in a position to say when we shall start, but we shall start as soon as possible.

Mr. QUELCH: I was not suggesting for one minute that there was any friction between the federal and provincial governments. Is the federal government depending upon the provincial government for making any further investigation in relation to power development, because it will be noted that in the letter from Mr. Russell, he states:

> However, as a result of a conference I had with Mr. Gray and engineers of the P.F.R.A. last spring, a plan was discussed whereby the irrigation works could be so designed and located as to provide immediately the facilities for diverting water for irrigation without interfering with the power possibilities.

Apparently they have found a scheme whereby both irrigation and power development can be carried out. Am I to understand that as far as the power development is concerned the minister is expecting the provinces to carry out that investigation and P.F.R.A. will only proceed with the work of irrigation?

Mr. GARDINER: I would not say definitely that is the case. So far as I am personally concerned I think the more authority that those who are providing the money have in connection with matters of this kind to create the work that they do themselves, the more likely the thing is to be done. I find in negotiating with two or three different authorities that it takes just about three times as long to get started.

Mr. QUELCH: The minister will be investigating the whole thing?

Mr. GARDINER: I think what should be done in this instance is that we should discuss the matter with the provincial governments. We should find out definitely whether they would utilize in some way or another the water supplies that we provide them. Then we should proceed up to a certain point in making the storage of water possible, put the storages there. After that, we can deal with whatever authority is going to use the water; it may be a provincial authority; it may be simply the local irrigation organization set up for that purpose. But I would think that if we simply tied it up to a definite agreement between this government and the provincial governments, it would slow the matter up. All we want is to get along with it as quickly as possible. I would hesitate to say that we are going to make an investigation in regard to power development

for the provinces. I would hesitate to say we shall not do it if the provinces want us to undertake it.

Mr. SMITH (Calgary West): May I ask one question arising out of what has been said about power development on the Red Deer river? I know the Red Deer river very well. There is a gradual slope through the prairies. Has any investigation been made to show that you can get power from water storage anywhere on that river cheaper than you can get it right now in the town of Drumheller which is using this waste or slack coal? It is all right to talk about power from water storage. I am very much of an amateur in this business, but I have very grave doubt of any power scheme on the Red Deer which could produce power as cheaply as it is now produced at the power plant which is using this waste or slack coal at the present time. Has any investigation been made?

Mr. GARDINER: That is a question which has to have great consideration. I do not think there is any doubt in anyone's mind that you can develop power on the Red Deer river by spending a certain amount of money. Reports have been made on that from time to time. But then the question arises, as has just been indicated, as to whether the money ought to be spent there for the development of power. I think it is admitted by all that you could spend money there to good advantage to develop irrigation.

Mr. SMITH (Calgary West): That is my thought.

Mr. GARDINER: I think that is pretty well proven. If we have to decide the question now as to whether the government ought to use that water for irrigation or power we would say, use it for irrigation; and I would be quite certain that if it did develop that as a result of the investigation which had been made you could develop that power cheaper in the town of Drumheller with the use of coal, that would be the deciding factor. I would think that if you develop it cheaper than by the use of water we would use the water for irrigation, and use the other for power. Those are the things that I do not think are fully determined, and we would not proceed to provide for the development of power until they were fully determined.

Mr. SMITH (Calgary West): In other words, do you think it possible that you could do both from the water? Irrigation means that you must take water from a high place and spread it over some place lower. Power from water means that you have the weight of the water coming from a high place to a low place. Perhaps that is an amateur's way of putting it, but it seems to me it is a simple fact. Does the department think you can build dams where you can do both things? I would have a bit of a doubt about it.

Mr. QUELCH: I point out that in earlier surveys it was shown that there could be power developments from the water developments on the Saskatchewan and Clearwater rivers.

Mr. SMITH (Calgary West): That was called a stock-watering scheme.

Mr. QUELCH: Yes, I think it provided for irrigation of one and a half million acres.

Mr. SMITH (Calgary West): Yes, that was the William Pearce scheme.

Mr. QUELCH: Yes, but it provided for a power development.

Mr. McKAY: It seems to me that almost everyone in the house to-night is anxious to inform the minister on various situations pertaining to water conservation and irrigation throughout the country. Some of the speeches have given instructions. It is not my purpose to add to that number. I wish to ask the minister one or two questions pertaining to a project which is partly in my constituency, and which is of direct concern to Regina. I asked the minister a question about it a little while ago. Is he prepared to-night to say whether or not there have been any recent developments in connection with the water conservation project which is located south of the Wascana creek involving an area which we know as the Tyvan area? Is the survey completed, and does it involve a conservation project that may have to do with government policy on which the minister may not be prepared to give an answer to-night?

Mr. GARDINER: As the hon. member knows, the Wascana scheme has been under consideration for a long time, almost as long as the project referred to by the hon. member for Calgary West, who must have been standing very close to where I was standing many years ago, because I was standing there when they turned on the tap and let the water into the reservoir at Regina. At that time his father was mayor of the city. This other thing has been talked about for almost as long as they have been talking about the water up in the Wascana in order to replenish the water in the artificial lake at Regina. That was the first use they pro-

posed to make of it. We have got right up to the point of the building of the dam there so often and then have decided not to build it that I should not like to make any promises at this time. We have carried out further investigations, and those investigations have resulted in a more optimistic report than we had the last time we investigated it. I would say that if we do not run into too many risks created by local people as to why we should not do something we might get along with it some time, but I think we have all the information that is necessary to proceed with it.

Mr. McKAY: Would the minister indicate whether or not an official survey has been made?

Mr. GARDINER: Yes. The P.F.R.A. made an official survey and report this year which suggests that there are possibilities there.

Mr. HAZEN: I support the request made of the minister by the hon. member for Cumberland and the hon. member for Colchester-Hants for assistance to reclaim the marshlands and to rebuild the dykes in New Brunswick and Nova Scotia. In passing, may I say that the first of those dykes was built a great many years ago by settlers from old France who came into what was then Acadia. Longfellow in his peom "Evangeline" refers to these dykes and marshlands.

In the Acadian land, on the shores of the Basin of Minas,
Distant, secluded, still, the little village of Grand-Pre
Lay in the fruitful valley. Vast meadows stretched to the eastward,
Giving the village its name, and pasture to flocks without number.
Dykes, that the hands of the farmers had raised with labor incessant,
Shut out the turbulent tides; but at stated seasons the flood-gates
Opened, and welcomed the sea to wander at will o'er the meadows.

These are the dykes and meadows that have been referred to this evening.

During the course of his remarks one hon. gentleman mentioned the aboideaux, which are gates in the dykes that permit the water to run off the marshlands but stop the sea from running in. I refer to it in passing because the word "aboideau" is perhaps the one word that has been contributed to the English language by the province of New Brunswick. If you will look at the word in some of our dictionaries you will find that it has become an English word and that it originated in New Brunswick.

Some of those lands and dykes are situated in the constituency which I have the honour to represent. It is a sad sight to drive along a road in the county of Albert and look down over these marshlands. You should see green, fertile fields, but actually you see nothing but a brown, muddy waste. I drove through what is known as the parish of Harvey not very long ago. I stopped my car and looked out over the marshes. The tide was high and I counted twenty-four barns completely surrounded by water, which of course meant that those meadow lands were of no further use. The hon. member for Colchester-Hants has referred briefly to the reasons for these marshlands and dykes going down. I do not propose to pursue that line of thought, but I should like to state briefly my own views as to what should be done.

It seems to me that if these lands are to be brought under the Prairie Farm Rehabilitation Act, or any similar act, it will be necessary to show that the money spent by the dominion government will be a reasonably sound expenditure economically, taking a long view of it. My own feeling in the matter is that it will do no good for the dominion government to spend a great deal of money in reclaiming dykes unless some plan is worked out for the proper use of the land after it has been reclaimed. Unless enterprise and cooperation are shown by the owners of the land; unless the provincial governments are prepared to assist the scheme and help develop a plan that will make these lands of economic value, it does not seem to me there is much use in the dominion government going in and spending a great deal of money, for it will be only thrown away.

If this plan is to be successful there must be cooperation between the owners of the land, the provinces concerned and the dominion government. I understand that last year in New Brunswick about 5,000 feet of dyke were constructed under a plan whereby the owners paid one-third of the cost, the provincial government paid one-third and the dominion government paid one-third, and that this year about a similar length of dyke has been constructed under the same plan. If I am wrong in that, perhaps the minister will inform me.

Mr. GARDINER: That is right.

Mr. HAZEN: If the dyke owner himself is willing to put his money into the scheme it seems to me it shows he is really interested and is prepared to do his bit to make the lands of value again. But I think we have to go farther than the owners of the lands themselves. The provincial and dominion govern-

ments have to work out a plan if the money expended is to produce results and not be wasted.

Something else must be done as well. The marsh acts, as they are sometimes called, or the marsh laws in the provinces have to be revised, codified, brought up to date and made workable, so that once the dykes are rebuilt they will be maintained. The regulations must be such that one dyke owner cannot say, "Well, I am not going to pay," and have the thing drag on so that finally the dyke commences to deteriorate. Unless a better commission is set up or somebody has power to deal with the dyke laws and see that they are properly enforced, we are not going to get anywhere.

These are just one or two suggestions I am offering to the minister. I think it is almost a crime to see these productive lands being destroyed and going to waste, and that process seems to be continuing. But I believe the only way to bring them back is through cooperation between the owners, the provincial governments and the dominion government. It will be no good for the dominion government just to put money in there by itself; the provincial government and the land owners themselves must be ready to cooperate.

I was going to ask the minister one other question about this item, if I may. The total amount is $2,000,000. Of this I see that wages account for $671,000, including temporary assistance and so on; buildings and lands, $621,000, travelling expenses, $186,000, and so on. How much of the money voted for prairie farm rehabilitation was actually spent in doing the work of putting in these small or large water developments? About how much of the total was actually spent for that purpose?

Mr. GARDINER: The amount voted annually during the war years has been $2,000,000, and approximately the whole amount has been spent each year. What are called wages and, to a certain extent, salaries are really part of the work.

Mr. HAZEN: That includes labour?

Mr. GARDINER: Yes, it includes the labour and the engineering. The engineering has to be carried out first, together with some exploration. All that is really part of the cost of the projects which are carried out. I could give the exact figures, but I do not think that is necessary.

Mr. HAZEN: I do not want the details. What is covered under "buildings and lands"?

Mr. GARDINER: We have to put up buildings in connection with many of the projects, and we have to buy lands where we are going to flood them. When we dig ditches in order to carry water through the land of other people, we have to buy the right of way. All that involves the purchasing of land and sometimes even of buildings. In some cases we have put up the buildings. If one were to describe the different projects this would be fully understood.

The discussion this evening has led me to review in my own mind the meaning of the term "can be constructed economically." If it means what most people have in mind when they use it, I would suggest that if the government were to take that as its reason for starting any of these projects we would never start. For example, we had a statement made a few moments ago by the hon. member for Calgary West, and everything he said was absolutely correct. The Canadian Pacific built an irrigation system at Brooks and tried to run it as a purely business proposition. They lost money all the time. They tried, when they sold land to a farmer, to charge a price which eventually would pay for the project, so that if the farmer made his payments year by year, and paid his water rates, eventually they would get their money back. They found that could not be done, and that has been found in every scheme of irrigation ever tried. It is the case in the United States and in all our plans. We have found this—and it is the basis on which we work—that you cannot charge a farmer more than $10 an acre for land which you will irrigate and then charge for water and expect him to pay for it. That is the basis on which the Brooks scheme is now operated by the farmers to whom it was turned over by the Canadian Pacific.

Mr. SMITH (Calgary West): At $1 an acre; they raised the ante.

Mr. GARDINER: Yes. They were given $400,000 to take it.

Mr. SMITH (Calgary West): They are charging $1 an acre instead of fifty cents.

Mr. GARDINER: The people there will sell land for $10 an acre. We went south of that project. We found 50,000 acres of land south of the Brooks project, owned by that organization. We took over those 50,000 acres. We could put water on 25,000 acres because there was only half of the land there of such a level that water could be put on it.

Mr. MacNICOL: Irrigable.

Mr. GARDINER: Yes; we put water on 25,000 acres and we said to the farmers: "If you were ordinary farmers you would have to pay $10 an acre, but we will take steps which

will warrant the Brooks set-up in selling the land to you at $8 an acre." In other words, we put up $2 an acre.

Mr. BLACKMORE: Does the minister mean $8 for the land with water right?

Mr. GARDINER: They had to pay for the water from the Brooks project. They pay a water rate, but they get the land at $8 an acre. We went into the drought area and did just what the hon. member for Wood Mountain said we ought to do. We persuaded the farmers to move away from that place, actually driving them from where they were to the rolling hills area. We showed them the set-up there, and we said to them, "If you want to go there, if you want to get out of this drought area, we will take down your buildings and move them for you. We will stand the expense of moving your equipment and buildings from where you are to the place where you want to go, and we will pay you $8 an acre when you get there." That place has been filled by people who have moved from the places they occupied previously. When I was last there I saw buildings of various colours because the boards had been taken out of the old buildings and were utilized in putting up new structures, and they had not been painted.

Mr. SMITH (Calgary West): They are doing very well.

Mr. GARDINER: Yes; they are doing very well. There are two or three kickers, but you get them anywhere. There are one or two who have not made good, but the great majority of the people there have succeeded and they would not go back to any other district. But you cannot put that on an economic basis and say that if you spend so much money on the land you will have to get it back within so many years.

Mr. MacNICOL: You get it back in taxes.

Mr. GARDINER: The point can be better illustrated by taking the marshlands. If we did what they wanted us to do on the marshlands it would cost from $125 to $150 an acre, and if you went into that district and asked anyone if he was prepared to buy the land there at that price he would say no. If you wait until you get into the position where the position is considered economic you will not do anything at all, but we have done some experimenting there. It was started under Mr. Bennett's government and I was in that district the first year I took over the department. I found that they had reached the point of taking over the land. I was confronted with making the decision whether we would go ahead, and we took so many acres of land alongside the experimental farm of Nappan and developed the same programme that anyone would have to develop on the rest of it to improve the land. My information is that the land was producing three-quarters per ton per acre of alfalfa and other hays when it was left alone. Under our experimentation we are producing four tons to the acre. In other words, the economic decision from my point of veiw, is that you can increase production of that land from three-quarters of a ton per acre up to four tons by treating it in certain ways, and the last time I was there I was surprised. To stand and look at the land across the road would make one weep to think that people could put up with a condition such as that without doing something about it when they compared it with what was taking place right opposite them.

The same thing is true of Valmarie. There were some people in that district who would not allow us to touch their land. In 1937 that land was as bare as this floor. On one side of the road there was land growing forty bushels to the acre, and on the other side it was all bare notwithstanding the fact that the people there had a demonstration of what could actually be done. I was there last summer and some of that land is still black and the people who own it are sitting there.

The point is that we have to get men who are inspired with the possibilities of what can be done on any of these schemes if you are to accomplish something.

Let me now take a third one, the mucklands. This is something that affects the central provinces, and I may say that as far as I am concerned it may be called a ghost story. I have recollections of that land when I lived in Ontario as a boy. When I lived here as a boy I lived on a road where there was a swamp, and the thing I remember most about it was the stories I heard men telling about the will-o'-the-wisp they saw in the swamp and about pulling horses and cattle out of the muck in that swamp. Men delighted in telling exaggerated stories, and the result was that when I went by that swamp, especially at night, I ran past it.

Mr. SMITH (Calgary West): And there was no General Chisholm.

Mr. GARDINER: What has happened to that land, however, the transformation that has taken place in it, is no ghost story, and perhaps I might mention a name which some people may not like. But anyone who wants to see what can be done with muckland should visit the farm of Mitch Hepburn.

Mr. MacNICOL: In Kent county.

Mr. SMITH (Calgary West): I was there on Friday.

Mr. GARDINER: My hon. friend will know that there is a bit of muckland there out of which they used to pull horses. They used to spend Sunday afternoon pulling horses and cattle out of that muck. That land was absolutely useless as muckland because it entailed work and yielded nothing. Well, the last time I was there I saw sixty men engaged in growing onions and other things on that land. That is the difference to-day. Between forty and fifty acres of land had lain there black, saturated with water, humid soil that would grow vegetables as nothing else would, and yet it had been left there for generations without having anything done about it. He has drained the water out of that land and provided a water supply for the protection of the buildings which is just as good fire protection as afforded in any city in Canada. Moreover, he has an artificial lake where he can have a summer resort at home. And the water is running out of the mucklands past his own buildings down to the lake, creating a beauty spot on the farm.

That kind of thing can be duplicated all over Ontario and Quebec. Instead of having three or four men in an area trying to raise a few steers and hogs such as we have been talking about, you could have sixty men working a garden and producing other necessaries of life, and they could make as much money and live as good a life as those three or four who were doing limited work on the same area.

These are the considerations we ought to have in our minds when we are discussing the subject and not merely what the land will be worth per acre. These works that will be put in to protect the marshlands in the maritimes will do something to improve land that would stay there 100 years without having anything done to them. It is not a question what that land will be worth next year if it is sold; it is a question of what it will be worth, not only to that community but to the Dominion of Canada for the next 100 years. In other words, one has to get the same vision that Theodore Roosevelt had in the United States at the time he was president. He had lived as a cowboy out in the western part of the United States and he knew what that country could be developed into. When he became President of the United States he said what I think needs saying here. He said, "There have been millions upon millions of dollars spent in building harbours to make it possible for ships to come in to get the commodities of this country; there have been millions of dollars spent to build stations for railways and all that kind of thing; we ought to spend millions of dollars in order to make it possible to produce more commodities to pass through these ports and over these railways." If we get that kind of vision, then I think all the things we have been talking about to-night ought to be done by somebody. I agree with the hon. member who says that we ought to have some discussion with regard to it. We are having that discussion now with the provinces in the dominion-provincial conference that is being held from time to time.

I hope we shall get around to considering the whole question. I assure the hon. member for Davenport that there is no one in the House of Commons who will ask for more money than I have asked for already. Ten years ago when we were discussing the same matter it took me three days to get the bill through the house which provided for the spending of a very small sum of money upon P.F.R.A. projects. Hon. members who were here then will recall that when I tried to increase the sum from $4,750,000 and provide that it be unlimited, I had to discuss the question for more than a day. I was asked, "What are you going to do with all that money? How much money is it going to take?"

Mr. NICHOLSON: "Where are you going to get the money?"

Mr. GARDINER: I do not know that they said, "Where are you going to get the money?" But they said, "What are you going to do with it when you do get it?" "How much are you going to want?" I said I wanted at least $20,000,000. "When are you going to want it?" I said I wanted it just as fast as they would give it to me and I would take it at whatever rate they would give it to me. I am now standing here ten years later. We have spent $20,000,000 and I have not heard one word of criticism to-night about that expenditure. You have simply said that we have not spent enough and you want to spend more. There never was $20,000,000 spent in this country that gave more satisfaction to the people where it was spent than that $20,000,000. If we spend $100,000,000 over a period of time, as has been suggested by the hon. member for Davenport, I am sure the same thing will be said at the end of that time.

I appreciate the fact that every one who has risen to-night to speak on this item has urged that more money be spent than we are proposing to spend and that we ought to

spend it in all parts of Canada rather than in one section only. I hope in due course we shall be able to do that.

Mr. BLACK (Cumberland): I should like to correct one statement the minister made. He said that the cost would be from $125 to $150 per acre but that would apply only to certain small areas and not to the entire 100,000 or 150,000 acres of marshland.

Mr. GARDINER: The acreage is 69,000 acres and the proposed cost is $4,000,000. The hon. member can figure it out for himself.

Mr. McCUAIG: I am not going to take up very much time because other hon. members have dealt most ably with this matter. After hearing the remarks of the minister, I about came to the conclusion that I would not have to say anything at all. I was glad to hear what he had to say. I know of nothing that would be of greater national importance and of more lasting value than this water storage we have been talking about tonight. I would be prepared to multiply many times the amount to be spent. I think the spending of a billion dollars would be the best kind of investment for Canada.

I come from a part of the country that has had some benefit from this water storage, and I think it is the finest thing that was ever introduced into that part of the country. I should like to ask the minister if he has in mind as a future programme the continuation of the irrigation projects at Eastend, Valmarie and Maple Creek. I think every drop of water that is stored in western Canada is of real value. It raises the water level in the wells of the farmers. At the present time wells are beginning to run dry, and I should like to know if the minister intends developing these projects.

Mr. GARDINER: Of course there are some projects where you reach the point where you cannot do much more. In irrigation you can only use the water you have. As my hon. friend well knows, under the irrigation plan at Maple Creek we were only able to flood the land there once this year. If we had been able to flood it twice we would have been able to grow two crops of alfalfa instead of one. All the water stored at Maple Creek has been used this year, and it would be foolish for us to enlarge the area unless we could get more water.

In the Eastend scheme we have dammed the waters of Cypress lake and we have raised the level some eight or ten feet. Dams were constructed at both ends of the lake. When I was at Valmarie or Eastend this year I was a little worried about the water supply. We were irrigating practically the whole valley at Eastend and Valmarie, and there are some six thousand acres under irrigation at the bottom of the dam. We used most of the water that was available this year, and I think nearly all the land that we can irrigate in the Valmarie district is under irrigation. Most of the land that we can irrigate at Eastend is under irrigation as well. I do not know that it is a case of further development there. There are other places where further development might be carried on.

We are certainly going to continue what we are doing there. We are going to grow alfalfa at all these places. These projects were started to make it certain that people could live in that country no matter how dry a year there was. When I went there this year I found the country dried up, and I found those who were in charge of the plots on which water had been put trucking hay out of the area. They were going up the road as I was coming down to look at it. They were taking the hay into Swift Current and other places where it was to be shipped away to make powdered protein feeds. That was not the purpose of making that irrigated area. The purpose of putting irrigation there was to make it possible for people to raise live stock and live there themselves.

I was delighted the other day when a young man wrote to me who was just back from overseas. Most hon. members would know the family if I mentioned his name. This man said that he had been in training at Medicine Hat during the war and had definitely made up his mind to come back to start farming in the Medicine Hat district. He said that he understood there would be an irrigation scheme started there, and it is under discussion. He said, "I was disappointed when I came back to find that it had not been started." He wrote me to say that his vision was a home on an irrigated piece of land in that country, with a large pasture near it into which he could turn his cattle. He wanted to raise cattle in that way, and he is one of the most capable producers of cattle we have in western Canada. I wrote back to him and said: "You go down to Regina and get Spence to drive you out to Valmarie and Eastend. Ever since this project has been put in I have been wanting young fellows with just the vision this young man has, and I told him that if he would start farming out there it would not be long before twenty or thirty or forty other young fellows would be out there doing the same.

An hon. MEMBER: Has the land been taken up?

Mr. GARDINER: Yes; it has been used for growing alfalfa, which was put up in bales and shipped out to plants and made into something else. I hoped that this young man would go there and take a quarter-section of land to grow feed for his live stock. We have 110,000 acres of pasture right alongside that is all fenced in and with water on it for live stock. I want him to go out there, take a piece of land, go on it and live there, turn his cattle into the pasture, and pay the small fee for running his cattle there. That is the dream I have had in mind for that part of the country, and I hope that many of these young fellows who come back will take advantage of it.

Mr. McKAY: In the southern part of Saskatchewan, as the minister knows, there is considerable submarginal land. What acreage of this submarginal land has been taken out of production and placed in community pasture, and is that programme to be extended there?

Mr. GARDINER: Approximately 1,350,000 acres have been taken out, but not all taken out of cultivation. Part of it was being used for pasturing in the form of ranches. We have taken that land over, fenced it in and made absolutely certain—in fact we have title to the land—that it will not be broken up again and will not be pastured to the extent it had been pastured, where it looked almost like summer fallow.

Mr. BLACKMORE: I should like to express to the minister the gratitude of my constituency for the construction of the Leavitt irrigation district west of Cardston. I am also informed that the contract has been let for the construction of the Aetna irrigation district? Is that correct?

Mr. GARDINER: Yes.

Mr. BLACKMORE: I wish to express our gratitude for that project and to tell the minister in the presence of the committee that these two projects will be successful. The Leavitt project has been successful, and generations after generations will be blessing the minister for making the necessary expenditure under P.F.R.A. for bringing water into an otherwise fertile area which occasionally suffered because of a shortage of rainfall. The same will be true of the Aetna project.

Mr. BENTLEY: Is consideration being given to the application of the Prairie Farm Assistance Act on an individual basis? If the answer is yes, I need say no more.

[Mr. Gardiner.]

Mr. GARDINER: Consideration was given to it at the time the scheme was first set up, but it was found impossible to apply it in that way. Our constitution does not permit of it. To apply it on an individual basis, it would have to be on an insurance plan, and that is impossible even if it were desirable The position we take is that even if it were possible we doubt the advisability of it. The people of Canada are putting three dollars into that project for every one dollar that is paid in by the people concerned, and in order to persuade them to do that we have had to suggest to them that we are not encouraging people to stay on submarginal land. We are not condemning the man living right in the middle of a district who, because of his methods, produces when other people do not. But instead of putting it on an individual basis we put it on the basis of a block of land and say that everybody in that block will be treated alike under the weather conditions that prevail throughout the year. I could not have got the bill through council or through the house in any other way.

Mr. BENTLEY: I am not quite satisfied with the minister's explanation. I am not blaming him for the conclusions he has arrived at. I know some of the difficulties he has in administering the plan. At the same time his conclusions are not correct when he says that some people by their methods of farming can produce crops when others are not doing so. I know the part of the country from which I come pretty well, and the lay of the land sometimes makes all the difference between having a shower. If hon gentlemen will look at this map which I have here, it shows one township on the south side of the Saskatchewan river, with highway No. 4 running through it. The white spaces on the map indicate the crop land of that year, 1941; the black spaces, the summer fallow; the green spaces, the pasture land; and the red spaces are the low crop farms of that year. Where the crop failure was is marked red on the map. Some of the land is pasture land. In the township there are thirty-eight farmers. Of those thirty-eight farmers, four had 13·4 bushels to the acre; twelve had 7·11 bushels to the acre, and twenty-two had 3·18 bushels to the acre.

Mr. GARDINER: That is all wheat? Does it include wheat or everything?

Mr. BENTLEY: There were practically no coarse grains that year.

Mr. GARDINER: That is the whole point. The payments are not paid on the basis of

wheat at all. I do not know why people will not study the act and really know what it means.

Mr. BENTLEY: Pardon me; that was an error. This gives the total crop production in 1941.

Mr. GARDINER: The estimate is made on the wheat production. That is only to show how dry it was.

Mr. BENTLEY: Oh, no.

Mr. GARDINER: It is. I know. I have been administering the act ever since it was set up. I drew it up in the first place.

Mr. BENTLEY: Very well; we will take your word for it. The total crop average was 5·5 bushels to the acre, and twenty-two farmers having less than that had to suffer because the average was over five bushels to the acre. It is not a bad piece of land. There are a lot of good farmers there, and when they get rain they can produce a crop. In the years when they do not get rain they have to have something to carry them over. That is the whole purpose of the Prairie Farm Assistance Act, to carry people in these semi-arid areas when they do not produce a crop.

Mr. MacNICOL: Is that between Saskatchewan Landing and Swift Current?

Mr. BENTLEY: Yes.

Mr. MacNICOL: That could be irrigated from the dam on the Saskatchewan river.

Mr. BENTLEY: I shall not go into that, because it is a big project and it would take time to discuss it. I am not asking the minister to enter into a debate with me about this to-night, but to consider taking it to the dominion-provincial conference or to initiate by any other method discussions with the provinces to introduce a crop insurance measure. If that requires provincial legislation, make arrangements for it to be done. If it requires that the farmers pay the cost, make that necessary to be done also. We do not ask the people of eastern Canada to do this job on a crop insurance plan.

Mr. GARDINER: It cannot be done in any other way.

Mr. BENTLEY: Very well; I believe it can, if you can maintain the present price level.

Mr. GARDINER: Some people tried for forty years to do it in that way and it could not be done. Statistics were produced every time it was brought up, and it was turned down. It operates in this way—

Mr. BENTLEY: It operates as a relief plan, to take people off relief.

Mr. GARDINER: No, it does not.

Mr. BENTLEY: That is what it is, nothing more or less than a relief plan. It takes them off the municipal relief roll and puts them on relief in this way. So far as any investigation is concerned, that is a matter of opinion also. You can have other data which will cause you to come to a different conclusion. The point I wish to get at is this: If you can stabilize agricultural prices somewhere near what is being asked for and where some of them are at the present time, it is possible for the farmers to pay enough that you will not need to charge the rest of the dominion the other $3 to provide something for a plan of this kind, nor would you find it necessary to charge them to put in an actual crop insurance plan, based on something better than relief figures.

Mr. GARDINER: What percentage would you suggest they should be charged?

Mr. BENTLEY: It depends entirely on what you, your government, the Minister of Trade and Commerce and so on, decide are the proper price levels over a period of years.

Mr. GARDINER: How much do you think could be collected?

Mr. BENTLEY: If you were to assure the farmers of the west that the price of their wheat would never fall below $1.25 a bushel, not many would raise much complaint if the charge was 10 cents.

Mr. ROSS (Souris): Ten cents for what?

Mr. BENTLEY: I do not think you will need that much. It has not been tried.

Mr. GARDINER: You would have to have about 20 cents to do what we are doing now.

Mr. BENTLEY: I do not think so.

Item agreed to.

Special—

31. To provide for wheat acreage reduction payments; for administration expenses in connection therewith, and for temporary appointments that may be required notwithstanding anything contained in the Civil Service Act, $600,000.

Mr. WRIGHT: With respect to this item I should like to know when it is expected that finality will be reached in the matter of wheat acreage reduction payments. Several cases have been referred to me not so very long ago with regard to payments on breaking which was done in 1941-42, and the lands were inspected over a year ago, but apparently these payments have not come

through to date. Would the minister give us an estimate, at least, of when these payments will be made and when this matter will be finally cleared up?

Mr. GARDINER: Practically all the payments are made. There is a provision for $600,000 this year which we expect will be the final payment. As soon as that money is released, the payments will be made on the lands to which we are referring, the breaking. I may say that that is one case where the governmenit itself examined into what had been done and realized that some people had not been paid as they should have been paid, and, without any urging from anybody, established the basis of the extra payments which require this additional $600,000 to be paid out.

Item agreed to.

Special—

34. To provide for administrative expenses, Agricultural Prices Support Act, 1944, $50,000.

Mr. CRUICKSHANK: I wish to ask this one question, and I am sorry if it is not under the proper item. I want to make a correction on behalf of the province of British Columbia—I think it is a matter which comes under this item—and pointing to the Toronto *Globe and Mail,* in connection with peaches.

Mr. MACKENZIE: Carried.

Mr. CRUICKSHANK: It is the only item I can bring it under. I wish to commend the minister, instead of condemning him, as most members from the wheat belt do, and I think the rest of the members from British Columbia will join in commending him.

Mr. MACKENZIE: Carried.

Mr. CRUICKSHANK: Just a minute. It is in connection with these little boxes that they put the peaches in. As I understand the situation, according to the *Globe and Mail* —and the statement must be right, being in the *Globe and Mail*—the federal government have condemned that camouflage, which the C.C.F. and Fraser Valley do not approve at any time. They have condemned the sale, as I understand it, in Ontario, of baskets with this covering. But it says here, and to this I take strenuous exception, that British Columbia and Michigan peaches had to be repacked in that to market them in Ontario. Imagine British Columbia peaches having to be repacked in anything to be marketed anywhere! Even the hon. member for Vancouver East will agree with me in that. We do not have to camouflage our stuff to sell it anywhere.

[Mr. Wright.]

Mr. MACKENZIE: Carried.

Mr. CRUICKSHANK: Wait a minute. We do not need this red stuff. I am going to make a speech now.

Some hon. MEMBERS: Go ahead.

Some hon. MEMBERS: Carried.

Mr. CRUICKSHANK: Just a minute. I have not taken up any time. I come from the most important agricultural riding in British Columbia, and the finest one in the Dominion of Canada, and I have taken up no time in discussing these items, but I should like the minister to know that we do not want our peaches, or anything else we sell from our agricultural production, camouflaged in order to sell it. But we commend the minister for enforcing the laws. Again I give my hon. friends of the C.C.F. credit. I want the minister to know that British Columbia does not approve this pink gauze, and that I strongly resent any inference which is made in the *Globe and Mail* that our peaches have to be offered under that guise in order to be sold, even to the people of Ontario.

Item agreed to.

Special—

35. Agricultural research special projects, $200,000.

Mr. ROSS (Souris): What are these special projects?

Mr. GARDINER: The agricultural research item is the $200,000 which we have been voting now for the last two sessions, for doing special research work in agriculture. One of these projects is being carried out at Morden; another is being carried on at Portage la Prairie, in connection with flax.

Mr. ROSS (Souris): What is being done at Morden?

Mr. GARDINER: I shall have to look it up.

Mr. ROSS (Souris): Never mind just now.

Mr. GARDINER: Anyway, one is being carried on at Morden. It has something to do with fruit and vegetables. The one at Portage la Prairie is on flax, and the one out in Alberta is on wool.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

330. Departmental administration, $167,000.

Mr. BURTON: Would the minister make a statement in connection with that, before he proceeds?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I was hoping that I would not be asked to make a statement tonight. I am prepared to make one, but I do not think any statement I can make now will expedite the handling of the estimates at all, because everything that I would have to say will come up under the various items.

Mr. BURTON: We realize that the hour is late, but at the same time I am disappointed that the minister has not seen fit to give us a detailed explanation of the items. We realize that during the war years much of the trade of the country was so channeled that there was very little for the minister's department to do to encourage trade, either imports or exports. Now that we are reaching the reconstruction stage I am looking forward to the minister's department having greater influence in the lives of the people of this country. We are interested in various phases of the department's activities. We should like to know whether there are any plans for increasing the number of our trade representatives in the various countries, and where they are to be located?

Mr. MacKINNON: May I interrupt the hon. member for a moment? I had prepared a statement along that very line, that I thought I might give to the committee. If the committee will give me ten or fifteen minutes I should be pleased to make it.

Mr. MacNICOL: Do it under the next item.

Mr. BRACKEN: We have had a very long week.

Mr. MACKENZIE: I am inclined to agree with the leader of the opposition. We have had a successful and strenuous week. Everybody has worked hard. With the consent of the committee I would move that the committee rise, report progress and ask leave to sit again.

Progress reported.

On motion of Mr. Mackenzie the house adjourned at 10.55 p.m.

Monday, December 10, 1945.

The house met at eleven o'clock.

TRUST COMPANIES ACT

LENDING AND INVESTMENT POWERS

Hon. J. L. ILSLEY (Minister of Finance) moved the first reading of bill No. 231 (from the senate) to amend the Trust Companies Act.

47696—202½

Motion agreed to and bill read the first time.

Mr. ILSLEY moved the second reading of the bill.

Mr. JOHN BRACKEN (Leader of the Opposition): Can we not have a statement from the minister in reference to this bill?

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I had hoped that an explanation would not be necessary at this time; it is not a very important bill, and a full explanation will be given when it goes to committee. However, if the leader of the opposition wishes a statement I am prepared to make it.

Mr. BRACKEN: I was not asking for a full explanation, but surely we should have some explanation when we are asked to give the bill second reading.

Mr. SPEAKER: Order. I must call the attention of the leader of the opposition to the fact that it is not usual to give explanations concerning bills coming from the senate, because they have been printed and distributed and are referred to the committee to be discussed. If the hon. gentleman insists, however, I will ask the hon. member to give an explanation, but it is not the usual practice.

Mr. BRACKEN: Well, Mr. Speaker, I do not wish to insist if the procedure has been established of not doing it, but I do not think second reading should be proceeded with unless we have an explanation.

Mr. MAYHEW: Section 1 of this bill is designed to correct an obvious misprint in the present revised statutes, subsections (3) and (4) of section 3 of chapter 29. Section 2 of the bill is intended to make uniform the lending and investment powers of all trust companies, regardless of the date of incorporation. The Trust Companies Act was first passed in 1914, and applied as a whole to companies incorporated after the date it came into force. It had only a limited application to companies incorporated earlier, the limitation being set forth in subsections (3) and (4) of section 3, in which two groups of sections, 62 to 88 and 83 to 90 are stated to apply to companies incorporated before 1914. These two groups overlap so that it is impossible to say what is intended as respects section 81. It seems probable that 88 is a misprint for 80, and that section 81 is not made applicable to those companies.

The amendment in section 1 of the bill will make it clear that section 81 applies to all companies.

Section 2 of the bill will make uniform for the future the lending and investment powers of all companies. The reference to the Com-

panies Act in the section, inserted by section 2 of the bill, is made necessary for the following reasons:

The special acts incorporating the older trust companies contain a provision making the former Companies Clauses Act, or part II of the Companies Act, revised statutes, 1906, chapter 79, applicable to the company incorporated and in the said act or part there was one section (revised statutes, 1906, chapter 79, section 167) declaring that the company should not lend any of its funds to any shareholder. This restriction still applies and is found in section 189 of the present Companies Act, 1934, chapter 33.

By amendments to the Trust Companies Act in 1922 (chapter 51, section 8) and 1924 (chapter 71, section 4) it was provided that all such restrictions on investment powers should be repealed, but unfortunately those sections were not carried into the groups of sections in section 3 of the act declared to apply to the older companies.

The Companies Act, section 146, still provides that the restriction in section 189 shall continue to apply to the older companies unless "expressly varied or excepted by the special act".

There has been an amendment proposed in the other house, in which the word "to" is changed to "by". That is the only change.

Motion agreed to and bill read the second time.

MAPLE PRODUCTS

AMENDMENT OF ACT RESPECTING DEFINITIONS, ETC.

Hon. J. G. GARDINER (Minister of Agriculture) moved the first reading of bill No. 232, respecting the manufacturing, inspection and sale of maple products.

Motion agreed to and bill read the first time.

Mr. GARDINER moved the second reading of the bill.

Mr. SENN: Is this bill now before the committee on agriculture?

Mr. GARDINER: This is one of the bills of which we gave notice early in the session. At that time however it was thought necessary to advance some other bills as quickly as possible, and this bill was sent to the senate. It was first dealt with there. It has been fully discussed in the senate, and has been before their committee. The discussions are on the records of the senate. It was not thought advisable to send it to our committee. As a matter of fact it is just a revision of the present act, with special reference to that part of it which deals with impurities in maple syrup products.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—short title.

Section stands.

Progress reported.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DEFENCE INDUSTRIES RECREATION HALL, BROWNSBURG, QUE.

Mr. HEON:

1. What was the total cost of the D.I.L. recreation hall in Brownsburg county of Argenteuil?

2. What was the cost of furnishings and furniture?

3. Have the immovables been disposed of? If so, to whom and at what price?

4. Have the furnishings and furniture been sold? If so, to whom and on what terms?

Mr. McILRAITH:

1. $29,656.81.

2. $7,388.17.

3. Capital assets (plumbing) to the value of $803.38 were transferred to other government projects. The building itself has not yet been disposed of.

4. No. Furniture and fixtures have been transferred to other government projects.

PURCHASE OF HORSES

Mr. McCULLOUGH (Assiniboia):

1. How many horses were purchased by the dominion government for overseas shipment within the last six months at the following points in Saskatchewan: Wawota, Kennedy, Walpole, Maryfield, Langbank, Vandura?

2. From whom were they purchased and at what price in each case?

Mr. GARDINER: I have discussed this question with the hon. member for Assiniboia and he agrees that the last part of question 2, namely the words "and at what price in each case" should be dropped. With that exception I am now answering the question.

1. (a) 36, (b) 37, (c) 18, (d) 18, (e) 37, (f) 36.

2. (a) J. E. N. Jacklin, 3; Art. Preston, 3; J. H. Garratt, 2; Robt. A. Preston, 3; F. L. Dennis, 1; W. L. Dennis, 2; W. C. Colborn, 1; C. G. Husband, 1; D. A. Walker, 3; L. J. Swanson, 1; Nelson Currie, 1; Walter

Cudmore, 2; L. Haldenby, 1; Thos. Boyd, 1; H. C. Taylor, 1; E. T. Rawbone, 1; J. E. Bonar, 1; Henry Hamilton, 1; J. M. Heasman, 1; J. Richards, 1; H. C. Choquette, 3; G. C. Choquette, 2.

(b) R. Robertson, 1; Thos. Slykhuis, 1; R. R. Warner, 3; S. C. Cummins, 1; W. G. Cummins, 1; W. D. Warner, 4; Rene Istace, 4; Alex Shoemaker Jr., 2; E. Blaise, 6; Art Smyth, 1; Vic Dumonceaux, 1; Frank Wilton, 1; Thos. Wilton, 1; David Blackwood, 1; J. E. Cowan, 3; R. H. Smith, 2; Steve Varjassy, 1; Geo. Bergland, 2; M. Chorney, 1;

(c) N. C. McConnachie, 1; Donald Faulkner, 1; Spence Bros., 1; William Spence, 2; Ross Price, 2; Charles Olson, 3; K. Buehler, 3; Henry Shire, 1; Henry Cote, 1; Fred J. Boehmer, 3;

(d) E. B. Johnson, 18;

(e) John Colson, 1; A. Palendat, 2; Ken Cuddington, 2; Geo. Dodd, 2; R. B. Cairns, 1; Geo. Bergland, 3; F. Beauchesne, 1; A. Bourhis, 2; Albert Jensen, 4; John Cloarec, 1; Harvey Potter, 1; Harry Gunter, 3; Thomas Duke Jr., 1; A. J. Heal, 3; Louie Bergland, 1; E. Blaise, 1; C. Cumming, 1; S. Cumming, 2; Gladys Wees, 1; Roy L. Fisk, 1; Ervin Johnston, 1; James Johnston, 1; J. E. Cowan, 1;

(f) J. McMillan, 3; A. J. Moore, 1; Lloyd Hodgins, 1; D. Clark, 2; Alex Jacques, 1; B. Coffey, 2; J. A. Gibson, 1; F. Lamontagne, 1; Alex Gove, 1; R. J. Loiselle, 1; M. McLean, 1; Geo. McDougall, 2; Fred Flaman, 1; Norman Flynn, 1; T. Johnston, 1; N. R. McRae, 1; J. A. Towill, 1; J. W. Stutt, 1; T. Boyd, 13.

Mr. SPEAKER: Answered; the latter part of question 2 dropped.

ELDORADO MINING AND REFINING COMPANY

Mr. STEPHENSON:

1. Since the dominion government took over the Eldorado Mining and Refining Company at Port Hope, has there been any reorganization in the financial set-up of the company?

2. If so, has the new company issued any stock?

3. At what price was it issued and to whom?

4. Was any sold to the general public?

5. Will this company continue to produce uranium for atomic bombs?

6. Who is the manager of the Port Hope plant?

7. How many were employed at Eldorado plant in Port Hope during the months of September, November, December, 1944?

8. How many are now employed at this plant?

9. What is the intention of the government with regard to this plant?

Mr. HOWE:

1. Yes. By P.C. 535 of 27th January, 1944, all the issued shares of Eldorado Mining and Refining, Limited, were expropriated by the dominion government. By subsequent proceedings taken pursuant to this order in council, this company was converted into a corporation without share capital and the assets became subject to the direct control of the dominion government. By P.C. 8256 of the 27th October, 1944, authority was given for the incorporation of a new company to be known as Eldorado Mining and Refining (1944) Limited, and the transfer to it of all the assets of the old company in consideration of the issue of shares of the new company to the amount of the net value of these assets.

2. Yes.

3. The new company has been duly incorporated under The Companies Act 1934 and has authorized the issue to the Minister of Munitions and Supply in trust for the Dominion government of 40,000 of its no par value shares, including the directors' qualifying shares, in consideration of the net value of the assets of the old company.

4. No.

5. This is a matter of government policy.

6. A. H. Ross, effective December 1, 1945; formerly M. Pochon.

7. September, 1944 — 211
November, 1944 — 219
December, 1944 — 231

8. 155.

9. This is a matter of government policy.

WARTIME HOUSING—ALMAVILLE-EN-HAUT

Mr. HAMEL:

1. Have any houses been built at Almaville-en-haut, county of St. Maurice-Lafleche by wartime housing?

2. If so (a) what was the average cost per unit of such houses; (b) what is the monthly rent collected?

3. What are the names and addresses of persons collecting such rents and in charge of maintenance; when were they appointed; on whose recommendation and what salary is paid?

4. When will such houses be put up for sale; and by what method?

Mr. McILRAITH:

1. Yes, ten.

2. (a) $5,215.44; (b) $30.00.

3. Mr. E. H. Desmarais was part-time administrator at Cap de la Madeleine and when Almaville was built he assumed responsibility for that project, so no appointment was necessary. Appointed August 6th,

1942. Remuneration $154.12 per month for both Cap de la Madeleine and Almaville which includes the provision of office accommodation and stenographic service.

Henri Lapointe is employed as maintenance man at Both Cap de la Madeleine and Lac a La Tortue (Almaville). Appointed July 16, 1945 on recommendation of the administrator. Weekly salary $33.60 for both projects.

4. The present policy is to retain these houses in the low-rental field.

RECONSTRUCTION ADVISORY BOARDS

Mr. STEWART (Winnipeg North):

1. How many advisory boards for reconstruction have been set up across Canada?

2. Who are the representatives on each board?

3. How many on each board represent labour, and who are they?

4. Are any labour representatives affiliated with the Trades and Labour Congress or the Canadian Congress of Labour? If so, who are they?

5. To which unions do the labour representatives belong?

Mr. McILRAITH:

1. Twelve.

2. Reconstruction Labour Committee—J. W. Bruce, Labour Congress; P. Conroy, Canadian Congress of Labour; A. Charpentier, Canadian and Catholic Federation of Labour; A. T. Kelly, Railroad Transportation Brotherhood; H. Carl Goldenberg.

Regional Councils—

British Columbia—R. O. Campney, Dr. Norman D. McKenzie, Dr. Howard T. James, J. W. McCarter, Col. H. S. Tobin, Robert J. Filberg; Horace W. Mackey, Brotherhood of Locomotive Engineers.

Alberta—Marshall M. Porter, Harold Long, Mervyn A. Dutton, Paul Farnalls, E. T. Love, E. W. Brunsden, J. H. Sissons; Alfred Farmilo —Alberta Federation of Labour.

Saskatchewan—William Jeffrey, F. C. Cronkite, P. C. Colquhoun, W. C. Wood, Wm. Walker; A. Mayer, United Association of Journeymen, Plumbers and Steam Fitters; Aden Bowman, C. M. Willoughby.

Manitoba—W. H. Carter, H. B. Lyall, D. G. McKenzie, Percy Beachall, John Spalding, John Dryborough, J. L. McBridge, 1037 and 436 International Brotherhood of Electrical Workers; Neal Brown, G. F. Jonasson, C. C. Miller, R. A. Pyne.

Northern Ontario—John A. McPhail, E. A. Collins, Wm. Plaunt, Wm. A. Thompson, John McVey, John H. McDonald, E. C. Popham, R. E. Dye; Wm. Mahoney, C.I.O.; Leo H. Timmins, Lynn Hollingsworth, Geo. W. McLeod, D. A. Clark, John Kilpatrick, I. N. L. Hill.

[Mr. McIlraith.]

Industrial Ontario—Lt.-Col. W. E. Phillips, Allan E. Arscott, Senator G. Peter Campbell, G. A. Dobbie, Luther F. Winchell, Ray Lawson, Dr. Thomas H. Hogg, J. Y. Murdock, Gordon C. Leitch, J. C. McFarlane; John Buckley, Federation of Labour; W. C. Good, A. O. Thormahlen.

Quebec—Montreal Area—Wilfrid Gagnon, Hugh Crombie, Col. A. A. Munster, F. W. Collins, Hector Authier, C. N. Moisan, J. E. Gibault, John B. Challies, Henry C. Bois, J. Ernest Cadieux, G. A. Gagnon, John T. Thompson, United Steel Workers of America.

Quebec—Quebec Area—J. A. Towner, Hector Cimon, Major Herve Baribeau, Maurice Samson, Gerard Picard, Federation des Travailleurs Catholiques du Canada.

New Brunswick—N. A. Hesler, T. G. Heatherington, P. G. Carlin, Canadian Brotherhood of Railway Employees; Liguori Doucet, Industrial Pulp, Sulphate and Paper Mill Employees; Mrs. Muriel Ferguson, J. Hickman, R. G. Loughlin, A. D. Taylor, C. N. Wilson.

Nova Scotia—A. Murray MacKay, W. Victor Aylward, Elmer Bragg; D. W. Morrison, United Mine Workers; Norman T. Avard, G. D. McDougall, W. H. C. Schwartz, Allen Ferguson, John H. LeBlanc, C. J. Morrow, O. F. MacKenzie, Donald F. MacIsaac, W. S. Wilson.

Prince Edward Island—Peter G. Clark, Lucas R. Allen, J. W. Boulter, N. W. Lowther, C. P. McCarthy, J. A. MacDonald, Murdoch MacLeod, Edwin Reid, Austin A. Scales, John A. Webster; James J. Trainor, Federation of Agriculture.

3. Answered by No. 2.

4. Answered by No. 2.

5. Answered by No. 2.

SERVICE PERSONNEL—RAILWAY FARES

Mr. LENNARD:

1. Have any steps been taken to remove the reduced railway rate privileges now enjoyed by personnel of the armed services?

2. If so, upon what date will such change take place?

Mr. LAPOINTE: No notification of cancellation of railway privileges for service personnel has been received from any railway.

WARTIME HOUSING—PROVINCE OF QUEBEC

Mr. GAGNON:

1. How many houses have been built by Wartime Housing Limited (a) at Arvida; (b) at Chicoutimi, Chicoutimi county, province of Quebec?

2. What was the total cost of each of such houses?

Mr. McILRAITH:

1. (a) 500. (b) 100.

2. (a) 150 Type H 1 and H 2 at $2,917.38 each; 350 Type H 11 and H 12 at $3,591.02 each. (b) 30 Type H 1 and H 2 at $3,350.23 each; 70 Type H 11 and H 12 at $4,070.02 each.

Note: The cost of each house includes sewer, water lines and all charges.

WARTIME HOUSING—ARVIDA AND CHICOUTIMI, QUE.

Mr. GAGNON:

1. Has Wartime Housing Limited moved houses that were built by said organization: (a) at Arvida, Quebec; (b) Chicoutimi, Quebec; to other places in the province of Quebec, or elsewhere?

2. If so, what was the cost of (a) demolition; (b) removal; (c) rebuilding?

Mr. McILRAITH:

1. (a) Yes. Sixty houses were moved to Chalk River and 49 houses were moved to Montreal. (b) None.

2. Costs of demolition, removal and rebuilding have not yet been determined.

FIBRES, TEXTILES AND TEXTILE PRODUCTS—EXPORTS

Mr. CASE:

What was the export value of fibres, textiles and textile products for the fiscal years ending March 31, 1941, 1942, 1943, 1944 and 1945?

Mr. MacKINNON: Canadian export values of fibres, textiles and textile products during the calendar years 1941 to 1944, and period January 1 to October 31, 1945.

*Calendar year	1941	$30,819,633
	1942	28,931,925
	1943	30,620,390
	1944	59,742,201
Jan. 1 to Oct. 31,	1945.	49,027,341

*Statistical records are on a calendar year basis.

IRON AND IRON PRODUCTS

Mr. CASE:

1. What is the amount of iron and its products imported into Canada during the fiscal year ending March, 1945, and how does this compare with the amount imported in each of the fiscal years ending March 31, 1941, 1942, 1943 and 1944?

2. What is the value of the import of these products into Canada for each of the fiscal years ending March, 1941, 1942, 1943, 1944 and 1945?

Mr. MacKINNON:

1. Unit of quantity not recorded on some items of this group.

2. Canadian imports of iron and its products entered for consumption during the calendar years 1941 to 1944 and period January 1 to October 31, 1945:

*Calendar year	1941	$431,622,365
	1942	377,765,477
	1943	420,190,144
	1944	428,360,899
Jan. 1 to Oct. 31,	1945..	328,605,327

*Statistical records are on a calendar year basis.

Mr. FERGUSON:

What amount of iron and its products was exported from Canada during each of the fiscal years ending March 31, 1945, 1944, 1943, 1942 and 1941 and what was the value of this export for each of these years respectively?

Mr. MacKINNON:

Canadian export values of iron and products during the calendar years 1941 to 1944, and period January 1 to October 31, 1945:

*Calendar year	1941	$239,900,848
	1942	467,121,439
	1943	716,644,883
	1944	772,935,430
Jan. 1 to Oct. 31,	1945...	520,568,907

*Unit of quantity not recorded on some items of this group.

**Statistical records are on a calendar year basis.

AGRICULTURAL AND VEGETABLE PRODUCTS

Mr. BRADSHAW:

1. What is the value of imports of agricultural and vegetable products into Canada for the fiscal years ending March 31, 1941, 1942, 1943, 1944 and 1945?

2. How do these amounts compare with the value of agricultural and vegetable products exported from Canada during this period?

Mr. MacKINNON:

1. Canadian import values of agricultural and vegetable products during the calendar years 1941 to 1944, and period January 1 to October 31, 1945:

*Calendar year	1941	$171,835,408
	1942	147,739,504
	1943	176,446,946
	1944	212,654,961
Jan. 1 to Oct. 31,	1945.	190,363,323

2. Canadian export values of agricultural and vegetable products during the calendar years 1941 to 1945, and period January 1 to October 31, 1945:

*Calendar year	1941	$285,708,739
	1942	257,778,304
	1943	483,756,894
	1944	741,265,315
Jan. 1 to Oct. 31,	1945...	649,539,252

*Statistical records are on a calendar year basis.

ANIMALS AND ANIMAL PRODUCTS

Mr. TUSTIN:

With the exception of chemicals and fibres what is the value of imports of animals and animal products into Canada for the fiscal years ending March 31, 1941, 1942, 1943, 1944 and 1945?

Mr. MacKINNON: Canadian import values of animals and animal products during the calendar years 1941 to 1944, and period January 1 to October 31, 1945:

*Calendar year	1941	$34,845,584
	1942	34,931,002
	1943	36,476,082
	1944	36,378,816
Jan. 1 to Oct. 31,	1945	35,315,717

*Statistical records are on a calendar year basis.

Mr. BRADSHAW:

What is the value of animals and animal products exclusive of chemicals and fibres, exported from Canada in each of the fiscal years ending March 31, 1941, 1942, 1943, 1944 and 1945?

Mr. MacKINNON: Canadian export values of animals and products during the calendar years 1941 to 1944, and period January 1 to October 31, 1945:

*Calendar year	1941	$201,730,555
	1942	256,725,462
	1943	289,566,022
	1944	372,925,562
Jan. 1 to Oct. 31,	1945	317,772,760

*Statistical records are on a calendar year basis.

IMPORTS OF WOOD, WOOD PRODUCTS AND PAPER

Mr. HODGSON:

1. What is the value of wood, wood products and paper imported into Canada during the fiscal year ending March 31, 1945?

2. How does this amount compare with the value of imports of wood, wood products and paper in the years 1941, 1942, 1943 and 1944?

Mr. MacKINNON: Canadian import values of wood, wood products and paper during the calendar years 1941 to 1944, and period January 1 to October 31, 1945:

*Calendar year	1941	$36,739,071
	1942	38,176,983
	1943	40,284,489
	1944	43,635,511
January 1 to October 31,	1945	40,605,083

*Statistical records are on a calendar year basis.

FURNITURE AND ELECTRICAL APPLIANCES

Mr. McKAY:

1. What was the value of (a) furniture; (b) electrical appliances produced in Canada during the years 1943, 1944, 1945, as far as records show?

2. What was the value of furniture and electrical appliances exported from Canada to (a) the United Kingdom; (b) other countries during each of the above-mentioned years?

Mr. MacKINNON:

1. (a) Value of principal items of furniture made in the manufacturing industries of Canada: 1943, $44,257,348; 1944, and 1945 not yet available. (b) Value of principal items of electrical appliances made in the manufacturing industries of Canada: 1943, $245,770,859; 1944 and 1945 not yet available.

2. (a) and (b):

Item	Country	1943	1944	Jan. 1 to Oct. 31, 1945
Furniture, wood	United Kingdom	.....	$ 50,400	$ 142
	Other countries	$ 286,465	355,167	372,926
Furniture, iron	United Kingdom	.....	276,953	.....
	Other countries	56,556	182,248	197,283
Electrical apparatus	United Kingdom	6,471,832	31,344,012	34,567,047
	Other countries	34,628,620	40,356,482	22,340,349

IMPORTS OF NON-FERROUS METALS AND THEIR PRODUCTS

Mr. JACKMAN:

What is the value of non-ferrous metals and their products imported into Canada for the fiscal years ending March 31, 1941, 1942, 1943, 1944 and 1945?

Mr. MacKINNON: Canadian import values of non-ferrous metals and their products during the calendar years 1941 to 1944 and period January 1 to October 31, 1945:

*Calendar year	1941	$ 94,758,269
	1942	82,415,670
	1943	115,566,684
	1944	106,650,546
Jan. 1 to Oct. 31,	1945	86,175,073

*Statistical records are on a calendar year basis.

TRIALS OF WAR CRIMINALS AT NUREMBERG

Mr. HANSELL:

1. Is the government of Canada represented at the trials of war criminals now taking place at Nuremberg? If so, in what way and who is the representatitve?

2. Is the government provided with detailed transcripts of the proceedings of these trials?

3. Are electrical transcriptions being made of these trials? If so, are they available to the Canadian government?

Mr. ST. LAURENT:

1. (a) No. (b) Answered by (a).

2. No.

3. (a) No information. (b) Answered by (a).

PRISONERS OF WAR AND INTERNEES—PORT ARTHUR DISTRICT

Mr. ROSE:

1. How many German prisoners of war and Japanese internees are employed in lumber camps in the Port Arthur district?

2. What rate of wages is paid to these prisoners of war and internees for work in lumber camps?

3. What is the number of registered unemployed in the Port Arthur district?

Mr. MITCHELL:

1. There are 2,572 German prisoners of war employed in lumber camps in the Port Arthur district, and no Japanese internees.

2. The employer pays to the crown $2.50 per working day for the services of each prisoner of war, from which an amount of 50c per working day is credited to the account of the prisoner of war.

3. As of November 30, 1945, there were 727 males registered for employment. Of these 269 have been referred to jobs but the results are not yet known. There were additionally 283 women registered for employment, of whom 6 have been referred to jobs but results are not yet known. It should be mentioned that these people are not necessarily unemployed. They may be changing from one job to another.

All of the males who have registered for employment in Port Arthur and Fort William have been given an opportunity to take a job in lumber camps and those that have accepted the offer have been sent to the camps.

CALGARY ROLLING MILLS—EMPLOYMENT

Mr. JOHNSTON:

Is the government taking any action to insure the employment of the workmen employed at the Calgary Rolling Mills in view of the announced closing of this company's operation on January 15, 1945?

Mr. MITCHELL: If the employees of the Calgary Rolling Mills are laid off, the national employment service will do everything possible to place these men in suitable employment.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MULGRAVE-TRURO AND TRURO-OXFORD JUNCTION (C.N.) RAILWAY LINE

Mr. McCULLOCH (Pictou):

1. What was the average tonnage per year transported over the Canadian National Railway lines between (a) Mulgrave and Truro, Nova Scotia; (b) Truro and Oxford Junction, Nova Scotia, prior to the outbreak of war in 1939?

2. What was the average tonnage per year transported over the Canadian National Railway lines between (a) Mulgrave and Truro, Nova Scotia; (b) Truro and Oxford Junction, Nova Scotia, during the period 1939 to 1944?

3. What estimated post-war expenditure will be made by the Canadian National Railways in reconstructing the line between Mulgrave and Truro, Nova Scotia?

FAMILY ALLOWANCES

Mr. McMASTER:

1. Have payments under the Family Allowance Act been made to any child-caring agencies; children's aid societies; public or voluntary welfare agencies; on behalf of any children under their supervision?

2. If so—to (a) what agencies in each province; (b) what number of children in each province; (c) what aggregate of payments to each agency in each province up to October 31, 1945?

3. Have any conditions been attached to such payments? If so, what are they, and who is administering and requiring observance of such conditions?

EDIBLE REFUSE FROM MILITARY CAMPS

Mr. KNIGHT:

1. What is the general method of disposing of edible refuse from military camps?

2. What is done with such garbage at the camp at Dundurn, Saskatchewan?

3. Did the military authorities at this camp have a contract with one, Andrew Russell, for the disposal of garbage? If so, is it still in force?

4. Has such contract been terminated? If so, for what reason?

EASTEND, SASK., IRRIGATION PROJECT

Mr. McCUAIG:

1. What was the cost of constructing the Eastend irrigation project at Eastend, Saskatchewan?

2. What amount of land was bought in connection with this project?

3. What price was paid per acre?

4. What has been the administration cost to date of this project?

MAPLE CREEK, SASK., MILITARY CAMP

Mr. McCUAIG:

1. What was the total construction cost of the military camp at Maple Creek Saskatchewan?
2. How many men were stationed there in each of the years, 1941 to 1945?
3. What was the total maintenance and administration cost in each of the above years?

MOTIONS FOR PAPERS

CHANCE BROTHERS AND RESEARCH ENTERPRISES LIMITED

Mr. BRUCE:

For a copy of the agreement made between Chance Brothers and Research Enterprises Limited, on June 1, 1941, and a copy of any subsequent agreements made between these parties.

EXPLOSION AT BEDFORD BASIN NAVAL MAGAZINE

Mr. BLACK (Cumberland):

For a copy of all orders in council, legal opinions, correspondence and other documents in the possession of the departments of National Defence for Naval Service, Justice and Solicitor General, in connection with the inquiry into claims for damages resulting from the explosion at the naval magazine at Bedford Basin, Nova Scotia, in July, 1945. Also a statement showing, all claims submitted; payments recommended; claims rejected, and total expenses of the inquiry.

Mr. MAYHEW: Negotiations are still going on in connection with the settlement of claims at Halifax. It would be impossible to give the hon. member a complete answer at the present time. If there is any specific matter upon which he would like information, we will try to get it, but it would take some months to give the complete information, even after all claims had been settled. I would ask that this motion be dropped and rewarded.

Mr. BLACK (Cumberland): I will accept the offer of the parliamentary assistant, provided that I get a statement of the total claims for compensation and of those which have been settled already. I am anxious to get the instructions that were forwarded to the board of inquiry by the solicitor general's department. I am particularly interested in a claim for 129 pounds of broilers. This shipment was delayed and the chickens were completely spoiled. This was a loss just as definite as if you had put your hands—

Some hon. MEMBERS: Order.

Mr. BLACK (Cumberland): —into the farmer's pocket and took out the money.

Mr. SPEAKER: Dropped.

[Mr. McCuaig.]

Mr. MAYHEW: What the hon. member has proposed will be taken into consideration and if it is possible to give the information, it will be done. The motion should be dropped.

Mr. FRASER: Carried with amendment.

Mr. BLACK (Cumberland): I would ask for the partial return, but I do want a copy of the instructions from the solicitor general's department to the board of inquiry or whatever it is styled.

Mr. ST. LAURENT: There is no solicitor general's department; there is a Department of Justice in which there is a Minister of Justice and a Solicitor General. The Department of Justice could not and would not be disposed to table copies of any opinions delivered to another department. That would be quite contrary to the principle of professional secrecy between a client and his solicitor. If there is an opinion which it is sought to have tabled by the client who received the opinion, that might be another matter, but I would not like the impression to get about that the Department of Justice, upon being consulted by other departments of government, does not with respect to opinions it gives observe the rule of professional secrecy that prevails in all domains everywhere with respect to relations between a client and his solicitor.

Mr. BLACK (Cumberland): I do not think the explanation given by the Minister of Justice covers this case. I have here the original letter from H. G. Cochrane, the administrator of the Halifax explosion claims. I should like to quote one short paragraph, as follows:

We have a number of cases similar to the one mentioned in your letter—

That is the case of Joseph Waurock of Oxford.

—involving loss on shipments of perishable goods—

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman. I have allowed a certain latitude in the debate, but it is against the rules, because a motion for the production of papers is not debatable.

Mr. BLACK (Cumberland): I am not attempting to debate it. If you will allow me to read this other sentence—

Some hon. MEMBERS: Order.

Mr. MAYHEW: So far as the order in council goes, the information will be given to the hon. gentleman.

Mr. BLACK (Cumberland): I should like the permission of the house to read part of this sentence. It reads :

—which we have referred to the Solicitor General at Ottawa—

Some hon. MEMBERS: Order.

Mr. BLACK (Cumberland):

—and have received his opinion that the order in council did not permit payment of claims in such cases.

Mr. SPEAKER: Order. If it is the wish of the house that the motion be carried subject to the remarks made by the parliamentary assistant, I would note the motion as being carried subject to the remarks that have been made.

Mr. BLACK (Cumberland): That is satisfactory.

Mr. SPEAKER: Carried.

Mr. ILSLEY: I do not know how a motion can be carried with qualifications which contradict the motion. There is no legal opinion from the Department of Justice of which I have any knowledge whatever. I am willing to discuss it with—

Some hon. MEMBERS: Order.

Mr. ILSLEY: I think the motion should be dropped and reframed.

Mr. FRASER: Carried as amended.

Mr. SPEAKER: I did not hear what the minister said.

Mr. ILSLEY: I think this motion should be dropped and reframed because the qualifications are so contradictory to the motion that it leaves a result that does not mean anything. To begin with, there are no legal opinions from the Department of Justice. The motion calls for the production of a statement showing all claims submitted, and the hon. gentleman does not propose to press this so long as he gets the totals. Surely the way to do this is to drop the motion and then reframe a motion with which we can comply.

Mr. SPEAKER: Dropped.

Mr. BLACK (Cumberland): Mr. Speaker—

Some hon. MEMBERS: Order.

Mr. BLACK (Cumberland): On a point of order, sir, you gave a ruling that this was carried subject to amendment, and I want the house to acept your ruling. It was satisfactory to me, and it was satisfactory to the parliamentary assistant who has the matter in hand. I think that your decision should prevail.

Mr. SPEAKER: A motion for the production of papers not being debatable, no point of order can be raised in connection therewith. If the motion is opposed, I must put the question.

Mr. FRASER: It is carried already.

Some hon. MEMBERS: Dropped.

Some hon. MEMBERS: Carried.

Mr. FRASER: Carried with amendment.

Mr. SPEAKER: Is it the pleasure of the house that the motion should carry?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: Dropped.

The house divided on the motion (Mr. Black, Cumberland) which was negatived on the following division:

YEAS

Messrs:

Adamson
Archibald
Barrett
Bentley
Black (Cumberland)
Black (Yukon)
Blair
Boucher
Bracken
Bradshaw
Brooks
Bruce
Burton
Castleden
Coyle
Desmond
Ferguson
Fleming
Fraser
Fulton
Gillis
Harkness
Hatfield
Hazen
Hodgson
Homuth
Jackman
Lennard
Lockhart
McCuaig
McLure
MacNicol
Manross
Menary
Merritt
Robinson (Bruce)
Ross (St. Paul's)
Senn
Stephenson
Stirling
Townley-Smith
Webb
White (Middlesex East)
Wright
Zaplitny—45.

NAYS

Messrs:

Argue
Baker
Belzile
Bertrand (Laurier)
Blackmore
Blanchette
Bradette
Bridges
Brown
Campbell
Clark
Cleaver
Cloutier
Coldwell
Coté (Matapedia-Matane)
Croll
Dechene
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Douglas
Emmerson
Fair
Farquhar
Fournier (Hull)
Gagnon
Gardiner
Gariépy
Gauthier (Nipissing)
Gibson (Comox-Alberni)
Gladstone
Glen
Golding
Grant
Hansell
Harris (Grey-Bruce)
Herridge
Hlynka
Howe
Ilsley

Irvine	Maybank
Jaenicke	Michaud
Johnston	Mitchell
Jutras	Moore
Kirk	Mutch
Knight	Nicholson
Kuhl	Probe
LaCroix	Quelch
Lafontaine	Raymond (Wright)
Langlois	Reid
Lapointe	Richard (Gloucester)
Leger	Richard (Ottawa East)
Little	Rinfret
Low	Robinson (Simcoe East)
McCann	St. Laurent
McCubbin	Shaw
McCulloch (Pictou)	Sinclair (Ontario)
Macdonald (Brantford City)	Sinclair (Vancouver North)
Macdonald (Halifax)	Sinnott
McDonald (Pontiac)	Smith (York North)
McGarry	Stewart (Winnipeg North)
McIlraith	Stuart (Charlotte)
MacInnis	Strum, Mrs.
McIvor	Thatcher
McKay	Tremblay
Mackenzie	Tucker
MacKinnon	Viau
MacLean	Warren
MacNaught	Weir
Maloney	Winters
Marquis	Wylie—104.
Martin	
Matthews (Brandon)	
Matthews (Kootenay East)	

Mr. GIBSON (Hamilton West): I was paired with the hon. member for Trinity (Mr. Skey). Had I voted I would have voted against the motion.

Mr. ABBOTT: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted against the motion.

Mr. CHEVRIER: I was paired with the hon. member for Grenville-Dundas (Mr. Casselman). Had I voted I would have voted against the motion.

Mr. GREEN: I was paired with the hon. member for Fraser Valley (Mr. Cruickshank). Had I voted I would have voted for the motion.

Mr. BRACKEN: I regret, Mr. Speaker, that through an oversight I recorded my vote. I should not have done so, as I was paired with the Prime Minister (Mr. Mackenzie King).

Mr. MACDONNELL (Muskoka-Ontario): I was paired with the hon. member for Labelle (Mr. Lalonde). Had I voted I would have voted for the motion.

Mr. McCULLOCH (Pictou): Mr. Speaker, I regret that through an error I voted. I was paired with the hon. member for Lake Centre (Mr. Diefenbaker).

[Mr. Speaker.]

Mr. CARDIFF: I was paired with the hon. member for Chateauguay-Huntingdon (Mr. Black). Had I voted I would have voted for the motion.

Mr. STOKES: I was paired with the hon. member for Chambly-Rouville (Mr. Pinard). Had I voted I would have voted for the motion.

Mr. DANIEL: I was paired with the hon. member for Parry Sound (Mr. McDonald). Had I voted I would have voted for the motion.

Mr. McCULLOUGH (Assiniboia): Mr. Speaker, my vote was recorded by mistake in the name of Mr. Archibald.

Mr. COTE (St. Johns-Iberville-Napierville): I was paired with the hon. member for Lambton-Kent (Mr. Henderson). Had I voted I would have voted against the motion.

Mr. CHARLTON: I was paired with the hon. member for St. Ann (Mr. Healy). Had I voted I would have voted for the motion.

CONSCIENTIOUS OBJECTORS

DETENTION IN CAMPS—RATE OF PAY

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): I wish to direct a question to the Minister of Labour. Is it still the policy of his department to order conscientious objectors back to the camps and pay them fifty cents a day?

Hon. HUMPHREY MITCHELL (Minister of Labour): The answer is yes.

PRIVILEGE—MR. McIVOR

REFERENCE TO STATEMENT IN TORONTO "GLOBE AND MAIL"

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I rise to a question of privilege. I am reported in the *Globe and Mail* as having played "The Protestant Boys" on the fife. That is incorrect. I played "The Girl I Left Behind Me" on a toy whistle. I am sorry the *Globe and Mail* has not a better understanding of good music on a toy whistle.

HOLIDAY TRAVEL

INQUIRY AS TO REDUCED FARES FOR STUDENTS

On the orders of the day:

Hon. LIONEL CHEVRIER (Minister of Transport): On Saturday of last week the hon. member for Vancouver East asked if I had received representations from certain student bodies, graduates of universities, col-

leges and the like, in favour of a reduction of fares on railways during the holiday season. I have personally received no such representations other than those from my hon. friend and from the hon. member for Vancouver South, and a resolution which the hon. member for Vancouver East sent me this morning.

I have canvassed the situation carefully, and I find that conditions with reference to the railways are such that it would be impossible to grant the request. In fact, the equipment, services and man-power of the railways to-day are taxed to such a capacity that it would, I think, at this season be a mistake to consent to the request. I am this day making a press release on the whole situation and I would like to call the attention of the house to one or two features of it. It points to the fact that the *Queen Elizabeth* is arriving at New York on December 27, having on board some 13,000 troops, and that will require movement from the port of New York to various parts of Canada of about twenty-five full trains, including sleeping cars, diners, baggage cars and day coaches. Arrivals at Halifax include the *Puncher* on December 21, with 800 service men; the *Lady Rodney* on December 25, with 500; the *Duchess of Bedford* on December 29, with 3,000, and the *Mauritania* on January 3, with 6,000. It will take, to transport these troops from Halifax to various parts of Canada, every bit of available equipment. The army, air force and navy authorities are granting five days' leave at Christmas and New Years to fifty per cent of the armed forces, and that, together with the very heavy volume of freight traffic then moving in all directions and to the seaports particularly, makes the position a very serious one.

While I sympathize keenly with those who have made this request, the university and college students, I am sure that hon. members and the house will agree that under the circumstances priority must of necessity be given the armed forces.

CHARLOTTETOWN HARBOUR

REPRESENTATIONS WITH RESPECT TO NEED OF IMPROVEMENTS

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I wish to direct a question to the Minister of Public Works. What action has the minister taken with reference to the resolutions from the Charlottetown city council and the Charlottetown board of trade urgently requesting that the necessary money for harbour improvements at Charlottetown be brought down in the supplementary estimates?

Hon. ALPHONSE FOURNIER (Minister of Public Works): This question was discussed on my estimates, and if I remember rightly I said that we had noted an amount for the ordinary estimates of 1946-47. Since that time I have asked my officials to prepare supplementary estimates to call for tenders a little sooner.

Mr. McLURE: Thank you.

POTATOES

QUESTION AS TO SHORTAGES AND AVAILABLE SUPPLY

On the orders of the day:

Mr. SOLON E. LOW (Peace River): I wish to direct a question to the Minister of Agriculture. This morning I received a notice of a serious shortage of potatoes in the north country, particularly in the Peace River area. Will the minister let the house know what the situation is with regard to the potato supply in Canada.

Hon. J. G. GARDINER (Minister of Agriculture): The potato supply is short, but I will get information with regard to the northern part of Alberta.

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The house resumed from Saturday, December 8, consideration in committee of the following resolution—Mr. Ilsley—Mr. Macdonald (Brantford City) in the chair.

That it is expedient to present a measure to grant authority to accept on behalf of Canada and to carry out the obligations of Canada under the articles of agreement for an international monetary fund and an international bank for reconstruction and development prepared by the united nations monetary and financial conference held at Bretton Woods in July, 1944; to authorize the payment of the subscriptions required from Canada out of unappropriated moneys in the consolidated revenue fund to an amount not exceeding seven hundred million dollars; and to authorize the borrowing under the provisions of the Consolidated Revenue and Audit Act, 1931, of sums not exceeding seven hundred million dollars.

Mr. BLACKMORE: The stand which our group is taking is based in part on the assumption that there is no real reason for rushing this measure through. There is no real reason for using any kind of high pressure methods in order to secure the passing of the Bretton Woods agreement. I am not implying that this has been done, but we do not

think that there is any urgency about the matter. In fact, we are inclined to believe that a royal commission should be appointed to consider the whole question of the Bretton Woods agreement. We have just had sitting in Canada a royal commission studying the question of the taxing of cooperatives. That commission has been at work for months. It has had the power to call witnesses and examine them. The taxation of cooperatives is so insignificant, in contrast with the question of the Bretton Woods agreement, as to be almost contemptible comparatively. Yet we are supposed to be crowding this thing through. We have had royal commissions on various topics and they have sat for many months, though they have not been nearly as important as the question we are considering, nor has the truth been so difficult to arrive at. We believe that we are working in the best interests of the government in this matter.

In days to come this country, if it rushes precipitately into the acceptance of the Bretton Woods proposals, could be accused of helping to bring pressure to bear upon Britain in making her decision on the agreement. I do not wish to emphasize too strongly what I am about to say, but I am almost afraid that lurking in the minds of hon. members is the belief that for some reason or other Canada is bound to go through with this undertaking, that something terrible will happen if she does not accept the Bretton Woods proposals, that there is perhaps a threat of some kind on the part of some person or persons. I do not know. If the government is behaving as it is behaving because of external pressure brought to bear either by nations outside or by people within those nations it is an exceedingly serious matter, and all I can say is that Canada ought to know. If we are to be hanged by someone, we ought to know who that someone is and why he intends to hang us, and we certainly should not be expected to go up docilely and put the noose round our own necks and draw it tight.

Canada is in the best possible position to oppose Bretton Woods. Except for the United States, of all nations that are being, I am afraid, high-pressured into the acceptance of the proposals Canada is the most nearly self-sufficient. Canada is therefore more able to offer successful resistance to any sort of attack, or any attempt to force her, than any other country. She is in an immeasurably better position than Britain, and consequently we should have courage enough to take a stand. Furthermore, she is the eldest of the sisters in the commonwealth. What she does will have a special significance all over the world and particularly in Britain.

I suggest therefore that the government should act with the greatest discretion and moderation in considering this measure. I would even suggest that it would be well advised even now to withdraw the Bretton Woods agreement and give the house time enough to study the whole matter, at any rate until the next session. But if the government has made up its mind that it does not intend to withdraw this resolution we must go on with the problem before us. I want it clearly understood that this group is not necessarily putting up any fight against Bretton Woods. That is not the object of our action at all. The impression is being created in the country that the Social Credit group in the House of Commons is engaging in a filibuster, but that simply is not true.

An hon. MEMBER: Tut, tut.

Mr. BLACKMORE: We can back up that statement, and if the hon. gentleman has any objection let him raise a question and not smack his lips. We can say that every speech delivered the other afternoon by this group contributed definitely to the matter under discussion. There were not very many of those speeches, only about five or six. Considering the silence of this group while the Progressive Conservatives were simply rampaging about the war expenditures measure, which they could not do a thing about except play politics; considering the way they carried on and the hours and days they took up while this group remained silent; considering that I think anyone with a sense of justice will grant that this group is fully justified in spending time on the important measure before us without being accused of carrying on a filibuster or of having any other ulterior or objectionable motive.

The Social Credit group merely desires to make certain that Canada reads the mortgage contract before she signs on the dotted line. It would be a most interesting question, Mr. Chairman, if it could be asked and honestly answered, exactly how many of the members of this house have read through the Bretton Woods Final Act. It would be an exceedingly revealing question and exceedingly revealing set of answers. If hon. members have never read the act through, or have read it through only once, it would be an exceedingly interesting and thought-provoking question to ask how in the world they can possibly understand this act and all its implications,

when Paul Einzig, a recognized international authority, has declared that the expert, with years of experience behind him, must read through the act many times before he understands what it means. Yet an appalling number of hon. members of this house are prepared to vote recklessly on this measure without giving attention to the final results of their actions—

An hon. MEMBER: Speak for yourself.

Mr. BLACKMORE: Well, I should say the number of hon. members who are in this house at the present time is the best possible answer to the hon. member. They are not familiar with it; they do not want to be familiar with it; they do not care a bit about this thing. That is an appalling thing. A photograph of this chamber at the present time, showing the number of members in their places when this all-important measure is under discussion, would make mighty interesting reading about twenty years from now.

Mr. COLDWELL: Some of us are hoping to discuss the matter before the banking and commerce committee, it must be remembered.

Mr. BLACKMORE: That is so, and I recognize the hon. gentleman's very sincere interest. However, I want to make clear the position of the Social Crediters.

Public servants can be guilty of culpable ignorance, culpable negligence and culpable cowardice. In regard to the Bretton Woods agreement it is dangerously easy to be all three. At the present time as far as members of parliament are concerned it is dangerously difficult not to be culpably ignorant, culpably negligent and culpably cowardly in respect to the Bretton Woods agreement. I have read through the Final Act a dozen times at least. It is long; it is dry; it is technical and abstruse. It deals with matters unfamiliar to all but those with the most highly specialized knowledge and training. It bears evidence of having been drafted by a past master of the art of tricky phrasing to confuse the mind, becloud the real issues and conceal the real purport behind the document. Paul Einzig points this out very definitely in a statement which I think we have put on record already and to which hon. members can refer. He says the return to gold has been covered up in this document, and goes on to talk about the almost incomprehensible jargon that is used.

Continuing to deal with the diffculties an hon. member faces in regard to this matter; the resolution was introduced on December 6, only nine days before the date agreed upon for the closing of parliament and only fifteen sitting days before Christmas. Let us just recall the number of days an ordinary royal commission spends considering the taxation of cooperatives, for example, and contrast that with the position of this house or the position of the banking and commerce committee, if the resolution gets to it. The resolution was introduced in the closing weeks of a three months' session of a new parliament, including a very large percentage of new men attending their first session of parliament and consequently naturally unable to catch very much of an impression as to what it is all about, if they are anything like I was when I first came here. The Bretton Woods matter appears on a crowded and heavy agenda on which were such weighty matters as the Aeronautics Act; the housing and central mortgage act; the citizenship measure; the flag resolution; bill 15; the war appropriation bill and the united nations charter, a matter which alone should have occupied the house steadily for at least one month. I have not previously expressed my definite opinon with regard to the united nations charter and the way this house dealt with it, but I am going to say now that the way we dealt with the united nations charter was a positive reflection on this house and on parliamentary government the whole world over. Each of these considerations was a difficult matter, involving fundamental issues and unpredictable implications. Most of them required intensive reading and rigid concentration. And while the house was grinding its way through this repelling programme each member was literally beset with letters raising various problems requiring most careful attention and effort. How could the average member find enough energy and the opportunity to sufficiently study the problem of Bretton Woods?

Then we come to the next aspect of it. It is unpopular to oppose Bretton Woods. Every hon. member who has been in this house for any length of time knows how difficult it is to keep one's foot on the ground and maintain a cool head when he begins to get letters, begins to read editorials, begins to read attacks reflecting upon his stand in the house and telling him what he should do. I repeat, it is unpopular to oppose Bretton Woods. Propaganda agencies have laboured assiduously for five years conditioning public opinion. The hon. member for Peace River referred to this in his speech the other day. Starting with "union now" and "federal union" and a whole library of books and periodicals they began to build up public opinion for this very measure. People have been lashed into almost a frenzy

about war and peace; they have been stampeded into the obsession that only the surrender of sovereignty would guarantee peace. The hon. member for Wetaskiwin pointed out the other night a number of cases in which obviously an attempt was being made to stampede public opinion. The people have been thrown into such a state of panic over their disease that they were prepared to swallow any suggested medicine without even examining the label or the directions on the outside of the bottle. In this day of free debate, this day of the radio and large scale methods of conveying information, this is astonishing; it is amazing that a people could be so much affected. But there it is. Anyone who calls for even a sense of caution is likely to be accused of committing some sort of sacrilege. This was quite obvious in the united nations discussions. One was not supposed even to talk about it. One mentioned it with bated breath, as he would the name of the divinity.

That sort of thing is not conducive to sane, reasoned behaviour. We find it in this instance. Members of parliament are faced with every temptation to neglect their duty in respect of Bretton Woods. Naturally they desire to get through and to go home. I want to get through and to go home too. I have just as lovely and pleasant a fireside to go back to as has any other hon. member. I want to be there. But I can remember when my boys were in the army—as one of them still is. They could not go home when duty called. And I might say, incidentally, that my boy who died did not do it for such a base betrayal as Bretton Woods. My boy died for the British empire, that it might be great and free. And this wretched Bretton Woods thing has been foisted upon us—almost before he was buried.

These are matters of serious import. The government's whole attitude, as we gather from the minister's excellent speech, is based upon a fallacy. This may come as a shock to some people, but it is one of the best evidences that this house should proceed with the greatest possible caution.

May I refer to a passage in the minister's speech—and I am sure he will follow me, and will correct me if I draw any false conclusions. I ask hon. members to tell me if I draw any false conclusions. At page 3089 of *Hansard* we find this:

> When the great depression struck, each country had to cope as best it could with the situation. For all, the prime consideration was to deal with unemployment, and the means of domestic recovery which appeared most practicable consisted of measures whose effect was to thrust the burden of the depression abroad.

[Mr. Blackmore.]

With that there can be no fault. It is correct. The question which naturally we would raise is: What would they have done if Bretton Woods had been in? I appreciate what the minister has remarked about that. The result of what?—the depression? That is not made clear.

Mr. ILSLEY: The measures.

Mr. BLACKMORE: The question is: What should have been done about the depression? The depression had not been cured, it was still in effect in 1939, when we went to war. The depression was upon us in its intensity when this Liberal government took office in 1935. What should the people have been doing? What were the measures which should have been adopted to meet the depression? What, but tariffs, quotas, restrictions? Here is where the fallacy in reasoning begins. Something is assumed for which there is no justification.

I read on:

> The result was the strangulation of world trade, and the mutual impoverishment of all countries.

The "strangulation of world trade", was that the result of protective measures, or was it the result of the depression? Well, I say a careful examination of the facts will convince anyone that the strangulation of world trade was the result of the depression, primarily not of protective devices. When prices fell in the United States, so she could no longer buy goods she produced, or goods she imported, that was the beginning of the strangulation of trade. You see the fallacious reasoning there, all the way through.

I shall read again, so that the minister's words may be exactly quoted:

> The result was strangulation of world trade, and the mutual impoverishment of all countries. The characteristic features of world economic relationships before the war were high and discriminatory tariffs, import quotas, export subsidies, depreciated currencies of uncertain value, discriminatory clearing agreements, multiple currency practices.

With that we can all agree. The important questions for us as responsible members of the house to ask ourselves is this: Were those practices the cause or the result? They were the result of the depression, and so long as the depression continued something had to be done, something like such measures had to be employed.

The question is raised: If Bretton Woods had been in operation throughout the world at that time, would Bretton Woods have stopped all that? This is an important question. And until it is completely cleared up, this house had better proceed with the utmost caution.

Mr. ILSLEY: The answer would be: not of itself, but it would have helped.

Mr. BLACKMORE: I think it is doubtful whether it would have helped. However, I accept the minister's statement. I doubt whether it would have helped, for reasons which I shall indicate.

Let us deal with the causes of that depression. The minister will tell me whether I am correct. I think I have covered this matter with considerable care, and I have obtained my information from a number of sources which I believe to be accurate. The minister is a most honest man, and I know he wants to have everything exactly straight. So am I an honest man—at least I like to think I am. I can learn from the minister, and perhaps between us we can improve our standards of understanding.

What was the cause of the depression? Well, the first important cause was the cessation of United States foreign lending. At the moment that the foreign lending, which during the roaring twenties had been so extensive, began to diminish, and the foreign lenders began to worry about their lending, they began to withdraw. Immediately many of the great business concerns in the United States which had been assured of markets abroad now saw where their markets were to be restricted. The result was that they began immediately to restrict their operations, and the banking system began to retrench. That was the first step toward the depression.

The second step is one about which there has been some discussion, and I am sure the minister will tell me whether he thinks I have been correctly informed or otherwise. Of course we must depend upon the works we read. The information I get is that the second step in the depression was the raising of the rediscount rate by the federal reserve board in the United States. Certainly that took place. What effect did it have? Well, the very moment that the rediscount rate was raised by the federal reserve board, the banks automatically began to recall their loans and to restrict their credit. This began to precipitate the deflation which resulted in falling prices, and all the other ills which came naturally with the depression.

The third cause of the depression was a loss of confidence in securities by speculators. Hon. members will recall that in 1928 and 1929 the first sign of illness was the flutter on the Wall street stock market.

Mr. MacINNIS: What was the cause of that loss of confidence?

Mr. BLACKMORE: I have already said that the first one was when foreign lending began to ease off.

Mr. MacINNIS: And what was the cause of foreign lending easing off?

Mr. BLACKMORE: I shall answer that, in time. I am happy to have the hon. member ask questions, and just as happy to answer him.

Mr. MacINNIS: One of us apparently does not know much about this matter, because we do not agree. I am not saying which one it is.

Mr. JOHNSTON: The answer is obvious.

Mr. BLACKMORE: We will leave it to the house to decide.

The CHAIRMAN: May I draw the attention of hon. members on all sides to the fact that remarks from the floor must be directed to the Chair.

Mr. BLACKMORE: I appreciate your intervention. I wish to restate that I have no desire at all to say anything that is not entirely true. I want hon. members of the committee to follow with me and tell me whether I am right or wrong. The hon. member for Vancouver East asked what had caused the flutter in the securities market. Naturally it was the two causes which I have already given. First, there was a cessation of foreign lending on the part of prominent people in the United States and, second, there was the raising of the rediscount rate by the federal reserve board which made it much more difficult for banks to get money with which to lend money. The result was that those who were dealing in securities were unable to get credit; they became cautious and they tried to get rid of their holdings. The result was a general lack of confidence in the securities market which caused a catastrophic fall in prices generally. I am speaking from memory, and the minister will correct me if I am wrong, but as I recall what Irving Fisher said in his "One Hundred Per Cent Money," of the $23 billion of purchasing power which was out in circulation in the United States at the beginning of the trouble, $8 billion were withdrawn, leaving only $15 billion of purchasing power or money in circulation to do the work which $23 billion had done. This was the result of this loss of confidence in the securities market.

Mr. MACDONNELL (Muskoka-Ontario): Can the hon. member say to what extent the

United States tariff, particularly the tightening of it in 1929 or 1930, had to do with the difficulties that arose?

Mr. BLACKMORE: It may have had considerable to do with it, but I am not prepared to discuss that at present. That is a most pertinent question and I shall be happy to go into it. May I commend the hon. member for Muskoka-Ontario for asking a question of that kind. It indicates an honest and sincere endeavour to work one's way through to an understanding of the whole situation, an understanding upon which an intelligent estimate of the whole Bretton Woods question can be developed.

The fourth step in the coming on of the depression was the calling of loans and the withdrawal of circulating mediums. As I have indicated, $8 billion of United States circulating mediums were withdrawn. Fifth, was the fall in prices which resulted in $200 billion of value in the United States being destroyed through the fall in prices of farms and all that sort of thing.

I would like to ask hon. members of the committee this simple question: If Bretton Woods had been in full force at that time, would Bretton Woods have had any power whatsoever to prevent those developments in the United States? I think practically every hon. member of this committee will have to agree it would not have had any power. It must be obvious that Bretton Woods would have been useless as a remedial or protective measure against that situation.

What resulted? The United States economy was so powerful, it filled such a tremendous place in the world's economy, that the minute this terrible depression developed in the United States it was able to throw out of gear the economies of all other countries. What happened in Great Britain was the natural result of what happened in the United States. Great Britain began to use exchange controls, currency regulations and all that kind of thing to protect herself in some measure against the condition of the United States.

Let me give a simple illustration. The prices of primary commodities fell in the United States, commodities such as beef. If beef had been shipped to England in 1931 or 1932 at the prices prevailing in the United States, unquestionably it would have displaced British beef and upset the whole economy as far as agriculture in Great Britain was concerned. The only possible means by which Great Britain could prevent that sort of thing was some sort of exchange restriction or some sort of tariff or some sort of quota or some sort of anti-dumping measure. If Bretton Woods had been in operation at that time she would have been denied the privilege of using all those.

What good would Bretton Woods have been? No good at all. It must be obvious to every member of the committee how completely fallacious is the reasoning that the minister has used here, or that the experts who wrote that speech have used in that particular passage. I am not reflecting on the minister at all, and I want hon. members to understand that. The marvel to me is that the man can live with the amount of work he has had to do. I am positively amazed that he can live. I am astounded that his health has not been smashed all to smithereens long ago because of the terrific pressure of work that is on him.

Of course he has to get the best expert advice he can in preparing his speech. That is a foregone conclusion. He is different from us. I wish to relieve the minister of complete responsibility. How in the world can the Minister of Finance be so well informed on everything that he can do every kind of work that is to be done? He must depend on experts. One of the main lines that this group has followed and is following is that those experts are wrong and, consequently, the minister, following the advice of the experts, and this house, following slavishly and docilely the advice of the minister, will be wrong. It becomes the duty of this house to be critical in the highest degree of the recommendations of these experts. That is not necessarily a reflection on the experts; it is a reflection probably on the training which they have had and which has not equipped them to cope with new situations. No one ever had to face such a depression as the great depression until it came along and the experts did not know how to deal with it.

Mr. JAQUES: They caused it.

Mr. BLACKMORE: How could they be expected to tell all about the causes? We must realize that we are dealing with fallible men, men with limitations. The whole argument of Social Credit is to advocate that we should in the name of reason and common sense act like men and not accept slavishly every suggestion which is offered by the minister on the advice of his experts. Let us try to find out something about the problem ourselves, so that we may be intelligent in our own conclusions. The fallacy in the passage which I have indicated must be completely obvious to every single member of the committee.

Let me go a little bit further to show that this fallacy upon which the government is working is deep seated. The first definite

pronouncement which the government made, so far as I know, on the question of Bretton Woods was made in a white paper called Employment and Income which was presented to the house in April, 1945, by the Minister of Reconstruction. May I suggest to hon. members that they take that white paper and turn to page 7 and read what is said regarding Bretton Woods and Dumbarton Oaks. I quote as follows:

Having regard to the widespread character of our trade, the government attaches special importance also to the reconstruction of multilateral trade on a permanent basis and arrangements under which the proceeds of our exports may be spent wherever we desire to obtain our imports.

With that no one can quarrel.

It is with these objects in mind that the government has participated in the development of the plans for the international monetary fund and the united nations bank of reconstruction and development on which agreement among experts was reached at Bretton Woods in July last.

I am not questioning that the government entered into the Bretton Woods agreement with full sincerity and actually believed that the Bretton Woods agreement would constitute a remedy or provide remedial action in the situation. What follows is significant in connection with our discussion:

The monetary fund plan would assure comparative stability of exchange rates and, where change was desirable, would substitute for competitive depreciation of exchanges an orderly process of change following international consultation.

That is all right, but it is a bit general to be of any value. Notice this next sentence, which reads:

It would outlaw the discriminatory currency practices which turned trade into economic warfare.

May I pause to point out to the members of the committee that right there the fundamental fallacy creeps in. The statement is positively made that it was the currency practices which brought on economic warfare, when as a matter of fact it was the economic warfare resulting from the depression which produced the currency practices. That is obvious. Just as soon as prices fell in the United States and she had to dump her goods and take other protective measures, the economic warfare resulted which produced these currency practices. That is abundantly obvious. Yet this statement is made by the experts, a statement which is an absolute and unquestionable fallacy. May I read it again:

It would outlaw the discriminatory currency practices which turned trade into economic warfare. When it was fully in operation, it would assure the convertibility of the proceeds of our sales abroad into whatever currencies we required for our current needs.

No one will quarrel particularly with that statement. It goes on:

It would give to each member country for the purposes of its current balance of payments an assured, though limited, line of credit to serve as a buttress to policies directed to the expansion of employment.

I do not need to read the next two paragraphs but I feel that if I do not, somebody will say that I am distorting by quoting paragraphs out of their context. So, if the committee will permit me, I will read the next two paragraphs, just to be completely fair to the writer of this article:

The regular transfer of capital from surplus to deficit countries for purposes of reconstruction and development is essential to the expansion and stability of international trade. The Bank of Reconstruction and Development would provide through an international institution for a needed revival of international investment.

I doubt that. I doubt whether the existence of the international bank and international stabilization fund would have caused those lenders in the United States to continue lending in 1928-29 when they began to realize that they could not get their money back because the United States had a tariff that would prevent imports from coming in to pay for the interest on the loans, much less the loans themselves, as the hon. member for Muskoka-Ontario said. Does anyone imagine that United States public opinion as it is at the present time would allow the administration in that country to lower their tariffs sufficiently to allow goods to come in to compete with United States goods? It just is not common sense. So you see once more the fundamental fallacy of that whole attitude, the fundamental and inexcusable error and fallacy. It goes on:

In the interest of Canadian and world prosperity and of peaceful collaboration among nations, the government endorses these plans and hopes that parliament will in due course approve the draft agreements. In reaching this view, the government is mindful of the possibity that Canada might, as a member of both institutions, occupy the position of a "creditor" nation.

I am deeply sorry, Mr. Chairman, that that statement was made. It is correct but it means this, as the member for Acadia so well pointed out the other day. The thing which destroys confidence, the thing which ruins the lives of nations is this, that they have goods thrown on to their markets by dumping, export subsidies and all that, which completely puts out of business their industries and throws men on the street as unemployed. That is the trouble. It is the fact that they have

to import more goods for one reason or another than they are able to export that constitutes economic warfare, and the creditor nations are in large measure responsible for that condition. They are the ones who are producing much more goods than they need and at much lower costs than other countries can produce them, and so they are able to engage in economic aggression and economic penetration and put other nations in an unfavourable position. I pointed that out definitely in my first speech and the words I used then were not recklessly used; they were studied, and so far as I know, they are scientifically accurate, every single one of them.

I think all members of the house and the committee can see very clearly that the government is proceeding on a false assumption, and upon that false assumption is drawing a false conclusion in this whole approach to Bretton Woods. Obviously the Canadian government is not the only government in the world that has done that very thing. The United States has done it. May I read a quotation from a speech by Henry Morgenthau to the Bretton Woods delegates on July 22, 1944. Members will find this speech in the parliamentary copy of the monetary agreement. Unfortunately the speech is omitted from the copies issued to members of the Canadian parliament. That is regrettable, because the speeches of the late President Roosevelt and of Henry Morgenthau as introductory are very significant and would give the members of this house much reason for considerable reservation in their approach to this whole Bretton Woods affair. May I read the quotation from page 9 of the parliamentary copy?

The CHAIRMAN: I must remind the hon. member that his time has expired.

Mr. ROSS (Souris): Mr. Chairman, I am not going to discuss this question now because I do not know enough about it. But in reply to the hon. member for Lethbridge who said that the members of this house were docilely following the advice of the Finance Minister, let me say that it was clearly understood that in sending this measure to a committee we were not voting for or against the principle but that the whole question was to be gone into fully before the banking and commerce committee. Is not that right?

Mr. ILSLEY: Yes. The principle would be international cooperation to prevent us from getting into economic troubles in the future. It is so general that it would not be binding anybody to support this bill or this agreement in the banking and commerce committee or thereafter.

[Mr. Blackmore.]

Mr. ROSS (Souris): But before we are asked to pass this measure it will be considered in the banking and commerce committee?

Mr. ILSLEY: Yes.

Mr. ROSS (Souris): I happen to be a member of that committee. At the moment I am not in a position to vote for or against this measure and I think it is not yet well understood in the country either. I have been a member of many committees of this house and I know that they do excellent work. Whether the public realizes it or not, we are not allowed to call expert witnesses before us here in this chamber; that can only be done in a committee, where witnesses can be called and examined. Then when the bill comes back into the house we can much more intelligently discuss the principle of the measure, after it has been threshed out in a committee of the house.

Mr. BLACKMORE: But if the majority of the banking and commerce committee vote against calling witnesses, they cannot be called.

Mr. ROSS (Souris): That is true but I have found that the committees have always been very fair, and I have sat on many of them. I have also found that on the committees there is much less partisan discussion than takes place in the house. That is true of every committee of which I have been a member

I do not want to be misunderstood in this matter at all. I agree with many of the principles advocated by the social credit members in this house; there is no argument about that, but on this question I am in exactly the same position as I was on the Canadian flag. I thought it was good business to have a committee discuss that matter and call witnesses and then report back to the house. That puts the member of the house in a much better position to debate and vote intelligently. Most members of the social credit group have already spoken on this Bretton Woods agreement, and it seems to me that we are not making much headway by prolonging this discussion in the house and that it would be far better to let the bill go to the banking and commerce committee, where witnesses can be called and the whole question threshed out. We shall be in a much better position to vote intelligently upon it.

Mr. BLACKMORE: Mr. Chairman, as another speech has intervened I am at liberty to have the floor again. But first I wish to deal with the hon. member's remarks. I appreciate what he has said, and appreciate his sincerity. I have the highest regard for the

hon. member in every respect, for his integrity, his intelligence and every other quality he possesses.

Now may I discuss this question of the banking and commerce committee? I am very glad the minister gave the definition of the principle of the bill. I wanted that on record. Would it be out of order to ask the *Hansard* writer to read back to the committee the definition which the minister gave? I should like to hear that again.

Some hon. MEMBERS: Order.

An hon. MEMBER: Ask the minister.

Mr. BLACKMORE: Well, it is all right; I will repeat it and if I am wrong the minister will tell me. The principle of the bill—I am not using the minister's words but I want to know whether I am expressing his thought—will be international cooperation among the nations for the stabilization of economic conditions.

Mr. ILSLEY: Yes.

Mr. BLACKMORE: Very well; I am going to ask the members of this committee whether they think that the real principle of the bill is going to be that beautiful objective, with which everybody agrees, or is the principle not whether the Bretton Woods agreement is the right way to attain that objective?

An hon. MEMBER: That is for the committee.

Mr. BLACKMORE: There is the point. That is where the danger lies. Let me tell the hon. member for Souris that I have been a member of the banking and commerce committee for a long time; I have seen it in action and I have seen other committees in action, and I do not believe, unless this discussion had been brought about, there would have been one single pronouncement from anyone telling this house what was the principle of the bill until the house had—hastily—passed the first and second reading, approving of the principle of the bill. I will say this, that the men who designed Bretton Woods and the government that brought it in here are fundamentally trying to establish this principle, that the Bretton Woods agreement is the system by which to attain international cooperation. I will not disagree at all with the beautiful objective which the minister has announced. We of this group are all ready to have international cooperation; we all agree it is necessary. But does that mean that we have to assume that this horrible Bretton Woods mechanism is the means whereby we can bring about that cooperation? Well, the very farthest thing from the truth is this second proposition, that the Bretton Woods agreement is the way to accomplish it. The whole purpose of my argument here to-day has been along the line that the Bretton Woods agreement simply will not accomplish the objective, and the whole argument of the hon. member for Acadia was to the same effect. The problem which has to be solved will not be touched by Bretton Woods; at the same time the nations will have been deprived of their sovereignty in the interests of something which has no value at all. That is a serious condition.

Now, may I deal for just a moment or two with what the hon. member for Souris said, in the light of what I have just said, and the definition which the minister gave of the principle of the bill? I wonder how many hon. members would feel completely safe in accepting the principle of that bill, with the necessary rider or adjunct or appendix or conclusion that the Bretton Woods agreement is the means of accomplishing the objective. There is where the danger lies—fallacious reasoning again. We are not going to vote on the question of cooperation—not at all; we are going to vote on Bretton Woods, every single offensive detail of it. That is the point. Now, Mr. Chairman, that is a mighty serious matter.

Turning again to the subject of the banking and commerce committee. Suppose the house approves what is enunciated as the principle of the bill by voting for the second reading. The bill goes to the banking and commerce committee. Probably that committee is not given rules telling exactly its terms of reference, they are not specifically stated; it does not know exactly what its functions are; and I have not been in a banking and commerce committee yet where they did know exactly what their terms of reference were. Supposing then the chairman says, to start with, "Now, gentlemen, the house has already decided on the principle of the bill, so we are not to be occupied at all with the principle of the bill". The members then say, "Well, what in the name of common sense are we to be occupied with, and what is the principle of the bill?" Let me point out to the hon. member for Souris that in a situation like that there is only one man who can determine what shall be the procedure in the committee, what witnesses shall be called, what kind of evidence shall be permitted, what kind of remarks shall be deemed to be in order; and that man is the chairman.

Mr. ROSS (Souris): No.

Mr. BLACKMORE: Just a minute. I have been on this committee, and I am making that statement. Hon. members do not need to agree with it.

Mr. ROSS (Souris): I should like to say, Mr. Chairman, that that is hardly correct. The chairman guides the procedure, and that is his duty; but I have sat during this session at as many as four or five meetings a week in committee. I know that we have reversed on certain occasions definite ideas and views expressed by the Chair, and his actions are governed by a majority vote of the committee.

Mr. BLACKMORE: I am glad the hon. member said that. I expected him to make just that statement. Let me point out that the majority of the members of the banking and commerce commitee will be Liberals and will be put there because they can be implicitly trusted by the Liberal government. What will they tell the chairman to do? There is not a doubt in the world that the attitude of the Progressive-Conservative party, as thus far expressed by those hon. members who have participated in the debate, would be identical with the attitude of the Liberals.

Mr. JAQUES: And the C.C.F.

Mr. ROSS (Souris): The hon. member for Broadview is not present, but may I say that in the debate the other day he spoke right along the lines expressed by the group the hon. member for Lethbridge represents.

Mr. BLACKMORE: He was an Independent Conservative, was he not?

Mr. ROSS (Souris): No.

Mr. BLACKMORE: I do not want to get into a political squabble, because the matter is too important. If hon. members object to anything I have said in this connection, I withdraw it, because I have some very important things to say. But I would point out that the hon. members for Muskoka-Ontario, York West, Grey North and others who participated expressed ideas that were identical with the Liberals in their attitude on this matter.

Mr. JAQUES: So were the C.C.F.

Mr. BLACKMORE: The result is that they would vote with the chairman, and that would mean that all these progressive ideas—

Mr. MacINNIS: Isn't that democracy?

The CHAIRMAN: Order.

Mr. ADAMSON: Mr. Chairman, may I say that I advocate the establishment of a free gold market so that we may return to a gold standard in the shortest possible time.

Mr. BLACKMORE: I do not know how a man could have played into my hands any better. One of the arguments we were making here recently, one of the differences between ourselves and the Liberals, was that we contended that this meant a return to the gold standard, and they contended that it did not.

Mr. ADAMSON: I do not dislike it. I think it is definitely a step in the right direction. In fact I think it is fundamentally the only step towards the recovery of international trade which can now be taken.

Mr. IRVINE: Let us have order; one at a time.

Mr. BLACKMORE: Mr. Chairman, it does not hurt me to have these interruptions. The more questions, the better I am satisfied. But let me say this, that anyone reading *Hansard*, or sitting in this chamber looking on, can tell what chance Social Crediters would have of getting their point of view put before the banking and commerce committee.

Mr. MACKENZIE: They are doing pretty well this morning.

Mr. BLACKMORE: Before this committee, but I am speaking of their position in the banking and commerce committee.

Mr. ILSLEY: The hon. gentleman had no difficulty when he was there before in getting his point of view expressed.

Mr. BLACKMORE: Well, yes, the hon. gentleman did have difficulty. Time and again in the last banking and commerce committee the member for Lethbridge was ruled out of order when it was all-important that he should say the things he wanted to say. I say this just to show hon. members what they will do if they let this measure go out of this committee and pass the second reading. They will tie their own hands and they will smother all possibility of intelligent and effective discussion. Not only that; by passing the second reading of the bill they will tie the hands of the banking and commerce committee so that it will be unable to act properly, because of the simple fact that they will have approved the principle of the bill. If this measure were to be referred to, say, an impartial royal commission whose members would vote in accordance with what they conceived to be right, and the vote were based upon their findings, that would be an altogether different matter. I am warning the committee that what I have said is true. If this measure goes past this committee, where we can freely discuss it and ask each other questions and get all the information necessary, this house will have tied its hands and smothered effective discussion of the bill. Of course the minister wants this measure to

go through. Surely. He wants to get it out of this committee. Who would not, if he wanted to get the thing through? He wants to get first and second reading over so that he can put the measure into the Liberal-dominated and reactionary-dominated committee. Of course he wants to have the banking and commerce committee handcuffed when it undertakes discussion of the bill, and I suppose anyone in the house would if he wanted to get the bill through. But the question I ask is this: Is that what hon. members want, or do they want a frank and intelligent discussion back and forth over the floor of this house so that we may get at the facts?

Mr. MacINNIS: The hon. member has asked if that is what members want. My understanding of procedure in this house is that when a measure of this kind comes before it, it receives consideration here and in order that it may receive greater attention, where witnesses can be called and outside evidence brought in, we refer the matter to a standing or special committee. I do not know of any important measure that has come before this house in the fifteen years that I have been here that did not follow that procedure.

Mr. QUELCH: What about the united nations charter?

Mr. MacINNIS: The united nations charter, perhaps, did not; but if my friends had asked that it be referred to a committee—I was not here when it was discussed in the house—I have no doubt it would have been. As a matter of fact, standing committees and special committees are part of the British parliamentary procedure which we follow, and, if we discussed the matter there the discussion would be just as futile as it is here, since we have been considering this measure. The member for Lethbridge has said that the Bretton Woods proposals are not the means by which we can restore and maintain economic prosperity. Well, I should be inclined to agree with him. I do not say that it can in itself. He has also put his position clearly before us, and the position of his party. His party has a programme that would restore and maintain or bring about economic prosperity.

Mr. JAQUES: That is not the question at all.

Mr. BLACKMORE: With freedom.

Mr. MacINNIS: All right, with freedom. I am agreeing with the hon. gentleman. But he is in pretty much the same position as I am. I believe that I too have a programme that would bring about prosperity with freedom, and it is not the same as my hon. friend's programme. Our position in this house, however, is that the majority do not agree with either of us. I believe that the majority are foolish in not agreeing with me, but as reasonable men, members who were elected not only to put our own programme into effect, not only to state our own programme in this house, but to take every advantage of the opportunities that offer to do as much as we can to improve whatever is put before us, I cannot—

Mr. JAQUES: On a point of order, the discussion from this group has had nothing to do with Social Credit. We are not talking Social Credit. We are discussing Bretton Woods, and the member for Vancouver East, in his anxiety to close off the discussion—

Some hon. MEMBERS: Order.

The CHAIRMAN: The hon. member has not raised a point of order.

Mr. MacINNIS: I must apologize for my lack of understanding, but in all the discussion that has taken place from that corner my understanding of it was that it was definitely associated with the Social Credit policy.

Mr. JAQUES: Not at all.

Mr. MacINNIS: I may be quite wrong—

Mr. JAQUES: You are.

Mr. MacINNIS: —but I can be excused when the member for Wetaskiwin is speaking. In this house we have an obligation to put forward our own point of view; but, according to the rules that we follow, a certain party in the house forming the government has been given a mandate to carry on the business of the country, and the business of the country, particularly to-day, in relation to the world conditions with which we are confronted, is tremendously important, so important that no group in this house, unless it is a matter of profound principle, and I am not saying that it is not so for my friends, should hold up the business.

Mr. BLACKMORE: On a point of order, may I say that there is no attempt on the part of this group to hold up the business of the house. I ask the hon. member to withdraw that remark.

Mr. MacINNIS: I am not going to withdraw anything of the kind.

Mr. BLACKMORE: The hon. member must withdraw.

The CHAIRMAN: There has been no reflection on any member.

Mr. BLACKMORE: He used the expression, holding up the business of the house.

The CHAIRMAN: There has been no reflection on any member of the house. The statement is made with respect to a group and not any individual member.

Mr. MacINNIS: The point I make is that no one has a right to hold up the business of the house, and no one who does not hold up the business can find fault with that.

Mr. JAQUES: Who is holding up now?

Mr. MacINNIS: Surely if we followed the democratic procedure in all other cases, and if that is considered part of the freedom we enjoy, we should extend that freedom to this particular subject that is now before us and place the matter in such a position that we can bring outside evidence to bear. Some members of my own group, in discussing this matter, said that when it did go into committee we would have difficulty putting forward our own point of view because others would monopolize the whole time of the committee.

Mr. BLACKMORE: On a point of order—

An hon. MEMBER: He did not say you.

Mr. BLACKMORE: I had the floor and the hon. member rose with my permission, but he will talk past one o'clock and keep me from replying.

Mr. MacINNIS: The hon. gentleman asked a question and I am trying to reply, and now he does not like the answer. He wants me to sit down. My suggestion is that we should follow the ordinary procedure, because if we did so we could get more information in the committee than in the house.

Mr. BLACKMORE: My contention is that the hon. member is one hundred per cent wrong, as he is on practically everything. The only way to get the truth is to stay here.

Mr. MacINNIS: I am sure I am one hundred per cent right when the hon. gentleman says I am one hundred per cent wrong.

Mr. BLACKMORE: Article IX of the Bretton Woods agreement, if put into force, would make it impossible for the hon. member to bring in socialism—absolutely impossible—because the fund could get control of the movable goods or immovable property in the dominion and it would be impossible for any government to pass regulations with respect to it. The hon. member knows that much about Bretton Woods. If he does not, I suggest that he read that article.

Mr. TUCKER: The hon. member has stated, and he is quite sincere in his statement, that he wants information. He can hear the evidence of witnesses. I submit the way to do that is to have this matter go to the banking and commerce committee, where it can be thoroughly studied and gone into. Then if the hon. members are not convinced, it has to come back into this house and go through committee of the whole; it has to be given third reading, and they will then have had ample opportunity to cross-examine witnesses and go into the thing very fully. I suggest the experience of the banking and commerce committee is such that everyone will have an opportunity there to go into the matter thoroughly. For the sake of getting on with the other business of the house I urge that before one o'clock this matter be permitted to go to the banking and commerce committee, which probably can meet at four o'clock and get started upon orderly consideration of the matter. Then if hon. members still are not convinced, they will have the same chance to fight this thing after it has been studied in the banking and commerce committee as they have to-day. I urge upon them that they give consideration to this suggestion and let the measure go to the banking and commerce committee right now.

Mr. BLACKMORE: I must tell the hon. member for Rosthern that when he says we would have just as good a chance to discuss this matter when it came back again, he is telling us that which is absolutely wrong. And I would draw to the attention of the hon. member for Vancouver East, who said it was traditional British parliamentary practice to refer these matters to committees, the fact that it is traditional British parliamentary practice to ask the minister all kinds of questions at the resolution stage, when in committee of the whole in order to gather all the information hon. members need in order to enable them to form a sound decision with respect to the principle of the bill. That is why these questions are being asked, and why this discussion must come right here in committee of the whole.

At one o'clock the committee took recess.

After Recess

The committee resumed at three o'clock.

Mr. BLACKMORE: Mr. Chairman, before the committee took recess at one o'clock I was discussing the general attitude of this group toward the measure. I was pointing out that those who maintain that this group is in any way endeavouring to block the

measure, or carry on what is commonly known as a filibuster, is entirely not in accordance with the facts. All this group aims at is to have a full and thorough investigation of the whole matter of Bretton Woods. It is our opinion that this whole proposal is a pernicious one, and we think that the committee should give it most earnest consideration before even considering such a thing as adopting it.

At one time in my remarks I was pointing out the fundamental fallacy which is to be found in the government's position in the matter. I quoted a passage from the speech of the Minister of Finance, and also referred to a statement which is found in the white paper called Employment and Income, which was presented to the house in April, 1945, by the Minister of Reconstruction. Then I was about to read a passage from the speech of Henry Morgenthau, Junior, delivered to the delegates at Bretton Woods, in their closing plenary session in July, 1944. My object in reading this passage was to give the committee the background of the whole question, and to help show the attitude of the United States to the whole situation.

Before reading this passage may I point out once more in different language that there simply is no use in trying to apply what is supposed to be a cure or a remedy for a malady the nature of which we have not discovered. There is no earthly use, for example, in trying to prescribe a cure for the pimples of smallpox, until one finds out what is the cause of smallpox. If you wish to cure smallpox, you find out the cause, and then attack that cause. The same applies to great international problems. We will grant that the world is suffering from a malady, and that it was suffering from that malady as far back as 1925. The Bretton Woods proposal is supposed to be an important part of the remedy for that malady. We maintain that it has nothing whatsoever to do with the remedy for the malady. The malady must be remedied by measures altogether different from anything found in Bretton Woods.

May I now read the passage from Henry Morgenthau, Junior, where he says:

This is the alternative—

The alternative to Bretton Woods—

—to the desperate tactics of the past—competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices and unnecessary exchange restrictions—by which governments vainly sought to maintain employment and uphold living standards. In the final analysis, these tactics only succeeded in contributing to world wide depression and even war. The international fund agreed upon at Bretton Woods will help remedy this situation.

He says it will help to remedy the situation. He does not maintain that it will be a complete remedy. We will grant that. But I wish to concentrate the attention of members of the committee on that second to last sentence, where he says—

In the final analysis, these tactics only succeeded in contributing to world-wide depression and even war.

As I said when dealing with the passage in the minister's speech, the things which caused the great depression—and I am going to list them once more, for the benefit of members of the committee who happened to be out of the chamber when I did it before—the causes of the great depression of 1929 on were as follows. First, Mr. Chairman, I am afraid there are some members in the committee endeavouring to out-talk me.

An hon. MEMBER: That would be hard to do.

Mr. BLACKMORE: I grant that; but why do they try? The causes of the depression of 1929 on, were, first, the cessation of United States foreign lending. May I comment upon that, to this extent: The United States were lending money to borrowing nations to enable them to buy United States goods. It was a most preposterous proposal, but it was an idea indulged in for about ten years by the United States when they believed they could make themselves prosperous by lending foreign nations the moneys with which to buy United States goods. This helped them to keep up their rate of profit, and to keep employment on a fairly high level. But the time came when they began to lose confidence in that method; and as soon as they did, there was a cessation of foreign lending, which constituted the first move to bring on the depression.

The second cause of the depression was—

Mr. ZAPLITNY: Why did they lose confidence in that method of finance? I have heard that statement two or three times, that they lost confidence in that method of lending money. Would the hon. member give us his opinion as to why it was that they lost confidence?

Mr. BLACKMORE: I shall be glad to. I shall take time to answer; the hon. member is one of the new members, and is entitled to an answer. Let us suppose that the hon. member himself is lending money on a large scale to, let us say, Argentina. The only hope he would have of gaining remuneration from that loan would be this: He would have the hope that Argentina would be able to pay back to the United States the interest on the loan. Let us suppose, further, that Argentina

offers beef to the United States, in payment of the loan, and that the United States refused to accept that offer. Then Argentina may offer wool, and again the United States may refuse to accept, because she already has too much wool. Let us suppose Argentina then offers shoes, but that the United States refuses to accept those shoes, because she already has too many shoes. Before long the total number of commodities Argentina could offer would have been rejected by the United States, by means of high tariffs, absolute quota restrictions, or an anti-dumping law. Then all the products which Argentina could trade to the United States, through a multilateral trade arrangement, may have been refused by the United States, through a policy of high protection. It would soon appear clear to the hon. member that lending money to Argentina in the hope of getting a return which would have to come in the form of goods and services—returns which would be rejected by the United States—would be simply throwing good money away. The result is that the hon. member would begin to lose confidence—and the same would be true in all similar situations.

Mr. ZAPLITNY: I am sincere about this, and would ask what method the hon. member would suggest instead of the method which he says has been discredited.

Mr. BLACKMORE: I would be afraid to say too much about that, for fear of being called to order. But I shall say just this, that the alternative is lend-lease or mutual aid. We have to come to a stage in which, if the nations of the world are to have enjoyment of freedom from want and fear, great producing countries like the United States and Canada will trade off all the goods they can trade off for goods they need in their respective economies; and their surpluses they will be prepared to offer to the world on a lend-lease or mutual aid basis. And they will pay for lend-lease goods by using their national credit, through a debt-free money system. Just as soon as that system is adopted by all the nations of the world, it is obvious to the hon. member, I believe, that the surpluses of all the nations of the world would be rendered available in a great international pool. From that pool the nations could draw in accordance with their need. That is the gist of the Social Credit proposal for international trade. The hon. member can see that with the adoption of an attitude of that kind by all the nations of the world there would be the end of competitive trade. The United States would not still be trying to penetrate the market of Great Britain and undersell her produce. Is that not obvious? There would be no more object in underselling nations like Britain and putting her people out of employment. The trade of the world would then go on a cooperative trade rather than a competitive trade basis. I think the hon. member can see that that would have a great advantage in bringing about peace in the world.

Mr. ZAPLITNY: Would the hon. member say the key to the whole problem is the use of debt-free money?

Mr. BLACKMORE: The key to the whole problem is debt-free money both internally and externally. If I am permitted I should like to say a word or two along in that regard, because I think it is in order. The need of the situation to-day is distribution of goods internally and internationally. As the hon. member will recall, the hon. member for Acadia the other day asked the minister if he was prepared to bring about a complete effective demand in Canada for Canada's production. Suppose Canada had twelve billion dollars' worth of production in a year after the war. The maximum need would be twelve billion dollars' worth of purchasing power in Canada available to buy that production. If Canadian people did not wish to buy all the production of Canada's wheat, for example, that surplus could be traded for bananas or other things which Canadians need, and Canadians would be able to buy those goods when they arrived. Do I make that quite clear to the hon. gentleman?

I was pointing out the causes of the depression. Number one was the cessation of foreign lending. I thank the hon. member for asking me that question. I welcome questions of that kind from any member in the house, because Social Crediters are not condemning this proposal without offering an alternative. They condemn this proposal, and they condemn the whole present orthodox financial system, on the ground that it is absolutely impossible for it to distribute the goods of the world and to eliminate competitive trade, which means economic warfare, which in turn means military warfare in the end.

The second step toward the bringing on of the depression was the raising of the rediscount rate by the federal reserve board. The minute the rediscount rate was raised by the federal reserve board the banks were unable to obtain money as easily upon which to base loans for large investments, including security on speculations. That meant there was retraction of money immediately all over the country. That was the second step in the bringing on of the depression.

The third step was the loss of confidence in securities by the speculators. Those who were ready to pay large sums for mining stocks, gold stocks and stocks of lumber mills and all that kind of thing began to be afraid because they said, "We may lose." They then began to hesitate and began to try to sell, which immediately brought on the depression, and the consequence was a complete collapse of the economy of the country.

The fourth step was the calling of loans. The withdrawing of circulating medium naturally resulted all over the country, because the lending policy of the banks is intimately bound up with the lending policy of the banks to those who wish to deal in securities. Does the hon. member get that?

The fifth step was the fall of prices which naturally resulted from a withdrawal of purchasing power throughout the country. I was speaking from memory when I mentioned this a while ago, but I think I am right. According to Irving Fisher, a great economist, in his book called "A Hundred Per Cent Money", eight billion of the twenty-three billion dollars in circulation in the United States in 1929 were withdrawn, and this brought on a fall in prices and in values all over the United States.

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: Oh, that kind of thing doesn't do a bit of good.

The CHAIRMAN: Order.

Mr. BLACKMORE: You know, I lived too long in the backwoods to be afraid of wolves when they call. In reading the passage from Morgenthau's principles I made it quite clear that the United States is proceeding on the basis of the same fallacy which is at the bottom of the whole Canadian government's policy. In other words, the United States, if it is honest and sincere, and you must suppose it is, is proceeding to apply a remedy which is not a remedy, a remedy which would only make the malady worse.

I have a little more to say at this time. I merely wish to make clear the position that I occupy. The leader of this group called me about two weeks after the session opened and asked me to take charge of the organization and conduct of the inquiry on the Bretton Woods question in this house. The result is that I am responsible for the conduct of this inquiry. The object of the inquiry is to elicit the facts. Long ago the great Creator said: "And ye shall know the truth, and the truth shall make you free." If hon. members of this house will not know the truth, it is impossible for them to be free. Consequently the very first step for this house to take is to learn the truth. It is my humble desire that I might aid in the divulging and eliciting of the truth. I have no conceivable motive for doing what I am doing but the object which I have indicated. I can gain nothing politically, because the people all over the country think that any one who opposes Bretton Woods must be crazy. They think that because they do not know about it, because they have been deceived by the press. I can gain nothing politically. If I were the leader of the group, it might be thought that I had some ulterior motive in taking the stand I do. I have nothing to gain in that respect. I simply stand as a plain citizen of the Dominion of Canada, a plain member of this house, a plain ordinary man. I represent those who have made sacrifices in two wars, and who ask that there shall be found something or other which will eliminate the causes of war. I represent the men whose sons have died in this war, and I myself have given a son and risked the life of another in this war. And as I said in the early part of the debate, my son did not die for such a sordid betrayal of the interests of all nations as Bretton Woods constitutes. My son died for a condition in which there will be free men and a free and great British commonwealth of nations, a free and great nation of the United States, a world in which there shall not be trade competition among nations, but a world in which men will discover how they can cooperate and trade their surpluses for each other's surpluses in a genuinely cooperative manner.

I wish to say no more at this time. The hon. member for Wetaskiwin was unable to finish his speech the other night. He had some important things that he wished to say on this general subject that is now under discussion. I should like to hear him speak. And then personally I should like to see the hon. member for Acadia go on with the fine work he was doing.

Some hon. MEMBERS. Carried.

Mr. BLACKMORE: No.

Mr. JAQUES: I am not going to make any apologies for speaking here this afternoon.

Mr. PROBE: We are glad to hear you.

Mr. JAQUES: There seems to be an indecent haste to end open discussion on this measure.

Mr. KNIGHT: May I ask the hon. member a question?

Mr. JAQUES: No, I prefer—

Mr. KNIGHT: Is this a discussion?

Mr. JAQUES: It certainly is.

Mr. KNIGHT: It is the kind of discussion I hear in church; I am in the pew and the preacher is in the pulpit.

Mr. JAQUES: There is considerable criticism from my hon. friends to my immediate right of the time we have taken over this measure.

Some hon. MEMBERS: Hear, hear.

Mr. JAQUES: On every subject that has come up in this house hon. members of the C.C.F. have taken all the time they wanted; they talked incessantly. You cannot say that about the members of this group. We have reserved what we might have said on less important subjects—

Mr. COLDWELL: This is going to a committee.

Mr. JAQUES: —so that we might have our turn on this measure. With regard to putting this measure before the committee on banking and commerce and calling in the experts—

Mr. CHAIRMAN: Order.

Mr. JAQUES: Thank you, Mr. Chairman. I do not mind reminding the committee that I would not be speaking did I not feel it my duty to do so. Those who are not interested might just as well remove themselves; they would not be missed.

Let me say this about calling in experts. I am not interested in the experts, not in the slightest.

An hon. MEMBER: Why not?

Mr. JAQUES: I do not believe in suicide. Those who do believe in it can call in any experts in suicide they like, but they are not going to convert me to the idea of suicide, and I do not care whether it is painless or otherwise. The experts are not going to convince me against my own convictions.

So far this has been a one-sided debate.

An hon. MEMBER: Right.

Mr. JAQUES: That is quite right. But we have established at least two or three principles in this discussion. One is that Bretton Woods means a return to the gold standard. We have also established the principle that foreign trade will be controlled by an international gold standard, and that foreign trade will control national prosperity. That has been admitted in so many words. We have also established the fact that Bretton Woods means the surrender of sovereignty to an international government, and Bretton Woods is supported for that very reason by some members of this house, just because it means a surrender of national sovereignty. The other day the hon. member for Vancouver East, for instance, had this to say:

> We have heard a great deal of talk about national sovereignty. Will some one tell me how many countries have to-day any national sovereignty that is worth while? I think I could count them pretty well with the fingers of one hand. We have reached the stage where if we are to have peace; if we are to have that measure of cooperation that will bring about prosperity, not only for ourselves but for others, we must be ready to give up a great deal of our national sovereignty. Indeed that is the way world progress has been made. Not only have people given up things, but privileges have been taken away from sections or from groups in order that those privileges might be extended to even larger numbers of people. That is the way democracy has developed in nations; and that is the way it must develop in the international sphere.

I consider such a statement as that, in face of the actual conditions of the world, nothing short of criminal lunacy. There are only two or three nations that have preserved their national sovereignty, of which Canada is one, thank God! It is only in those nations where national sovereignty has been maintained that the people can meet in their parliaments and exercise freedom of speech. Let me remind hon. members of what the British secretary for foreign affairs said recently in the parliament at Westminster. But first let me remind hon. members of the Atlantic charter. It guaranteed four freedoms: freedom of speech, freedom from want, freedom from fear and freedom of worship, and as a guarantee of these freedoms the charter pledged to seek no territorial changes except by the freely expressed wishes of the people concerned and to see national sovereignty and self-government restored to those who had been deprived of them. That is the Atlantic charter. It guaranteed that sovereign rights and self-government would be restored to those who had lost them. Yet hon. members of this house get up and advocate the surrender of sovereign rights! To whom and to what?

Mr. MacINNIS: On a point of order, Mr. Chairman, surely when we accepted the united nations charter it meant that we were prepared to give up some of our sovereign rights if the charter has any meaning at all.

Mr. LOW: What is the point of order?

Mr. MacINNIS: That is the point of order.

Mr. LOW: That is no point of order.

Mr. MacINNIS: It is a point of privilege then.

Mr. LOW: It is no point of privilege.

Mr. JAQUES: In a moment I shall quote what the British Foreign Secretary said. More than four years have passed since Churchill and Roosevelt on a British battleship, somewhere in the Atlantic, on behalf of all peoples, offered to the world that charter of justice and liberty in whose faith millions have since died. But president and Prime Minister stepped ashore to find that this charter of freedom was not approved by the real "bosses", and its sponsors were forced to admit that their charter was not to be taken seriously, it was merely wishful thinking. In these past four years the Atlantic charter, and its four freedoms, have been torn to pieces at the four conferences of Moscow, Teheran, Yalta and Potsdam.

Now, Mr. Bevin said this recently in the British House of Commons:

> There are two kinds of hunger in Europe today; one is a physical hunger, and the other is the awful black-out, creating a spiritual hunger. If every country could get free parliaments and free expression without dictatorship or orders, and if people could express themselves freely we might be able to make a better world for the future.

How are you going to guarantee any of these things if you surrender your sovereign rights? What has happened to those who have surrendered them? Another British labour member told parliament at Westminster:

> Since Potsdam something different has been happening—we are contracting into a country very little larger than the United Kingdom, over 60 million people. It appears that something like the fiendish Morgenthau plan is being carried out.
>
> The Russians already have stripped their zone of all industrial equipment. They are carrying out land reforms so as to get rid of the German Junkers but, unfortunately, their reforms are reducing this former food exporting area to a strip-farming proposition with disastrous results for future food production. Millions of refugees from Russian-controlled countries are flooding into that area and are dying from exposure and lack of food. These policies are being carried out with the most appalling ruthlessness and inhumanity.

Similar statements were made by other members, many of whom spoke as eye witnesses of the tragedy. That is the meaning of the surrender of national sovereignty. That is what happens. You become slaves to the biggest gangsters in the world. That is what is happening to-day. Who is this Morgenthau, the author of this Bretton Woods plan? He is a former secretary of the United States treasury. He is the sponsor of the international monetary plan agreed upon at Bretton Woods. He is the author of the plan to reduce central Europe to a subsistence level. Furthermore, what right has any member of this house to advocate the surrender of what does not belong to him? Has this government, this house, or anybody in it? Have they received a mandate from the people of Canada to hand over Canadian sovereignty to an international government of international financiers? All I know is that I have not, and I am not going to do it if I stay here until this time next year.

Some hon. MEMBERS: Carried.

Mr. JAQUES: Carried? No.

Mr. BLACKMORE: Have we forgotten to believe in free speech?

Mr. JAQUES: We have heard a lot in the past about the "iniquity" of International Nickel, but did you hear from the socialists about the iniquities of international gold? I never did. What a lot of people do not understand is the partnership between international finance and international socialism. It is a partnership which too many fail to realize, that the one is merely a partner of the other, and that at the present time the world is in the position of a nut in the nut-crackers, one jaw of which is international finance and the other is international socialism, or communism, or whatever you like to call it—totalitariarism.

When I was speaking before in this debate I mentioned a statement I made two or three years ago with regard to the ownership of the gold reserve in the United States, and I quoted a certain authority I met in England when I was there the winter before last. I am sorry I am not in a position to give his name publicly, but as I said the other day, if anybody is interested I shall be only too glad to give him his name. More than that, if it is kept off the record and the press do not report it I shall be perfectly willing to give his name in this chamber right now. He is a man whose knowledge few people in this house would care to challenge. Now, I want to make this statement perfectly clear. Here is the annual report of the secretary of the United States treasury for the year ended June, 1942. On page 638 the statement appears, in plain English: Money held in the treasury, 1942, $22,596 million. That is the total amount of money. In the next column is the statement: Held for the federal reserve banks and agencies, $17,750 million. Can you say that you own a thing when you are holding it for somebody else? That is the point. So what I said two years ago is true, that 85 per cent of the gold in the United States is not owned

and controlled by the people of the United States; it is owned and controlled by the federal reserve banks, which are private institutions. I believe that any intelligent man in the United States would agree to that statement.

We have heard a lot about experts. I should like to recall the appointment after the first world war of a committee of experts, for the same purpose that this committee of experts sat at Bretton Woods last summer, namely to restore the prosperity of the nations in the post-war period. Let me read the names of this committee: Chairman, Lord Cunliffe, Governor of the Bank of England; Sir Charles Addis, Hong Kong and Shanghai Banking Corporation; the Hon. Rupert Beckett, Beckett and Company, bankers; Sir John Bradbury, K.C.B., Secretary to the Treasury; Mr. G. C. Cassels, Bank of Montreal; Mr. Gaspard Farrer, Baring and Company, bankers; the Hon. Herbert Gibbs, Anthony Gibbs & Sons, bankers; Mr. W. H. N. Goschen, chairman of the clearing bankers' committee; Lord Inchcape, chairman of the National Provincial bank; Mr. R. W. Jeans, Bank of Australasia; Mr. A. C. Pigou, professor of political economy, Cambridge university; Mr. G. F. Stewart, ex-governor of the Bank of Ireland; Mr. William Wallace, Royal Bank of Scotland; Mr. G. C. Upcott, of the treasury and ministry of reconstruction.

That was an all-star committee; I do not think the present committee could match it. When one talks of experts, if these men were not experts I do not know where experts could be found. What was the result of their recommendations and their advice? We know what happened—years of depression. Of course anyone can be wise after the event; most people's hindsight is better than their foresight. But always there arises the odd man with the ability to foresee the result of any policy. Such a man was Mr. Arthur Kitson, who was the author of a book which I have in my hand, and which I obtained from the library of parliament, called "The Bankers' Conspiracy." He presented in 1918 a brief before this committee on reconstruction, and in it he foretold exactly what would be the result of their policies if they were put into effect. He said afterwards:

> If the present world crisis can be traced to the currency deflation policy pursued by the central banks of the great industrial nations since the war, Great Britain must be held mainly responsible for having taken the lead in the adoption of this suicidal measure. And the men who should be held responsible to the British people for urging the government to embark on this reactionary course are the members of these two committees.

But Arthur Kitson foretold exactly what would happen if the advice of the Cunliffe committee were adopted by the government —a government, let me say, just as intelligent as this present government, and advised by experts just as capable as any experts which could be brought before any committee formed in this house. I say that if we follow the advice of these experts there is every reason to believe that we shall go the same way as we went after the last war.

Some hon. MEMBERS: Carried.

Mr. JAQUES: No; you will have to carry me out first.

Mr. CASTLEDEN: Not a bad idea.

Mr. JAQUES: The statement is frequently made that money is international. It is not, and the attempt to make it so is part of a deep laid plot, a plot on the part of international financiers to control the world politically, industrially and financially by means of an international bank. This scheme would enslave all the people to a soulless dictatorship by anonymous international finance. This is what these planners are saying to the world, and what they have been saying for a long time: "Do you want another depression? Do you want to go back to the conditions that prevailed before the war?" Of course people say no; then the planners blackmail them by saying, "All right; then surrender your sovereignty to us." And the totalitarians, the international socialists are saying. "Do you want another war?" No; of course not. That is the last thing we want. Then the international socialists blackmail people and they say: "All right; you surrender your sovereignty to us or you will have another war and another after that." The world is being blackmailed by Shylock and Marx, and it is about time we faced the fact.

Does anyone think that after the war we wish to hand everything over to the very people who caused the war and who are the authors of the economic miseries that we have had for the last thirty or forty years? The member for Vancouver East talks about the progress of the world. I do not know what he calls progress. Compare for one moment the condition of Europe to-day with what it was at the turn of the century and before that. Is there any comparison? Three-quarters of the people have lost their sovereignty and their freedom. If that is progress then I say, in the words of an old Latin saying, "facilis descensus Averni", easy is the descent to hell. That is where Europe has gone and where we are in danger of following it.

Let me quote one of the principal authors of this scheme, Mr. Maynard Keynes, or Lord Keynes as I believe he now is. Speaking of the clearing union he says:

> It might become a pivot of the future economic government of the world. It might set up an account in favour of an international policing body. It would provide excellent machinery for enforcing a financial blockade, and we have here a genuine organ of truly international government.

These are the words of Lord Keynes. I do not recall the occasion on which they were spoken, but I think I am correct in saying that the present Minister of Finance admitted much the same thing during a debate in this house, if not last year, probably the year before. I do not remember the date, but I remember the occasion.

I believe that the big idea of the last decade or in the last decades has been largely this—and it applies more particularly to Europe, though it is spreading now all over the world. The first step was to confiscate by taxation. That is the scheme, the big idea of Shylock and Marx. I mean by Shylock the moneyed interests, high finance. People are at liberty to put whatever interpretation they like upon the word Shylock and they will not frighten me. I say Shylock and I stick to the word, and if they do not like it they can lump it. Their scheme has been to confiscate the land by taxation and death duties, forcing the land owners into the hands of money lenders, so that their political power would pass over to high finance. That is what happened in Great Britain. The second has been to tax manufacturers and traders so that they are forced to go into debt to the financiers, who thus gain control of industry. The third has been to tax the middle class so as to demoralize them by fear and reduce them to servitude and impotence. The fourth has been to tax the workers so as to prevent them from exercising their independence and to force upon them conditions calculated to drive them to communism, which also is controlled by anonymous high finance.

That very briefly is the scheme that has been working since the turn of the century and before that. It is certainly working now, for we have taxation that amounts to confiscation and I cannot see any prospect of its reduction.

We Social Crediters say that sovereignty is the quintessence of freedom and liberty, and we are absolutely convinced that that sovereignty and freedom are threatened by Bretton Woods. That is why we are making the stand we are. Neither this government, nor the Liberal party, nor the Conservative party, nor the C.C.F. party, nor the Social Credit party has any mandate, nor taken collectively have they any mandate, from the people of Canada to surrender the liberties of the Canadian people to any body or control outside the dominion. That is the stand we take, and it is no excuse to say that the people do not know because that is our fault. We should make it clear to them. Instead of trying to smother this debate, why do not some of the other members get up and strike a blow for the liberty of the Canadian people?

A little while ago we had a discussion on a Canadian flag. We were going to have a national flag and a national anthem, and at that time I said: When we talk of a flag for Canada and an anthem for Canada let us be sure that we have the sovereignty that goes with them. Some people say that we should have a maple leaf on the flag. I am perfectly agreeable to putting anything Canadian on it, but my opinion is, and it is shared by the rest of my group and by many more people, that if Bretton Woods goes through the only suitable thing you could put on the Canadian flag would be three brass balls.

Mr. BLACKMORE: Pawn shop.

Mr. JAQUES: You may take the union jack off, or take off what you like; but if this thing goes through all you should put on are the three brass balls. I do not know what will sting some members into a sense of their responsibilities. I can only suppose they are so cowed and so controlled that they dare not raise their voices. Already they have lost their will to defend their freedom and their sovereignty. Well, we Social Crediters have not, and we do not intend to lose them if we can prevent it.

Now let me quote a statement made in 1894, a long time ago. Anyone can be wise after the event, but it takes a good man to foretell the future, to judge a policy and the results of that policy. This is what Mr. Arthur Kitson wrote in a little book called "A Scientific Solution of the Money Question" back in 1894, or fifty-one years ago:

> The gold standard means inevitable war. Nations cannot possibly exist for long under it. The children born of it are fire and sword, red ruin, and the breaking up of laws.
>
> The repudiation of debt will become inevitable. Nations must strangle this monster or it will strangle them. The gold debts of the world cannot be redeemed in gold. Although gold does not enter in the slightest degree into those things that sustain life, by building industry upon this fickle basis, our civilization is in danger of being swept away. It is not a mere abstract question of economics. It does not merely concern statesmen, and students of finance. It is the greatest moral, the greatest social question which mankind has ever had to consider. It concerns the lives, fortunes and happiness of every human being in society, and of generations yet unborn. All other questions

sink into insignificance compared to this one. It is the "fin de siècle" problem, and our answer to it will determine the character of the drama we shall shortly have to witness, and upon which the curtain of the twentieth century is about to rise.

I would ask those hon. members who are indulging in levity to think over those words and ask themselves whether they are true or false. What has happened since they were written? We have had two wars and two or three terrible revolutions. Red ruin. I suppose I am not exaggerating when I say that at least a hundred million people have been killed since those words were written. If nothing else will bring hon. members to a realization of the question we are discussing to-day; if they are careless about themselves then let them think of those who have died as a result of this and all those who may be called upon to die in the future.

Mr. IRVINE: I am not going to make a speech, but I want to ask the minister a question or two just for my own satisfaction and in recognition of the fact that hon. gentlemen to my left want to make sure just what this thing means. I think we have been very patient with them in that regard, recognizing that this parliament wants to give them and all other hon. members a chance to get as much information as it is possible to get on the legislation we pass here. Before putting my question I might say that I do not think the hon. gentleman who just resumed his seat strengthened his position by the views he expressed. For instance, if this were an international socialist movement I should be voting for it with both hands, and so far I have not had the opportunity to do so. In the second place, if it implies the yielding of a portion of our sovereignty to ourselves as we are represented in an international agreement, I would be all for it. I am sorry the hon. gentleman did not quote what Mr. Bevin had to say a few days ago about the necessity for international government. I believe that would have been a very important quotation to give in this connection.

The point I want to make is this. Has this parliament any power whatsoever to alter the agreement made at Bretton Woods by one iota? If it has not, the only thing we can do is vote for it or against it, and in order that we may be able to vote for it or against it intelligently we should have all the available information on the matter. Then I should like to ask the minister how many nations already have passed legislation similar to that we now have before us, endorsing this agreement; and, if he knows it, how many nations have signed as members of the international bank. I believe the final date in that connection is December 31 of this year. Then, since this is going to a committee, and my own group has agreed to vote for it in order that it may go to the committee, I should like to ask if the minister will assure hon. members that in that committee we shall have an opportunity to investigate it thoroughly. This raises a further question. Must this legislation be passed at this session of parliament? If it must, then to send it to a committee at this late hour seems farcical if we expect to make any study of the matter. These are some of the questions I should like the minister to be kind enough to answer.

Mr. ILSLEY: As to the number of nations who have ratified or indicated by their action they are going to sign this agreement, I shall have to get that information, and I think I can do so in a few minutes. The only nation I know of that has done so up to date is the United States, but the agreement is now before the British parliament, and in that regard may I say that I read that three days have been assigned as the time for consideration of this agreement in the British parliament, not only the agreement but also the financial arrangements recently concluded with the United States.

Mr. LOW: That is in the house, not before a committee.

Mr. ILSLEY: That is right, but I think it will be concluded then. I believe three days is the time assigned for consideration of this agreement.

Mr. BLACKMORE: Poor Britain.

Mr. IRVINE: Order. Let us have the answers.

Mr. ILSLEY: While I am on that point, for some hours or some days I have felt that I should say something about our own course in bringing this matter before the House of Commons when we did. I want to remind hon. members that the draft of the Bretton Woods agreement was concluded and made public about fifteen months ago, and during all that time there has been an opportunity to study and discuss it. I also want to point out that this government announced its adherence to the Bretton Woods agreement as a matter of policy last spring, when we published the white paper on reconstruction and employment. Again, in August, I stated to a press conference that legislation would be introduced at this session approving the agreement. Then, in the speech from the throne it was stated again that legislation would be introduced at this session. The resolution was placed on the order paper early in the session—I do not remember the exact date.

I should have liked to bring the resolution before the House of Commons before December 6; but it must be remembered that there is a difference of opinion among members of the house as to what is most important. Bill 15 was regarded as very important by many hon. members of the house. The budget was regarded as important by myself. The war appropriation measure was regarded as extremely important, as was also consideration of the civil estimates. We were constantly torn between the conflicting claims of various measures for proper consideration in the house. It never occurred to me that anyone would take the position that if we had a few days for discussion of the Bretton Woods resolution, under conditions which assure that no one in Canada could be taken by surprise, there would be objection. As I have said, there was over a year in which it was discussed in the press, and there could be no doubt that the agreement contained the policy of the government in this respect. This has been known since last spring. It never occurred to me that anyone would take the position, here in this month of December, that more than a few days would be required for the discussion of this matter, and that it could not be disposed of in that time.

We want full discussion, but not necessarily excessive discussion. There are thirteen members of the Social Credit party, eight of whom have made full-dress speeches on the subject; and some of those speeches have been repeated in committee. I believe I understand all those objections. I believe I have noted all of them, and I think every other hon. member has too. It is of great importance to us, we think, that this measure be passed.

Answering the question of the hon. member as to the time that could be consumed before the committee on banking and commerce, may I point out it would certainly be the determined endeavour of the government to get this matter back into the House of Commons at this session and have it voted upon and disposed of in one way or another.

Arrangements were made to have the committee on banking and commerce meet at four o'clock this afternoon. I do not know of any reason why it could not sit fairly long hours, so that the matter could be discussed fairly fully.

If this were something coming on for the first time I would not suggest that a few days before the banking and commerce committee would be long enough. But this is not something that is being brought up for the first time. It is not like some of the bills I bring before the house, and which hon. members do not know anything about before they see them. This is something the whole country has had an opportunity to examine for about fifteen months.

I should hate to have Canada fall down in the matter of disposing of this question this year. The arrangement is that if before the end of the year nations representing sixty-five per cent of the quota had not given their assent to the Bretton Woods agreement—and in respect of Canada, assent would be given by this legislation—it will not go forward. If the government is right in its stand with respect to this agreement, then Canada has an interest in it, and it will be most beneficial. On the other hand, members of the Social Credit group take the stand that it will be injurious to Canada. We hold the view that hon. members would be taking a great responsibility if they made themselves parties to a delay in disposing of the measure, one way or the other. If they feel it is bad, and convince the government that it is bad, that is one thing. If we are so convinced, then we say "It is bad; we will not sign it ourselves, and hope it will not go through". But to let it go along without having any disposition made of it at this session would, I suggest, expose everyone lending himself to that course to a great measure of criticism in the future.

These matters will come up; things are likely to happen which this agreement would have prevented. I should not like to be the person who took the responsibility of staving it off.

Mr. HANSELL: The minister did not answer the question of the hon. member for Cariboo as to whether parliament can change an article or section of the act itself.

Mr. ILSLEY: It cannot change an article of the agreement. Parliament must vote either for it or against it. That does not apply to the act which will be introduced. It will be a matter for discussion. But the agreement must be either accepted or rejected.

Mr. QUELCH: I am sorry to note the attitude of the committee toward the endeavours of this group. I look back to the days frittered away in this session on matters of little or no importance; then when we come to a matter of this kind, which all must admit is of the greatest importance, we are criticized because we want to take a little time to discuss it. When I say a little time, I do not think a few days is more than a little time. I suggest to the minister that had the government taken a fair and reasonable attitude on this whole question, this might not have taken place. Let me remind the minister that when the government sent a delegation to San Francisco they deliberately left out any representation from this group. When

they sent members to Bretton Woods they did not send any members from this group at all. Had we been there, perhaps we would have been influenced in the same way the hon. member for Rosthern was influenced. Apparently after sitting in that committee and watching the experts, be became converted. If one of us had gone down, perhaps we would have had the same opportunity. But the government was most careful to see that we had no representation whatsoever, from this group, in respect of either San Francisco or Bretton Woods, or the conference which took place in England. I ask the minister if he thinks that is a fair way to deal with members of this House of Commons, or the different groups comprising it.

With regard to letting this matter go through to the banking committee, how many days can we spend in committee? Does not the minister think that the only fair way to deal with a matter of this kind in committee is to have in attendance experts representing both sides of the question? Does the minister think there is time to have experts before that committee, who can give both sides? Certainly the government can have its experts, to explain their side of the matter. But we have men we would like to have called, and I do not know if it will be possibe to call them. The minister will have experts to persuade the people to believe one thing, but no experts will be there to show the other side. Is that a fair way to handle this question?

There is no reason why this matter could not have been brought up at the beginning of the session and put before a committee, so that we could have had several weeks to discuss it and plenty of time to get witnesses.

We did a glorious job from 1914 to 1918 in winning the war. Everybody realizes that our politicians and diplomats made a ghastly mess of winning the peace. Again we have won another war. But we have to be most careful that they do not make the same ghastly mess that was made after the last war, or this second war will have been won in vain. We have endorsed the United States charter for peace. Let me emphasize the fact that it is of no use to make a political agreement for peace if at the same time we make economic agreements which are a declaration of economic war, as I consider this to be.

Before I concluded my remarks on Saturday I was asked a question by the hon. member for Vancouver East. He wanted to know whether the proposals which I had outlined by which an effective demand might be maintained against the production in the country could be put into effect without socialism. Let me emphasize that when I outlined that programme I outlined it as it would be instituted under private ownership. If the hon. member is thinking of the question of the nationalization of the chartered banks I say that so long as the chartered banks are prepared to cooperate with the government I believe we can carry on the privately owned chartered banks. I believe this government feel that they have cooperated with them. Whether the chartered banks would cooperate in the same way if the government brought about certain changes in the financial system I am unable to say. Maybe they would or maybe they would not. I certainly do not think it is right to judge them before they have had a trial.

When the C.C.F. brought in an amendment to the budget I was surprised to see that they used the words "utilization of national credit" rather than "nationalization of chartered banks," because on every other occasion on which we have used the term "national credit" they have invariably moved an amendment to nationalize the chartered banks. When I was speaking I mentioned that, and the leader of the C.C.F. said the reason they had not done it was that they had already moved a motion during this session.

Mr. COLDWELL: May I just say I was in error at that time.

Mr. QUELCH: I am glad to hear the hon. member say that. As the record stands today it looks as if I were making a false statement. I am glad to have his explanation. Anybody reading *Hansard* would think that I was deliberately making a charge which was not true.

The other day the minister criticized me for making statements in this house which had been made in certain committees without quoting the exact words. Probably he was justified in that criticism because I know it is easy to distort a statement when you give it from memory. Therefore in order that there may be no misunderstanding and in order that nobody may charge that I deliberately distorted statements made by any member of this house or any civil servant, I should like to put on record the one or two statements to which I referred.

The hon. member for Rosthern has gone to some length to eulogize Maynard Keynes in this house. In the past I have been a student of Maynard Keynes. We all appreciate that he is a great writer, but we also realize that some years ago he made quite a change about in some of his views. I mentioned that fact to the hon. member for Rosthern. I pointed out that whilst he apparently had great confidence in Maynard Keynes, that confidence

apparently did not rest with the former minister of finance or with the former leader of the Conservative party, although I did not mention the leader of the opposition at that time. Therefore I should like to quote from page 3563 of *Hansard* of 1936, when Mr. McGeer, now Senator McGeer, was making a statement. At that time he was referring to a book entitled "A General Theory of Employment, Interest and Money." All hon. members who have read that book will agree that it showed a tremendous advance in the thinking of Maynard Keynes. Mr. Bennett made this interjection with regard to Maynard Keynes:

He goes back, in terms, on all his previous opinions.

Mr. Dunning: **And says so.**

Then Mr. Dunning goes on to make this statement which I wish to read to show that the hon. member for Rosthern has no justification for suggesting that just because Maynard Keynes says that this is so and so the members of this house should accept it. He did say himself that Maynard Keynes said he would not support a return to the gold standard, and that the hon. member was prepared to accept Maynard Keynes' statement. Now, I shall read what Mr. Dunning had to say on June 9, 1936:

My hon. friend surely forgets that John Maynard Keynes, to my certain knowledge, has been writing authoritatively on these subjects each year. He did not start with the days of the ox cart; he has been gradually developing and instructing his readers, of whom I am one and my hon. friend is another, all in the twentieth century. In the book to which my hon. friend refers Keynes says he knows it is competely out of line with all that he has formerly taught us. I have no objection to a man changing his mind, but surely if we are to look for light and leadership from my hon. friend from Vancouver-Burrard to-day we do not expect that the day after to-morrow he will be telling us something definitely contrary to the opinions expressed to-day, and still expecting us to regard him as progressive and sound because he has done so. I am not criticizing Keynes, but I am saying that a teacher who changes virtually overnight in some of his cardinal teachings, I would hesitate to quote personally as an authority to-day as readily as I would before I read that book, and I say this without derogating at all from his right to change his mind. I am referring rather to his reliability as a teacher either yesterday or to-day.

I put that on record because some members might suggest that the statement I made the other day regarding Mr. Dunning was not quite correct.

While I am on the subject of Maynard Keynes I should like to refer to a press dispatch dated December 9, 1945, which is taken from the *Globe and Mail*. The statement has to do with the agreement which has been reached between Britain and the United States. It reads as follows:

Lord Keynes obviously felt that the Washington agreement was not completely satisfactory to the British viewpoint, and that he would meet severe criticism when he returned to London. However it was clear that he believed no such problems could be settled to the entire satisfaction of either side, and that the concessions made by both American and British negotiators would not cause its rejection by either congress or parliament.

Therefore we do not want even to suggest that Maynard Keynes is over-enthusiastic about the agreement. He got the best agreement he thought he could get.

The point to which the minister really took exception was my reference to the deputy minister of finance, Doctor Clark. May I say in explanation that when I started on Saturday I did not believe the debate would carry on in the way in which it did. I did not start in that direction. The Minister of Finance and the hon. member for Rosthern kept asking me questions that I had not intended to touch on when I started to speak; otherwise I should have had the references with me. I refer to the fact that Doctor Clark had taken a certain stand in regard to the treatment of a creditor nation. In all fairness to Doctor Clark I think I should put his words on *Hansard*, as recorded in the report of the special committee on reconstruction and reestablishment dated Wednesday, March 8, 1944. In order that the committee may have an understanding of what his statement referred to, I shall quote my statement which brought forth his reply. It will be found on page 38 of this committee report. It reads as follows:

Perhaps Doctor Clark would like to say whether he agrees with the proposals put forward by the London chamber of commerce? No doubt Doctor Clark has made a study of those proposals.

Doctor Clark merely said in that regard:

I do not think I should be asked to go on with the London chamber of commerce programme this morning. If I were to do that I would want to do it at some length, and it is a long time since I read the programme. I would like to have it more fully in my mind again, and would not like to start on another long discussion at this stage when I have talked for so long already.

The next opportunity I had to speak with him was when I accidentally met him in the corridor. I asked him his attitude regarding the London chamber of commerce, and it was that which I put on record. Now to get on with the question of the creditor nation Doctor Clark said this:

Mr. Quelch also made a point about the difference in the treatment between debtor and creditor countries under the plans, suggesting

that the treatment of debtor countries was far more strict and mandatory than in the case of the creditor countries. I do not think that is really a fair reading of the three plans. I think all three plans recognize very clearly and emphasize very strongly the obligation that the creditor country is under to do the things that will get it out of that chronic creditor position and enable the world really to function as a whole. In the case of the creditor countries I might read very briefly what I said in this address about what is provided in respect to creditor countries.

All three plans recognize that surplus countries may be equally responsible with deficit countries for creating disequilibria in international exchange. To illustrate the general application of the plans to surplus countries, let me take the major provisions of the Canadian plan. When the union's operations have resulted in net sales of the currency of any member to the extent of 75 per cent of its quota, the union may attempt to arrange with that country a programme of capital investment or securities repatriation in order to increase its reserves of the currency in question. When net sales of a currency have reached 85 per cent of a country's quota, the union has the authority and the duty to render to that country a report analysing the causes of the depletion of its holdings of the particular currency and making recommendations in regard to monetary and fiscal policies, exchange rate, commercial policy, and international investment, believed to be appropriate in order to restore the equilibrium of the international balances of the country concerned. The union has also the right to enter into arrangements with any country to borrow additional supplies of its currency on mutually satisfactory terms, and, when the board believes that the anticipated demand for any currency may soon exhaust the union's holdings, it is required to propose a method for the equitable distribution of the scarce currency together with suggestions for helping to equate the anticipated demand and supply. When it finds it necessary thus to ration a scarce currency the board is required to reexamine prevailing exchange rates and recommend such changes as it may believe appropriate to the changed circumstances.

Might I interject here that the question of scarce currency is dealt with in article 7 of the Bretton Woods agreement. He goes on to say:

True, several of the provisions I have read are, as Mr. Quelch says, of an advisory character; but if the fund had the power to enforce on a creditor country all these measures or had other equally drastic powers, I am afraid Mr. Quelch would say that we were suggesting a plan which too greatly impaired the national sovereignty of a country. So you could easily go too far in that direction, and I think what is provided for in these plans goes much farther than anything that has ever been done in the past to solve the problem of the creditor country, to bring the creditor country to a realization of what it must do if it is going to solve its own problems and not be a drag on the prosperity of the world.

The provisions are largely in the category of an advisory nature. He wants to know whether I would expect them to suggest that we should impair the sovereignty of a creditor nation. My argument is that we should treat the creditor nation in the same way as we treat the debtor nation. We have no right to impose conditions on the debtor nation and let the creditor nation go scot-free, but should recognize that they both should have a mutual obligation to try to balance their trade. I replied to Doctor Clark in this way:

Before we adjourn I would like to take up the question of impairing the sovereignty of a nation, because I agree entirely with Doctor Clark on that point. To my mind one of the main objections to these proposals is due to the fact that while they do not intend to impair the sovereignty of a creditor nation, they do so in the case of a debtor nation, and I say a creditor nation would be largely to blame because if the creditor nation refused to buy a debtor nation's goods the debtor nation is at its mercy.

Doctor Clark agrees that foreign investment is not a solution, that it just tides over the period of unemployment for the time being, that it cannot be considered a long-term solution.

I should like to quote a statement from the London *Economist* to show that people who have studied this question generally agree that foreign investment is not a solution but merely a temporary expedient. The London *Economist* of January 22, 1944, says:

Loans, unless the word is to be a euphemism for charity can never be a permanent solution. Interest has to be paid on that and in due course they have to be repaid. The world has tried once before to buttress the metallic system and the results do not encourage repetition of the experiment, especially as it would have to be a larger programme.

That is just what we are proposing to do under the Bretton Woods agreement.

In connection with the international stabilization of currency, I should like to show that Maynard Keynes recognizes the fact that the creditor nation has a responsibility, and he actually went so far as to say that if a creditor nation refused to accept imports its credit should be cancelled. I quote from section 3, page 10, of this pamphlet on the international stabilization of currency:

It is not contemplated that either the debit or the credit balance of an individual country ought to exceed a certain maximum—let us say, its quota. In the case of debit balances this maximum has been made a rigid one, and, indeed, counter-measures are called for long before the maximum is reached. In the case of credit balances no rigid maximum has been proposed. For the appropriate provision might be to require the eventual cancellation or compulsory investment of persistent bancor credit balances accumulating in excess of a member's quota.

I repeat that phrase: "the appropriate provision might be to require the eventual cancellation."

Just to show that that line of thought has been followed by many other people besides Keynes, I should like to quote a recommendation of the London chamber of commerce on this proposal. So that there may be no misunderstanding may I say that I have here two pamphlets, one of the report of the London chamber of commerce on "General Principles of a Post-war Economy", and the other a pamphlet entitled "A Twentieth Century Economic System," on the front page of which I read this:

> The author has decided to remain anonymous, in the hope that his fellow citizens will insist, on this occasion, on doing their own thinking, and will consider these proposals on their merits, uninfluenced by the names and reputations of the protagonists on either side.

The reason I link these two together is because on page 11, section 27, of the London chamber of commerce report, I find this:

> The chamber, having considered whether there is any system which would achieve, wholly or partially, the solution of all the above problems, generally accepts the principles laid down in "A Twentieth Century Economic System," especially in respect of blocked credits for the payment of international obligations.

I had better quote a paragraph from "A Twentieth Century Economic System" dealing with this very question. It gives an explanation of bilateral trade on page 25, and then goes on to say:

> The above is a simple example of bilateral trade, but multilateral trade could be provided for by the exchange controls of the participating nations having representatives at an international exchange where blocked credits in one country could be exchanged for those in another at the conventionally fixed exchange rates: the primary responsibility for establishing a contra account, by importing from the country to which a sale had been made, would remain with the exporting country. If it did not wish to do so that would be its affair and not that of the importing country, which would have done its part by establishing the necessary credit. The importing country would be entitled to cancel the credit, under a statute of limitations, if it were not used within seven years. The principle is that with which we are all familiar in internal trading: if you have a credit with a shop, you cannot take it out in cash but you clear it when you take goods.

A further comment regarding international exchange is shown at the bottom of the page. Perhaps I had better quote it, because several hon. members have the idea in their heads that we advocate bilateral trade. We have never advocated bilateral trade. We realize the benefits of multilateral trade; but we do feel this, that when a nation establishes a credit with another nation it should be under some obligation to see that that credit is cleared. Therefore, if we establish a credit with France, and want to buy goods from Germany, if Germany is willing to take goods from France there is no reason why we cannot take goods from Germany and Germany can take goods from France. Here is a quotation indicating how goods could be traded on an international exchange:

> The international exchange would be in no sense an international bank nor would it be the body with which all the nations would hold their debits and credits. Psychologically it is important that each nation should know in which countries it has uncancelled credits, so that it may take steps to clear those credits either by taking more imports or by restricting its exports to them. The responsibility which this scheme places squarely upon each nation to keep its own imports and exports in equilibrium, must in no circumstances be transferred to a central international clearing bank. If a central international bank were entrusted with this task instead of each nation being free to solve its own domestic problem in its own way, we should once more be back to the old condition of financial war to control a central monetary authority which, in its turn, would control the domestic affairs of so-called independent nations. In practice, such a system of central international monetary control means that whilst effective pressure cannot be put upon the strong creditor nations to take payment in goods against their wishes, great pressure can be brought to bear upon the weak debtor nations to lower their prices in an attempt to force their goods over the tariffs of creditors unwilling to receive payment in the only way open to the debtor, namely in goods.

The hon member for Rosthern interrupted when I was speaking on Saturday and tried to give the house the impression that provision was made in the Bretton Woods agreement for putting a very great deal of pressure on a creditor nation; and really, when I read his remarks in *Hansard* I was amazed that he would make a statement of that kind, because after all he did go to Bretton Woods, and therefore he should know what he is talking about. Where he got this statement I do not know, because it certainly is not in the Bretton Woods agreement. Let me quote what he said—I am sorry the hon. member is not in his place at the moment—as reported in *Hansard*, at parge 3146:

> The fundamental basis of this organization is that if a currency becomes scarce then the country whose currency has become scarce will be advised by the officials of the fund that they must take steps to enable other countries to sell their goods in the country of the scarce currency, and they would advise that country that they must be prepared to correct that fundamental unbalance of trade. The whole basis of this agreement is designed to promote understanding between countries in order to permit balanced trade and the keeping up of high standards of living in all countries.

It is all very well to say that that is the understanding; but when you use the word "must", I think one would assume there should be something definite about that in the agreement itself. I would, however, invite hon. members

to note what article VII which deals with the question of scarce currencies, really says in regard to relationship with creditor countries. There is no compulsion, with the exception that they must be ready to sell their currency for gold. That is the only compulsion in the whole thing. I am quoting from article VII in order to show how far afield from reality the hon. member for Rosthern had got when he said that they must do this and they must do that:

If the fund finds that a general scarcity of a particular currency is developing, the fund may so inform members and may issue a report setting forth the causes of the scarcity and containing recommendations designed to bring it to an end.

That is the furthest they go. They issue a report containing recommendations; but for some reason or another the hon. member for Rosthern jumps to the conclusion that they must do this or they must do that. I continue to quote:

A representative of the member whose currency is involved shall participate in the preparation of the report.

Then, quoting from section 2 of the same article:

The fund may, if it deems such action appropriate to replenish its holdings of any member's currency, take either or both of the following steps:

(i) Propose to the member that, on terms and conditions agreed between the fund and the member, the latter lend its currency to the fund or that, with the approval of the member, the fund borrow such currency from some other source either within or outside the territories of the member, but—

Here is the important point:

—no member shall be under any obligation to make such loans to the fund . . .

They cannot even compel a creditor nation to lend its currency or to approve the borrowing of its currency by the fund from any other source. The only reference to compulsion is in subparagraph (ii), which states that the fund may:

. . . require the member to sell its currency to the fund for gold.

Apparently the aim of the creditor country is to get as much gold as it can; I do not think it is putting much compulsion on the creditor nation to say that it must accept gold in return for its currency. What is lacking there is that there is no provision whereby the creditor nation can assist the debtor nation by enabling it to pay in the only way it can, namely by accepting its goods and services. Under this system and under the gold standard the results are the same. When a nation has an unfavourable balance of trade, it has either to meet the unbalance of trade by gold, if it cannot get any currency by selling goods, or to accept a loan, and if it has to accept a loan, after a period of time the creditor nation will just be buying up its capital assets.

Mr. JAQUES: They have no gold.

Mr. QUELCH: If they have no gold. They would be advised to take a loan from the international bank of reconstruction and, maybe, give it security on their railroads and other capital assets. Systematically the creditor nations would be obtaining a stranglehold on the smaller countries. I would say that it is a modern form of imperialism by monetary penetration rather than by force of arms.

There is another point here. Not only does it not penalize a creditor nation, but it actually rewards the creditor nation for being such and penalizes the debtor nation for being a debtor nation still further, beyond an increase of interest rates; because if we look up the question of voting, referred to in section 5 of article XII, we find out how the votes are apportioned between the various members. I read section 5 on this point:

Voting.

(a) Each member shall have two hundred and fifty votes plus one additional vote for each part of its quota equivalent to one hundred thousand United States dollars.

(b) Whenever voting is required under article V, section 4 or 5, each member shall have the number of votes to which it is entitled under (a) above, adjusted:

(i) by the addition of one vote for the equivalent of each four hundred thousand United States dollars of net sales of its currency up to the date when the vote is taken, or

(ii) by the subtraction of one vote for the equivalent of each four hundred thousand United States dollars of its net purchases of the currencies of other members up to the date when the vote is taken.

So we find that under that section the further into debt a nation gets, the less is its voting power; the greater creditor a nation becomes, the greater the amount of loans made by a creditor nation, the greater the number of its votes becomes. Therefore, after a period of time you find a great change in the voting strength. You will find that creditor nations are gradually accumulating more and more votes and debtor nations are getting fewer and fewer; and when you think of the possibilities of the future, the amount of money which in all probability the United States, for example, will be lending, you can see that the voting power of that country will be tremendously increased. No doubt the government has given some consideration to the question I am about to put to the minister. Has the government estimated what the voting strength will likely be five years from now, when the great programme of expansion has taken place? Will he tell us what the voting

strength will be when the fund starts out and what he estimates it will be four or five years from now when we have gone a long way toward helping to reestablish the devastated areas?

On Saturday we were discussing three points, and I was trying to get the minister to give me an answer to the questions I was asking him. He accused me of constantly changing the question. That may have been true. I did not have anything on paper. It was the same thing that I was in effect asking for, although I may have changed the wording. To make sure that I do not repeat that mistake, I have written down certain questions which I will read to the minister and in reply to which I will ask him for answers. He is familiar with the questions I am going to read, because in essence they are the same as those I asked on Saturday.

Does the minister agree that we should be prepared to accept imports in payment for our exports as soon as the transition period is over? Does the minister agree that in order to make this possible the government must underwrite an effective demand in Canada for our production and the production of other nations for which our own production may be exchanged? Is the minister satisfied that the final act of the Bretton Woods agreement does ensure that countries will be willing to balance their accounts with the world in terms of goods and services?

Can the minister answer those three questions before I proceed further?

Mr. ILSLEY: Will the hon. gentleman send them over?

Mr. QUELCH: Yes. In the meantime, if the minister wishes to have time to consider them, there are other questions that I should like to ask him. Perhaps I had better wait until he answers those questions.

Mr. ILSLEY: The first question the hon. gentleman asks is: Does the minister agree that we must be prepared to accept imports in payment for our exports as soon as the transition period is over? There may be conditions in which a country will desire, and in which it will be advantageous for that country, to continue to borrow money for development as well as for reconstruction purposes.

Mr. QUELCH: I say, must be willing to accept imports. If a nation wanted a loan we would be willing, but I say that we must be willing to accept imports.

Mr. ILSLEY: Must be prepared to accept imports in payment.

Mr. QUELCH: If the debtor nation needed a loan, that would let us out.

Mr. ILSLEY: Generally speaking, I think it is true that we must expect, over a long period, to accept imports in payment for our exports. That is true generally speaking, with the qualification I have mentioned.

Mr. QUELCH: Will the minister agree that in the past we have not been prepared to do that? That was not the policy from 1935 to 1939? I am speaking from memory, but I think I am right when I say that on the average we maintained a favourable balance of payments of $219,000,000 a year for five years, and yet at the same time we had half a million people unemployed, a million on relief, and industry operating only to fifty per cent of capacity. When the governor of the Bank of Canada appeared before the committee on banking and commerce, I asked Mr. Towers whether, in view of the fact that we had a favourable balance of $200,000,000 odd a year, the government would not consider issuing $200,000,000 to provide work for the people, so that the money paid out in those services would give the people money with which to buy imports that could be brought in in exchange for the credit represented by the favourable balance of payments. The reply that Mr. Towers gave at that time was that it was a matter of government policy. That is why I am not so keen about these banking committees. When you get into a committee with a bunch of experts and you ask them a question they tell you that it is a question of government policy and you do not get any answer. The only place in which you can get an answer is here from the minister. You cannot get an answer from experts because they will simply shirk the responsibility and put it on the government. This is an important point. It is fundamental, and I do not think we shall solve anything until we get down to it.

Mr. ILSLEY: For a long time we had unfavourable balances of payments—

Mr. QUELCH: Before 1935.

Mr. ILSLEY: Yes, and then we had these years of favourable balances of payments which helped to pay our indebtedness abroad. Now the hon. gentleman is suggesting that we should not pay off our indebtedness abroad?

Mr. QUELCH: No. If the minister will say that in future, now that we are no longer a debtor nation, we shall be prepared to balance our trade, I shall feel a great deal better about the whole thing. But at that time our production was only up to fifty per cent of capacity, and I contend that we could have expanded that production to the full extent so as to pay our debts and still increase

the standard of living. Why did we maintain a production of fifty per cent of capacity when we had a debt abroad which we could have paid? We could have expanded our production and paid that debt and increased the standard of living of the people.

Mr. ILSLEY: In the first place the hon. gentleman refers to us as a creditor nation. We are not.

Mr. QUELCH: The white paper on reconstruction states that Canada will probably be a creditor nation under the Bretton Woods agreement. I am not sure of the terminology, but she aspires, or expects, or hopes to be a creditor nation under the agreement.

Mr. ILSLEY: In respect of current transactions.

Mr. QUELCH: It does not say that, does it? It says she will be a creditor nation.

Mr. ILSLEY: But we are not a creditor nation. The figures speak for themselves. The people of this country owe more to the people of other countries than the people of other countries owe to the people of this country. That can be demonstrated.

Mr. QUELCH: Could the minister give us any idea whether that would be a matter of one or two or three or four billion dollars?

Mr. ILSLEY: No, I cannot.

Mr. QUELCH: It would not be above four billion dollars, would it?

Mr. ILSLEY: I do not know.

Mr. QUELCH: I think we owe Britain somewhere in the neighbourhood of a billion dollars. The minister will remember that when we were discussing Mutual Aid I urged that before making that gift we should repatriate our securities, and I remember that the minister was quite harsh, accusing me of being somewhat un-British. On the other hand, I understand that South Africa has abolished absentee ownership of her gold and diamond mines by repatriating her securities. Among the Canadian securities held in Britain were large holdings of C.P.R. stocks and bonds. We could have brought those back to this country; then, after we had repatriated those securities, we could have gone on and given Britain all the money she wanted. But what has happened to those securities to-day? I understand that instead of Britain owning them the United States has taken them.

Mr. ILSLEY: Oh, no.

Mr. QUELCH: Is that wrong? I am very glad to have that assurance, because that has been stated.

Mr. ILSLEY: No, that is not correct.

[Mr. Quelch.]

Mr. QUELCH: To what extent have these securities been so dealt with?

Mr. CHEVRIER: It is a very small fraction.

Mr. QUELCH: Does that apply to all other Canadian securities as well?

Mr. ILSLEY: Yes, a very small fraction.

Mr. QUELCH: A small portion has been turned over to the United States?

Mr. ILSLEY: The Canadian Pacific securities that eventually moved to the United States came back to Canada and were then sold by Canada to United States purchasers, but it is a very small percentage in relation to the total. The same movement has gone on to some extent, I think, in relation to certain other securities, but the money obtained for these British securities is applied in reduction of our $700,000,000 debt, which has been substantially reduced by the sale of securities.

Mr. QUELCH: Then we have practically repatriated all the securities held in Britain?

Mr. ILSLEY: Well, in that sense. There are some purchases of those securities by Canadians, and the money the British get for the securities is used to reduce the debt which Great Britain owes to Canada; but then Canadians sometimes sell these securities in the United States.

Mr. QUELCH: Then our main debt to-day is to the United States?

Mr. ILSLEY: Yes, that is right.

Mr. QUELCH: Then did the minister think it the part of wisdom on our part to keep expanding that debt all during the war? I understand that every time there is a victory loan the United States buys bonds in this country. The minister has always emphasized the fact that the purpose of a victory loan is to curtail spending. Surely when the United States buys victory bonds it does not reduce the amount of money in circulation. Actually more money comes into existence and defeats the very thing you are trying to accomplish.

Mr. ILSLEY: We do not encourage those purchases.

Mr. QUELCH: But you do not prohibit them?

Mr. ILSLEY: No.

Mr. QUELCH: Can you not prohibit them?

Mr. ILSLEY: No, we cannot. I cannot give the complete list of reasons, but we have discussed them time after time and decided it

would do more harm than good to impose a prohibition on the movement of Canadian securities to the United States.

Mr. QUELCH: At the same time I think the minister will agree that it is not to the benefit of Canada to have that take place.

Mr. ILSLEY: No, it is not in the interests of Canada. If the hon. gentleman were to ask me why it is not in the interests of Canada the only reason I could give would be financial rather than economic. That is, we lose the interest when Americans buy Canadian securities. Canada is liable to the holder or holders of the securities for the interest payments on them. The money we obtain for the securities is United States exchange which we add to the holdings of the foreign exchange control board, which are dead; that is, they earn no interest. Therefore there is a loss of interest to the extent that these securities go to the United States; otherwise I do no see that there is any disadvantage. We have the United States exchange and they have our bonds, that is all. We have an equivalent asset for the asset with which we part. We discourage it, as I say, for that financial reason alone, as far as I know; and if it reaches high dimensions there is that current loss of interest.

Mr. QUELCH: Then to come back to the original point, before the war why did we allow our production to run at only fifty per cent of capacity when we had foreign debt to pay off? We maintain a favourable balance of trade, you say, mainly to pay off our indebtedness; at the same time we had quite a low standard of living in this country, with a million people on relief. Surely with a foreign debt there would have been every justification for raising the standard of living in this country and expanding our production so that we could have paid off the debt and at the same time raised the standard of living of the people.

Mr. ILSLEY: That statement assumes that a government can expand its production just by some easy method. It may be that governments were wrong before the war, but I think the argument is fairly good for the position that the mere distribution of money to the people does not necessarily set all the people to work.

Mr. QUELCH: But you will remember that as soon as war was declared you borrowed $200,000,000 from the chartered banks in order to increase employment or to do certain things in connection with the war, and that did increase the demand for goods. Supposing before the war you had borrowed $200,000,000 from the chartered banks—not from the people, because that would merely have withdrawn money from circulation—it would have meant an expansion of money. Then supposing that money had been used for national projects; what would have happened? The money paid out for national projects would have been distributed among the people, and would have stimulated a demand for goods. Is it not logical to suggest that just as soon as you expanded the demand for goods through those national projects, industry would have started to employ more men to produce more goods? Certainly that happened in war time and I think it would happen in peace time.

Mr. ILSLEY: That is just a matter of opinion; it is not self-evident. I know all through the years the Social Credit party have argued that this would have happened in time of peace, but in time of peace you have a different set of conditions from those that exist in time of war. In time of war you have a unified national purpose, and it does not deter industrial or agricultural activity at all for the government to spend large sums of money, put up taxes, increase the credit and to some extent inflate, because there has been some degree of inflation during the war. That does not alarm or retard investment and enterprise. But when you do not have that set of conditions that may not be the result. Therefore you have various schools of thought as to the best means to adopt to get all your people working with fair incomes. The C.C.F. has one view. They think it is a matter of the government taking over at least quite a lot of the big business of the country, that if you take it out of private hands you are more likely to get full employment. The Social Credit party I think believe that the application of the monetary remedy is sufficient of itself.

Those are the questions, and they are questions as to which there is a great difference of opinion. I do not think this is the proper occasion for us to get into a debate, which can be very far-reaching, as to what is the best programme to adopt to keep all your people gainfully employed. Certainly we have not been silent in the last twelve months as to the means we are seeking to adopt or aiming to adopt. They are set out in the white paper on reconstruction on "Employment and Income," and they were fully publicized during the election campaign, and in speeches since that time. We would propose to do it by a variety of steps, not by one alone.

I think that fact has a bearing on the second question asked: Does the minister agree that in order to make this possible the government must underwrite an effective demand in Canada for our production, and the

production of other nations for which our own goods may be exchanged? If I understand that question correctly it is predicated upon the assumption that by simply placing in the hands of the people of the country enough money, or seeing that they get—

Mr. QUELCH: Not necessarily.

Mr. ILSLEY: —enough money, either from private spenders or ourselves, that will achieve the result which is desired, or that that will keep our production up and keep markets for our production. Well, I do not want to give an answer to that question, which is based upon the assumption that the monetary exchange is the only remedy. What the hon. member is seeking is some policy which will keep all our people gainfully employed, or properly employed.

Mr. QUELCH: I do not mention financial matters at all. I just asked what the government's policy is, for example, in regard to controls, and any other things necessary to maintain an effective demand.

Mr. ILSLEY: The suggestion is that the government must underwrite an effective demand in Canada for production. I do not know that I just admit the repsonsibility for underwriting. It is not a very definite term. We have repeatedly admitted responsibility for using every method within our power to maintain a stable level of employment, sometimes referred to as full employment. That has been set out in our white paper on reconstruction and employment, and otherwise in the ways I have mentioned.

Mr. QUELCH: If I used the word "responsibility" rather than "underwriting", would the minister be willing to agree?—"accept the responsibility for maintaining"? That is, he would accept the responsibility for maintaining an effective demand, rather than pass that responsibility on to the provinces, or to some private enterprises.

Mr. ILSLEY: There may be a division of responsibility between the dominion and the provinces. The provinces may wish to assume and to undertake certain portions of responsibility. But I would be reluctant to assent to language which I do not fully understand. I would rather refer my hon. friend to what we have said in the document to which I have referred, namely our white paper on employment and income.

At page 23 thereof we say:

> The government has stated unequivocally its adoption of a high and stable level of employment and income, and thereby higher standards of living, as a major aim of government policy.

[Mr. Ilsley.]

And again, at page 7:

> The government has pressed and is continuing to press actively for a wide collaboration in the reciprocal reduction and removal of trade barriers, especially trade barriers of an arbitrary and discriminatory type.

And a little later:

> Having regard to the widespread character of our trade, the government attaches special importance also to the reconstitution of multilateral trade on a firm basis and arrangements under which the proceeds of our exports may be spent wherever we desire to obtain our imports.

And at page 9:

> In the view of the government, appropriate terms for repayment of these credits would recognize unequivocally the dependence of such international debt payments on the expansion of world trade and ample markets for the exports by which credits must be repaid.

Then the third question: Is the minister satisfied that the final act of the Bretton Woods agreement does ensure that countries will be willing to balance their accounts with the world, in terms of goods and services? I do not suppose it does absolutely ensure it. I do not think that anyone ever contended that it does ensure it. But it encourages that development.

Mr. QUELCH: Does it even encourage it?

Mr. ILSLEY: Yes, I believe so.

Mr. QUELCH: What pressure is exercised on a creditor nation to do it? There is pressure on a debtor nation; but I cannot find any on a creditor nation.

Mr. ILSLEY: The hon. member read sections 1 and 2 of article VII. But the effective provision with respect to scarce currency is—

Mr. QUELCH: It gets worse as you get down there.

Mr. ILSLEY: It states:

> (a) If it becomes evident to the fund that the demand for a member's currency seriously threatens the fund's ability to supply that currency, the fund, whether or not it has issued a report under section 1 of this article, shall formally declare such currency scarce, and shall thenceforth apportion its existing and accruing supply of the scarce currency with due regard to the relative needs of members, the general international economic situation and any other pertinent considerations. The fund shall also issue a report concerning its action.
>
> (b) A formal declaration under (a) above shall operate as an authorization to any member, after consultation with the fund, temporarily to impose limitations on the freedom of exchange operations in the scarce currency.

In other words, the authority which is given to the country in need of a scarce currency, after consultation with the fund, to

impose limitations on the freedom of exchange operations in that currency, operates as a pressure on the creditor nation. Then:

> Subject to the provisions of article IV, sections 3 and 4, the member shall have complete jurisdiction in determining the nature of such limitations, but they shall be no more restrictive than is necessary to limit the demand for the scarce currency to the supply held by, or accruing to, the member in question; and they shall be relaxed and removed as rapidly as conditions permit.

That sentence, while protective of the creditor nation, is not unreasonably so.

Mr. QUELCH: Actually what would happen would be that the debtor nation would impose restrictions so that they would lower their standard to the extent that they no longer brought such imports in, and the creditor nation that had been exporting such goods would probably have more unemployment and conditions would get worse. Unless the creditor nation were prepared to change their policy to one of expansion; unless they were willing to develop an expansionist policy internally, why do they have to wait until currency is scarce before they do that?

We might as well face the fact that the greatest menace in the world to-day is the policy of the United States in trying to export its unemployment problem upon the world. I cannot see that this will help the situation. It would just mean that the exports from the United States would be reduced, while the standard of living would be reduced in the debtor nations. If the exports were reduced, then the United States would have that much more unemployment.

Mr. ILSLEY: The basis on which the United States comes into this arrangement is the desirability of avoiding import and exchange restrictions by other nations, the blocking of currencies and so on by other nations. If that looms up and is authorized under this provision the United States will try to avoid it. The hon. gentleman is suggesting some compulsory provision in the fund—

Mr. QUELCH: Acceptance of imports.

Mr. ILSLEY: —which will operate against a country. I think that would be quite an interference with sovereignty. There is no compulsory—

Mr. QUELCH: I merely suggest a business transaction. When we establish a credit in another country by selling it goods we have a definite responsibility to accept goods in payment, or at least to provide that if we take goods from another country that country will utilize the credit which we have established in the former country. Surely it is not a question of sovereignty; it is a question of fair and square dealing. I would point out that the provision which the minister has read would not operate if a creditor nation sold unlimited sums of its currency for gold. Then the debtor countries could obtain the currency which the creditor country sold, and they would still be going steadily further into debt. By the creditor countries selling their currency for gold the debtor countries would obtain currency from the fund, but they would go further into debt. I do not understand why anybody would advocate that. Keynes recognized the danger and so did the London chamber of commerce. I think we all recognize the danger of the creditor nation not being under obligation to accept payment in goods. I cannot understand why that provision is not in the Bretton Woods agreement, whilst it was not in the Morgenthau plan, the Keynes plan or the Canadian plan. I am speaking from memory; I believe they provided for a slight tax upon the creditor nation. Under this plan there is absolutely no pressure on the creditor nation apart from the two sections which the minister read, and that is a slight pressure.

There are one or two points with which I should like the minister to deal. I think he will realize that it is something that should be dealt with.

The CHAIRMAN: Order. I must draw the hon. member's attention to the fact that his time expired some time ago. He cannot continue unless he has the unanimous consent of the committee.

Mr. QUELCH: I am satisfied that if the Chairman read *Hansard* he would find that I have not spoken for anything like forty minutes. There were many interruptions. I was asked a number of questions. The minister will be speaking next, and I wish to ask him one or two questions to which I should like some answers. I know that very few members in the house know what this is all about. I will admit that I myself have only a hazy idea of just how this is going to operate. As far as I understand it, normal trade will be carried on without utilizing the fund at all. The fund comes into the picture only when a nation has an unfavourable balance of trade. Let us suppose that the fund has opened its doors for business. What is the immediate effect upon Canada? In the first instance do we immediately have to establish a gold backing for our money? Before the war we had a twenty-five per cent gold reserve. Is that reestablished immediately, or shall we carry on the way it was?

Mr. ILSLEY: Just carry on.

Mr. QUELCH: What will be the procedure if a nation has an unfavourable balance of trade? Will the transaction be carried on between the central bank and the fund? Would the minister explain what takes place.

Mr. ILSLEY: The hon. gentleman seems to be talking about some transaction between our central bank and the fund.

Mr. QUELCH: The central bank of any nation which has an unfavourable balance of trade. If a nation should not have a central bank there will have to be some authority to deal with that situation. I should like to know how that operation is dealt with. The Bretton Woods agreement states that it will be done through the central bank or some other organization.

Mr. ILSLEY: That country buys from the fund the currency which it needs. If it desires currency to pay for goods and cannot get it otherwise it buys it.

Mr. QUELCH: As I understand it, it issues a cheque to the fund; a cheque will be issued against its own central bank. Suppose Canada was a debtor nation; the Bank of Canada would issue a cheque to cover its unfavourable balance of trade and deposit with the fund.

Mr. ILSLEY: A debtor nation.

Mr. QUELCH: Suppose Canada was a debtor nation.

Mr. ILSLEY: Yes.

Mr. QUELCH: And we had an unfavourable balance of trade of $100,000,000, or an unfavourable balance of payment. We would issue a cheque on the Bank of Canada and deposit it with the fund; is that the procedure?

Mr. ILSLEY: That is oversimplified.

Mr. QUELCH: If we needed the currency of a particular country to pay for imports from that country we would issue a cheque? That is how we would do it, is it not? We would not take a bunch of dollar bills and pay them over. We would issue a cheque on the Bank of Canada, and that cheque would be deposited in behalf of Canada.

Mr. ILSLEY: Yes.

Mr. QUELCH: We would not have to send currency. I think all members are interested in this point. We would look like a bunch of nitwits if we went back to our constituencies and were asked to explain this agreement and could not tell them how it works. Let us proceed and examine section 8 of article V. May I use Canada as an example. I do not for one minute ever expect Canada to be in this position; but suppose Canada got further and further into debt and subsections 1, 2 and 3 were applied. Then finally section (d) was applied and the rates of interest were increased to four per cent. It goes on to say:

> The fund and the member shall consider means by which the fund's holdings of the currency can be reduced.

In all probability what would be the means?

Mr. ILSLEY: To what section is the hon. member referring?

Mr. QUELCH: It is found on page 36, and reads as follows:

> Whenever the fund's holdings of any member's currency are such that the charge applicable to any bracket for any period has reached the rate of four per cent per annum, the fund and the member shall consider means by which the fund's holdings of the currency can be reduced.

Would the minister consider the most likely recommendations to be a reduction in the price level; that is, would it be a deflationary policy in order that the creditor nations would be more likely to buy their goods.

Mr. ILSLEY: I could not give an exhaustive list of means. I should think that a depreciation of their currency might be one. That would encourage their exports, discourage imports and help their exchange position.

Mr. QUELCH: The minister thinks that would be employed rather than a deflationary policy.

Mr. ILSLEY: A deflationary policy would work the other way, would it not?

Mr. QUELCH: No; if the price level were reduced internally it would be apt to encourage other nations to buy those goods which would offset the unfavourable balance of trade.

Mr. ILSLEY: I do not know.

Mr. QUELCH: Theoretically it should. I admit creditor nations might set up tariff walls to make sure our goods did not come in. I should now like to go a step farther. What happens if that does not work out, and I think it would not. The section goes on to say:

> Thereafter, the charges shall rise in accordance with provisions of (c) above until they reach five per cent and failing agreement, the fund may then impose such charges as it deems appropriate.

I think that is a most vicious section. I cannot understand a section like that being in the agreement. Imagine anybody signing an agreement that if they could not meet a certain obligation in a certain period of time,

then the creditor can charge any rate of interest he likes. If I read it rightly, that is what it means.

Mr. ILSLEY: It is to prevent an indefinite use of this fund by a country for financing purposes; that is all.

Mr. QUELCH: Surely the logical way would be to say to the creditor nation, here is a nation which has a surplus of goods. It is prepared to pay you in goods. It is up to you to accept payment in goods. Surely that would be the logical thing to say. It would be a different thing if that nation were buying more than it could pay for. That would be one thing; but supposing it were a nation which had the goods to pay, but which the creditor nations would not buy, and that may easily happen; under an ordinary multilateral system that is apt to happen. Let us say that England bought one million dollars worth of goods from us under it. We might turn around and use that money to buy from the United States. Who is going to buy from England? There is no guarantee at all in a multilateral system of this kind that there will be a fair distribution of the credits. Some countries may be left out entirely unless there is a definite obligation on us that a creditor nation clears the credit with the debtor nation. I find no obligation in this agreement to that effect. I cannot find any obligation in this act.

Mr. ILSLEY: Would the hon. gentleman not be tying up a trade agreement with a currency agreement if he did that If we had some provision here by which a nation agreed that it would take a certain quantity of goods, would that be an appropriate provision in a currency agreement? This agreement states repeatedly that it is not complete, that it is only a part of the picture. It is to facilitate trade. I just want to make that clear, because it seems to me that a lot of the discussion is based on the assumption that this is designed to be a cure-all It is not that at all. One of the resolutions passed by this united nations monetary and financial conference, to be found in article VII of the Final Act contains this:

Whereas, in article I of the articles of agreement of the international monetary fund it is stated that one of the principal purposes of the fund is to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy;

Whereas, it is recognized that the complete attainment of this and other purposes and objectives stated in the agreement cannot be achieved through the instrumentality of the fund alone;

Therefore the united nations monetary and financial conference recommends:

To the participating governments that, in addition to implementing the specific monetary and financial measures which were the subject of this conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:

(1) reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;

(2) bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;

(3) deal with the special problems of international concern which will arise from the cessation of production for war purposes; and

(4) facilitate by cooperative effort the harmonization of national policies of member states designed to promote and maintain high levels of employment and progressively rising standards of living.

My hon. friend may say that there are no teeth in that, and there are not; and to the extent that you do have teeth in these provisions you do deprive member nations of their sovereignty. But I can think of some imports into Canada that certain members of the hon. gentleman's own group would not let us bring in if they could avoid it, and if we started forcing other nations against their will there would be a terrible rumpus in this house of the ground of the destruction of local agricultural effort. You can only go so far in forcing nations to do these things. This is a statement of principle and an undertaking on the part of the member countries not to rush into this competitive depreciation of currencies and so forth that had such bad results in former times. I think we are bound to try to organize the world so as to avoid as much of that as possible.

I am sorry that I have not been able to get alarmed at anything that my hon. friends in their speeches have outlined as bad consequences likely to follow from this agreement. All I can get out of it is that it is not perfect, that it may not do the whole job. But what harm it is going to do anywhere, I do not know.

Mr. QUELCH: You try to stabilize currencies; and you try to prevent nations from imposing restrictions. In other words, you remove their defences from them against the very thing that made it necessary for them to impose those restrictions. That is what the London chamber of commerce charges. It says:

It is the gravamen of the chamber of commerce criticism that the international monetary fund does in fact seek to deprive the nations of their defences whilst failing to remove the perils which called them into use.

That is exactly what you are doing. If we are to say to a nation that she cannot devaluate her currency in the future, we should make sure that it is not going to be necessary. The only reason for it is to balance their trade in the long run.

Mr. ILSLEY: The perils the hon. gentleman mentions are to be removed by trade agreements rather than by this, are they not?

Mr. BLACKMORE: What guarantee have we that they will be?

Mr. ILSLEY: We have not any guarantee.

Mr. QUELCH: If the fund is going to act as referee to see that every nation that establishes a credit for another nation will have it cleared, I would be assured.

Mr. ILSLEY: No.

Mr. QUELCH: Then are you not placing nations in an impossible position where they will be forced into debt and then have these excessive charges applied against them? Remember, this fund is apparently a law unto itself, immune from all action. Just to whom exactly is it responsible? If a nation feels that it is not getting a square deal, to whom can it appeal?

Mr. ILSLEY: It can withdraw.

Mr. QUELCH: Then article XI applies. Let me read article XI:

Each member undertakes:

(i) Not to engage in, nor to permit any of its fiscal agencies referred to in article V, section 1, to engage in, any transactions with a non-member or with persons in a non-member's territories which would be contrary to the provisions of this agreement or the purposes of the fund;

(ii) Not to cooperate with a non-member or with persons in a non-member's territories in practices which would be contrary to the provisions of this agreement or the purposes of the fund; and

(iii) To cooperate with the fund with a view to the application in its territories of appropriate measures to prevent transactions with non-members or with persons in their territories which would be contrary to the provisions of this agreement or the purposes of the fund.

I think we all realize that Great Britain is going to be in a most difficult position. Suppose they are not able to meet their obligations and in order to defend themselves they devaluate sterling beyond the limits allowed and as a result have to withdraw from the fund. Then under this agreement the rest of the dominions have, to all intents and purposes boycott Great Britain, as they cannot participate in business with any country contrary to the fund. The other nations would not be able to enter into transactions with her. If the British pound were devaluated, beyond the limits allowed, then for a nation to do business with her would be contrary to the laws of the fund.

Mr. ILSLEY: If it were contrary to the provisions of the agreement.

Mr. BLACKMORE: There is no telling what the stipulations of the fund are.

Mr. QUELCH: To whom can they appeal if they feel that the decision is not fair?

The ACTING CHAIRMAN (Mr. Golding): The hon. member's time has expired.

Mr. QUELCH: I am not making a speech, Mr. Chairman; I am asking questions.

The ACTING CHAIRMAN (Mr. Golding): It is not in order for an hon. member to take the length of time that the hon. gentleman has taken.

Mr. BLACKMORE: I suggest, Mr. Chairman, that you read the first part of standing order 58. It would be good for you to read that. That gives an individual an opportunity to speak as often as he wishes in this committee; and the hon. member has been asking questions of the Minister of Finance, and has had those questions answered. There stands the rule; it is the greatest safeguard of democracy and freedom in parliament, and if that rule is broken we are on the way to the destruction of democracy.

The ACTING CHAIRMAN (Mr. Golding): I wish to read another rule. Paragraph 306 of Beauchesne states:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Mr. QUELCH: Have I done that? I have not read one document covered by that section. The documents I have been reading have emanated from the house itself, *Hansard*, the reconstruction committee—

Mr. BLACKMORE: The hon. member is completely in order.

Mr. QUELCH: As for suggesting that I have spoken for forty minutes, I have not spoken for five minutes at a stretch. I have said a few words for two or three minutes and asked questions of the minister, and he has replied. However, if that is your ruling, Mr. Chairman—

The ACTING CHAIRMAN (Mr. Golding): The hon. member will agree that he has been occupying the floor for almost an hour and a quarter.

Mr. QUELCH: I have not been on the floor for anywhere near an hour and a quarter. However, if that is the ruling, the hon. member for Lethbridge can take the floor. I want to stop now. I am only asking questions, and I can put through this series of questions in about a quarter of an hour.

The ACTING CHAIRMAN (Mr. Golding): The hon. gentleman can ask a question.

Mr. QUELCH: My question is: if a disagreement occurs between a debtor nation and a creditor nation on account of section 8 of article V, to whom can that nation appeal?

Mr. LESAGE: You will get your answers in the banking and commerce committee.

Mr. QUELCH: That is just where we will not get them. I have been in the banking and commerce committee probably more than the hon. member has, and I know what the answers are in these committees. The minister is probably the one man, on behalf of the government, who can speak with authority. The experts will be just giving their opinion; there will be no backing behind it. I have a good deal of confidence in the minister; I would far rather have his word than that of any departmental official. I should like to refer him to article IX, page 28, which states:

Section 1. Purposes of article
To enable the fund to fulfil the functions with which it is entrusted, the status, immunities and privileges set forth in this article shall be accorded to the fund in the territories of each member.

Going to section 3:

The fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except to the extent that it expressly waives its immunity for the purpose of any proceedings or by the terms of any contract.

In other words, this fund is a law above all the governments of the world. Is that not right or am I exaggerating?

Mr. BLACKMORE: It is above the united nations charter.

Mr. QUELCH: What is the relationship between this fund and the united nations charter? Is it under the authority of the security council? Is it not a law unto itself? Is it subject to the decisions of the international court of justice? It seems to be above all law. Here we are setting up an organization which is a law to itself, above every other government in the world, and above every court. It is immune to action in any court. It is an absolute and complete dictatorship. Yet hon. members are suggesting that we should endorse a principle of that kind.

Mr. ILSLEY: It is no more so than any other agreement between nations. There is an authority set up here to decide on a dispute between a member and the fund; that is, the governing authority of the fund itself. When we make an agreement with the United States of America—

Mr. QUELCH: Yes, but you can rescind that type of agreement. Here is something which, when one nation rescinds the agreement, the rest of the members are obliged to apply a kind of boycott against it.

Mr. ILSLEY: No, no, not a boycott at all. The members who stay in the fund must not use a non-member as a means of defeating the purposes of the fund; that is all. That does not mean a boycott against them.

Mr. QUELCH: Just explain what it means, then, because the provisions are pretty stringent, and there has been a great deal of objection to article XI. What is the purpose of putting it in there? Just let me read the views of certain authorities in Britain who consider that this agreement may affect them adversely. Again I quote from a man who the minister will admit is quite an authority—Sir Charles Morgan-Webb. He has this to say:

Britain need have no fear for the revival of her export industries if the entanglement of Bretton Woods can be avoided, and if her overseas pounds sterling are kept off a gold basis. As long as they are redeemable in goods, they provide an expansive currency capable of meeting all the requirements of an expanding world trade. But if they are made redeemable in gold they become a deadweight deflationary burden that can never be redeemed. The linking of the war debts of the first world war to the capricious medium of gold inevitably made them unpayable. The linking of the present overseas cash debts owing by Britain to gold, as proposed at Bretton Woods, will transform them from an obligation to redeem them in exports into an unpayable obligation to redeem them in gold. As they stand, they are payable in British exports. Transformed into gold obligations, they will fulfil the expectations of American high finance, and drive Britain into default.

As soon as Britain got into a position where she had exceeded her quota by 200 per cent, the only way this scarce currency could be obtained would be for gold, and Britain would be forced still further into debt. A man of this writer's standing would not make such a statement as I have quoted without ample justification.

Mr. ILSLEY: I am not asking for this; but if speeches have to go on, I should like to have someone point out the disadvantage of this to Canada, instead of to some other country, all the time. The case of a country in a different situation from Canada is being argued all this time.

Mr. QUELCH: We will take that up in a minute.

Mr. ILSLEY: Let the hon. member not get excited. My hon. friend is quoting British authorities all the time who want Britain to be in a position to discriminate, and to discriminate against Canada, in favour of the sterling bloc, and so my hon. friends are supporting it. We are trying to get a different kind of world—trading world and monetary world—from the kind of world in which these authorities which my hon. friends are supporting believe. It is true that perhaps our interests in these matters may run a little more parallel to the United States than they do to Great Britain. But after all, this is Canada; this is not Great Britain.

Some hon. MEMBERS: Hear, hear.

Mr. QUELCH: I think the minister will be sorry for this statement when he reads it later on. Personally I do not want to take any part in helping to liquidate the British empire.

Mr. ILSLEY: Neither do I.

Mr. BLACKMORE: That is exactly what you are doing.

Mr. QUELCH: The Bretton Woods agreement is definitely the first step to doing it.

Mr. ILSLEY: It is not.

Mr. BLACKMORE: It is designed to destroy it.

Mr. QUELCH: The minister says, why do I not talk about the advantages to Canada? I will make it quite plain—and I am sure this statement will please the minister—that in so far as Canada is concerned I do not think the Bretton Woods agreement will do it any harm. I have studied carefully, shall I say, tried to find some place where it might be detrimental to Canada, but I do not think the Bretton Woods agreement will in itself be detrimental to the Canadian economy. Apart from the fact that we are supposed to be keen on maintaining peace in the world. We have sacrificed thousands of lives to secure peace; we have endorsed the united nations charter; we have signed a political agreement for peace. Well, I do not think it would be advantageous for Canada to sign an economic agreement which may stir up international friction and lead to another war. After all, the greatest benefit to Canada will be to help build up an economy in the world which will maintain peace. To that extent Bretton Woods will be detrimental to Canada along with the other nations of the world, in that it is bound to lead to international friction, which is one of the root causes of war.

Mr. ILSLEY: If you do not have something like this, the kind of trading practices you are going to get between countries are the kind which Germany had—the Schacht practices. That is what you will get; and a lot of these authorities in England who are opposed to Bretton Woods want just that.

Mr. JAQUES: No, they do not.

Mr. ILSLEY: They want that. And let it be borne in mind that in speaking thus I am not attacking Great Britain or the majority in Great Britain; I am attacking a group there. I believe that the larger group are in favour of the Bretton Woods agreement, because they believe in multilateral trade practices instead of bilateral, and they believe that they are more likely to have peace under multilateral practices than under bilateral ones.

Mr. QUELCH: Have I said one word in favour of bilateral trading? I have criticized bilateral trading and advocated multilateral, but I have been advocating that form of multilateral trading whereby all nations will be obligated to clear their credits. Does the minister suggest that the proposals endorsed by the London chamber of commerce are bilateral? I have tried hard, and Senator McGeer has tried hard, to get an expression of opinion from the deputy minister regarding these proposals. We have tried to get an analysis of them.

Mr. ILSLEY: The London chamber of commerce proposals?

Mr. QUELCH: The twentieth century system is endorsed by the London chamber of commerce and the proposals will be found in the booklet entitled the "Twentieth Century System." Senator McGeer gave the deputy minister a copy of it and asked him for a report on the book. I do not know whether he got one, but I have never got one. Will the minister tell us what his criticism of the twentieth century system is? Why is he opposed to it? That system is multilateral; it is divorced from gold, and it places the responsibility fairly and squarely on the creditor nation to clear its credits by taking goods or trading credit to another country that will take the goods of the debtor nation.

Mr. ILSLEY: I do not know what the proposals of the London chamber of commerce are; I am not in a position to discuss them. Is it not significant, however, that the British government has not advocated or suggested them, that the United States government has not advocated them, nor has any other government that anyone has ever heard of advocated them? What possible good would there be in the

dominion starting out with some twentieth century plan or chamber of commerce proposals and endeavouring to convert forty or fifty nations of the world to those proposals? Where would we get? Could we waste our time more flagrantly than by trying to do that? Why not adopt something that has some chance of succeeding?

Mr. BLACKMORE: Certainly not Bretton Woods.

Mr. QUELCH: The minister knows why Britain has not advocated such a system as is outlined in twentieth century. He knows why Britain has accepted the Bretton Woods agreement. The last time I spoke I quoted Ernest Bevin who was critical of Bretton Woods, but in order to get certain benefits from the United States, the British apparently have given in on Bretton Woods, partly for the cancellation of war debts, and partly to get the money which they require. That is the price they are paying for these benefits. The price is their coming in under the Bretton Woods agreement. Maynard Keynes, in his book "International Stabilization of Currency," makes it clear that he is not keen about the idea of gold entering into the scheme, but he points out that it would no doubt be impossible to get the United States to agree to any programme that did not bring gold into the picture. He makes that clear. He points out that nations are agreeing because of the insistence of the United States. Appeasement in the past has always failed. We got ourselves in a mess from 1935 on as a result of trying to appease others. We shall get nowhere now, I suggest, by trying to appease the United States at this time. In doing so we are only laying up trouble for ourselves in the future, and I am quite satisfied that the result is bound to be international friction. The minister asks me, will it be detrimental to Canada? I say, so far as our trading is concerned, no; but so far as helping to destroy peace in the world, I say definitely yes. I would remind the minister that these experts and international financiers, in whom apparently he has such faith, have been harsh taskmasters in the past. I have here a copy of what occurred. I do not think I need to read from it, but I would remind the minister what happened when the Niemeyer mission went to Australia in 1939. This shows the kind of treatment a nation gets when it places itself in the position outlined by section eight of article V. This is the treatment it will get from Otto Niemeyer. Perhaps it is just as well for me to put this on the record. Hon. members will find it written in a book, by J. T. Lang, leader of the Labour party in New South Wales. The book is entitled "Why I Fight":

> The mission consisted of Sir Otto Niemeyer, a representative of the bank who had acted in the similar capacity of official assignee in the case of many European countries; Professor T. E. Gregory, of the London school of economics and Mr. R. N. Kershaw, former Australian Rhodes scholar, designated as "liaison officer".

Then I quote.

> Extracts from Sir Otto's address make interesting reading after an interval of four years; "It is a serious problem," he said, "the practical solution of which is not rendered any easier by the natural optimism of the Australian. So long as it is generally believed in Australia that there is an unlimited market abroad for Australian goods, and that something will turn up, it will be difficult to face the realities of the position."

Australia had an unfavourable balance of trade. Sir Otto points out that they had a surplus of goods, but they are in difficulties not because of scarcity of goods, but because they could not get creditor nations to take those goods. This committee, the Niemeyer mission, met with the premiers of the various states of Australia and this is what happened:

> Submissively the premiers carried a series of resolutions at the dictation of Sir Otto, declaring:
>
> (a) their fixed determination to balance their respective budgets for the financial year 1930-31—

I had said 1939.

> —and to maintain a similar balanced budget in future years;
>
> (b) that no further overseas loans would be raised until current short-term indebtedness was dealt with;
>
> (c) that future loans will be for reproductive works only.
>
> These were the steps which the mission assured the conference were essential to "place Australia on the road to prosperity". Time has surely proven them to be steps of the treadmill.

That is the kind of difficulty you get into when you put yourself under the dictatorship of a certain kind of authority. I should like an answer from the minister as to what recourse nations will have from action by the stabilization fund. Surely the stabilization fund is not a superior law above every government in the world. Does the minister suggest to the house that he accepts the idea of the stabilization fund as constituting a supergovernment above the united nations charter, above the security council, above the international court of justice?

Mr. ILSLEY: Article XVIII is the one to which the hon. gentleman probably refers. It will be found on page 36:

> Any question of interpretation of the provisions of this agreement arising between any member of the fund or between any mem-

bers of the fund shall be submitted to the executive directors for their decision. If the question particularly affects any member not entitled to appoint an executive director it shall be entitled to representation in accordance with article XI, section 3 (j).

(b) In any case where the executive directors have given a decision under (a) above, any member may require that the question be referred to the board of governors, whose decision shall be final. Pending the result of the reference to the board the fund may, so far as it deems necessary, act on the basis of the decision of the executive directors.

(c) Whenever a disagreement arises between the fund and a member which has withdrawn, or between the fund and any member during the liquidation of the fund, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators, one appointed by the fund, another by the member or withdrawing member and an umpire who, unless the parties otherwise agree, shall be appointed by the president of the permanent court of international justice or such other authority as may have been prescribed by regulation adopted by the fund. The umpire shall have full power to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

From that I gather that in the normal course matters of disagreement would be settled by the executive directors or the board of governors, and that if a member felt it was unjustly treated it might withdraw from the fund. But the members have the right to representation; they participate in the selection of this board, and it must not be thought that these executive directors and the board are some authority outside the membership of the fund at all. They are acting for the membership of the fund, and to me there would seem to be nothing unsatisfactory in that respect. When you make agreements with other countries you assume that those other countries will carry them out.

Mr. QUELCH: If possible.

Mr. ILSLEY: You do not go to law about it if they do not, because there is no way to go to law. They usually do carry them out; in fact I cannot remember instances where they have not. There have been disputes from time to time, but usually they are settled by discussion. Here they are settled by the executive directors or by the board of governors of the fund.

Mr. QUELCH: Is this one of the special agencies referred to in the united nations charter?

Mr. COLDWELL: It may become so, but it is not as yet. Is that not right?

Mr. QUELCH: That is what I wanted the minister to answer, as to whether it may be one.

Mr. ILSLEY: I do not know.

[Mr. Ilsley.]

Mr. QUELCH: If it may become one, does it then become subject to the regulations of the united nations charter?

Mr. ILSLEY: I cannot answer that.

Mr. QUELCH: I think it is quite obvious that it cannot become one, due to the fact that it is practically a law unto itself. How could it possibly come under the united nations charter when you have article IX, which gives immunities and privileges as follows:

To enable the fund to fulfil the functions with which it is entrusted, the status, immunities and privileges set forth in this article shall be accorded to the fund in the territories of each member.

The fund shall possess full juridical personality, and, in particular, the capacity:

(i) to contract;

(ii) to acquire and dispose of immovable and movable property;

(iii) to institute legal proceedings.

Mind you the fund can institute legal proceedings against anyone, but no one can institute legal proceedings against the fund. It is immune from all legal action.

The fund, its property and its assets, wherever located and by whomsoever held, shall enjoy immunity from every form of judicial process except to the extent that it expressly waives its immunity for the purpose of any proceedings or by the terms of any contract.

Property and assets of the fund, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.

The archives of the fund shall be inviolable.

To the extent necessary to carry out the operations provided for in this agreement, all property and assets of the fund shall be free from restrictions, regulations, controls and moratoria of any nature.

It is to be free of all regulation and restriction within any country in the world; yet we are seriously giving consideration to setting up a body which is to be above all laws and all governments and apparently even above the international court of justice. The only provision is that arbitration may be carried out by a member of the fund, the fund itself and a third person appointed by the court of international justice, but no legal action can be taken against the fund. Surely in view of the fact that we are setting up an international court of justice a nation should have the right to take legal action against the fund before that international court. Does the minister not agree that there should be some possibility of action in that regard, and that a nation should be allowed to take legal proceedings against the fund? In recent years we have been very bitter in denouncing dictatorships and totalitarian states; but those were only the dictators of nations. We are now proposing to set up a dictator of the

whole world. Then, when I raise a protest in this house and say that this is one way of liquidating the British empire, the minister suggests that I am reading quotations from British authorities.

An hon. MEMBER: No; you are obstructing.

Mr. QUELCH: Well, the Liberal party are quite expert at obstructionist tactics. I think we should page the hon. member for Winnipeg South Centre, who talked out resolution after resolution on private members' days. So let not any hon. member on that side begin to talk about obstructionist tactics, because they are experts at that job and I have never indulged in that sort of thing.

I suggest to the minister that in the dying days of the session it is not fair to send a bill of this kind to the banking and commerce committee, on which they will have their experts, while it will be impossible for us to call experts whom we should like to have present the other side of the picture. I know two or three men I should like to call, but I also know very well there will not be time for that to be done. Then, what right has the government to say, "You can have a free discussion in the banking and commerce committee," when they know very well that just one side of the story will be told? Does the minister consider that British justice? Is that giving hon. members a fair opportunity to hear both sides of the question? Many hon. members even object to our trying to give the house what we consider to be the true picture of this measure.

Mr. BLACKMORE: And how can the minister possibly consider that he is being fair to the members of this house in asking them to vote on the principle of this resolution on second reading, when the resolution contains so many dangerous stipulations and is obviously just bristling with uncertainties? Did anything like this ever occur in all the history of parliament? I am really astonished.

Progress reported.

TRADE AND FINANCE

WASHINGTON AGREEMENT AND UNITED STATES PROPOSALS

Hon. J. L. ILSLEY (Minister of Finance): Mr. Speaker, I wish to make a brief statement. I take the earliest opportunity to inform the house that over the week-end discussions were held with representatives of the United Kingdom who had participated in the recent negotiations in Washington. We received from them full explanations of the terms of the financial agreement reached in Washington and of the course likely to be followed by the further discussions of trade policy envisaged in the United States proposals for expansion of world trade and employment, which I expect will be tabled to-morrow.

The United Kingdom representatives have engaged also in exploratory talks with Canadian officials on the financial arrangements between the two countries with a view to preparing for more formal discussions as soon as possible after the beginning of the new year. Particular attention was given in these discussions to the implications of any financial arrangement for immediate and future trade relations between the two countries. It is planned to give more detailed consideration both here and in London in the next few weeks to the problems causing immediate concern.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The house resumed consideration in committee of the following resolution—Mr. Ilsley—Mr. Macdonald (Brantford City) in the chair.

That it is expedient to present a measure to grant authority to accept on behalf of Canada and to carry out the obligations of Canada under the articles of agreement for an international monetary fund and an international bank for reconstruction and development prepared by the united nations monetary and financial conference held at Bretton Woods in July, 1944; to authorize the payment of the subscriptions required from Canada out of unappropriated moneys in the consolidated revenue fund to an amount not exceeding seven hundred million dollars; and to authorize the borrowing under the provisions of the Consolidated Revenue and Audit Act, 1931, of sums not exceeding seven hundred million dollars.

Mr. HANSELL: Before six o'clock the hon. member for Acadia had been discussing certain features of the final act of the Bretton Woods agreement. He called the attention of the committee to article IX, which refers to status, immunities and privileges.

Perhaps hon. members may think that we in this corner of the chamber seem to be particularly incensed at this agreement; but

when attention is called to some of the tremendous powers granted to this central organization, we have indeed reason to be alarmed.

In the matter of immunities, the hon. member for Acadia has already pointed out to the committee that the fund is here personalized, according to section 2, which states:

The fund shall possess full juridical personality and, in particular, the capacity . . .

And so on. We must consider that they have almost all power, and that no other organization, no other nation and no other sovereign power have the right to sue them In other words, no nation has any recourse, no redress, when once those in charge of the fund have made a decision. That is an alarming thing.

May I call the attention of the committee to some other sections under this article, so that hon. members may see the extent to which we are handing over authority and power to this fund, without having any right of redress whatsoever, even as a nation. In section 8 we find the heading "Immunities and privileges of officers and employees". The section states:

All governors, executive directors, alternates, officers and employees of the fund
(i) shall be immune from legal process with respect to acts performed by them in their official capacity except when the fund waives this immunity.

I am not so much concerned about that clause, because perhaps an individual cannot be permitted to be sued, if it is the decision of the entire body. But look at the next clause:

(ii) not being local nationals, shall be granted the same immunities from immigration restrictions, alien registration requirements and national service obligations and the same facilities as regards exchange restrictions as are accorded by members to the representatives, officials, and employees of comparable rank of other members.

I hope I understand that. Perhaps I do not; but it appears to me that you have men in control of this fund who can travel all over the world, and that we, as a nation, cannot even ask what right they have here. That seems to me to be tremendously irregular.

I am often reminded that when some visitor goes to the United States, our good neighbour to the south, very often an hon. member will rise here and ask if the government has taken any action to invite such person to this country. That has been done on a number of occasions. When that is done I often feel like asking myself, "Well, since when do some of these other nations rise in their legislative assemblies and ask if the government have invited any of our men to look over what they may have to show?"

Here is a section under which these people may come and go as they wish. That seems strange to me. Are we to permit it? If we sign the agreement it looks as though we will.

Paragraph (iii) says:

(iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

If I have not got that right, I would ask the minister to say where I am wrong.

But one of the most startling sections of all, to my mind, is section 10. I want the minister to read that. I suppose he has already done so, but I suggest that he should refresh his memory. The title of that section is "Application of article," and it begins in this way:

Each member shall take such action . . .

"each member"; that is, each nation which signs the agreement and becomes a part of the whole. Each member, each nation, shall take such action. It does not say "may" take such action. "Shall" seems to me to be obligatory. It states:

Each member shall take such action as is necessary in its own territories for the purpose of making effective in terms of its own law the principles set forth in this article and shall inform the fund of the detailed action which it has taken.

It seems to me that if Canada signs this article we are signing away our right over certain of our own laws and our own legislative powers, and that the moment we sign the agreement we must then readjust any legislation on our statute books that may, in any way, hinder the smooth functioning of this fund.

To me that is strange language. It is strange if we cannot be master of our own legislation. It means that if we have on our statute books legislation which is considered in the interest of our nation but is found to conflict with the operations of this fund, as part of the agreement we are forced to change our law. We are forced to change our laws so that we can be told by this outside power what to do. If that is not the right interpretation of this section I want the minister to tell me what is wrong with it. We have heard a good deal about sovereign rights, which I believe in, but surely it is going too far toward giving away our sovereign rights when we give some other body the right to say what legislation we should have and to permit that outside power to say that we can or cannot have this or that legislation.

The other day we were asked to give power to our own government to control certain matters. What are we being asked to do here? If our government goes too far we

can check them; we have some recourse in this parliament; but when this is done we are giving away our sovereign rights and power to an outside authority with regard to certain legislation. We shall have no control over that power, and I think that is a serious matter. I do not think we can be blamed for being as incensed as we are in a matter of this kind.

The CHAIRMAN: Shall the resolution carry?

Mr. BLACKMORE: No.

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: No. If hon. members want to spend half an hour saying "carried" they are welcome to. What nonsense for grown men to indulge in!

I wish to ask the minister several questions based on the remarks he made in the discussion. Our object is to find out whether the minister can really defend this measure. We have no desire to be extreme in regard to it, but on the face of it this measure looks to me to be the most preposterous thing ever conceived in the mind of man.

An hon. MEMBER: That is your opinion.

Mr. BLACKMORE: And it is a pretty good opinion. The hon. member cannot give a single reason why it is fallacious. In fact I wish to say that the hon. member who spoke knows nothing at all about the act. I will challenge him to show that he knows one specific thing about the act.

An hon. MEMBER: Who is the hon. member talking about?

Mr. BLACKMORE: The hon. member who spoke over there. It is easy enough to let the head rattle, but to get something in it is a different matter.

I should like to ask the minister two or three questions pertaining to certain aspects of the fund. In his discussion with the hon. member for Acadia the minister read a passage which appears in the final act. I read it over several times before I believed such a thing as that could be put into an act which was accepted by intelligent men, brought along and proposed to be adopted by an intelligent legislative body. May I read from page 17 of the act which was distributed in the house. The minister read portions of it before the dinner recess. I am going to read the recommendations, so that those who read *Hansard* will know just exactly what is here. They read as follows:

Whereas, in article I of the articles of agreement of the international monetary fund it is stated that one of the principal purposes of the fund is to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy;

Whereas, it is recognized that the complete attainment of this and other purposes and objectives stated in the agreement cannot be achieved through the instrumentality of the fund alone; therefore

The united nations monetary and financial conference recommends:

To the participating governments that, in addition to implementing the specific monetary and financial measures which were the subject of this conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:

(1) reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;

(2) bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;

(3) deal with the special problems of international concern which will arise from the cessation of production for war purposes; and

(4) facilitate by cooperatitve effort the harmonization of national policies of member states designed to promote and maintain high levels of employment and progressively rising standards of living.

If those four recommendations could be implemented they would simply attain the promised land so far as social crediters are concerned. If we could only learn how to attain those objectives all would be well. The minister must have given this a good deal of attention, and surely the experts who went down there so nobly and performed so ably for twenty-two days and did this wonderful thing in drafting the Bretton Woods agreement, must have reported to him something about this. How does the minister propose to reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations? Will the minister tell us how that is proposed by any measure other than Bretton Woods?

Mr. ILSLEY: Yes.

Mr. BLACKMORE: Exactly what does he conceive to be the meaning of this? How is it to be attained? What mechanism is proposed to attain it? What progress has already been made? Why was this matter not taken care of before Bretton Woods was drafted? Obviously the harness was got before either the cart or the horse. We often hear of that cart being brought out before the horse; but here the harness has been brought in before the cart and before the horse. The harness is all ready to bind us hand and foot, but we

have not the horse or the cart. Will the minister answer these questions? I shall repeat them for him. The first one has to do with the reduction of obstacles to international trade and in other ways promote mutually advantageous international commercial relations. It is recommended by the committee that that be attained. Will the minister tell us exactly what he means by this?

Mr. ILSLEY: The outstanding one was United States government, with the approval of the British government, indicates the methods that will be adopted to reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations. Then a trade conference is to be held looking to the reduction of trade barriers.

Mr. BLACKMORE: By that I gather the meaning is just a reduction of tariffs; is that it?

Mr. ILSLEY: That is the main thing, but in this reciprocal trade agreement there are also provisions about quotas. There is a wide variety of provisions. I forget exactly what they are. Our trade agreement with the United States and Great Britain contains provisions other than strictly tariff provisions. But the reciprocal trade agreements will be the main thing under No. 1.

Mr. BLACKMORE: I am trying to get a toehold so that I can really get hold of this thing. Is there anything different in these trade agreements from what we have had in the last ten or twenty years? What is there new in what is here proposed as compared with what we had in 1928 or 1927? All that the minister has said is that these proposals will mean reduced tariffs. That does not mean very much. That is a very general thing. The minister knows that the Liberals in this country have been talking about reducing tariffs ever since there was a Liberal party, and when they have got into power they have raised the tariffs. Merely talking about these things does not accomplish anything. I know that some of the new Liberal members do not know that they have the highest tariff structure there ever was in Canada, that they out-tariffed the high Tory tariffs by a substantial margin, and that probably will merit their investigation. Just talking about lowering tariffs does not get us anywhere. I want to know whether or not some new principle has been brought in, different from the principles obtaining in the last twenty years.

[Mr. Blackmore.]

Mr. ILSLEY: I did not send the hon. gentleman the United States statement, but I sent one to his leader.

Mr. LOW: Yes, I have one.

Mr. ILSLEY: If the hon. member for Peace River will just show that document to the hon. member for Lethbridge he will see how far-reaching are the proposals that are made for a multilateral reduction of tariffs and with reference to subsidies and quotas and all kinds of things that would interfere with the flow of trade. I should like my hon. friend not to make such loose statements about the high tariff structure in Canada. The idea that we have the highest tariff structure the country ever had is highly incorrect.

Mr. BLACKMORE: I have heard that stated on pretty high authority. In any event it is not necessary to accept that as being 100 per cent correct in order to discuss the question at issue. I seriously doubt and I am asking the minister to prove that there is any substantial difference whatsoever between the proposals now being made for tariff reductions and what obtained in 1925 in trade relations between the United States and Great Britain.

Mr. ILSLEY: I do not know just what the tariff level was in 1925, nor can I be expected to.

Mr. BLACKMORE: If the general principle is that we are to have lower tariffs, what we need to know is who is to lower them and how far. Great Britain was virtually a free trade country until after the first great world war, and the United States has always been a high tariff country. If the United States undertakes to lower her tariffs and Britain lowers hers a little, what advantage will that give? That is what we want to know.

Mr. ILSLEY: Does the hon. gentleman think it should not be tried? It is all right for a member of this house with no executive responsibility to sit back and pour cold water on what the nations are trying to do to improve international conditions. Those who do have some sense of responsibility and some authority have to do the best they can, and these proposals of the United States, concurred in by Great Britain, are a basis for far-reaching trade discussions for a reduction of trade barriers.

My hon. friend comes along and says that the Bretton Woods agreements should have waited until the other was done, that to proceed with the monetary agreement first was an illogical course. I think nearly everybody thought the contrary, and I think the contrary. I do not think there is much use in entering into trade negotiations and arriving at trade agreements until some machinery is

set up for preventing competitive depreciation of currencies, discriminatory trade practices, and so on, which the Bretton Woods agreements are designed to prevent.

Mr. BLACKMORE: This question may be a little off the beaten track, a little off the point we are discussing, but can the minister tell us which nations have indulged in these discriminatory currency practices?

Mr. ILSLEY: Before the war?

Mr. BLACKMORE: Yes.

Mr. ILSLEY: The outstanding one was Germany, as the hon. member knows.

Mr. BLACKMORE: We have destroyed Germany, and now we are trying to destroy Britain. Did Britain engage in these discriminatory practices to any extent? If so, would the minister give us some examples so that we can understand.

An hon. MEMBER: Don't answer him.

Mr. BLACKMORE: Of course—anything he can't answer, don't answer. But if there is a general understanding in the Liberal party of the fundamental principles of international economics they should rejoice in having questions like that asked of the Minister of Finance, because he should be able to name instances right off if he knows all about these matters. Surely it is a proposterous situation, may I tell the members of the Liberal party, to have here a minister who has at his service a highly trained staff of experts who have specialized on this matter and can give him information instantly at his call, and yet the minister is unable to answer the questions of a person who has never specialized in that kind of thing but is just an ordinary member of parliament.

Let me say once more that I represent the man who pays for these wars; I represent the man whose son dies in war; I say here and now that the kind of people I represent have just seen their sons die in war, and they want to find out whether the measures we now propose to adopt will not produce wars rather than cure the cause of wars. How are we to determine whether they will produce wars or cure the cause of war unless we can examine the fundamental economic basis upon which wars are built up? That is all I am asking the minister. Here the Bretton Woods delegates recommend that the nations adopt measures to accomplish four objects which are set out on page 17, and if hon. members will turn to them they will be astonished at their generality. I should like anybody on the Liberal side to tell me the real difference between recommendation No. 3 and recommendation No. 4. It is a collection of high-sounding phraseology that might pretty nearly mean anything under the sun. What I am trying to do is to find out whether there is definitely any meaning, so far as the finance minister is concerned, in this first statement, and whether anything has been done beyond talking about these matters. That is what I want to find out. There is nothing unreasonable in my question. If the minister cannot answer it, and if the Liberals cannot answer it, it is evidence that they do not know enough about the situation to be able to handle it at all.

Mr. DECHENE: What a man! What a man!

Mr. BLACKMORE: I am glad you are beginning to appreciate it. The minister ought to be able to tell us something about what has been done, instead of leaving it in these general terms.

Mr. ILSLEY: My hon. friend knows as well as I do that quite a large number of countries during the thirties adopted discriminatory trade practices.

Mr. BLACKMORE: In economic self-defence, was it not?

Mr. ILSLEY: It may have been. I do not know whether it was self-defence.

Mr. BLACKMORE: As a result of the depression.

Mr. ILSLEY: The hon. gentleman wanted me to give a list of these countries?

Mr. BLACKMORE: Just one or two. Never mind a list.

Mr. ILSLEY: I named Germany.

Mr. BLACKMORE: Well, we have destroyed her.

Mr. ILSLEY: There were a number of other countries. I would have to brush up my recollection on that. I do not think that one is expected to have a complete recollection of it, because everybody knows what happened. It has been repeated a hundred times in this house; I have heard it often. People have talked about the export of wheat to European countries being prevented because several or many of them put on embargoes and import quotas and subsidies of their own production, in some cases export subsidies, and milling quotas, and of course exchange restrictions, which interfered with the importation of goods into those countries and made trade terms more favourable in respect of some countries, countries with which they made a bargain, than

with others. The hon. gentleman knows that; everybody knows it. It has been talked about for the last ten or fifteen years.

Mr. BLACKMORE: I agree with that. What I want from the minister is this: Why did those nations adopt those measures? Why, for example, would Holland, why would Belgium, restrict the importation of Canadian wheat and subsidize the production of their own wheat? Simply because Belgium—to take one case—had to become as nearly self-sufficient as she possibly could in case of war, which would disrupt her trade, and she had by some means or another to avoid importing more goods than she could pay for with her own exports. She knew that if she imported more than she exported she would go into debt, and that debt would be unpayable. Does the minister agree with that?

Mr. ILSLEY: That is only one reason. Often there was the pressure of local interests that desired higher prices for what they could produce and wished to get the local market and had to have higher prices than the goods could be bought for if they could be imported. We had a lot of that in this country. Sometimes countries wanted to develop self-sufficiency in case war should come; and there were, I think, other reasons as well. I do not pretend that the list of reasons is exhaustive. Sometimes there were people who believed in self-sufficiency as a national as well as an economic doctrine or creed.

Mr. BLACKMORE: Now, then, what I want to ask the minister—and he is well informed in these matters, and I am not entirely unfamiliar with them—is this: would the Bretton Woods arrangement propose to destroy the ability of Belgium so to protect her internal economy?

Mr. ILSLEY: No, the Bretton Woods agreement does not. That is a matter of trade agreements or commercial arrangements. In fact, the paramount necessity of something of that kind is recognized and has been recognized by everybody throughout. But that is not enough in itself. There has also to be a monetary agreement, and that is provided for in the Bretton Woods agreement.

Mr. BLACKMORE: That is a very good answer and I am well pleased with it. That is the kind of thing I want to get. Now what I want to know is this: if the Bretton Woods agreement presupposes, which apparently it does because of this recommendation, that adequate reductions of tariffs and international trade restrictions shall be made, it must presuppose that there is to be another agreement which will come under recommendation No. 1 and which will oblige Belgium to cease to protect her economy. Does it presuppose that? To me, one of the dangers of Bretton Woods is that it presupposes that there shall be, for example, another convention—I do not know what they will call it this time—in which these tariffs and exchange quotas and all the other means by which Belgium tries to protect her economy shall be abolished, leaving Belgium unprotected in the trade of the world. If that happens, how will Belgium's economy be protected? That is something we have to ask ourselves. If Belgium's economy is not protected, Belgium will begin to fall into unpayable debt, and the first step to war will be taken, because Belgium cannot continue indefinitely to go into debt, under Bretton Woods or under any other arrangement.

Mr. ILSLEY: Bretton Woods proposals do not presuppose free trade.

Mr. BLACKMORE: Then obviously the whole meaning of this recommendation is uncertain, is it not? It does not propose free trade. If a nation is to protect its economy at all, tariffs will have to come in to a certain extent and exchange controls and quotas will have to come in, and, in fact, every other kind of protective device which the nations have had to employ in the past; otherwise something else must come in to take the place of that protection. The fundamental position which social crediters take and which new economists generally take is that there must be a distribution of goods in the world under a system which will render it possible to aid nations like Belgium so that they will not have to impose these restrictions. If we could find a single hint anywhere in all the deliberations of all committees which are at work to-day, that there is any idea in their minds as to how that distribution of goods could be brought about, we would be reassured; but I cannot find any sign of that; I cannot find a hint of it. So that I say, as far as I can see, unless something is explained more than has been explained up to the present time, this first recommendation is just pure piffle and does not have any effect at all. It talks of reducing the obstacles to international trade, at the same time that everybody knows perfectly well that they cannot be reduced without the destruction of the world's weaker economies. If they cannot be replaced without the destruction of those weaker economies, then certainly the cause of war is not being removed, and to bring in Bretton Woods and make it still more difficult for them to protect their economies is simply to aggravate the situation. Surely that must

be plain to every hon. member in the committee. What we are arguing is that there is in Bretton Woods no solution of the problem. The problem is international trade war, and the devices the nations have adopted to protect themselves are the devices which we are supposed to remove, without giving them any means whereby they can remove the need for protection. There is the difficulty. If the minister can give us any reassurance on that matter we should like to have it.

May I just illustrate this for the committee, to give us something to put our teeth into. In the 1930's Japan managed by a device which she was using to bring down the price of her goods for export. I have read this, although I am speaking entirely from memory, that Japan enabled herself to offer a bicycle for $5.75 for which we would charge $50 here in Canada. If we had not adopted a method of practical embargo, of absolute exclusion against Japan, we people in Canada and the United States, with all our productive potential, would have found ourselves buying Japanese goods, and the first thing we knew our people would have been unemployed and the Japanese would have been employed producing our goods. The minister knows that is the case. The minister knows that Japan invaded the British markets until she undersold British manufacturers right in Britain. She did the same thing in India.

That occurred in 1934 and 1933, and the only possible means of resisting it was the embargo and the quota method. How would you propose to deal with a situation like that? What Japan did was this. She had a population who were able to live on a ration of rice, so that she could produce ever so much more cheaply than the rest of us. We could not reduce our people in North America to the level of a rice diet. That is plain common sense. Not only that, but Japan discovered a means of subsidizing exports; she used her national credit for that purpose, so that her exporters could undersell all the rest of us. The result was that she beat us in every market of the world, and the fact that we adopted the system of quotas and embargos, which stopped her, was what seems to have driven her to war.

What would you do with a situation like that under the Bretton Woods agreement if you did not use quotas and embargos in the United States and in the Dominion of Canada? That is what I am trying to get at. The minister, I think, sees that is impossible. He said that he did not propose to interfere with freedom of trade. It cannot be proposed that we have trade entirely free from quotas or trade restrictions, or entirely free from other kinds of protective devices, for if we adopted such a system we would immediately put a great many nations in an impossible position. Would the minister comment on that aspect of the matter so as to remove our anxieties on that score?

From the information I have I am positive that the cause of the last war was traceable to these very things. It was traceable to the fact that there were certain economies in the world that were unable to protect themselves successfully against stronger economies, and so they went to war. That is my information regarding the economic basis of the war. What does the minister think? Is it really feasible that any real teeth can be put into this first recommendation about reducing the obstacles to international trade and in other ways promoting international commercial relations that shall be mutually advantageous? Is there any hope of that?

Mr. ILSLEY: Yes, I think so.

Mr. BLACKMORE: The minister thinks there is.

Mr. ILSLEY: Yes.

Mr. SMITH (Calgary West): Mr. Chairman, I rise to take up just three or four minutes of the time of this committee, and really for one reason. I would not want the House of Commons to think we are all that way.

Mr. BLACKMORE: There is no anxiety; we have never claimed you.

Mr. SMITH (Calgary West): Please do not misunderstand me. I have a wonderful admiration for the hon. gentleman, so that I say to him, do not become bad tempered. In the speech made by the last speaker, or one of the many speeches made by the last speaker, I have observed certain things—and those which I have not heard I have read. There is one thing I do love and that is an intellectual approach to idealism. Let us not lose that. The hon. gentlemen in the far corner are to be credited, I think, with making that approach, and the only criticism, a soft criticism, I make is that they utterly forget realities in endeavouring to put forward certain theories. That is not a harsh criticism; I think the hon. gentleman will agree with me there.

Mr. BLACKMORE: Very gracious.

Mr. SMITH (Calgary West): Thank you; I appreciate that. Addressing myself to the minister, may I say that I am sorry to have heard the statement that we destroyed Germany, and the question, do we want to destroy Britain? Surely all of us in this House of Commons credit one another with the inten-

tion of doing the best we can for this Dominion of Canada and for Britain and the commonwealth of nations. We are entitled to our differences, but our ideals being the same —and they must be the same or we would have no right to be here—the only respect in which we can differ is in matters of method. That, I think, is a fair statement as between the government side on the one hand and, on the other, our group and the two groups of hon. gentlemen to my left.

I am not a financial expert; very far from it. The only achievement I have had in that way is to have made a reasonable income and probably spent ten per cent more every year than I earned. But that is ordinary government financing; it is what we call debt financing, as I understand that expression. What is Bretton Woods to a very humble person like myself who is not en famille, or en raport or en something or another with all these fancy fellows who write books and pamphlets? I have the largest waste-paper basket in the House of Commons. I do the best I can to read these things, which are gratuitously sent me—I do not pay for any of them—and yet that basket seems to grow day by day. The strong man who empties it must be a man indeed.

Here is my only thought of Bretton Woods, from my humble point of view. It is far from perfect. It has not these sanctions and so on. It does not compel one country to deliver such and such goods. What is it? It is a meeting of the minds of many nations. You do not get the end result there; but you perhaps get a start, and to me that is all that Bretton Woods is. It is a start in the control of exchange or currencies, so that, that start having been made, other trade agreements, multilateral I hope, may flow from it. I wish it had gone farther. I am sure there is no one in this House of Commons who does not so wish. But when you get all these people together you do not expect the maximum; you may get the minimum, but you expect the greatest amount of agreement that can be attained. I am for Bretton Woods for that reason. I have either listened to or read everything that has been said, and I have not yet heard one definite alternative to Bretton Woods.

It is all right to talk theories. We are told we should get all nations together and have an agreement of this or that kind. We had them together and this is the agreement we got. I am not for a moment discussing certain theories, and I probably could go a great deal farther with them than some hon. gentlemen to my left believe. They will at least admit that in the province of Alberta, in which I have lived all this time, I never made one public utterance against social credit until the election that took place on June 11. At least I can say that in friendliness to those people down there.

An hon. MEMBER: Why?

Mr. SMITH (Calgary West): Why? There is a very good reason for it. For a good part of the time I was crown prosecutor, and I felt that in my position I would not create the slightest impression of a breach of faith, So I did not do it. That is a fair answer to whoever asked the question. He may not be able to justify it, but I have at least given an honest answer.

Are we in this House of Commons not in this position, to be very practical. We cannot have a new Bretton Woods conference, so that in the interests of this country itself there is only one thing to do, and that is to go along with the other nations which have gone this far in trying to make a beginning in the handling of the situation. Anyone who suggests that we can go back to the old conditions which prevailed after the last war has, in my judgment, not learned anything in the last twenty-five years. I am one of those people who believe that economically we are in a new era, and I am sure my hon. friends will agree with me in that. We cannot go back and make trade agreements with A, leaving out B, and making other agreements with C and D but not with G and probably Q; we cannot do that without destroying not only our own economy, because we would be the last to go, but the economy of the whole world.

Therefore I am with the minister in this. It is not a cure-all, and no one ever suggested it was. But I am with the Minister of Finance in saying that if we in this House of Commons do not go with the other nations as far as they have gone—and remember, Bretton Woods was not developed under the new British government—then what are we doing? We are putting a spoke in the wheel of progress. This country and the world cannot wait. We must progress. To turn down this proposal now means that we start all over again; we gather the nations together again, and in my judgment by that time it may be too late.

Mr. BLACKMORE: I have only the deepest respect for the hon. member for Calgary West and I appreciate his remarks, but let me tell him that Bretton Woods is not a step forward; Bretton Woods is a step backward. It is a device for forcing the old system on people so that they cannot change at all. Every hon. member within the sound of my voice will some day acknowledge the truth of what I am saying.

Mr. SMITH (Calgary West): You believe chaos is inevitable, do you?

Mr. BLACKMORE: No.

Mr. SMITH (Calgary West): It is chaos without Bretton Woods. If it is chaos with it, let us have it.

Mr. BLACKMORE: I believe that with Bretton Woods you will have chaos.

Mr. SMITH (Calgary West): And you will have chaos without it?

Mr. BLACKMORE: Of course.

Mr. SMITH (Calgary West): Then chaos is inevitable.

Mr. BLACKMORE: You will have chaos unless you adopt a sound system of distribution.

An hon. MEMBER: What is your system?

Mr. BLACKMORE: It would not be in order for me to tell you now what the sound system is; I would be out of order. The first great thing is to point out the fearful dangers of adopting Bretton Woods. Even those who drafted the agreements recognized that Bretton Woods is dangerous unless these other four recommendations can be implemented, but they make no suggestion as to how these recommendations can be implemented, and the minister has not a suggestion, not a single idea. All he can tell us is that there are arrangements for tariff reductions, but he cannot give a detailed answer to questions in connection with any of these matters. He cannot show that Belgium, for example, to protect its economy will not have to use every one of these trade restrictions to keep out cheap goods from the United States. He cannot say that Great Britain will not have to adopt all these devices to keep the United States from literally flooding the British markets, putting the British people out of employment, and gaining such a control of British money that they can buy up British fixed assets to such an extent that they can own Britain outright. He cannot show us that this will not be necessary. Then to jam Bretton Woods in at a time when he cannot show that these things will not be necessary is simply for us to put on a strait-jacket when we should be giving nations freedom at least to fight for their existence.

Now may I say to the hon. member for Calgary West—and I did admire the speech he made—it is true that we have gone into a new age; and the new age we have gone into is an age of abundance. But unless we so manage our affairs that we can enable all the people in the world to partake of that abundance, the abundance itself will smother and strangle us.

Mr. SMITH (Calgary West): I agree with you; do not get mad.

Mr. BLACKMORE: I am not mad. Unless we properly manage our affairs, that abundance will strangle us; and the anxiety which is filling the soul of virtually every individual in the world with dread to-day is the fear that we shall not be able to handle our abundance. The minister referred to this document which was sent over to the hon. member for Peace River just a moment ago. I must confess that, realizing I had to face the whole of parliament in a struggle of this kind, I have been concentrating to some extent on the sort of things I would have to do to bring out the truth—and I think a good deal of that truth has been brought out to-night—so that I have not had the chance to read this pamphlet, but let me read some of the things which are in it. I will just turn to the page at which it opens as an example, to let the committee see the kind of thing being advocated. I am reading from paragraph 3 on page 6:

During the transition, it may be necessary to restrict production . . .

Now do hon. members see the kind of thing these men are thinking about? There is no reference to a means of making our abundance available to the peoples of the world, but to a means of restricting production. It is the same old mentality which caused them to shoot swine and drop them into the river, to burn mountains of oranges; exactly the same mentality, the mentality of scarcity. Where could you get a greater condemnation of the whole thing? I suspected that I would find some pretty shabby timber down under this fine veneer. All we have here is just a beautiful veneer, which could make it appear a fine, solid piece of furniture; but dig down under the veneer and you find nothing but jackpine. I am reading from page 6 of this little pamphlet, "Proposals for expansion of world trade and employment," which was sent over to us. I suppose it is one of the pamphlets that have been issued in evidence of good faith that this first item here, this first objective, is to be implemented.

Mr. IRVINE: Read the rest of the paragraph.

Mr. BLACKMORE: I am going to complete the paragraph. It is not all as bad as that first part, and I had not intended to leave it incomplete:

During the transition, it may be necessary to restrict production or exports, to fix prices, or to allocate shares of markets among producing countries.

In this there is not a hint of increasing markets by increasing the purchasing power of

the people. They are going to take the present markets and divide them up. Can one think of anything more desolating? And that is supposed to be guaranteeing freedom from want. Now I read on:

Controls of this sort should not be applied in any case unless the need is real and serious—

No one knows when it will be considered real and serious, how many people would have to be starving to death before it was considered such.

—affecting many people, and not curable by the normal process of competition—

There is no hint here of cooperation; it is all competition again, and competition is the thing that has brought on wars in the past. Competition means cutthroat competition and economic war; yet the men who wrote this pamphlet, who are supposed to be introducing the new era, are thinking of nothing in the world but the past. How can anyone, including the hon. member for Calgary West, suppose that what is being proposed here is a step into the new order? It is a step backward, and we could not get better evidence than this. I am glad someone sent this to the hon. member for Peace River. Let me read on:

And when they are set up they should be strictly temporary, lasting no longer than required to carry out the necessary shifts.

But what will happen when the tremendous productive capacity of the United States is liberated and they find they are not able to sell their oranges among their own people? Will they pile up mountains of oranges again and burn them within sight of the needy? What will they do when they find themselves returning to the conditions of 1935, when they were able to produce enough goods to supply every family in the United States with $4,400 worth a year and they actually had 23,500,000 people on relief? What will they do when they get a condition like that?

Mr. SMITH (Calgary West): What has Bretton Woods to do with that?

Mr. BLACKMORE: Bretton Woods is supposed to be one of the measures which are to introduce a new order. It is supposed to be one of the steps of progress. I am just showing how shabby that progress is.

Mr. SMITH (Calgary West): The hon. member said that it was a backward step.

Mr. BLACKMORE: Yes.

Mr. SMITH (Calgary West): The way you paint the picture, you cannot go back farther than that—the $25 million worth of oranges. It cannot be worse; so Bretton Woods cannot be backward. It might be static, but otherwise it must be forward, surely.

[Mr. Blackmore.]

Mr. BLACKMORE: A very fine question. And might I offer this challenge to anyone in the committee who thinks that it must.

Mr. SMITH (Calgary West): I will take it, before you tell me what it is.

Mr. BLACKMORE: That is the kind of men we produce in Alberta. These are the people who fight for what they believe is right. Since the hon. member for Calgary West has accepted the challenge, I am going to ask him to tell me what Bretton Woods would do to help the United States to distribute her abundance in 1935?

Mr. SMITH (Calgary West): And I will tell you. In 1935—yes, I will go back to 1935, and farther if you wish.

Mr. BLACKMORE: If there had been a Bretton Woods in 1935, what good would it have done to the United States?

Mr. SMITH (Calgary West): In the first place it is not supposed to distribute goods. But even that does not matter. I will tell you what it could do back in 1935. We had a depression. It was a world depression. It was the first one we ever had—

Some hon. MEMBERS: No, no.

Mr. SMITH (Calgary West): Oh, yes, it was. You can go back to 1929, if you like; I am not going to argue over a year or two. But go back and find out what brought on the depressions in this world, in the various countries. What happened. Labour moved here and there. And they were always able to borrow money outside. That depression you have been talking about is the first one this world ever knew where governments could not borrow money outside. Just take a good slant at this picture. You ask: What would Bretton Woods do in 1935? Perhaps nothing.

Mr. BLACKMORE: That is what I think.

Mr. SMITH (Calgary West): Oh, please let me finish. You know we could not borrow money over there in 1935. We borrowed in London and in New York; practically all our borrowing was done there. I agree with you—do not misunderstand me—when you say there should be no hungry people in the midst of plenty. Well, I was called a big-shot once, but I am not one of them. I am not one who has argued otherwise. I agree with that; I have no doubt about it. Certainly there should not be hunger in the midst of plenty.

But what have we done? We have an economic system which did certain things. But that system got us hospitalization; it got us radio; it got us telegraphs; it got us rail-

roads; it got us a lot of things—a lot of social services. So why damn it and throw it out the window? Just remember that it improved civilization up to that time.

Do not just throw it away like an old shoe. My view is that we can take the absolutely good things in the system, and we can take care of 1945. You ask, how? I say, by government intervention and by government guidance. What we can do is this: We can work on the good things in the system, and never have another 1935. That is where the government comes into the picture. That is my view of it.

Mr. BLACKMORE: What I am going to have the hon. member for Calgary West tell us is this: What are the good things in our system which we would keep, and what changes should we have to make?

Mr. SMITH (Calgary West): Well, keep one of the things you want—and that is individual enterprise. You have that, so that is not too bad.

Mr. BLACKMORE: What next would you have? Remember, we are talking about the United States for a few minutes. Let us remember that the United States started the depression. Yes, it started right in the United States. There were five steps which caused it, and which I have outlined.

Mr. SMITH (Calgary West): And I do not agree with them. I doubt them.

Mr. BLACKMORE: As soon as you can prove they are not correct, come along. I will prove that they are correct.

Mr. SMITH (Calgary West): I think I had better come to your room to finish this.

Mr. BLACKMORE: Yes, I can understand that. The trouble is we have not the time to go on talking now. But this is an important question. We have to ask this: What would have to be done in the United States, first of all, to avoid having that depression come on? Remember, she started it.

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: I told you she ceased foreign lending. Is anyone in this chamber prepared to challenge the statement that the cessation of United States foreign lending started the depression?

Mr. SMITH (Calgary West): I am prepared to challenge that statement at any time.

Mr. BLACKMORE: I will refer you to the banking and—

Mr. SMITH (Calgary West): But I would rather go to your room and do it.

Mr. BLACKMORE: I refer you to the banking and commerce committee of last year, in which Mr. Graham Towers, president of the Bank of Canada, positively said that was the beginning of the depression.

Mr. MacINNIS: And you do not agree with him?

Mr. BLACKMORE: I gave those steps before.

Mr. SMITH (Calgary West): I know what started the depression.

The CHAIRMAN: Order. I must again remind hon. members in the committee that remarks must be addressed to the Chair.

Some hon. MEMBERS: Question, question.

Mr. McIVOR: Carried.

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: If I were wasting the time these hon. gentlemen are they would be accusing me of blocking.

Mr. McIVOR: Mr. Chairman, if you will pardon me; I said "carried", because I like to make a short and intelligent speech. I have not been making any all day.

Mr. BLACKMORE: If the hon. member would like to have intelligence in his words, I would suggest that he learn another word, one different from "carried", because that is very foolish.

While we have had a little good-natured passage this evening, I believe there is essential value in this question. What would the United States have to do, first of all, to prevent an onset of another depression? If Bretton Woods would not help the United States, or prevent her from going into a depression, then it cannot help the rest of the world from going into a depression. And if the rest of the nations went into a depression, they would be forced to adopt every one of the trade restrictions which they would have to use to save their economies, and to save the lives of their people—instead of Bretton Woods. Then just imagine what would happen. There just is no answer to that, at all.

I pointed out, and showed this morning what the causes of the depression were, and that they came on in the United States. Bretton Woods would have no effect whatsoever on them. I think we showed the absolute futility of Bretton Woods.

Mr. SMITH (Calgary West): Well, then, it is just futile—no harm.

Mr. BLACKMORE: The chief trouble is that it is suggested there was no harm. I say that it will do harm because it is designed.

after all, to establish a monetary fund with a great deal of control of every nation of the world.

Mr. SMITH (Calgary West): How can you have currency stabilization, without control? Tell me that.

Mr. BLACKMORE: Such a fund as that with a lot of control will certainly hamper nations. They will find that, in their effort to protect themselves.

And now, if we have finished with number one, I shall turn to number two. The minister has not done much for us on number one. I do not think any of his staff can do anything for us. As a matter of fact, I will challenge the best authorities that sat in Bretton Woods, and the best authorities of the government to show how any substantial change in the world's trade can be made, and still go on from generation to generation, as an implementing of the suggestion made in number one.

Mr. ILSLEY: Would the hon. member tell me, frankly: Does he intend to keep this up all evening? How long does he intend to keep this up? I should like to know. I have made my plans pretty clear. I wanted to get this measure before the banking and commerce committee, by four o'clock. The hon. member would not accommodate me, although I think others in his group were willing to do so. Does he mean to keep at it indefinitely? I should like to know. I shall have to make different arrangements.

Mr. BLACKMORE: I wish to make it abundantly clear—and I have already done so twice to-day—that I am not attempting to block or hold up the committee. I am attempting to elucidate the facts. A lot of them have certainly come out here to-night. I will wager that few enough people, whether they were in this country or not, knew what the causes of the depression were.

An hon. MEMBER: Did you?

Mr. BLACKMORE: Those causes of depression have a tremendously vital bearing on this question, because this is supposed to be one of the means of preventing war, and the war came on because of the depression. I think there is hardly any doubt about that.

I have scores of questions which I think have a vital bearing on this whole question that I should like to put to the minister.

Mr. PROBE: Send him a letter.

Mr. BLACKMORE: I may be presumptuous in doing so, but I believe if I ask those questions and if hon. members would listen to them they would find food for thought in them, whether they would find any truth or not. I have given considerable attention to this matter for a number of years. I do not approach this matter entirely without information. I believe it is the duty of those who understand something of these things to ask these questions and elicit the information which will aid the people generally throughout the country to come to a better understanding, to get more truth. Therefore I am answering the minister in this way. I am going to ask him questions to elicit the truth and what information I can get. As soon as I am satisfied that he cannot tell me any more I shall go on to another question. I am satisfied he cannot tell me anything more about number one. What he has told us indicates that he knows almost nothing about it. He has not had the—

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: That is perfectly true. I will defend that statement. As an example the minister has not shown how under Bretton Woods the United States could protect her economy from imports from Japan in 1933. If Japan offered bicycles at $5.50 or $7.75 each, the United States would have to shut them out by an embargo, and that would be a quota; she could do no other thing, because no matter how high a tariff she put up she could not keep them out.

The world faced a serious danger with respect to Japan of having that country take over the manufacturing business of the world. Japan could have and would have done so because of the peculiar nature of her people.

Mr. COTE (Matapedia-Matane): Would the hon. member permit a question?

Mr. BLACKMORE: Yes.

Mr. COTE (Matapedia-Matane): Forty-five nations have subscribed to Bretton Woods.

Mr. BLACKMORE: Yes.

Mr. COTE (Matapedia-Matane): Has the hon. gentleman the pretension to say that if the house followed the advice of him and his group it would change in one iota the structure of the world; that the Bretton Woods agreements with regard to the world would not be carried forward? If not, why carry on this discussion any longer?

Mr. BLACKMORE: My hon. friend is a Christian, is he not?

Mr. COTE (Matapedia-Matane): Yes.

Mr. BLACKMORE: Suppose after the death of the Saviour the Christian world had asked such a despairing question as that, do you suppose that Christianity would ever have advanced?

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: All right. Take the Chartists. We shall go to politics now. We shall have you all saying, "oh, oh" about this in a minute. Let us go back to the Chartists' proposals in 1848.

Mr. TUCKER: I rise to a point of order.

Mr. BLACKMORE: I am answering the hon. member's question.

Mr. TUCKER: This is a debate on the question whether we shall approve the signature of the international monetary fund and the international bank of reconstruction and development. My hon. friend is dealing with items on page 17 of the final act. Those items set out certain things which should be be done to promote further the purposes of the fund. In other words, the fund is designed to do certain things in the way of promoting prosperity in the world. This was a further recommendation to promote the purposes for which the fund is also to be established. It is a recommendation in order that certain things shall be done. You might just as well discuss the criminal code in regard to this act, because you must have a certain measure of honesty and integrity in the country if you are to have prosperity. You might just as well discuss anything that might come before this house on this question of an international monetary fund as to discuss the principle of social credit as to whether this fund should be set up or not.

If we look at this thing carefully it will show that by asking questions about things set out on page 17 of this final act my hon. friend has deliberately got away from the discussion as to whether this monetary fund should or should not be set up.

I wish to read it to you, Mr. Chairman, to satisfy you that it is definitely out of order. It reads as follows:

> The united nations monetary and financial conference recommends:
>
> To the participating governments that, in addition to implementing the specific monetary and financial measures which were the subject of this conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:
>
> (1) reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations.

Note, Mr. Chairman, it says this:

> That, in addition to implementing the specific monetary and financial measures which were the subject of this conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the fund and of the broader primary objectives of economic policy . . .

In other words, what my hon. friend is discussing is something that is outside the international monetary fund altogether, something that is outside the international bank for reconstruction and development. He is seeking to discuss the broad question of economic policy within the country, the question of international trade and all those other matters which this conference said should be dealt with in order to help promote the purpose of the fund. The fund is just one means whereby this purpose may be promoted; my hon. friend is definitely out of order, Mr. Chairman, when he seeks to discuss this other means whereby this objective is sought to be promoted, and I ask you to rule him out of order on this discussion. I definitely say to you that when he is seeking to take this attitude; when he knows that the purpose of this house has been expressed by a definite and overwhelming majority that this nation wishes to adhere to this fund and he seeks to prevent us by talking and talking and refusing to go to the committee where he can get the information which he claims he wants, he is seeking to frustrate democracy in the only way in which it can work, namely, by putting this thing to a committee where it can be studied. For that reason, when this house has definitely shown its intention, I ask you to—

Mr. BLACKMORE: On a point of order, I ask the hon. member to withdraw.

Some hon. MEMBERS: Sit down.

Mr. BLACKMORE: I ask him to withdraw. The hon. member has attributed a motive to me which he has no right to do.

Mr. TUCKER: If I have said anything that offends my hon. friend—

Mr. BLACKMORE: On a point of privilege I request the hon. member to withdraw his statement. He attributed to me the motive of seeking to thwart the purposes of democracy.

Mr. TUCKER: I said that the effect of what the hon. member was doing was that very thing. I repeat, that is what he is doing.

Mr. BLACKMORE: The hon. member said that I sought to do it.

Mr. TUCKER: The hon. member knows very well that unless at least those nations contributing sixty-five per cent of the total subscription adhere to this by December 31 this attempt at an international project is going to fail. More than that, it may very well be that the failure of Canada to adhere to it by

December 31 may mean the destruction of this great work to promote international cooperation in this field.

My hon. friend knows just as well as he is sitting there that the overwhelming will of this parliament is that Canada shall do its share in this great international work. If he by talk, knowing that the time is limited, seeks to prevent our democratic country from doing its part in this work, although he knows the vast majority wants it to be done, he is certainly thereby thwarting the will of democracy. It has been suggested that I attributed motives to my hon. friend. I said that what he was doing was to prevent the will of democracy as represented in this parliament from prevailing. I do not think my hon. friend would want to prevent democracy from functioning, but in the *Evening Citizen* of December 10 I find this:

> Parliament will be here till Christmas if the government doesn't withdraw the Bretton Woods bill, declared Solon Low, Social Credit leader, to the *Evening Citizen* this afternoon.

They know that if it is the will of parliament to adhere to Bretton Woods it must do so before December 31. What are we to say to a group in this house, Mr. Chairman, who say that they will sit here and prevent us from carrying out the will of the majority of this parliament?

Mr. HANSELL: It does not say that.

Mr. TUCKER: I will read it again.

> Parliament will be here till Christmas if the government doesn't withdraw the Bretton Woods bill, declared Solon Low. . . . This was his comment on the filibuster the Social Credit party is waging against the government.
>
> "We are prepared to fight this thing right through till after the New Year," he asserted.
>
> The government introduced the Bretton Woods bill last week. This would enable Canada to participate in an international money agreement. The Socreds want none of this at all.
>
> "We're out to kill it," said Mr. Low. "We want to kill it in the best interest of Canada, the best interest of the commonwealth, the best interest of Britain." . . .
>
> "We believe we have a plan which is better for everybody—"

And so on. I repeat, Mr. Chairman, that if that is correctly quoting the leader of the Social Credit party he is saying that this little group he leads to-day is undertaking to thwart the will of the majority of this parliament, representing as it does the people of Canada. That, I suggest to you, Mr. Chairman, is the essence of dictatorship. It is the very denial of the democracy in which we believe. As has been well pointed out by various members of the opposition, the Social Credit party were not elected by the Canadian people to conduct the government of this country, and having put forward their views, if they now seek to thwart the ordinary functioning of government and continue to do so—

Mr. HANSELL: We are not doing that or seeking to do that at all.

Mr. TUCKER: That is the very thing that brought France down in ruin and destruction, the unwillingness to let the majority conduct the business of the country, the insistence on using any power they had to make their will prevail against the will of the majority. The will of the majority has been expressed by the overwhelming majority of all the members of this house, joined in by all parties in the house except the Social Credit group. I appealed to them this morning and I appeal to them now: Show that you do believe in democracy, that you do believe what you say, that you are asking just for information by letting this measure go to the banking and commerce committee.

Mr. BLACKMORE: Where it can be all hidden.

Mr. TUCKER: Where everything can be brought out fully. Let it go to the banking and commerce committee, and then, after you have heard it discussed there, if you are still not convinced, I suggest that you have a certain duty to the people of this country if you believe in democracy. If the majority will of the people is to go through and Canada put her signature to these agreements in time to do her part to bring into effect this great international effort at cooperation, I suggest to hon. members of the Social Credit group that if they believe in democracy they should not attempt to thwart this measure because the time is short.

Mr. LOW: I am sure that the hon. member for Rosthern could very well have saved a good deal of wear and tear and could have approached this matter in a calmer and more dignified manner.

I want to say right here and now and with all the finality I can give it, that there is no such thing as a motive on the part of this group to obstruct. But I will tell you, Mr. Chairman, that if this matter has reached an impasse and is embarrassing the government, as it obviously is, it is nobody's fault but their own. They have been in session here since the 6th of September. They have had plenty of opportunity to bring in this measure early; in fact, the hon. member for Rosetown-Biggar in the debate on the address asked the government to bring down the Bretton Woods agreements at the earliest possible day. But the government disregarded that request.

I quite well appreciate that, with the Prime Minister away and heavy duties falling upon the shoulders of the Minister of Finance, he had perhaps more than he could look after, but that is no excuse for having delayed bringing down this resolution until the dying days of this session. As I said the other day, and I will continue to say it, a vote of censure should be passed on this government for holding up this measure until these last days. The people in this country will be the judge—

Mr. MACKENZIE: They were.

Mr. LOW: I know they were, but they did not know about Bretton Woods then; they were not told anything about Bretton Woods. It would have been a simple matter for the Minister of Finance to have brought this resolution down in the early days of the session or even six weeks ago. Then he could have got it into the banking and commerce committee where we could have had three or four weeks to examine this measure, which is of such far-reaching consequences. The penalties for the failure of this measure are of such grave concern that we should have been taking four or five weeks in the banking and commerce committee to get all the information we possibly could, so that we could make up our minds. I say to you, Mr. Chairman, that the government is bringing down upon itself exactly what it asked for in withholding this measure. I am not going to impute any motives, but the people right across this country will probably be doing so in connection with the government's trying to rush this thing through at the last minute. I have sitting around me a group of men with deep convictions who have been anxiously awaiting the bringing down of this resolution, and I do not like to see motives imputed to them.

Mr. TUCKER: Did the hon. member make the statement that I quoted from the *Evening Citizen*?

Mr. LOW: Yes, I did. I am not saying that I used the exact words quoted, but I said that this group are determined to fight this thing to the bitter end. I do not know, nor does any member whether the majority of the people of Canada want Bretton Woods; but I say that it is our duty as the representatives of the people of Canada to find out for ourselves whether it is a good measure, and if we do not we are derelict in our duty. We are trying to do our duty so that in future decades we shall not have to look upon a mess that we did not warn the people about in this country.

I suggest to you, Mr. Chairman, that the Minister of Finance and his experts answer the questions that have been asked. They can be answered and should be answered if the government are anxious to get this measure through. Some attempt should be made to elucidate it and to tell the house and the country what it is all about and what the government hope to gain by it. I have sat here and expected that the answers to these questions would be forthcoming, but the minister is either unwilling to answer them or he does not know. That is what we are complaining of. We are not getting the information.

A word further in connection with what was said by the hon. member for Calgary West. I deeply appreciate the fact that the people of this country are anxious for some form of international cooperation, and when the proper time comes we shall be able to propose in its entirety a complete plan for international cooperation and the alleviation of the great difficulties that have arisen in connection with international trade and what-not—and it is not the Social Credit programme either. It is the programme of the London chamber of commerce, proposals similar in many ways to ours, which will remove many of the difficulties embodied in these Bretton Woods agreements. We have that in our hands. The minister, I am sure, has seen it. His deputy has seen it. It is quite true, I admit, that it will be somewhat difficult perhaps at this stage to get the support of all the other nations. But may I ask you this, Mr. Chairman, would it not be far wiser to start with something we know is sound and good and has a fair chance of success, than to commit ourselves to something which is questionable, and in which we can have only at the very best a fifty-fifty faith? There are three or four more questions which have to be resolved before it is humanly possible for Bretton Woods to work; and that is what we are trying to get over to the committee. If we wait to get it over, then I am quite willing, and so is my group, to submit to the will of the majority, but we demand a fair opportunity to discuss this matter.

Mr. ABBOTT: You have had it.

Mr. LOW: The Minister of National Defence says that we have had it. I should just like to ask the minister how much longer we have taken on this than the government took on some most inconsequential matters.

Mr. BLACKMORE: The war appropriation bill.

Mr. LOW: Particularly, the matter in which the hon. member for Rosthern helped to talk out a resolution which was of very great importance—talked for a solid hour, during which he said nothing.

Mr. TUCKER: I said in fact what the legion in Saskatoon, the Saskatchewan legion, recently agreed to and carried by resolution.

Mr. LOW: I do not like to hear hon. members, such as the hon. member for Rosthern, who live in a glass-house accuse us of tactics of which he has been guilty.

Mr. TUCKER: I ask the hon. member, did he say this:

Then after we all have spoken in the commons . . .

Some hon. MEMBERS: Order.

Mr. TUCKER: The hon. member made a statement, and I should like to ask him this question—

The CHAIRMAN: Order. The hon. member for Rosthern may ask a question, with the permission of the hon. member for Peace River.

Mr. LOW: Yes, Mr. Chairman; certainly I will permit a question.

Mr. TUCKER: It is reported in the Ottawa *Citizen,* in quotation marks, that the hon. member said this:

Then after we all have spoken in the commons this time, we shall talk again in the banking and commerce committee. As a matter of fact, we intend to call witnesses before this committee from Great Britain.

Also in quotation marks:

With vehemence he exclaimed: "We're going to fight, fight, fight—right to the last!

"We're prepared to sit right through till next January if necessary to stop this bill."

Mr. LOW: Mr. Chairman, essentially those are my words; and that comes from the definite conviction on the part of the members of the Social Credit group that they are determined to do their duty until they have been overwhelmed.

Mr. ILSLEY: That is obstruction.

Mr. LOW: Just a minute. I did not say in so many words that we would talk again; I said that we would fight in the committee; and so we will.

Mr. ILSLEY: Will the hon. member permit a question?

Mr. LOW: Yes.

Mr. ILSLEY: I really did not realize, until I heard that, that the hon. gentleman who represents Peace River and leads the Social Credit party had publicly stated that he would conduct a fight until after the 31st of December in order to kill this. If he does that, he is—

Mr. LOW: I did not say that.

[Mr. Low.]

Mr. ILSLEY: If he is taking advantage of a time element there it makes his action reprehensible.

Mr. LOW: Again, sir, I say that there is a glass-house and those who live in those houses ought not to throw stones. I did not say that we were fighting this in an attempt to hold it over until after the 31st of December.

Mr. TUCKER: You have just mentioned it.

Mr. LOW: I said that we would fight to the bitter end, until we are overwhelmed.

Mr. HANSELL: And we are prepared to.

Mr. LOW: We are prepared to sit, if necessary, until we have had it proved to us definitely that this is a measure we should adopt. I do not go back on that for one second. I had a chat with the minister to-day, and I, to say the least, was disappointed that I was not able to convince him that this matter should be held over until another session. I still do not see why this thing has to be rushed through. The fund will not be held up. The progress of this thing will not be delayed because a nation like Canada, in the seventh place on the list, has not signed and indicated the ratification of the resolution by the 31st of December. If the other nations are prepared to go ahead, let them go ahead and indicate their good faith; but it does not sound like good faith to me, when one nation —and that the United States, which stands to gain the most—is the only one which has ratified it to date.

Mr. ILSLEY: I will correct that. I will give the hon. member the facts.

Mr. LOW: Go ahead. If I am wrong I should like to have them.

Mr. ILSLEY: I was asked that question to-day.

Four countries have speeded legislative action toward ratification, and it now remains for the executive to produce that instrument. They are the United States, China, the Philippines, and Venezuela. Two countries have stated that executive action is pending in that case and have promised it; they are Cuba and South Africa. South Africa indicated its willingness to submit its system to ratification when it would find company in doing so. Yugoslavia has indicated that it is prepared to ratify; whether by executive process or by immediate legislative action is not known. Colombia: a committee of the chamber of deputies has reported the agreement to the chamber with unanimous approval. France: the committee on foreign affairs of the consultative assembly has recommended the agree-

ment to the constitutive assembly when it meets. It is understood that the constitutive assembly is now in process of discussing the agreements. The agreements are at present before the United Kingdom House of Commons.

With regard to the delay, I do not know whether my hon. friend was in the chamber this afternoon when I dealt with that matter. But I want to point out that this agreement has been public; it has been before the people of Canada, and of the world for that matter, for about fifteen months; and in this country it has been known that it was part of government policy since March or April of last spring, when we issued our paper on reconstruction and employment. In August it was stated by myself at a press conference that legislation would be introduced for its ratification at this session. It was foreshadowed in the speech from the throne; a resolution was placed on the order paper at an early stage in the session, and the reason it was not reached until now is that other legislative matters, which appeared to be of at least equal importance, were taken up.

The opposition led by the hon. member for Peace River is only one opposition in this house. Other oppositions felt that other matters were more important, and we did deal with some extraordinarily important matters. Bill No. 15, the emergency powers bill, the budget, the War Appropriation Act, the San Francisco conference; and these were things which in the minds of most hon. members had as much importance as this measure.

I wish to point out, now that we are censured for not bringing this on until now, that we brought it on before it was brought on in the United Kingdom. I wish to point out also that in the United Kingdom it is not felt by the opponents of the Bretton Woods proposal that they must take week after week in an endeavour to defeat it. Three days are assigned there for a discussion of the Bretton Woods proposal and the loan agreement with the United States.

If we are to cause parliamentary institutions to command the respect of the people we must restrain ourselves a little bit in these discussions. It is not for me to advise the Social Credit party, but it seems to me that if I had been connected with the Social Credit party when this came up I would have had two or three of the best speakers to make speeches on it and then I would have let it go forward; because the performance, with the course which is being taken now, whatever my hon. friends will say and however much they will deny that they are obstructing this, coupled with the December 31st date and the statement of my hon. friend, will mean that, if anything happens to this proposal and this agreement fails as a result, the Social Credit party of Canada is taking the responsibility of sabotaging a proposal which in the years to come we shall be very sorry we have not approved.

Mr. LOW: There are one or two things left that I wanted to say. I appreciate the answer which the Minister of Finance has given, because when I talked to him he did not have that information. The United States, I thought, was the only nation that had ratified the agreement. I am prepared to accept the answer given and I am glad to have it, but it only bolsters my argument that they do not need Canada in order to complete the sixty-five per cent of the fund. If all these nations have already ratified or are prepared to ratify, it is all the more reason why Canada should have ample opportunity to go into the matter thoroughly and ascertain whether it is worth ratifying. That is the position we have taken from the start, and we came to that conclusion only after my failure in conversation with several officials of the government to get consideration for the suggestion of standing the matter over until we have had such time as to go into it completely. We have only had a short time to discuss it in committee. Indeed, the time at our disposal would be regarded by the people of Canada as a travesty. We could not take it into committee at this late stage and bring it out of the committee with a recommendation that it be adopted. That could not be done in the short time at our disposal, and that is why I made that statement. If the government will still give us the right to call our witnesses and have the committee go as fast as possible, after we are through with this discussion we are prepared to stay as long as it is necessary instead of rushing the matter through. That is what I meant when I talked to the newspaper man to-day. We do not want to block it; that is not our intention at all. But I would not feel that our group had done their duty if they did not take this stand and try to get the support of the committee. We are only a small group, but small groups have been known to do great things for their countries in times past. History is full of proof of that statement, and the people of this country, I am satisfied, will rise in their admiration for a group that will stand by their convictions and fight to the end, even if the government thinks we are obstructing. We are fighting on the ground of deep conviction, and I want that known. We feel that very important matters have to be resolved before Bretton Woods can begin to do what it is claimed it will do,

and those matters we are trying to get before this committee. That is all. I am sure that in due course we shall get them.

One word about the banking and commerce committee. I have not been able to get an assurance from anyone that when we get into that committee there will be ample opportunity for discussion. I have seen these committees work before. I appeared before that committee once and I know what a difficult task I had. I came here in 1940 and appeared before the committee with a request for a charter for an Alberta bank, and I was there for two solid weeks with that matter, which was called inconsequential. What hope can we have of being able to complete the evidence in a short time with respect to a matter of such wide implications as Bretton Woods, where we are asking for a world bank. We are expected to dispose of such an important subject in three or four days. It is ridiculous. That is all I have to say.

Mr. MacINNIS: I do not know where we are exactly on this question. A point of order was raised, but I do not know whether a decision has been given upon it. If the decision has not been made, I should like to say a few words. I believe my hon. friends to the left, according to parliamentary rules, have every right to carry on as they are doing, but whether they are justified in the national interests is something that they will have to decide. Until we change our rules, or use the rules that we now have for the purpose of ending the debate, they have a perfect right to carry on. The strongest point was made just a moment ago, and if it had been made by somebody else it would have had some force. That point is that the minister of Finance should have introduced this legislation earlier. That point was raised by the hon. member for Peace River, and yet when it was suggested that the matter should go to the committee on banking and commerce, the hon. member for Lethbridge said that was just what he did not want to have done.

Mr. BLACKMORE: Because it would be hidden there.

Mr. MacINNIS: Then why blame the Minister of Finance for not introducing the legislation earlier, with a view to having it go to the banking and commerce committee, when at the same time you do not want it to go to the committee? That is the kind of argument we have had during this debate. In lieu of this measure my hon. friends have a programme of their own which they want to put into effect. But how long would that take? First of all, they would have to convince this parliament that their programme was one that parliament should accept. After that was done this parliament would have to convince the majority of the other important nations that it was a good programme. Then there would have to be another monetary conference, and that conference would have to deal with that programme and approve of it. Then, finally, it would have to come back here again, and perhaps there would be another group in this house ready to oppose it.

Time and time again I have heard the statement that the proposal before us is preposterous. Well, if there is anything more preposterous than that sort of argument I should like to know what it is. As I have said before, and as the hon. member for Rosetown-Biggar, the leader of this party, has said, we are prepared to let this go to the banking and commerce committee and we are prepared to vote for it as approved by the committee. In my opinion it has one virtue if nothing else, and that is, it brings the nations together in cooperation in dealing with economic and monetary problems. Unless we have that, each nation will be dealing with its own problems as best it can. Each nation will be trying to advance its own interests, regardless of whether it defeats the interests of other nations. Surely the mere fact that we are bringing the nations together where the concern of one nation will be the concern of all is a factor of such importance that we should allow this matter to go to the committee where we can get the evidence. I admit the time is late, and if the point had been raised by some other hon. member, that legislation should have been introduced into the house long ago, that point would have been exceedingly well taken. But it is not well taken by my hon. friends to the left because of their refusal to refer it to the banking committee.

Mr. BLACKMORE: Mr. Chairman, you have not ruled on the objection raised by the hon. member for Rosthern. He endeavoured to get you to call me out of order. If you, sir, took such a responsibility as to do that, I would lose a great deal of the high esteem for you that I have so far displayed.

The CHAIRMAN: Order. I must remind the hon. member that I cannot be concerned about the esteem that any member has for me. I must abide by the rules that govern debate in committee. This committee at the present time is considering a certain resolution to carry into effect an agreement with respect to an international monetary fund and

an international bank for reconstruction and development. Standing order 58, section 2, reads:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Perhaps in the debate that has so far taken place I have allowed too wide a latitude and too much freedom of discussion. Since the hon. member for Rosthern has brought certain matters to my attention, I take it to be the feeling of the committee that in future I should see that the attention of hon. members is kept directed to the rule that speeches must be strictly relevant to the item under consideration.

Mr. BLACKMORE: If hon. members will turn to the resolution now under discussion it will be seen that this house is asked to consider the expediency of adopting this resolution. What do we mean by "expediency"? One of the questions I am going to ask the minister after a while, when we get around to it, is what he means by "expediency." May I read the first two or three lines of the resolution?

Resolved, that it is expedient to present a measure to grant authority to accept on behalf of Canada . . .

And so on. What do we mean by "expediency"? My definition of "expedient" is this, that it is in the interests of those who are considering the proposal. In the speech he delivered the minister himself laid a good deal of emphasis on the fact that the one matter we are considering above all others in this connection is peace. Do I misrepresent the minister's stand? The minister laid a great deal of stress on the fact that our objective in these considerations was peace, did he not?

Mr. ILSLEY: Yes.

Mr. BLACKMORE: Then, if the minister was arguing along the right line we should judge of the soundness or otherwise of the Bretton Woods proposal by reference to its ability or non-ability to ensure peace, and the very thing I was discussing when the hon. member for Rosthern went off on a tangent was the question of whether this Bretton Woods thing could guarantee peace. My contention is that it is impossible for this measure to guarantee peace. As a matter of fact, it is the greatest guarantee of war and revolution that one could conceive. The argument I was following was absolutely pertinent and relevant, because I was considering the whole matter of the possibility of the Bretton Woods proposals meeting the difficulty which brings about war. If the hon. member for Rosthern thinks he can argue that away I will give him an opportunity to try. What is the use of passing a thing that we are told is going to help bring about peace when all those who know about actualities in the world as they are to-day know perfectly well that this thing has no chance in the world of guaranteeing peace? What is the use of doing that? Why delude ourselves? We should be like those misguided people who placed such implicit confidence in the league of nations after the last war and, by reason of that fact, allowed themselves to fall into a fatuous policy of unpreparedness which almost resulted in the complete destruction of the British empire. Are we now to be deceived again so soon after the cessation of the second great war, and repose our confidence in a measure like this which cannot possibly accomplish the objectives it purports to accomplish? That is the question. Let the hon. member for Rosthern answer that if he thinks he can.

Mr. TUCKER: I still think the hon. member is out of order.

Mr. BLACKMORE: I am not out of order; I am strictly in order. Everything I am saying is directly relevant to the word "expedient."

Even, if I understood the minister's remarks aright the other reason he urged to establish the expediency of this measure was that it would give Canada a certain advantage. I am going to turn to that matter now. Up to the moment the minister has not shown this committee a single, solitary respect in which this measure can give us any advantage whatsoever. He said that it would, but he has not shown it. Saying a thing will do something and proving it are two entirely different things.

If you, Mr. Chairman, will permit me to go on with the line I was following, I should like to take up the next matter. My general line of argument was that if the people who drafted Bretton Woods, the experts from forty-four nations, saw that this agreement could not possibly succeed in attaining its objectives unless four other proposals were implemented, then the first thing they should have done was to concentrate their attention on how to bring the other four principles into operation and then bring in Bretton Woods. The line I was following just before the hon. member for Rosthern interrupted was simply that the other measures are not being introduced, and nothing is known about how they are to be introduced. The result is that Bretton Woods is to be passed and allowed to dangle in the air with all its objectionable features obvious and none of the advantages

which it purports to obtain for the country.

I am now going to ask the next question. The second proposal these experts say should be implemented is this: to bring about the orderly marketing of staple commodities at prices fair to producer and consumer alike. That again is so broad it has no meaning at all. Does it mean prices within Canada? Does it mean a policy should be adopted within Canada the application of which will result in prices of wheat and wool and mutton and other primary products in this country going up to the level at which they should be, and prices of manufactured goods coming down to a level which will bring about price parity as between primary products and secondary products? Is that what this thing means? Is it meant to apply to prices within our country, or is it meant to apply to prices as between countries? I wonder if the minister would be able to tell us that. Does this have reference to prices within countries, or does it have reference to prices as between countries?

Mr. ILSLEY: I would think it referred primarily to international arrangements such as wheat agreements, or something of that kind.

Mr. BLACKMORE: Well, you see it is not definite, is it? It must be obvious to all hon. members that the minister's experts have given almost no consideration to this matter. Here is one of the four proposals which the experts at Bretton Woods themselves foresaw would have to be implemented, and here is the Minister of Finance of Canada proposing that we adopt Bretton Woods without having given any attention whatsoever, apparently, to the possibility of implementing that second proposal. Well, does that not show that altogether too little thought has been given this whole matter? If the Bretton Woods proposal is not likely to succeed without the implementing of these four proposals, as the experts tell us, and if apparently the nations concerned have not given any attention to the implementing of those proposals, then obviously to pass Bretton Woods is reckless procedure. Why not go to work on the other four proposals? Social Crediters will be the very first to shout "Hear, hear" with respect to the second proposal I have mentioned.

We are constantly emphasizing the need for just prices—giving fair prices to producers and to consumers. But up to the present time, as the minister knows, in this country our primary producers have just been tortured by the fact that there has been a spread between our primary prices and our secondary production prices, a spread which has been ruinous to our farmers and primary producers. The government has not been able to cope with that situation. They have not been able to cope with the situation in the United States. I do not know of any government in all these connected with the Bretton Woods agreement which has been able to cope with the situation. Yet they imagine that somehow or another, by joining their problems together, and taking away some of their freedom of action, they will be able to solve this problem. Where would you go to find more recklessness in public men?

Here we apparently propose to rush blindly into this matter, without giving full consideration to such wide considerations as that.

Let us have the third one:

3. Deal with the special problems of international concern which will arise from the cessation of production for war purposes.

We do not know anything at all about what that means. Maybe the minister can give us some enlightenment on that. What is being done, internationally? Is there any international machinery contemplated to deal with that particular subject? What would be the nature of that machinery, if it were implemented? How would it affect the ordinary man in Canada? How would it affect our employment problems? Has the minister heard of any international arrangements for implementing that principle?

Some hon. MEMBERS: Question.

Some hon. MEMBERS. Carried.

Mr. ILSLEY: The hon. gentleman is asking me questions, but not on the Bretton Woods agreement. These are objectives, which are very important, and with which he says he agrees. He is asking me to outline what is to be done under these. This particular item No. 3 is to reach an agreement in respect of ways and means whereby they may best deal with the political problems of international concern which will arise from the cessation of production for war purposes. That was written in 1943, I believe.

Mr. BLACKMORE: It was 1944, was it not?

Mr. ILSLEY: Yes, that is correct—1944. Of course the war did not end until 1945. There is no doubt that problems do arise from the cessation of production for war purposes.

Mr. BLACKMORE: We agree.

Mr. ILSLEY: And I believe, although I cannot give my hon. friend particulars, that with respect to property owned by the United States in Canada, arrangements are made bet-

ween the two governments with regard to its disposition. I should think this means that anything that covered the disposition of surplus production, built up to a high level during the war, and then brought down to a lower level as a result of peace, would be properly the subject of international discussion.

Mr. BLACKMORE: Before the minister sits down, would he tell us what discussions have been conducted on this problem—discussions of which he is aware?

Mr. ILSLEY: I cannot give my hon. friend any information on that.

Mr. BLACKMORE: That is exactly why I think this whole procedure is simply wrong.

Mr. ILSLEY: Well, we have had discussions with countries as to the disposition of surpluses we own in those countries.

Mr. BLACKMORE: What were some of those discussions, what were your decisions; and what were the problems you discussed?

Mr. ILSLEY: The problem of military equipment in the Netherlands, for example, was one. But it is futile for the hon. gentleman to ask me about something outside the Bretton Woods agreement entirely, not in the Bretton Woods agreement at all. I would just have to send for the information, and then try to answer the questions. And this, with respect, is not the forum in which to do that. Where does my hon. friend hope to get, if he does that?

Mr. BLACKMORE: What I am trying to do is to find out whether there are conditions which the Bretton Woods authorities themselves said would be necessary in order that Bretton Woods should succeed—whether those conditions have been complied with. If the minister will refer to the recommendations, from which he himself read, he will find that they say:

> To the participating governments that, in addition to implementing the specific monetary and financial measures which were the subject of this conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the fund . . .

Obviously these four sets of purposes have to be implemented, before the objective of the fund can be achieved. We judge that, from the very words.

Mr. ILSLEY: No; that is not what it says. It does not say that to enter into agreement under each of these four headings is necessary before the fund will be of any good, or before the fund should be instituted. It does not say that. It does recognize that there are conditions necessary—

> . . . for the attainment of the purposes of the fund, and of the broader primary objectives of economic policy.

It does recognize that. Then it says that it is recommended that the governments seek—

> . . . to reach agreement as soon as possible on ways and means whereby they may best—

Do these things. Number 3 is a prospective thing—long before the end of the war. It was passed in 1944. I do not know just what has happened there. Hostilities ceased in August 1945, and there has been dealing among governments as to surpluses, in the various countries.

But, again, what is to be gained by digging out a lot of details about the disposition of those surpluses, when dealing with the Bretton Woods agreement?

Mr. BLACKMORE: May I read once more the words. Remember, this is a special committee appointed by the Bretton Woods people, the people who have their experts, to make certain supplementary recommendations, as I recall it, after having read it two or three times. This committee is giving advice to the various nations. And it says specifically this:

> Recommends:
> To the participating governments—

And Canada would be one, if she joined this group.

> —that, in addition to implementing the specific monetary and financial measures which were the subject of this conference, they seek . . . to reach agreement as soon as possible on ways and means whereby they may best—

Do certain things. They seek this:

> . . . with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the fund, and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best—

And then these four recommendations are given. If we pass this Bretton Woods agreement before we deal with these four recommendations, look at the position we shall be in.

Mr. ILSLEY: What position are we in?

Mr. BLACKMORE: We are in the position of trying to get the harness before we have the cart.

Mr. ILSLEY: You have to start somewhere.

Mr. BLACKMORE: Why not start with the horse and the cart instead of with the harness or the halter? We started with the harness and the halter before we had the horse or the cart. It is obvious that the minister has not given a great deal of attention to

these four recommendations. I will wager that the other nations have given just about as much attention to them as that. In other words, they are simply not going to do what they recommend. Then they expect the whole thing to succeed. They will tie us up to the obligation of Bretton Woods, but they will not do the other things that are necessary to make Bretton Woods a success.

May I deal for a moment with No. 3 and state what I had in my mind? I may be all wrong. No. 3 says:

> Deal with the special problems of international concern which will arise from the cessation of production for war purposes.

I would say that the chief interest to the world to-day arising from the cessation of war production is unemployment. Does the minister think I am very far out when I make that statement? We of this group have already gone on record to the effect that the Falk foundation in the United States has made an estimate that there will be 20,000,000 unemployed in the United States by the time a return to normal conditions has been reached.

Mr. TUCKER: Mr. Chairman, again I rise to a point of order. This resolution sets out:

> That it is expedient to present a measure to grant authority to accept on behalf of Canada and to carry out the obligations of Canada under the articles of agreement for an international monetary fund . . .

And so on. It does not say "to carry out all the resolutions of the Bretton Woods conference"; it just says that it is expedient that Canada should adhere to the international monetary fund agreement. It is quite true that the Bretton Woods conference passed a subsidiary resolution which said:

> Whereas, it is recognized that the complete attainment of this and other purposes and objectives stated in the agreement cannot be achieved through the instrumentality of the fund alone.

Therefore we recommend these additional measures. When all that we are being asked to do is to adhere to the international monetary fund, by what manner of reasoning can the hon. member bring in these other recommendations? It is true that a subsidiary resolution was passed that we do certain other things to carry out the same purpose; but by what reasoning can the hon. member say that he is in order when he persists in discussing these other subjects which the Bretton Woods conference recommended? They recommended the international monetary fund; they recommended the international bank for reconstruction and development. Then they said it was realized that this could not carry out all the purposes which the conference had in mind, and therefore they recommended these other things.

When my hon. friend persists in discussing these other recommendations he is not discussing the international monetary fund and the international bank for reconstruction and development. Therefore, Mr. Chairman, when he is discussing these subsidiary resolutions which were to promote the same objective and which had no other connection except they were passed at the same conference, when he persists in discussing these collateral matters I suggest that he is out of order.

Mr. BLACKMORE: Before you make your ruling, Mr. Chairman, may I ask the hon. member whether or not he gathers from the language used in the recommendations that the fund will be a success without the four recommendations?

Mr. TUCKER: I gather this, that it will contribute to the welfare of Canada and to the nations of the world and that these other things will also contribute to that end. You have to go one step at a time. To-day this parliament is being asked to approve one step only, and my hon. friend is seeking to discuss all the other steps which this conference said that it would be desirable to take.

Mr. BLACKMORE: Would the hon. member answer the question I asked? I ask the hon. member if in his opinion and in the opinion of the committee these recommendations indicate that the men who drafted them believed the fund would succeed without their being implemented.

Mr. TUCKER: I shall read the actual resolution:

> Whereas, it is recognized that the complete attainment of this and other purposes and objectives stated in the agreement cannot be achieved through the instrumentality of the fund alone.

In other words, they said that complete attainment of the high objectives of Bretton Woods could not be attained by the fund alone. They also recommended the international bank for reconstruction and development. Then they went on to recommend the other four measures which my hon. friend is discussing. In other words, they recommended several things. All that parliament is being asked to do to-day is to approve the adherence to the international monetary fund and the international bank for reconstruction and development. My hon. friend is trying to discuss these collateral issues which are designed to promote the same objective, but

which by no means will prevent the monetary fund from doing a great deal of good, whether they are carried out or not.

Mr. BLACKMORE: The point the hon. member persists in disregarding or sidestepping is this: Does he believe that the fund can succeed without these other four recommendations being implemented? From his remarks I gather that he is agreed that the fund will not succeed without these other four principles being implemented.

Mr. TUCKER: I say it is the opinion of the representatives and the experts of the forty-four nations that the complete purposes and objectives which the fund strives to work for cannot be attained without some of these other things, but it says actually—

Mr. BLACKMORE: All these other four.

Mr. TUCKER: —a complete attainment of these purposes cannot be achieved through the instrumentality of the fund alone; that is all. It can do a great deal of good. All we are doing is seeking to go one step at a time. We are asking parliament to approve this international monetary fund and international bank for reconstruction and development. At this particular moment we are not asking parliament to approve these other four recommendations. I submit, Mr. Chairman, that when my hon. friend persists in discussing these other four recommendations he is definitely out of order.

Mr. COLDWELL: May I say a word. What are we discussing? Is it not a resolution which begins in this way:

That it is expedient to present a measure . . .

It is either expedient to present the measure, or it is not. Most of us in this house take the view that it is expedient to present the measure in order that we may understand what the measure contains, and that when the measure itself is referred to the banking and commerce committee, which we hoped would be done quite early in this debate, then all of us who are interested in certain features of this proposed measure would have an opportunity or inquiring into those features. It seems to me that this debate is running along on the assumption that we are discussing the measure when, as a matter of fact, we are merely discussing whether it is expedient to give authority to the government to present the measure. I suggest that what we should do is to allow the government to do that. By our vote on second reading we indicate that we should allow the government to present that measure, to send it to the committee where we can call the people who were involved in the drafting, if you like, of the measure, so that we might understand it more thoroughly.

At the rate we are going here we are really understanding nothing about the measure. We are discussing broad principles, and we have not yet seen the bill that the government proposes to introduce following the resolution. I wish we could proceed and get down to some real understanding of this matter.

Mr. MACKENZIE KING: Mr. Chairman, hon. members will recall that some days ago I made a statement to the house as to the business for the remainder of the session. That statement was made after a conference I had with the leaders of the three groups of this house as to how we might best expedite the business so that it might be possible for this particular session to be prorogued about the 15th of this month.

My recollection is that at the time we considered carefully in a general, but not in any final way, how much time should be allotted to different measures. At the same time the government was asked to make a statement to the house as to what measures, if any, might be dropped from the sessional programme so as to help ensure the prorogation at the time I have just mentioned.

Some days later I stated to the house that there were certain measures we were prepared to drop. I recall at the moment that the important measure respecting citizenship was one. I also mentioned that if another bill, the emergency powers bill were passed, it would be possible for us to do by order in council with respect to certain measures that were desired by the Department of Veterans Affairs what otherwise it might be necessary to have done in the form of legislative enactment. It was agreed then that we would endeavour to bring forward the emergency powers bill before we brought forward some other measures. That has been done and that measure has left this house.

Mention was also made of the resolution which is now before the house, and unless I am greatly mistaken there was a general understanding that this bill based on this resolution would go to the banking and commerce committee, and that until after it had gone to the banking and commerce committee there would not be prolonged discussion at the resolution stage. If I am wrong in that I hope I shall be corrected. But that was the understanding as I recall it, and we have all been working toward it. Cooperation of the kind is the only way in which the House of Com-

mons, especially now that it is composed of four parties, can get through its work; that is, by working together in accordance with a general understanding.

I would appeal to my hon. friends of the Social Credit group to recall what was said at that time. In the first place may I point out that they have already adopted a course in regard to this resolution which is most uncommon, namely, that of long debate on the first reading of the resolution. The house gave an expression of its view on the first reading of the resolution. The house was divided on it and the division was no uncertain one. As I look at the record, the vote was 124 to 12 in favour of the resolution. In the light of that expression by the house, I would submit that my hon. friends ought to realize that the House of Commons as a whole is anxious that progress should be made, and made with this particular measure. There can be no objection at all to my hon. friends registering their opposition as strongly as they may wish to register it, but there is nothing to be gained by repeating and repeating and repeating; much less is there anything to be gained by unnecessarily straying to some extent beyond the motion which is before the committee for discussion and following also a course of procedure which causes many points of order to be raised.

I think it is essential and important in the business of parliament and in the interests of every hon. member of the house that at this time I should make plain that while the government is anxious to get through its business by the date I have mentioned, we are quite determined that what I have stated would be the remaining legislation for the session must be carried through before we prorogue. If we cannot conclude our work this week we shall have to go on before proroguing, and the government will have to consider whether we shall continue next week, or adjourn until after the Christmas recess, or until after the New Year. But we do intend to proceed with the rest of the measures I have said would be gone on with. That was understood and must be adhered to. In saying this, I am not saying anything that has not been already stated. It is not some new device to hasten the progress of any particular measure. It is simply to put the position clearly to the house.

What I should like to say to my hon. friends of the Social Credit group is this. The house knows now that they feel very strongly about the enactment of this measure. They have shown that, by opposing the resolution on the first reading, and they are showing it by debating it at considerable length on the second reading. They have made their position very clear. But as the leader of the C.C.F. party has said, the bill itself has not yet been introduced, and my hon. friends know, particularly the hon. member for Lethbridge, that the right place at which to receive full information and details in regard to any bill, if it is going to a committee of the house, is before that committee, when the minister can have present the experts he may wish to have present, and where information can be given in detail. But it is not customary in the procedure of the house to take up the time of the house by seeking to get details on the resolution which precedes a bill, when it is understood that the bill itself is to go to a committee.

May I say one word further as to procedure when the bill comes before the committee. The government is placing no restriction on what may be done before the committee. Hon. members may seek all the information they desire and propose any amendments, and then when the bill comes back to the house from the committee it will go before the committee of the whole of this house. The government is placing no restrictions at all on what is to be discussed in the committee except the restrictions that the rules impose. There will be opportunities there for hon. gentlemen to express further their views and if they so desire to propose amendments. Again there is an opportunity for debate on the third reading of the bill, at which time, if hon. members feel necessarily so disposed, they can move amendments and vote against the measure.

With all that opportunity before them and realizing what the position is at this particular stage and what they know to be the wishes of hon. members generally, I ask my hon. friends of the Social Credit group if they could not be content, so far as this resolution is concerned, to register their position at this stage once and for all, and, having done so fully, allow the resolution to pass, the bill itself to be introduced and as it is now understood it will be, sent, after second reading, to the banking and commerce committee. Unless they adopt that course I am afraid that their position will be understood by this house to be one of obstruction and will be so viewed by the country.

Up to the present time it has not been necessary for this government to take advantage of some of the rules which are intended to prevent obstruction.

I noticed in listening to the remarks of my hon. friend the member for Vancouver East, who is an old parliamentarian, that he said there were rules to stop unnecessary discussion. I hope I shall never have to suggest to the

house that we take advantage of certain rules to shorten unnecessary debate. That is the last thing the government would wish to do. But if debate does reach the point where it ceases to be debate and becomes by endless and unnecessary repetition and irrelevancies obstruction, the rules are there to protect the house and may have to be applied.

I again say to my hon. friends that I hope they will cooperate with all the other members of this house in enabling us to make progress at this stage. We can take only one stage at a time.

Mr. LOW: I should like to say just one word with respect to the understanding that was had among the leaders of the groups who met with the Prime Minister. I think the group around me have respected that understanding. In fact I believe, sir, if you look over *Hansard*, you will find that we have built up a pretty substantial bank account on which to draw in respect of this measure. We have tried to observe that understanding and we did, I am sure, with respect to all the measures that preceded this one. But, I recall that at the time the further business of the house was discussed I asked that this measure be held over. I also suggested that it would probably touch off a pretty heavy discussion. I believe both the Prime Minister and the Minister of Finance will recall my mentioning that.

My recollection of a study of parliamentary procedure tells me that we have been drifting farther and farther away from what used to be one of its ancient and honourable practices, that of having the fullest possible discussion in just such a committee as this. Here is where the finest discussion can take place, and here is where the ministers who are under fire, as it were, are supposed to answer the questions that are put to them by the members. Otherwise how in the name of common sense can anybody ever determine whether or not the principle of a measure which is to be introduced is worthy of being introduced? That is exactly what we are trying to establish. It is not obstruction. All the information we have tried to obtain is relevant to the whole problem. I believe I did make this statement a few minutes ago, and I wish to go this far in impressing it on the committee, that three important things have to be resolved before Bretton Woods can hope to have even an even chance of success.

The first is this: can the United Kingdom, for which we are very much concerned, pay its way with or without being relieved of the nightmare of its huge war debts?

An hon. MEMBER: What about Canada?

Mr. LOW: Well, Canada is in the same position in a way.

The second thing which has to be resolved is this: can the United States find ways of increasing the stream of spending within its domestic economy sufficiently fast to employ its new-found producing power, indisputable evidence of which I presented in this chamber last Friday night and Saturday?

The third question is: can the the United States create an import surplus large enough to prevent a chronic shortage of dollars?

I suggested that these questions ought to be weighed extremely carefully, because the penalties of the failure of Bretton Woods will be extremely heavy penalties for succeeding generations. It is in that spirit that we are attempting to establish here a basis of judgment; so that when the measure is brought before the banking and commerce committee we can have something to go on, some information which the minister is in a position to supply, in order that we can elicit from the witnesses there information which will enable us to make up our minds.

I would say this on behalf of my group: I will attempt to facilitate the business of this house to the utmost of my capability; but since I have around me men of undoubted integrity and deep convictions I cannot bludgeon them, and I do not intend to try to bludgeon them in this matter. They have the right to speak; it is their undoubted right in a committee of this kind to speak and get the information which is necessary for them to make up their minds and to know definitely what the situation is. I will do my best to facilitate action; I just ask the committee to give us a bit more time to round up the case, and we will see what we can do about getting this out of committee.

Mr. MACKENZIE KING: I thank my hon. friend for his promise of cooperation. My purpose in rising is to touch a little further on a point of procedure which he himself has raised and which is the main point I am raising at the present time.

My hon. friend has said that this house is drifting, that we are getting away from ancient and honourable tradition. May I point out that this may be true, but if it is true it is the fault of his group, for this reason, that the ancient and honourable tradition of this house is not to debate a measure of this kind on the resolution; it is to debate it on the second reading of the bill or when the house is in committee on the bill or on the third reading of the bill. It is not the tradition in this house, nor has it been the tradition in the British House of Commons to debate a measure at length upon the mov-

ing of the resolution which precedes its introduction. My memory goes back a certain distance in this house, and I can remember quite well that Sir Wilfrid Laurier—as far back as that, and there were also others before him—took very strong exception to the house spending its time in debating a resolution before the introduction of a bill. The custom has changed to some extent, but I just want to say that I hope we shall not drift farther in that direction, especially when we have four parties in this house; otherwise we shall never get through its business. What I am pleading for is the fullest opportunity of every party to make its position perfectly plain, but that we follow if we can the custom of the British house, which is based on ancient and honourable tradition, and do what they do there: fix as largely as possible, a limit of definite time within which a debate is to take place. In a most important debate such as has been mentioned by the Minister of Finance to-night this very subject of Bretton Woods, combined with the great question of financial relations between the United States and Britain, only two or three days has been set apart. It is the only way business can be carried through. We have taken nearly three days, as I understand it, on the resolution, and we have still to send the bill to the banking and commerce committee and to deal with it when it comes back from the committee. I do not wish to cause any hon. member to hesitate to speak; I do not think it will be thought I am attempting to bludgeon anyone; I am seeking to persuade hon. members to follow a course prescribed by the rules, which is in their interest as much as it is in the interest of all hon. members of the house to have strictly followed.

Mr. BLACKMORE: Until this session, as hon. members know, I have been leader of the Social Credit group in this house. Now I am going to ask if the Prime Minister or anyone in this house can accuse me of having been non-cooperative here with the government in its efforts to get through the business. I think no one will raise a word against the record which our party has in this house. Indeed, we have been so cooperative that one man, whom I would name were it not for the fact that he has passed beyond the veil, went out into the election campaign in Alberta and told the people of that province that we were a weak and ineffective lot who did not really make our opinions felt. That alone ought to be sufficient answer to the Prime Minister, and it ought to be sufficient justification in this house for the amount of attention we are giving this measure.

[Mr. Mackenzie King.]

It just happens that, because of the peculiar nature of the social credit movement, it has become necessary for that movement to understand finance and trade. The result is that this particular measure is one upon which we are more or less specialists.

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: A fine lot of reward a person gets for being cooperative! I say that we see in this measure dangers which the ordinary individual in the house does not see because he has not had the training we have had.

In answer to what the Prime Minister said—of course he has not been in the chamber during this discussion—I am going to ask hon. members of the committee on any side, what were the Social Credit group doing during the long and tedious days of wrangling over the war appropriation bill? Were we talking or were the Progressive Conservatives doing the talking?

Mr. HOMUTH: Well, now, wait, and do not bring us into this argument, or this will certainly go on.

Mr. BLACKMORE: If the hon. member wants to take the floor I will sit down. The point is, as the hon. member for Peace River says, we have a substantial time bank account, which we have carefully preserved. We sat still during the long discussion on the war appropriation bill, because we doubted whether it would make a bit of difference to the conduct of the administration. In other words, in our opinion the discussion that went on there was utterly idle and a waste of time, and the bill after all did not affect the country except so far as taxation was concerned.

Mr. SMITH (Calgary West): Surely it is not permissible in this debate to resurrect argument made in another debate on an entirely different subject.

Mr. BLACKMORE: It is permissible to point to the records of the various groups in this house.

Mr. SMITH (Calgary West): Mr. Chairman, may I ask for a ruling on that point. It is the only way we can get this stopped; I am sure of that.

The CHAIRMAN: Some question has been raised as to the amount of time taken up, and perhaps the hon. member is not entirely out of order in pointing out how much time he and his colleagues have consumed. I think he has already done that, however, and I would again call his attention to the rule

I previously quoted, standing order 58, section 2, which states that discusson must be relevant to the matter under consideration.

Mr. BLACKMORE: When it comes to discussion of the Bretton Woods agreement I am perfectly at home. I will turn to the speech which the minister himself gave, which surely is relevant to the question under discussion.

Mr. MACKENZIE KING: My hon. friend has made a reference to myself, and before he proceeds I should like to supplement that I have said by quoting from Beauchesne's Parliamentary Rules and Forms, third edition, page 168, section 439:

The object of the resolution recommended by the crown is to give the house a first opportunity to discuss the advisability of making a certain expenditure. The details of the projected measure are not then disclosed and debate is confined to the resolution, which should not be lengthy, although care must be taken that the terms used are sufficiently wide to cover the whole of the bill which will be subsequently introduced.

It is perfectly clear that the rules of the house are that a resolution is simply to give members an opportunity to discuss the advisability of making certain expenditures, reserving for other stages fuller discussion. That is all I ask my hon. friends to do.

Mr. BLACKMORE: I must be impressed by any reading of the rules of the house; yet I wish to read another rule. Before I do so, however, I would call the Prime Minister's attention to the fact that the item under discussion at the present time is not money that is to be spent—not by any means. If it were an offer to spend five billions I would not object. It is not the spending of money; it is the risk of liberty—that is the point—and the risk of war. We are not discussing a money problem at all. If we were, the rule which the Prime Minister has read would apply. But since we are discussing what we are, may I read to the house standing order 58:

The standing orders of the house shall be observed in the committees of the whole house so far as may be applicable, except the standing orders as to the seconding of motions and limiting the number of times of speaking.

If that rule does not indicate quite clearly that the committee of the whole, on a resolution, is for the purpose of allowing members to ask every kind of question they deem advisable, in order to get information of every kind which they desire to obtain from a minister, then I should like to know why the rule is there. I think that is an answer to the Prime Minister.

Let me now turn to the speech which was made by the minister when discussing Bretton Woods. I would quote from page 3040 of *Hansard*, and I will ask the minister for explanations of certain terms which he uses. I presume that the speech which the minister gave in the house was designed to convince the house of the expediency of the measure. It is important to know what he meant by the terms he used when he said:

This conference was held after a couple of years of intensive discussion among the treasury officials of a large number of united nations.

May I ask the minister who originated the Bretton Woods agreement. Was it originated in Canada, and, if so, by whom? In the United States, and, if so, by whom? Or in Great Britain, and, if so, by whom, and at whose instigation, so far as is known?

Mr. ILSLEY: It originated as set out in the papers that were tabled in this house, the document entitled, "International stabilization of currencies", which was printed and tabled in this house, I believe in 1943. There were two or three papers prepared. The document contains the text of a paper setting out proposals by British experts for an international clearing union, and the text of the statement on international stabilization of currencies presented to the United States senate committee on April 5, 1943, as well as the text and draft outline of a proposal by United States experts for united and associated nations stabilization fund. Then the Canadian experts produced, about that time or shortly afterwards, a document entitled "Tentative draft proposals of Canadian experts for an international exchange union".

Mr. BLACKMORE: That is very good, but what I wish to know is which one of the nations originated this thing. Did Canada? Did the United States? Did Great Britain? Or did the thing spring up like an epidemic?

Mr. ILSLEY: The British and Americans were both working on the proposals about the same time and they came out about the same time.

Mr. BLACKMORE: Which one came first?

Mr. ILSLEY: They were within a day or two of each other.

Mr. QUELCH: When I spoke the other day I asked the minister to give me the terms of reference under which the Canadian experts first of all drew up their plans.

Mr. ILSLEY: There were no formal terms of reference.

Mr. QUELCH: Surely the minister does not mean to say that he called a number of men

together and told them to draft plans for some sort of monetary stabilization fund. Were they advised to draw up a plan on the basis of gold, or were they advised to draw up a multilateral plan on the basis of national currencies or on the basis of an index of prices? There must have been some instructions.

Mr. ILSLEY: The United States plan and British plan came out and there was a wide divergence between them. We thought we could render some service in devising plans which would not be the same as either but would give to some extent the views of our experts. They were instructed to go to work on it and see what they could produce.

Mr. JAQUES: What was the date of it?

Mr. ILSLEY: The 9th day of June, 1943; that is the Canadian plan.

Mr. JAQUES: I should like to remind the minister that in April, 1943, Mr. Morgenthau published his plan.

Mr. ILSLEY: That is right.

Mr. JAQUES: I brought the matter to the attention of this house, and I was blackguarded from one end of Canada to the other by the press. So that this idea goes back a little longer than the minister is saying.

Mr. ILSLEY: No. I stated that the British plan and the United States plan came out before the Canadian plan was prepared. I stated that the Canadian plan was published in June, 1943, and the others were somewhat before that. As a matter of fact, the United States plan was published in April, 1943. I do not know when my hon. friend was blackguarded or what for.

Mr. JAQUES: The plan to surrender the sovereignty of Canada was certainly started by April 1, 1943, if not before, because Mr. Sandwell addressed a meeting of the league of nations society and said that the loyalty of the Canadian people would have to be weaned away from the crown to an international authority, and a few days later Mr. Morgenthau published his plan in Washington which called for an international bank that would be above parliament and above congress. I brought that to the attention of this house and was roundly abused for so doing.

Mr. QUELCH: Will the minister say whether Canada to-day is definitely committed to this Bretton Woods agreement?

Mr. ILSLEY: It is government policy, yes.

[Mr. Quelch.]

Mr. QUELCH: Is Canada committed? Have any definite commitments been made to the United States in regard to the Bretton Woods agreement?

Mr. ILSLEY: Oh, no. We cannot do anything like this, except subject to the approval of parliament.

Mr. QUELCH: Could the minister tell the committee exactly what the experience has been in regard to the attitude of Russia? I remember that when we had the London and Washington conferences Russia refused to participate. They sat in, and that was all. Then finally I understand at Bretton Woods they gave in, shall I say, or at all events signed the agreement. To-day Russia is a signatory as far as her exports are concerned, but has the Russian government signed the Bretton Woods agreement or definitely committed itself to it?

Mr. ILSLEY: No, not as far as I know.

Mr. QUELCH: Have they asked for any special consideration in regard to this agreement? I received notification from London that they had refused to have their internal currency tied up to gold in any shape or form. Has Russia asked for any different treatment from that to which the other nations have agreed?

Mr. ILSLEY: Not to the knowledge of the Canadian government.

The CHAIRMAN: Shall I report the resolution?

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: No; it is not anywhere near carried. I wish to find out what the minister meant by certain expressions he used in his speech, but I will tell the committee what we in this group think with respect to the origin of this whole matter. We believe that this thing originated in the United States; we believe that certain powerful citizens in that country got the ear of the administration and caused that administration to originate these proposals. We believe that from the beginning the proposals were definitely for the United States, and that probably the only reason the British brought out a plan was that they were terrified at the possible impact of the United States proposal and brought out one of their own in self-defence, for the United States proposal is based upon gold and the British proposal is based upon goods and services. The British proposal was sane in that respect. If the minister can give us any information that would dispel these fears, it would help. As a

matter of fact, I have a source of information which I think justifies me in believing that this whole proposal originated with the administration of the United States. Can the minister give us any information on that?

Mr. ILSLEY: No. My impression was, and I always thought, that the British started working on their proposal at least as soon as the United States government started working on its proposal; in fact, if I had not checked when the question was asked me I would have said that to the best of my knowledge the British started first. Certainly they started about the same time. We have no reason to think this originated with certain individuals in the United States. I do not know the individuals to whom the hon. gentleman is referring; I have no idea.

Mr. QUELCH: There is one article that is of considerable importance to the debtor nations; that is article VIII, section 4. This is another section which undoubtedly will greatly embarrass the debtor nations, and I quote:

> Convertibility of foreign-held balances.
>
> (a) Each member shall buy balances of its currency held by another member if the latter, in requesting the purchase, represents
>
> (i) that the balances to be bought have been recently acquired as a result of current transactions; or
>
> (ii) that their conversion is needed for making payments for current transactions.
>
> The buying member shall have the option to pay either in the currency of the member making the request or in gold.

The question I should like to ask the minister is this. If a member does not possess gold, how can it buy its currency with gold? It merely states that a member shall buy its currency in gold. Who is to provide that nation with gold if it is not a gold producer? That is all very well for nations like Canada, the United States, Russia and South Africa and the nations that are heavy gold producers, but what about those nations which are not gold producers? How can they buy currency with gold if they do not possess any?

Mr. MACKENZIE KING: Will the hon member pardon me? I have to interrupt him for what I have in mind. I know the committee is anxious to have this business concluded, and I wonder if hon. gentlemen would agree to have the committee sit after eleven o'clock in order that we may make progress.

Some hon. MEMBERS: Carried.

Mr. MACKENZIE KING: Then I would move when the Speaker is in the chair that Mr. Speaker do not leave the chair at eleven o'clock. Perhaps we would have it understood that we will conclude the debate on the resolution this evening and get this measure to the committee.

Mr. COLDWELL: I have no objection to extending the sittings of the house, provided that we can get through to-night.

Mr. MACKENZIE KING: That would be the understanding.

Mr. COLDWELL: But if we are not going to get through to-night I see no object in sitting any longer. If there are just a few more questions that have to be asked and we can finish in half an hour or so I would be quite agreeable, but if we cannot get that understanding I am going to say no to the suggestion.

Mr. BLACKMORE: The hon. member for Rosetown-Biggar has intimated the truth. It will not do any good to stay here until two o'clock; we will still be here asking questions. As long as the house remains here and discusses Bretton Woods we are going to be here asking questions, until all our questions are answered. I think the new set of questions we started on, as to who originated this plan, are eliciting information which should be of great interest to hon. members. So that I suggest we rise at eleven o'clock.

Progress reported.

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

Tuesday, December 11, 1945.

The house met at eleven o'clock.

BANKING AND COMMERCE

FIFTH AND SIXTH REPORTS OF STANDING COMMITTEE

Fifth report of the standing committee on banking and commerce.—Mr. Cleaver.

Mr. HUGHES CLEAVER (Halton) presented the sixth report of the standing committee on banking and commerce, and moved that the report be concurred in.

Motion agreed to.

PRIVILEGE—MR. LOW

REFERENCE TO REPORT IN OTTAWA "CITIZEN" OF DECEMBER 11

On the orders of the day:

Mr. SOLON E. LOW (Peace River): Mr. Speaker, before the orders of the day are called I should like to rise to a question of

privilege. I hold in my hand a copy of the Ottawa *Citizen* for this morning, December 11, on the front page of which appears an article written by Torchy Anderson, *Citizen* parliamentary writer. This article is headed "Leader S. Low Seems Facing Party 'Revolt'", and goes on to say:

Following last night's abortive effort to advance legislation by which Canada would participate in Bretton Woods financial undertakings, corridor rumour had it that Solon Low, Social Credit Leader, faced something of a revolt within the ranks of his party. It was said that as late as yesterday afternoon Mr. Low had assured other leaders that the first stage of the debate could be finished.

My point of privilege is this: In the first place, Solon Low does not face any threat of party revolt. I endorse completely the action that was taken by hon. members who were speaking, asking questions and trying to get information here until eleven o'clock last night. I repeat that I endorse that completely.

Secondly, I did not at any time give any undertaking to anybody that the debate could be finished. I have repeatedly assured the leaders of other groups that I would do my best to see that the business of the house was advanced—and I am doing my best. But at the same time I am trying to do my best for the people of this country. And I want it definitely known that the writer of this article is trying his level best to read something into the actions of this group that he has no right to read into them.

Furthermore, when anybody in any article of this kind tries to impress upon the public that the Social Credit group is engaged in a filibuster for the assured purpose of blocking the business of this house, that is not true. I wish it definitely known that thus far this group has questioned only six out of the twenty-six articles in the Bretton Woods agreement, and there are hundreds of questions remaining that could be asked with respect to it.

MAPLE PRODUCTS

AMENDMENT OF ACT RESPECTING DEFINITIONS, ETC.

The house resumed from Monday, December 10, consideration in committee of bill No. 232, respecting the manufacturing, inspection and sale of maple products—Mr. Gardiner—Mr. Golding in the chair.

Sections 1 to 10 inclusive agreed to.

On section 11—Use of licence number restricted.

Mr. HAZEN: How are licences issued under this section? Where is it provided that a licence shall be issued?

[Mr. Low.]

Mr. GARDINER: Subsection 6 of section 10 reads:

Every manufacturing or packing plant and every sugar camp shall, when licensed, be assigned a licence number for use on labels and containers of maple products.

Then subsection 1 of section 10 reads:

All manufacturing or packing plants shall apply to the Department of Agriculture at Ottawa for registration.

And subsection 2:

Any manufacturing or packing plant shipping maple products from one province to another or exporting such products shall obtain a licence from the minister.

And subsection 3:

Such licence shall remain in effect until the 31st day of March following the date of issue—

Section 10 provides for the issuing of the licences, and then section 10 provides that any person who unlawfully places, or causes to be placed, any number purporting to be a licence number issued to him under this act and regulation on any label shall be liable to a punishment.

Mr. HAZEN: Have any fees for licences been fixed?

Mr. GARDINER: Section 18 covers that.

Mr. SENN: Subsection 4 of section 10 reads:

Any sugar camp from which maple products are exported or shipped to another province may be required by the minister to obtain a licence which shall be issued without fee.

Mr. SENN: There are a lot of sugar camps which put up their product in cans or in other saleable form which goes into the trade. The owner of the sugar camp would not know whether that eventually goes into another province. Would he be liable if he had not a licence and the product went into another province through the trade?

Mr. GARDINER: He would be liable if he himself shipped it. It refers to manufacturing or packing plants. Those who are handling the product must comply with the act. Any person, whether he is the original producer or a packer or in business, who ships out of the province without a licence, is liable to a fine.

Mr. SENN: Would the owner of a small sugar camp with perhaps five or six hundred trees be liable?

Mr. GARDINER: If he exports.

Mr. SENN: He would not be liable if his product went into the trade and then into another province?

Mr. GARDINER: Not if he did not export it himself.

Mr. HAZEN: Were these amendments taken up with the sugar producers in the different provinces?

Mr. GARDINER: They would be discussed with the sugar producers in the different provinces. I may say that the gentleman who piloted the bill through the senate, where it was before it came here, is a sugar producer in the province of Quebec. This bill was discussed fully by those who are concerned with it.

Section agreed to.

Sections 12 to 19 inclusive agreed to.

Bill reported, read the third time and passed.

WAR SERVICE GRANTS

INCORPORATION OF ORDERS IN COUNCIL—RECOMMENDATIONS OF VETERANS AFFAIRS COMMITTEE—CONCURRENCE IN SENATE AMENDMENTS

Hon. IAN MACKENZIE: (Minister of Veterans Affairs) moved the second reading of and concurrence in amendments made by the senate to bill 176, to amend the War Service Grants Act.

He said: These amendments are purely typographical in character and will be found on page 445 of *Votes and Proceedings*. The hon. member for Royal has gone through them and is satisfied that there is no change in principle. I move that they be concurred in.

Motion agreed to; amendments read the second time and concurred in.

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND — INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The house resumed from Monday, December 10, consideration in committee of the following resolution—Mr. Ilsley—Mr. Macdonald (Brantford City) in the chair:

That it is expedient to present a measure to grant authority to accept on behalf of Canada and to carry out the obligations of Canada under the articles of agreement for an international monetary fund and an international bank for reconstruction and development prepared by the united nations monetary and financial conference held at Bretton Woods in July, 1944; to authorize the payment of the subscriptions required from Canada out of unappropriated moneys in the consolidated revenue fund to an amount not exceeding seven hundred million dollars; and to authorize the borrowing under the provisions of the Consolidated Revenue and Audit Act, 1931, of sums not exceeding seven hundred million dollars.

Mr. QUELCH: Mr. Chairman, I am sure that all hon. members hope to be clear of the woods before long. I come from the prairies and quite frankly I admit that I shall be glad to get out of the woods and back to the prairies. It has been suggested that we have been trying to obstruct this measure, but I would point out that if we were we could quite easily do it until the new year. We have raised questions on only about six articles, and there are thirty-one. We could ask questions on every single one of those articles, and then in addition there are the schedules. It cannot be said that we have received answers to all the questions that we have asked at this stage. When we are in the committee on banking and commerce we will be justified in asking for an explanation of every subsection of every section of every article; that is, a full explanation of just exactly what those sections and articles mean.

Just before eleven o'clock last night I was asking the minister if he would explain what section 4 article VIII means. I will read it to him so that he can get the purport of my question.

Section 4, article VIII reads:

Each member shall buy balances of its currency held by another member if the latter, in requesting the purchase, represents

(i) that the balances to be bought have been recently acquired as the result of current transactions; or

(ii) that their conversion is needed for making payments for current transactions.

This is the point. It goes on:

The buying member shall have the option to pay either in the currency of the member making the request or in gold.

If a nation had an unfavourable balance of trade it would not be able to pay in the currency of the other member nation and it must buy its own currency in gold. Where does it get the gold to buy that currency?

Mr. ILSLEY: Would the hon. member go on with something else until I get that worked out? It is a complicated question.

Mr. QUELCH: I asked the minister yesterday afternoon this question: Suppose the fund has opened its doors for business, what difference would it make in the operation of the business of a country? Will it necessitate a gold basis or gold reserve? Would the minister say no?

Mr. ILSLEY: That is right.

Mr. QUELCH: There is no question that it means that every nation will have to have a gold reserve, because it is compelled to buy

its own currency; therefore every nation must set up a gold reserve. Where are they going to get the gold if they have not got it?

Mr. ILSLEY: Where is there anything to say they have to pay in gold?

Mr. QUELCH: In section 4 of article VIII, which I have just read. It says:

> The buying member shall have the option to pay either in the currency of the member making the request or in gold.

How can it get the currency of the member making the request except by trading with that nation, and if that nation refuses to buy its goods it cannot get its currency and therefore it has to get gold.

Mr. ILSLEY: It would get the other nation's currency from the fund.

Mr. QUELCH: If its quota is exhausted it cannot get it from the fund.

Mr. ILSLEY: If it has exhausted its quota in the fund it does not have to do this.

Mr. QUELCH: Section 8 of article V deals with the question of a nation having exhausted its quota, in which case it cannot borrow any more from the fund. The nations that have its currency begin to get scared and they want to get rid of that nation's currency, and they demand payment, and the only way in which it could pay would be in gold.

Mr. ILSLEY: Is not the answer found in section 4(v) of article VIII?

Mr. QUELCH: That is different.

Mr. ILSLEY: That is what the hon. gentleman is talking about—convertibility of foreign balances.

Mr. QUELCH: You still have the difficulty that under section 8 of article V, when a member nation can no longer use the resources of the fund, it has to have gold. In view of the fact that there are several clauses in the articles of the fund requiring gold I think the minister will admit that for the successful operation of the fund each member must carry a reserve of gold.

Mr. ILSLEY: No, I do not admit that.

Mr. QUELCH: The minister will remember that when I started I said that I would try to prove that this was not merely a form of the old gold standard but that in many respects it was worse, and I will refer to the various reasons why I made that charge.

But first of all let me point out that no doubt the intention of the scheme is to try to provide for a redistribution of the large amount of gold that is held by the United States. I think the minister will agree with that. A large amount of that gold will be made available to the various nations of the world. If the minister says no to that, we can only wait and see whether that is done, but I am satisfied that that is what will happen. There is no question that this fund will give the United States a very great power in the world, and its voting power will steadily expand, as its sales of currency increase and the voting power of other nations will decrease as they purchase United States currency. That is provided in the voting powers, so the United States will have a certain power when the fund comes into operation, and everything points to the fact that as time goes on that voting power will increase. If the United States had given an example to the world of how a country might be run on model lines, there might be some justification for suggesting that the United States should have greater power in the world to-day. But when we look back upon the record of the United States in between the two wars and remember the great amount of racketeering that took place therein, the extreme poverty which existed in many areas of the United States, especially among the sharecroppers—I think we shall have to admit that as an example—the United States cannot be the model upon which the whole world should be built. Until a nation has demonstrated to the world that it has set its own house in order and has shown how good conditions may be made available to all classes of its people, it can hardly contend that it is in a position to say how the world should be run.

As I pointed out to the minister when I first spoke in the committee stage, this is definitely a form of the gold standard, and in many ways worse. I should like to draw the minister's attention to these facts: article VII, subparagraph (ii) of section 2, provides that a nation, on demand by the fund, must buy gold when its currency is scarce, and that a nation, on demand by a nation holding its currency, must be prepared to sell gold—that is when currency is surplus. I say this is worse than the ordinary gold standard, for this reason. Severe penalties are imposed on nations when they get into a position where they have exceeded their quota and can no longer draw from the fund, when they have exceeded their right of drawing currency from the fund, and when their rate of interest has gone up to five per cent; and if a nation withdraws from the fund the other nations are pledged to discriminate to a certain extent against that nation. As to the extent to which they would discriminate, it is impossible to say; it will all depend on the conditions that exist at that time.

Mr. ILSLEY: That is incorrect. There is no obligation to discriminate against that nation.

Mr. QUELCH: It says that the members must not trade, on conditions other than the fund permits.

Mr. ILSLEY: Well, they shall not use that nation as—

Mr. QUELCH: Contrary to the purpose of the fund; if a withdrawing nation is operating contrary to the fund they cannot trade with it.

Mr. ILSLEY: That certainly is not so.

Mr. QUELCH: It certainly is so. The words "contrary to the fund" are there. If you want me to, I will read the whole thing again.

Mr. ILSLEY: But it will not lead to that conclusion, and it does not lead to discrimination.

Mr. QUELCH: It cannot mean anything else. Perhaps I had better read article XI:

Section 1. Each member undertakes:

(i) Not to engage in nor to permit any of its fiscal agencies referred to in article V, section 1, to engage in, any transactions with a non-member or with persons in a non-member's territories which would be contrary to the provisions of this agreement or the purposes of the fund;

(ii) Not to cooperate with a non-member or with persons in a non-member's territories in practices which would be contrary to the provisions of this agreement or the purposes of the fund; and

(iii) To cooperate with the fund with a view to the application in its territories of appropriate measures to prevent transactions with non-members or with persons in their territories which would be contrary to the provisions of this agreement or the purposes of the fund.

If the nation which has withdrawn has devaluated its currency without the right allowed by the fund, surely the action is contrary to the fund, and the nations will not trade with it, otherwise they would be trading in a currency which has been devaluated contrary to the intentions of the fund.

Mr. ILSLEY: Wait a minute. Is not my hon. friend misreading that section entirely?

Mr. QUELCH: I don't think so.

Mr. ILSLEY: It is such a strained interpretation.

Mr. QUELCH: A "strained"—?

Mr. ILSLEY: A strained—yes—and an improper interpretation. This is the way he is reading the section: "Each member undertakes not to engage in nor to permit any of its fiscal agencies referred to in article V, section 1, to engage in any transactions with a non-member or with persons in a non-member's territories which would be contrary to the provisions of this agreement or the purposes of the fund." He is reading it as if it means that the engaging in transactions would be contrary to the provisions of this agreement or the purposes of the fund, and that there is a provision against engaging in any transactions with a non-member or with persons in a non-member's territories. Now, that is not the true interpretation or construction of the section. The true interpreation is that a member is not to engage in transactions which would be contrary to the provisions of the agreement or the purposes of the fund. That is to say, if a country leaves the fund, the countries which belong to the fund have to carry on their original agreement with the fund and not engage in transactions with the member which would be contrary to the provisions of the agreement and the purposes of the fund. The people who stay in are not to use the member country that absents itself as a means of frustrating the purposes of the fund. It is simply a sort of avoidance of what might be called black market operations, contrary to the agreement which the party enters into. That is the true interpretation of the section. The "which" applies to transactions; it does not apply to engaging in transactions with the member.

Mr. QUELCH: Well, of course a great deal rests on what the purpose of the fund is. But the fund considers it necessary to prevent a member from devaluating its currency, to maintain stabilization of exchange rates. Then surely it is obvious that, if a member is expelled from the fund because it devalues its currency, does not stabilize its rates of exchange, and if other members continue to trade with that member, they are helping to defeat the purpose of the fund.

Mr. ILSLEY: No, no.

Mr. QUELCH: The minister can say "no, no". He can say that black is white, but that does not make it white.

Mr. JAQUES: That is why you want an international police force.

Mr. QUELCH: The other reason why I say that this condition is considerably worse than the gold standard is that the gold standard never provided for the setting up of an international authority which had powers in

excess of any powers of government, of any court of law, even apparently the international court of justice.

Mr. ILSLEY: What powers? They have not very many powers. The powers are extremely limited.

Mr. BLACKMORE: Every power on earth.

Mr. ILSLEY: Not at all.

Mr. QUELCH: I think you will find they have very great powers. When you remember how it was possible for the little mission that went to Australia in 1930 to compel that government to balance its budget and curtail its social services, merely through their monetary technique, if they could do it in those days, imagine what they can do under a set-up of this kind.

I think I have fully justified my argument when I say not only is it a form of the gold standard but in many respects it is infinitely worse.

Mr. BLACKMORE: Just to show how serious is the contention which the hon. member for Acadia is making, let me read the purposes of the fund. Where the trouble lies in this whole argument is that the people who are supporting this measure have never taken the trouble to interpret accurately the statements which are made in the various parts of the final act or to weigh the implications of the powers and stipulations which are found therein. As soon as they do they will realize how serious the situation is. Let me read the purposes of the fund and show how these would work out in the practical management of a nation, say under the present set-up we have in Canada:

> The purposes of the international monetary fund are:
>
> (i) To promote international monetary co-operation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.

Let me stop there and ask the minister this question. Suppose now that the very devices are employed which are being used in Canada, or were used in the war, to bring down the cost of production of, we will say, any ordinary commodity. Let us suppose it is automobiles, or trucks, or anything of the kind; we know that the government has subsidized or relieved from tariff restrictions or in some way aided manufacturers to get raw materials at a lower rate. Assume this kind of thing is done with the object of bringing down the cost of a particular commodity which is manufactured in the country, thus enabling that commodity to be sold at a lower price than the corresponding commodity in another state.

Mr. ILSLEY: To be sold in Canada at a lower price?

Mr. BLACKMORE: Either in Canada or outside. Or suppose it is just inside Canada. Bringing down the price of that commodity affects the value of the Canadian dollar, does it not?—because the lower the price of the commodity offered, the higher the value of the Canadian dollar, just as correspondingly the higher the price of goods the lower the value of the Canadian dollar. That simple device, which I think every member in this committee will recognize as a thoroughly legitimate one, could be interpreted as being contrary to this first purpose of the fund, because it would be said that there is no international monetary cooperation. Suppose Canada used her tremendous resources and began to use debt-free money, the possibilities of which I do not think the minister has even canvassed. Suppose she began to use debt-free money to subsidize the price of manufactured goods, bringing it down so as to produce price parity. She would certainly raise the value of the Canadian dollar, and that could be condemned by any body of people who were opposed to that idea as contrary to the purposes of number one, and the only absolute authority that could sit in judgment on that dispute would be the fund itself.

Mr. ILSLEY: They have no power to do anything about it.

Mr. BLACKMORE: Then what is all this agreement for, if they have no power to do something? What is the whole act for, if it does not give power to the fund to do something?

Mr. ILSLEY: The hon. gentleman cannot find in the act any provision giving the fund power to do something about the situation he has suggested, and that situation would not be contrary to number one, the object of which is to promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems. That has nothing to do with the internal subsidy policy of a government.

Mr. BLACKMORE: Does the minister think that it has nothing at all to do with internal price structure?

Mr. ILSLEY: No. There is no power there to do anything to prevent a government from subsidizing prices down.

Mr. BLACKMORE: The minister will be astonished to find that there is power to do that.

Mr. ILSLEY: Where is it?

Mr. BLACKMORE: I have just raised the question, and I am not prepared at the moment to argue it because I do not wish just now to revert to the particular passages of the act.

Mr. ILSLEY: The hon. gentleman cannot find it and cannot cite it, and I say it is not there.

Mr. BLACKMORE: I say it is there.

Mr. ILSLEY: Let us have it, then.

Mr. BLACKMORE: I have some good authorities who say it is, but I am not prepared to press it at the moment because I do not intend to deal with this aspect.

Mr. ILSLEY: Hon. members will appreciate some of my difficulties when my hon. friend complains about my failure to answer questions. He is a specialist, self-confessed, on this subject, having studied it for the past several months, and he cannot answer that question. Where is the power to prevent subsidizing prices down?

Mr. BLACKMORE: Now take number two.

Some hon. MEMBERS: Oh, oh.

Mr. BLACKMORE: Some members would like me to come back later on with the proof. If so, I will do it.

An hon. MEMBER: We shall be surprised.

Mr. BLACKMORE: Yes, you will. Now take number two:

To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.

Would anyone argue that bringing down the price level of manufactured goods in Canada could not be interpreted as a measure militating against the development of balanced trade among the nations? Suppose we take Japan as an illustration. I used that illustration last night. She brings down her price level, thereby putting her goods into the world's market and displacing the goods of other nations and in turn their industries, putting their people out of employment. Would that be contrary to the second purpose of the fund? I do not know how you could get something more contrary to the fund, if you had a device by which one nation was taking the whole of the manufacturing business of the world, as Japan was threatening to do, and as she would have done had she not been prevented by rigid quotas. Surely that would be interfering with the balanced growth of international trade. No other interpretation could be placed upon it, and if the fund has not the power to prevent such a thing the fund is not worth having.

Mr. ILSLEY: Well, there are other ways in which it can operate, and they are spelled out.

Mr. BLACKMORE: Take the third purpose of the fund:

To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.

This is the provision with regard to which there has been the most discussion. Then take the next three:

To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

To give confidence to members by making the fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

Number six is practically an omnibus purpose; for under it anything could be condemned to which any nation could resort. In order to realize how serious this might be, all one has to do is to recall what was done with regard to Alberta legislation some years ago when the supreme court began to work upon it. The supreme court managed to destroy provincial autonomy completely, destroying the province's power over property and civil rights, since it declared ultra vires acts passed by the province with respect to property and civil rights. All that anyone needs to do is to go back over the record of the decisions of the court on matters respecting which the provinces have legislated over the last twenty-five years to see the wide range of possibilities which this measure before us opens up for any fund, or any judicial body acting on behalf of a fund, in dealing with situations that may arise in the world. That is where the difficulty will present itself—in the broad, general meaning of these terms.

Now, Mr. Chairman, I said yesterday that I felt it was the duty of this group to ask questions in order to elicit information which would enable the house to form a sound judg-

ment with respect to this bill. At that time I felt it was our duty to ask many questions, and I still do. I feel that this is the committee in which those questions should be asked. But during the last twenty-four hours certain things have taken place which have led me to feel that I was not quite such a free agent in the matter as I had been before. I therefore believe that possibly the wise thing to do, so far as I am concerned, is to defer further questioning until we get into some other division of parliament where we can continue the consideration of this bill.

Mr. JAQUES: I was one of those who had been accused of a filibuster. I am one of those whose intentions have been questioned and I just wish to say two or three words.

Mr. GIBSON (Comox-Alberni): Can we count on that?

Mr. JAQUES: My whole purpose in the stand I have taken can be put in very few words.

Mr. GIBSON (Comox-Alberni): But you won't.

Mr. JAQUES: It is obvious that a majority in this house believe entirely in the fetish of foreign trade and the worship of gold. For these two things they are prepared to surrender the sovereignty of their country; I am not. That may be the difference between us. To my mind anybody who works for and advocates the surrender of the sovereignty of this country is guilty of treason. To my mind it does not make any difference what reason may be advanced for so doing. We have an example of that right now in Mr. Amery. I believe he was an honest man. He believed that the reasons he advanced for the actions he took were good reasons, and that what he did would be to the advantage of his country and of the world. Unfortunately for Mr. Amery he backed the loser, and now he has to pay the penalty. That is the only difference between us. The reason I have taken this stand is that beyond question we have established that Bretton Woods means the return of the gold standard; it means that our national prosperity is to be controlled by foreign trade, and that any foreign trade will be controlled by the gold standard. It means a surrender of the sovereignty of this country. That is the reason why I am opposed to it, and the reason why I shall continue to be opposed to it.

Mr. LOW: Before this group finishes its case at this stage may I just sum up in about three minutes the position we are taking. I contend that the minister has failed to bring forward arguments to refute our contention. He has failed to establish any sound reason why Canada should become a party to Bretton Woods. Therefore this group is still convinced, first, that ratification of Bretton Woods by Canada means reintroduction of the gold standard with all that it implies as an inevitable cause of future war and human suffering; second, that the ratification of Bretton Woods by the government will mean that we shall surrender a substantial measure of our sovereignty and therefore to that extent become subject to international government; third, that ratification of Bretton Woods by Canada will mean that we lose effective control of our own currency; fourth, having lost effective control of our own currency in Canada to an international financial dictatorship, we are convinced that neither Canada nor the United States could possibly make the internal arrangements required to increase the standard of living of their own people; fifth, if the effective control of our own currency is lost, then that worthy objective of full employment either for the people of the United States or of Canada that was so ably set out by the minister in his speech is impossible; and sixth, if full employment is rendered impossible through the surrender of some measure of our control over our internal currency, then nations like the United States will have to resort to the export of their unemployment, which will mean trade wars, the inevitable precursors of military wars.

It is clear, Mr. Chairman, that the minister has given the committee about all the information which he is capable of giving or is willing to give at this stage. But since it may be possible for us to get further information in the banking and commerce committee by questioning witnesses, we are now prepared to move on into that committee to renew our fight on that ground.

In agreeing to transfer our attention to the bill in the banking and commerce committee I should like to make it clear that we are in no way agreeing to support the principle of Bretton Woods. We still think it is wrong, and unless and until we are proved to be wrong in our stand, we shall struggle against it with all our might in later stages of the proceedings through the committee and in this house.

I would say, Mr. Chairman, that telegrams urging us to continue our fight are pouring in from all over this country, because the people are beginning to realize that this is not the

measure which they want; it is not the thing which they think will bring peaceful prosperity to Canada.

Mr. BRACKEN: I am not rising to discuss the merits of this resolution, but rather to say just a brief word or two with respect to the situation in which the committee finds itself at this time. It is now several days since the resolution was passed by the house and consideration of it begun in committee of the whole. Since that time we have had a long and sometimes interesting discussion in the committee. What I shall say I had planned to say before I knew what the hon. member for Peace River was going to say. I want to commend him for his action in the last few minutes. Up to that time the question before us was how much longer it would be wise for us to remain in committee of the whole discussing this subject. In this connection let me refer to two matters which have been referred to by others in this house. There was a conference of leaders of different parties in this house a few days ago. It was suggested last night that it was there agreed that we would endeavour to get through the work of the session this week. That is true. I want to say, however, with respect to the attitude of the Social Credit group, that the leader of that group did point out that one of the measures on which his associates would want to make a strong protest was the measure which is now before us. He specifically excepted that measure from any effort unduly to hurry up the work of the house.

Speaking for myself, and I think for many others in the house, I want to say that the discussion we have heard, led chiefly by the members of the Social Credit group, has been characterized by sincerity. It has all the evidence of thorough study. On their part I think a good deal of merit has been shown in the arguments they have brought forward. Having said that, I wish to say one other thing. The Social Credit group has made its protest. There is no question that its members feel strongly on this subject. The protest has been well made. During more than two decades in another assembly in another part of Canada I have seen protests of this kind on several different occasions, and I do not remember one that was characterized by more sincerity or more evidence of study on the part of the group making it. Personally I want to commend the Social Credit members for presenting the other side of the story of the Bretton Woods measure.

It is obvious that the government wishes the measure to pass at this session; it is evident it is not disposed to postpone it. We supported the government on this resolution. While the arguments advanced by the Social Credit group have impressed us, they have not changed our minds. We still think that the balance of argument is in favour of the measure, in so far as its application to Canada is concerned.

Having said that, I again wish to commend the leader of the Social Credit group for not pressing this matter to the point where some arbitrary action on the part of the government would have to be taken. They have made a good case. It has impressed us all. They will have further opportunities to present their views. Their present action having been taken, we can now look forward to finding it possible to conclude our work this week.

Mr. COLDWELL: I believe the proper procedure has been followed, and wish it had been followed earlier—that of sending this matter to the committee on banking and commerce. There are many hon. members who have questions which remain unanswered. As I have always said, this committee is not the right atmosphere or the kind of place in which we can get the answers to the questions we desire to ask.

I too am grateful that the discussion has reached the stage where the bill to be introduced will be sent to the committee on banking and commerce. There the good features of the measure, as well as those of which we are not so sure, can be discussed. It seems to me this is a question upon which members of the house will have to decide on balance. I do not think all will agree with everything contained in these long schedules. To do so would seem impossible. But I do believe that we must appraise this measure, both in committee and when it returns to the house, with balanced judgment. How much is good and how much is not so good? If the good outweighs that which we consider not so good, then the house should support the agreement.

So far as the international aspect of the matter is concerned, I wish to make it abundantly clear that I believe that any measure in the interests of the people of the world, in which Canada can participate for the good of the people of the world, ought to receive the support of this parliament. I do not take the view that international arrangements are bad; because I believe, even more certainly than I did a short time ago, that responsible government at the international level must come ultimately—and the sooner it comes, the better for the peace of the world.

Resolution reported.

Mr. SPEAKER: Moved by Mr. Ilsley, seconded by Mr. Mackenzie, that the said

resolution be read a second time and concurred in. Is it the pleasure of the house to adopt the motion?

Mr. BLACKMORE: On division.

Mr. LOW: On division.

Resolution read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 238, for carrying into effect the agreements for an international monetary fund and an international bank for reconstruction and development.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall the said bill be read a second time?

Mr. ILSLEY: Now.

Mr. ILSLEY moved the second reading of the bill.

Mr. BLACKMORE: Question.

Mr. BRACKEN: Will the minister explain his wish with respect to the procedure from now on?

Mr. ILSLEY: I have moved that the bill be read a second time; it will then be referred at once to the committee on banking and commerce, which will sit at four o'clock this afternoon for the purpose of beginning consideration of the bill. If it is reported back to the house, the procedure will follow that which is usual in respect of a bill. That is, it will be referred to the committee of the whole; then, if it comes out of committee of the whole, it will receive third reading.

Mr. BLACKMORE: Put the question, Mr. Speaker.

Mr. LOW: Will you please put the question?

Mr. SPEAKER: I have put the motion for second reading, and then I will put the motion that the bill be referred to the committee on banking and commerce.

Mr. LOW: No; with all due respect I suggest the procedure should be to put the question for second reading of the bill.

Mr. COLDWELL: That is right.

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

Mr. MACKENZIE: On division?

Mr. SPEAKER: Those in favour of the motion will say "yea."

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those opposed will say "nay."

Some hon. MEMBERS: Nay.

[Mr. Speaker.]

Mr. SPEAKER: In my opinion the yeas have it.

Mr. MACKENZIE: Carried on division?

Mr. SPEAKER: Call in the members.

The house divided on the motion (Mr. Ilsley) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Adamson
Archibald
Argue
Arsenault
Aylesworth
Barrett
Beaudoin
Belzile
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Black (Cumberland)
Blair
Blanchette
Boivin
Bonnier
Boucher
Bourget
Bowerman
Bracken
Bradette
Bradshaw
Breithaupt
Bridges
Brooks
Brown
Bruce
Bryce
Burton
Campbell
Case
Casselman
Castleden
Charlton
Chevrier
Cleaver
Cloutier
Cockeram
Coldwell
Coté (Matapedia-Matane)
Coté (Verdun)
Croll
Daniel
Dechene
Denis
Desmond
Diefenbaker
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Dorion
Douglas
Emmerson
Farquhar
Ferguson
Fleming
Fournier (Hull)
Fraser
Fulton
Gagnon
Gardiner
Gariépy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gillis
Gladstone
Glen
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Green
Hackett
Harkness
Harris (Grey-Bruce)
Healy
Henderson
Herridge
Hodgson
Homuth
Howe
Ilsley
Irvine
Isnor
Jackman
Jaenicke
Jean
Jutras
Knight
Lacombe
LaCroix
Lafontaine
Langlois
Lapalme
Lapointe
Laurendeau
Leger
Lennard
Lesage
Little
McCann
McCuaig
McCubbin
McCulloch (Pictou)
McCullough (Assiniboia)
Macdonald (Brantford City)
Macdonald (Halifax)
McDonald (Pontiac)
Macdonnell (Muskoka-Ontario)
McGarry
McIlraith
McIvor
Mackenzie
MacKinnon

MacLean
McLure
McMaster
MacNaught
MacNicol
Maloney
Manross
Marquis
Martin
Matthews (Brandon)
Matthews (Kootenay East)
Mayhew
Menary
Merritt
Michaud
Mitchell
Moore
Mullins
Mutch
Nicholson
Nixon
Parent
Pearkes
Probe
Raymond (Wright)
Reid
Richard (Ottawa East)
Rinfret
Robinson (Bruce)
Robinson (Simcoe East)
Rose
Ross (Hamilton East)
Ross (St. Paul's)
Ross (Souris)
St. Laurent
Senn
Sinclair (Ontario)
Sinclair (Vancouver North)
Sinnott
Smith (Calgary West)
Smith (York North)
Stephenson
Stewart (Winnipeg North)
Stuart (Charlotte)
Stirling
Strum, Mrs.
Thatcher
Townley-Smith
Tremblay
Tucker
Viau
Warren
Webb
Weir
White (Hastings-Peterborough)
White (Middlesex East)
Whitman
Wright
Zaplitny—177.

NAYS

Messrs:

Ashby
Blackmore
Fair
Hansell
Hlynka
Jaques
Johnston
Kuhl
Low
Quelch
Shaw
Wylie—12.

Bill read the second time and referred to the standing committee on banking and commerce.

ALBERTA TAX AGREEMENT

PROVISION FOR PAYMENT OF INCREASED COMPENSATION AND SUBSIDY

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 218, to authorize the Minister of Finance, with the approval of the governor in council, to enter into an agreement with the province of Alberta to amend the agreement entered into with that province under the authority of the Dominion-Provincial Taxation Agreement Act, 1942.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

Sections 1 to 4 inclusive agreed to.

On the preamble:

Mr. SMITH (Calgary West): On the resolution stage, Mr. Chairman, I was able to compliment the minister and the government and the province of Alberta for their cooperation in arriving at this agreement. I overlooked at that time a number of people, and they were fine people, and the result proved it—those who looked after the interests of the bondholders in connection with this whole arrangement.

Preamble agreed to.

Bill reported, read the third time and passed.

NATIONAL HOUSING ACT

INCREASE IN APPROPRIATION FOR LOANS AND GUARANTEES

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to amend the National Housing Act, 1944, and to provide more particularly for an increase in the appropriation for loans and guarantees under part II of the act for the payment out of unappropriated moneys in the consolidated revenue fund of loans and losses in respect of loans, not exceeding in the aggregate one hundred and fifty million dollars, and in respect of guarantees, up to an aggregate principal amount of one hundred and twenty-five million dollars of investments guaranteed;

That under the said measure expenditures may be paid out of the consolidated revenue fund to an aggregate amount not exceeding five million dollars incurred under or in carrying out the provisions of part V of the act.

He said: Mr. Speaker, in the main the amendments to the National Housing Act, 1944, which this resolution seeks authority to introduce, are of a technical nature, made necessary either by reason of ambiguities in the law or by recent developments which were not entirely foreseen when the act was drafted last year. They do not affect the underlying principles of the legislation. It was for this reason, and because of the need for immediate action, that the government felt justified in making several of the amendments effective by order in council under the War Measures Act before parliament assembled.

The amendments may be grouped under four general headings. First is a group of minor verbal changes which are necessary in order to clarify the intent of certain sections of the act. Most, though not all, of them were made effective by order in council P.C. 392, dated January 18, 1945.

Next is a group of amendments made effective by order in council P.C. 5794, dated August 30, 1945, which were necessary in order to clear the way for large-scale emergency operations by the life insurance companies in the field of rental housing. I referred to these when the bill creating the Central Mortgage

and Housing Corporation was under discussion, and explained their general purpose. I shall give a detailed explanation later when the clauses are reached in committee.

The third group of amendments relate to the appropriation sections, and, again, are in the nature of clarification rather than of modification in principle. They will be explained fully at a later stage. It is sufficient for me to say now that the enlargement of the appropiation under part II of the act removes certain unnecessarily rigid restrictions on operations under the act which had not been intended by the government, or, I think, by parliament. At present the $50 million appropriation under part II covers loans, losses and guarantees in respect of rental housing projects. To illustrate how inadequate this is I would point out that this appropriation would be insufficient should the full insurance companies' programme at present under consideration be approved. The appropriation has therefore been increased to $150 million to cover loans and losses. In addition, authority is given to guarantee investments up to $125 million, which is about the theoretical limit of life insurance companies' investments under the act. It is also proposed to appropriate $5 million under part V to provide a specific allotment of funds for housing research and community planning.

Finally, one amendment is being proposed arising out of the legislation creating the Central Mortgage and Housing Corporation, which has the effect of permitting the delegation of certain of the powers of the Minister of Finance under the act to the new corporation when it is set up.

In conclusion, my suggestion is, if the house will accept it, that we spend very little time on the resolution, because I have the bill ready to introduce and it is not going to be possible for hon. members to give intelligent attention to our proposals unless they have before them a bill. We are at the stage where, it seems to me, the purposes of all would be best served if it goes to committee on the resolution, and the resolution is passed and given second reading. I may be given an opportunity to-day to introduce the bill; the bill will be distributed, then any questions can be raised on the second reading of the bill or in committee on the second reading of the bill, which will be taken up promptly. It cannot be taken up to-day because there should be an opportunity for hon. members to see it.

Mr. JOHN BRACKEN (Leader of the Opposition): Speaking for this section of the house, we are glad to expedite this measure in this way. I understand that the minister wishes to go into committee of the whole now and deal with the resolution.

Mr. ILSLEY: That is right.

Mr. BRACKEN: I suggest that before second reading we might have the bill, and that there be some delay before we are asked to proceed with the second reading.

Mr. ILSLEY: That is right.

Mr. A. M. NICHOLSON (Mackenzie): I have a few remarks I should like to make, Mr. Speaker, before you leave the chair.

I feel as strongly regarding this problem as my friends of the Social Credit group do regarding the matter which has been before the house for the past few days, but I do not propose to hold up the business of the house.

The members of this group welcome any legislation which will make more money available in this very important matter of housing, but we must register our protest that these amendments are being brought in without adequate provision for the people in the lower income groups.

In this morning's Ottawa *Citizen,* for example, I notice advertisements which indicate how serious is the problem of housing in the capital of the dominion. I have looked over some of the other papers across Canada, and this sort of advertisement appears everywhere:

Returned soldier, 2 adults, desire flat, 2 or 3 rooms, kitchenette, furnished, Jan. 1 or 15.

The next advertisement:

Overseas veteran and wife, no children, permanent Ottawa residents—

Since they have no children they may have a chance of getting a small place. Next:

Urgently required, apt., furnished, unfurnished, by ex-serviceman and bride; references if required.

The first advertisement is for a bachelor apartment for two girls, and the next eight or nine advertisements are from men who fought to save their homes and find, with Christmas just around the corner, there are no homes available.

In a copy of the Ottawa *Journal* a few days ago the first one under "apartments wanted" is:

Rope needed! committing suicide, December 15, if don't find accommodation, preferably flat, 2 bedrooms. Permanent force officer and wife; drink, smoke, have parties, raise the dickens, have nasty little 6-year-old boy and saucy dog.

He gives an office number and a residence number. In the Toronto *Daily Star* a whole series of advertisements appear. I notice in the Saskatoon *Star Phoenix* of Saturday

rewards offered, such as $50 for anyone who will give information leading to the finding of some place to sleep in the wintry weather out on the prairies.

An hon. MEMBER: Haven't you any?

Mr. NICHOLSON: No, I have no accommodation to offer. People who are looking for homes in all parts of Canada are finding it practically impossible to obtain them; and unfortunately, although these amendments are being brought down, the minister has not seen fit to make adequate provision so that the people of lower income brackets will have at least some hope of getting living quarters under some government-sponsored plan. According to a recent issue of the *Financial Post*:

> It now appears that projects being investigated by the new insurance corporation (Central Mortgage and Housing Corporation) are likely to run between $40 and $55 a month for rentals . . . There is no suggestion that life insurance companies will not go ahead with their projects. What is being pointed out here is that this project cannot be expected to make available rental houses for veterans in the so-called "low" rental field . . .

Mr. FRASER: That newspaper is not the *Financial Post,* is it?

Mr. NICHOLSON: No, it carries a quotation from the *Financial Post*. I do not happen to have the *Financial Post* before me.

The government report on housing and community planning, brought down some time ago, states that in the lower income brackets the average income is $703 per family. On the basis of that income the maximum rent which should be paid, assuming that not more than twenty per cent of one's income should be applied to this purpose, is $12 per month, and in Canada we have not houses available in that income range. On page 115 of the same report are statistics, covering twelve metropolitan cities in Canada, showing that people in the lower income brackets should not be paying more than $11.72 per month, assuming they pay twenty per cent of their income, but they are paying $19 per month, which means that they are denying themselves food, clothing or health services to the extent of about $8 per month in order that they may have some place to live.

It has been found in almost every country in the world that the only way to provide housing for those in the lower income brackets is for the government or some government authority to step into the picture and make funds available over a long period of years at low rates of interest.

Previously I have discussed some of the housing projects in the United States, where the federal government has bridged the gap between the amount the individual can pay and what is an economic rent. I have described some of the beautiful apartments available in the city of Boston, where the rents range from $14 per month, which includes light and heat, for people receiving incomes of around six or seven hundred dollars a year. If you have an income of $1,300 a year you pay more. You pay according to your ability. But the federal authority has recognized that abolishing slums and providing congenial living quarters is a national objective which should have the support of all the people, and from a long-term point of view it is cheaper to eliminate these slums and give the people decent living quarters. In some of the public housing projects in the New York area, rents range from $8.43 in the Harlem river area, $8.42 in the Williamsburg district, $5.41 for the Red Hook houses, and $5.60 for the South Jamaica houses. The people living in these publicly-financed houses have incomes that range from $800 to $1,200, but those who live in the larger community have come to the conclusion that it is important for the future to wipe out these homes and provide more adequate houses.

All during the war I have tried to urge the administration to look forward and plan for our country, not only as far as the war effort was concerned but having regard to the future as well, by using a larger share of our raw material and man-power in providing houses for our people. I was able to cite statistics from the United States, compiled from the last war, to show how the efficiency of the people is reduced by workers being compelled to travel fifteen or twenty miles to work each day, and to carry on in the uncertainty of having living quarters. I found that in the city of Windsor, where the Secretary of State lives, some of the landlords were able to require the filling out of a questionnaire before anyone could come in. You had to prove that you were a Christian, that you did not talk too loudly, that you did not use your radio too much, that you had no children and no expectancy of any, that you did not use liquor, that you did not allow your guests to stay too late at night.

These were the conditions that prevailed all across Canada during the war, and the administration in my opinion failed to attach sufficient importance to the problem of providing houses for our people. Now we find ourselves with returning men who have been away for four or five years, some of them married before they left. They are coming home to

their wives and families. Often the wife has been living with the family, and now these people feel, and rightly so, that they should have a place of their own to live in. I believe it was the member for Vancouver-Burrard (Mr. Merritt)—who distinguished himself by winning the Victoria Cross in this war—who found it so difficult to obtain living quarters that, as reported in the press, he felt that it might have been as well for him to remain away from the country. The situation is so critical that the minister at this stage should make provision for an appropriation so that the money can be spent on building. A start should be made immediately to provide living quarters for the people in the lower third of the income brackets in Canada, who cannot possibly look forward to having anywhere to live if they are to depend on the legislation as it now stands on our statute books.

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

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 239, to amend the National Housing Act, 1944.

Motion agreed to and bill read the first time.

VETERANS AFFAIRS

ALLOWANCES FOR TEMPORARILY UNEMPLOYED—VOCATIONAL OR EDUCATIONAL TRAINING—UNEMPLOYMENT INSURANCE

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure, as recommended and reported by the special committee on veterans affairs, to provide rehabilitation allowances to temporarily unemployed veterans or their dependents and to veterans undergoing vocational or educational training with provision also for the application of The Unemployment Insurance Act, 1940, for the veterans' benefit by contributing the amount of the combined employer's and employed veteran's contribution into the unemployment insurance fund, from moneys appropriated by parliament. Provision is also made authorizing the governor in council to take such measures as may be necessary to remedy any depletion of the said fund resulting from the payment out of such benefits.

Mr. BRACKEN: May I ask the minister what his intentions are with respect to proceeding with this bill from this time forward?

Mr. MACKENZIE: Exactly the same procedure will be followed as was followed in regard to the War Service Grants Act dealt with about a week ago. There has been a unanimous report from the committee of sixty members of this house with respect to various benefits under the post-discharge reestablishment order. It is new legislation as far as the House of Commons is concerned. These provisions were all enacted previously by order in council, and the committee has now recommended to the house that we proceed to enact in statutory form what was already in force by way of orders in council, with certain additions which I shall explain on second reading .

Mr. BRACKEN: Does the minister wish to have the second reading of the bill to-day?

Mr. MACKENZIE: If there is no objection. It can be done only by unanimous consent, and I should like to move the second reading later.

Mr. BRACKEN: Does the minister say that the committee was unanimous with regard to all the provisions of the bill?

Mr. MACKENZIE: I was not there all the time, but I believe they were unanimous in regard to all those that are contained in this bill, though they have made certain reservations with respect to further recommendations at the next session of parliament.

Mr. BRACKEN: If the committee was unanimous with regard to all the provisions of the bill, we will offer no objection to getting it as far forward to-day as possible.

Motion agreed to and the house went into committee, Mr Macdonald (Brantford City) in the chair.

Resolution reported, read the second time and concurred in. Mr. Mackenzie thereupon moved for leave to introduce bill No. 240, to provide rehabilitation allowances for veterans.

Motion agreed to and bill read the first time.

Mr. MACKENZIE moved the second reading of the bill.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

At one o'clock the committee took recess.

After Recess

The committee resumed at three o'clock.

On section 1—Short title.

Mr. MACKENZIE: The veterans rehabilitation bill, so far as parliament is concerned, is new legislation. The services to be provided under it have, however, been in effect since October 1, 1941, under the post discharge re-

establishment order, which was approved by order in council under the authority of the War Measures Act.

The bill now before the committee has been recommended by the special committee on veterans affairs, whose recommendation, with the draft bill annexed, appears in *Votes and Proceedings* of this house under date of December 4.

The post discharge reestablishment order, originally adopted in 1941, was substantially revised by P.C. 5210 of July 13, 1944, and its terms have been widely publicized. It is probably the best known of all the country's rehabilitation measures. It is under this order that the Department of Veterans Affairs is authorized to assist former members of the forces in the matter of vocational training and interrupted education.

The order permits the payment of allowances, graduated in proportion to family needs, to veterans, both men and women, under the following five condition:

1. That the veteran is willing and able to work, and has been unable to find suitable employment.

2. That the veteran is unemployed through temporary physical incapacity.

3. That the veteran has entered upon a business, farming or professional undertaking under his own proprietorship, and requires money for his subsistence while awaiting a first crop, or a living return from the enterprise.

4. That the veteran has been awarded a vocational training course for the purpose of assisting him to obtain employment, or better employment.

5. That the veteran has been awarded an educational course of university or professional grade, either in the under-graduate or post-graduate field, or, by a comparatively recent addition to the order, for the purpose of qualifying for admission to a university.

In the case of training and educational benefits, the cost of tuition is also borne as a public expense.

There is a sixth provision giving the benefits of the Unemployment Insurance Act to veterans who enter insured employment. For the purpose of calculating unemployment benefit, time spent in military service is counted as if it had been spent in insured employment. In order to make this practicable the government pays into the insurance fund the contributions that would have been made during the time of the veteran's military service.

The post-discharge reestablishment order has been, and must continue to be, the backbone of the whole rehabilitation programme. Although all veterans may not have occasion to claim assistance under this legislation, its benefits are available to all. When originally adopted the order in council offered assistance, far beyond anything ever attempted in the past, for the purpose of promoting the civil reestablishment of a country's demobilized fighting forces.

Other countries have followed Canada's lead, and Canada has greatly broadened the terms of her own legislation. Close comparison with measures adopted in other countries is not possible, because each country has attuned its measures to its own local conditions. Nevertheless, I believe Canada can take pride in the fact that in this field her legislation is unsurpassed by that of any other country in breadth, scope and flexibility. For this very reason, because we were breaking new ground, and it was recognized that changes and modifications would probably be dictated by experience, it was considered advisable that the measure should be initiated by order in council. Subsequent developments have justified that decision.

The original order in council has been amended and broadened repeatedly, in order that we might keep abreast of developments and meet unforeseen difficulties as they arose. I have always considered however that so important a measure should have the sanction and authority of parliament, and I have, on a number of occasions, announced my intention at the appropriate time of asking parliament to convert this order in council into a statute. That step is now being taken. It has been taken in accordance with the procedure authorized by this house earlier in the session, when it appointed the special committee on veterans affairs to review all veterans' legislation, and recommend such action to the house as might be found appropriate.

The bill now before us differs from others which have already been dealt with, in that it is not an amending bill, but will lead to the enactment of a new statute. For the reasons already indicated, the bill has been designed to preserve the flexibility, so that unforeseen problems may be met promptly and effectively. The bill confers authority upon the government to pay allowances to veterans under clearly defined conditions.

With respect to members of Canada's armed forces, the bill contains no important additional benefits beyond those contained in the order in council. There is, however, one important new substantive provision permitting the unemployment insurance benefit to be extended to veterans of the armed forces of allied nations, under certain conditions:

1. That the veteran was domiciled in Canada before the war; and

2. That the nation, in whose forces the veteran served, undertakes to make the same contribution to the unemployment insurance fund as that which the government of Canada makes with respect to our own veterans who enter insured employment.

As with most of our legislation, the order in council and the bill permit the benefits of the act to be conferred upon veterans of pre-war Canadian domicile who served in the forces of His Majesty, other than Canadian forces.

The bill contains one or two minor provisions not heretofore found in the post discharge reestablishment order. For instance, wide discretion is conferred upon the minister in the matter of extending the time limits for training, in the case of disability pensioners. Experience has shown that the need for retraining of disabled veterans frequently arises long after discharge. The department has had this power for many years under its treatment regulations, but with the enactment of legislation on the subject of training it seems desirable that this provision should be brought under the Veterans Rehabilitation Act.

Another new provision allows correspondence courses to be given to patients still in hospital, without sacrifice of their subsequent training rights.

The select committee reviewed the draft legislation with meticulous care and, as with former bills, was able to render valuable assistance in redrafting some of the clauses so as to give greater protection to the veterans for whom the legislation is designed. The rates of allowances are not dealt with in the bill. These are left in the hands of the government, under the customary powers of regulation, in order that adjustments required by changed economic conditions in the country may be made without undue delay.

The adoption of this bill by parliament will necessarily lead to the drafting of a new order in council containing regulations pursuant to the act. The post-discharge reestablishment order, as it stands to-day, contains a great deal of subject matter which is now being transferred to an act of parliament. The new order in council will consist of the regulations which the bill authorizes the government to make.

No substantive changes in the existing regulations are contemplated at this time, but the department will always be prepared to recommend such changes, consistent with the terms of the act, as progressive developments may require in the interests of ex-service personnel.

[Mr. Mackenzie.]

Mr. BROOKS: Mr. Chairman, in keeping with the desire of the committee, it is not my intention to make any extended remarks on this bill. The minister has already given a resume of the measure which we shall study later section by section. As one of the members of the veterans committee, I wish at this time to express my appreciation of the warm praise the minister has given the committee on various occasions. He has said it was one of the hardest working committees of the house. I think he might very well have said it was the hardest working committee, during this session.

It is also pointed out that this is a new bill rather than an amendment to an old act. It puts in statute forms the post-discharge rehabilitation orders in council that have been passed.

The bill had the general approval of the committee, not because the committee felt it was an end in itself but because the committee thought that the bill would assist toward the great end they had in view, the rehabilitation of our men who have returned from overseas. Our experience for the past twenty-five years, as the committee knows, has taught us that most veteran legislation is subject to change. We have worked more or less on a trial and error basis. I have no doubt that many changes will be necessary in the bill which is before us this afternoon. It was agreed in the committee, not only with respect to this bill but with respect to other legislation affecting veterans, that if amendments were necessary later they could be made in future meetings of the veterans' committee.

The act is to be entitled the Veterans' Rehabilitation Act. We had very little time to discuss the title in committee; as a matter of fact it was decided on only in the last moments of the last meeting of the committee. Frankly I think it can hardly be called the Veterans' Rehabilitation Act; I think it could better be called the veterans' rehabilitation assistance act, for that is really what it is. Upon looking up the definition of "rehabilitate" I found that it means to restore to former status, capacity, right, rank or privilege. This bill only assists in doing that.

The word "rehabilitation" I think has a deeper meaning for everyone. It represents the hopes and ambitions of the 750,000 to 1,000,000 men of our different services who have returned from overseas. It represents the personal and social readjustment of those people. It represents to the people of Canada and to their elected representatives their bounden duty to assure to these men who

fought for their country that they will be properly rehabilitated and restored into the civil life of this Dominion of Canada.

There are certain things which are particularly necessary for rehabilitation, and they have been mentioned in this committee on previous occasions. First and foremost, if we are to rehabilitate our soldiers they must have jobs. That is something about which I think we are all agreed. The soldier must have a job which is suitable to his peculiar talents and which affords him an opportunity to better himself as time goes on. Next, the man who has returned must have a home in decent surroundings where he can educate his children and bring them up to be good citizens of this country. The third requirement of rehabilitation to my mind is that the soldier's mind must be free from worry. He must have reached the stage where he feels he is once more a citizen of this country rather than an alien among a hostile crowd of civilians.

Taking into consideration these three things —jobs, homes and minds free from worry— what is the condition of the men who have returned to Canada? What do they find when they disembark from the boats at Halifax or New York, or when they return to Montreal, Winnipeg or wherever their homes may be? These men find that from one end of Canada to the other jobs are scarce, there are no opportunities for the reemployment of our men, there are thousands of them walking the streets, there are strikes all across the country. These men find that the prospects of reemployment are less bright to-day than they have been in quite a number of years. They find that there are 36,500 returned men who are without work at this time.

This morning when the hon. member for Mackenzie was dealing with the question of housing he quoted newspaper advertisements inserted by returned service personnel who were looking for a place to live. An address was given over the radio by Mr. Woods, deputy minister of veterans' affairs, requesting the people of Canada to open up their homes to returned men. It was an eloquent appeal, and I hope it is one which will be taken to heart and acted upon by the people of this country.

This afternoon the minister stated that this bill will provide out-of-work benefits, and I think it does so in a fairly generous manner. But the young men who have returned from overseas are not looking for out-of-work benefits, they are looking for work. They do not want to come under the Unemployment Insurance Act or under this legislation. This country cannot be built up by paying unemployment insurance or out-of-work benefits.

This bill provides for the man who has taken up business. If such a man is getting no return from his business for a period of twelve months he can obtain benefits under the act. While this may be and is very necessary, this country is not going to be built up if men have to sit back in their businesses waiting for returns for a year or possibly longer. These men would like to see the wheels of industry turning so that they can get goods on their shelves. A man who has a garage or is in some other business would like to see production under way so that he can get tools and equipment to work with at once.

I repeat that this is not a rehabilitation measure; it is simply an act for the assistance of rehabilitation. The minister referred to assistance to be given to college students and men taking vocational training. This is a wise provision. I have been pleased to hear from the heads of universities in different parts of the country that returned men who have taken up university and vocational training are showing themselves to be better than average when compared with the men in civilian life. This shows the great interest our returned men are taking in rehabilitating themselves for the days to come.

The minister spoke of the flexibility of the allowances. It is wise not to set hard and fast allowances for college students or for those receiving the other benefits. We do not know what the situation will be perhaps three or six months from to-day. Before the war a young man attending college could get board for $6 or $7 a week, but I understand that to-day in many cases he must pay $12 to $14 per week. Some provision may have to be made by way of regulation later on to increase the benefits and allowances to be paid to men attending our universities.

What we want to-day is an opportunity for our young men to go back to work. We want our young men back on the farms; we want our young men back in the mines; we want our young men back in industry; we want our young men back in all the activities of this country. In this great young country there are many opportunities for the young men of Canada. There has been much talk about locating the returning young men in and around the great industrial centres of Canada. We are building houses for them—at least we plan to do it; we have not done it yet. What

we need also is to develop our northern areas. A great mineral industry awaits development there. We have the only frontier which is left in the world to-day, and there are no better men to develop this frontier than those who fought along the English channel at Caen and Falaise, in France, Holland, Italy and other countries. An opportunity must be provided for these men.

We are fortunate in having to administer the act Mr. Walter Woods, the deputy minister, a man who has earned the confidence of the veterans of this country from one end to the other by his fair administration of the Veterans Allowance Act. We have also General Burns, who is director of rehabilitation. I had the pleasure and the honour of meeting General Burns overseas just a little over a year ago, and from talking with men from different parts of Canada and with those I met overseas I know that he is highly respected and honoured by the soldiers generally. I am satisfied that he will do a splendid job. But it is not the men at the head that we have had difficulty with in administering acts for the benefit of the soldiers. It has been the underlings, if I may call them so, from one end of Canada to the other. I hope that General Burns and Walter Woods will inspire these men with the same sense of fairness as that by which they themselves are animated, so that we shall not have the criticism of this act that we have had of other veterans legislation.

I repeat that this measure does not provide for rehabilitation but for assistance in rehabilitation, and the more money we have to spend on out-of-work benefits while a man is awaiting returns from business under this act, the less in adverse ratio shall we have contributed to the rehabilitation of our young men.

Mr. GILLIS: Mr. Chairman, I was a member of the committee in which the bill and the regulations were gone over, and I think the committee did as good a job as possible in the time at their disposal. There is no doubt that when the committee sits again, as we all hope it will next session, the experience gained in administering the act in the interval will enable us perhaps to open it up again and make the necessary adjustments.

This bill of course is not all-inclusive so far as the veterans' welfare is concerned. It is merely a bill to provide, for the time being, assistance, both financial and in the educational field, in the reestablishment of returned service personnel. We do not want to forget for a moment that it is a temporary measure, to assist the veteran in the transition period from war to peace. We must not make the mistake of thinking that by passing this legislation we have provided wholly for the veterans; for unless the entire economy of the country is healthy the veteran will suffer with the rest of our population in an economy that does not provide for all our people.

The bill itself is clear. There can be no mistaking the intention of those who drafted it. But the test of any legislation is in its administration. We realize that fault can be found with the administrative machinery that is set up across the country. I think the department in Ottawa is doing a fairly reasonable job, but the machinery across the country is new and is just getting under way, with personnel being trained and all the rest of it, and there is considerable room for improvement.

There is one thought in particular that I would leave with the minister. I have met those who are working in the field on veterans affairs, in connection with vocational training, vocational guidance, and so forth, and I must say that those I have met are of a very high type with exceptional qualifications and with adequate training for the job. But the salaries paid to the office staff are very low and leave much to be desired. I have talked to several men in the offices whom I knew personally. They are capable men whom the minister would find it very difficult to replace. I know one married man with eight children who is receiving a salary of only $156 a month, yet he is working at least fourteen hours a day. When he is through at the office for the day he interviews a line-up of young veterans calling upon him at his home. So he is continuously on the job. He provides his own transportation, and he has to get around quite a bit. I do not see how you can hold that type of person on the kind of salary he is getting. There is room for an adjustment of salaries all along the line for the type of person you are getting to-day and the importance of the work they have to handle. The staffs are short-handed too. They have not enough personnel, as is quite apparent.

The members of our group were fairly well represented on the committee. The bill has been gone into thoroughly, and now we are quite willing to let it go through on the understanding, first, that there should be an adjustment in the salaries of those who are assisting in administering the act, and as well an improvement in the administrative machinery right along the line; and second, that we do not make the mistake of thinking we are settling with the veterans permanently by this legislation. It is only temporary, and our

whole economy needs to be restored before the veteran can fit into it and make his maximum contribution to the welfare of the country.

Mr. CROLL: In discussing the bill which is now before the house may I point out that we have always in the past said that we have the best veterans legislation in the world. When you speak of something that is better than something else, it is well to look closely at the comparison that is being made.

As previous speakers have already indicated, this legislation deals with the interim period, just as the country is going through an interim stage. This legislation, while a benefit, is not intended to be a substitute for a job. It was never intended for that. But it has some advantages at this particular time, and I should like to make a few comparisons for the benefit of the committee. Perhaps the best comparison would be with our neighbours to the south.

Let me compare what we call in this country a gratuity with what the Americans call mustering-out pay. Our gratuity for a private after two years' service in Canada is $611 for a single man and $711 for a married man; in the United States the private receives $300.

As to the matter of preference in civil service jobs, in Canada the soldier with overseas service gets the preference. That amounts to a monopoly of jobs. In the United States they have a preference, and also a qualified preference. This may be something we shall have to consider later.

Out-of-work benefits in Canada amount to $50 a month and it has been recommended that the amount should be increased to $60. In the United States it is $20 a week; but when it is applied to a man and one child the Canadian benefits immediately rise above those of the United States. So far as educational and vocational training benefits are concerned, both in Canada and the United States they are of the widest eligibility; but the subsistence allowance in Canada is higher than it is in the United States. The disability pension for 100 per cent disability in the United States is $115 a month; in Canada it is based on rank and dependents and it is higher than in the United States.

These are just a few observations and a few figures which I wanted the committee to have, mainly for the purpose of pointing out that both the minister and the officials have a flexible mind on this problem; they have been not only ready but eager to make changes to meet the wishes of the committee, and I think that that augurs well for the future of veteran legislation.

Mr. FAIR: I was not privileged to be a member of the special committee dealing with veterans affairs, but our group had three members on the committee, and I think they contributed their fair share to the discussions. We have had reports from time to time and have read many of the discussions. I believe there is no need for our taking up any time now. I believe the committee has done good work as far as it has gone, but we hope that in the near future, as soon as the new session opens, we shall again have an opportunity to go into these matters when there will be more time, and perhaps we shall have further suggestions to make.

I realize, and it has been pointed out already, that very good legislation can be nullified to a large extent by poor administration. Under a new head, under the guidance of a man who has the interests of the veterans at heart, we may reasonably hope for satisfactory results. I believe that under the old administration some of the staff were not giving 100 per cent satisfaction. I trust the minister will see to it that their record is improved to the utmost in the interests of the veterans rather than that of the public treasury.

Mr. MERRITT: This bill is one of a series which in the speech from the throne was foreshadowed as the "veterans' charter". When I first addressed this house I ventured to point out that legislation is only one-half of the duty of this government, and that an equally important half of its duty is to use its executive power to carry out the intent of the legislation passed by parliament so that the benefits of the measures we pass shall go actually to the people. It is to that aspect of the matter that I wish to address myself to-day, and particularly, to the serious situation in Vancouver with regard to unemployment.

The facts of that situation are these. On November 23—using round figures, and quoting the reports of the Department of Labour—there were 13,500 applicants for jobs and 4,000 vacancies, leaving 9,500 job seekers for whom there was no job existing. Of that 9,500—again by official figures—4,700 were veterans of this or the last war. The situation in Vancouver is more serious than in any other part of the country if you compare the figures for the various districts—more serious for the percentage of unemployed, and also for the small number of jobs available.

There is one impression I want to correct in the minds of hon. members. It has been said quite often in the press recently, and I should not be at all surprised if it has been

said in this chamber, that there is a great deal of work in the woods for those who want to go to it. I have taken the trouble to look into that situation as it affects Vancouver and British Columbia, and I find that very recently —within the last two weeks—there were only eighty-five jobs open in logging and lumbering for people in the Pacific districts, and on another day there were about 103 jobs open in those pursuits. That compares very ill with the 9,500 out of work, and I think it conclusively shows, Mr. Chairman, that the suggestion that men are not willing to go to work in the woods does not apply in British Columbia. There may be many jobs open in the future, when skilled men are found for special jobs which allow the opening of other camps and mines, but at the present time these jobs are in the potential stage only and do not actually exist. I understand that the great field for jobs in the woods at the present time is in northern Ontario and not in British Columbia.

Now, let us not be under the impression that in the spring when these key men are found there will be thousands and thousands of jobs in British Columbia. I have a newspaper clipping here, quoting a reliable source close to the logging industry, that it is anticipated that in the spring there will be 1,500 jobs opening up in the woods, and roughly, the situation in Vancouver is, I repeat, that 4,700 veterans at present are out of work.

Mr. MITCHELL: What is the source of the hon. member's estimate of 1,500 jobs?

Mr. MERRITT: The source is a newspaper clipping, a reporter of a Vancouver paper talking to someone engaged in the logging industry. I hope, with the minister, that it will be many more than 1,500, but I simply throw that out as a warning.

Turning for a moment to the question of housing in Vancouver, we find the same deplorable position. A recent statement issued by the emergency shelter authority shows 4,143 persons listed on the books of the administration as having no or unsuitable housing, and of that number, 3,483, or more than three-fourths, are ex-servicemen. In the month of November there were 833 placements only.

Another significant thing about these figures is that, of those placements, 450 couples were couples of whom the husband enlisted in Vancouver or in British Columbia, and in the case of 237 couples the veteran had come from some other part of Canada and is now trying to settle in Vancouver. So that there again we find that the benefits we hope to put on the statute books are not now getting over to the veterans.

I want to say something very briefly about the causes of this situation. We all know that out in British Columbia we have the most wonderful climate in Canada, and that it attracts people from all over the country. That, of course, is actual fact, but as a result, as I will show, we have very many more people in the province than we had before the war. But offsetting that, our industry is pretty well primary industry—lumbering, mining and fishing—and the openings for employment, particularly in Vancouver, are probably not as extensive as they are in the big cities of the east. Again, with respect to seasonal work in our mines and logging camps, there is always a shut-down around Christmas time, and that is contributing to the situation as well. Of course, we have a shortage of key men; but, as I have pointed out, this business about people being unwilling to go to the woods does not apply in Vancouver, where only 103 jobs are open. Other things have contributed to the difficulty at the present time. In the first place, it is estimated that forty per cent more than the number who enlisted are taking their discharge from Vancouver barracks, that the total being discharged from the armed forces at the present time is 2,500 a month or more —I believe it was 3,500 in November—and that there was a war-time influx into our war industries, shipbuilding and aeroplane building, which have completely shut down now, of some 90,000 from the prairie provinces. That figure is an estimate, and it may be a little too high. But in addition, the figures I have from newspapers show that there are about 300 people coming into Vancouver every month from the prairies or from the east; they are all closing in on that city looking for jobs, and the "job base," if I may put it that way, is one of the narrowest in all Canada.

I should not want to have it thought that the citizens of Vancouver are doing nothing to cure the situation, because as a matter of fact they are doing a great deal. They started a citizens' committee and a caimpaign "Invest in the Veteran." They set out in the hope of being able to get each one of the 2,500 businesses and industries in and around the city to take on at least one veteran, and larger enterprises to take on many more indeed. That is of course the best possible way in which a situation such as this can be solved, because it is upon private industry that we depend almost entirely for employment in this country. I want to call attention to the efforts of the citizens' committee, because it is a

very creditable move indeed and it is the way in which the problem of unemployment in the final analysis can be solved in every part of the country—the only way. But while I say that private industry is the body which gives employment in this country, I do not relieve the government from responsibility in this connection. Although private industries are the actors on the stage, the stage setting which enables the actors to carry their play through successfully is the responsibility of the government, and there are many ways in which the government can assist in that stage setting which as yet I have not seen them undertake. One of these ways is this present bill, but that is not enough by any means.

I suggest that there is not a sufficient lead from the government in this connection, and there has not been in the government's policy sufficient flexibility to deal with a situation in a particular locality in Canada, even though the general over-all picture may not be nearly as bad as the local situation. I would ask the government now to give that lead and to provide that flexibility. With this in mind, so that it will not be thought that I am talking vaguely and in generalities, I have specific suggestions which I wish to make to each of seven or eight ministers of the crown. Since they are not all in their seats at the moment I will address these suggestions to the Minister of Veterans Affairs, whose job it is of course—it must be his principal job—to coordinate all activities of the government which can be of benefit to veterans.

We have had from the Minister of Reconstruction the statement that there is to be no public works programme to relieve the situation in Vancouver, although that has been asked for. I have no particular objection myself to no public works programme, chiefly because I am quite sure that it would take so long to get it actually started that the situation must be met by more expeditious means. I do not think the government is right in withholding public works generally at the present time. The shelf project is all very well; but it might also be a very good idea not to cultivate the squirrel habit when you put things on your shelves. If these public works were prepared they could be used to advantage in Vancouver to-day. However, let us assume that we shall not have public works, since that has been definitely stated by a minister.

Then we have the Minister of National Defence, who is responsible for dischare policy in the armed forces. We have had it from the minister that people may be discharged in whatever part of Canada they may wish. Again in general I have no particular objection to that but I do object, when an emergency situation such as this arises, when everyone is crying in Vancouver for work, that no change is made in that policy at the present time. It is ridiculous that the government should go on discharging in Vancouver people who did not enlist there, knowing that there are no jobs to be found at the moment and that as soon as they have used up their month's pay and started on their reestablishment gratuities they will be back on the labour market, using their credits for living expenses, which I am sure was never the intention of the government, and certainly not the intention of parliament. This is definitely the time when the discharge policy should be reviewed with the object of stopping temporarily the discharge of service personnel in Vancouver if they did not enlist there or if they have not a definite job to go to.

Let us combine that question of the discharge of men with the Department of Reconstruction on the matter of housing. I have given the housing situation in Vancouver. It is very serious indeed. Over 3,400 veterans are improperly housed. If we are to go on discharging men in Vancouver at the rate of 140 per cent of enlistments, I suggest that the Minister of National Defence and the Minister of Reconstruction could well get together and give Vancouver a greater priority for housing materials for veterans, thereby getting these people under cover and providing a greater chance of employment.

I turn now to the Department of Labour, By all means, let us stop this influx of 300 a month from the prairies. Let us advertise in the papers on the prairies and bring the full weight of the Department of Labour to bear in order to show men that it is useless to go there now and add to the unemployment situation. Let us tell them that if they go out they will be doing the veterans who are at present in Vancouver, a bad turn by competing with them for the few available jobs. Let us impress upon people the unwisdom of going out to Vancouver at the present time. People will respond to that kind of thing. They are not fools, and if they get sound advice from someone they respect I am sure the Canadian people will follow it.

I wish to commend the Department of Labour for having agreed to pay the fares of those moving out of Vancouver who are going to jobs in some other part of the country. It is a thoroughly commendable step to take, and it is one of the things that each department of the government should be thinking of, because all these little nickels that each minister can throw in, if I may call them that, will make a dollar by the time the whole cabinet has put

in its contribution, and will go a long way towards solving the problem that we are now discussing.

May I now turn to the Department of Mines and Resources and to the Department of Fisheries. There is much work to be done in the future in each of these departments. Perhaps the dominion-provincial conference is holding up progress at the moment because no agreement has been reached. But when an agreement is reached between the dominion and the provinces there will be a tremendous expansion of the work of reforestation and the propagation of fish. There will be a large field for trained foresters, hatchery men and the like. Hon. members are aware of the fact that we are short of trained men in these fields. We have large numbers of veterans, the best men you could possibly get, who have been outside and living that kind of life for four or five years. They are ideal men for these jobs. They could be taken in hand and put in training schools so that when an agreement is reached between the dominion and the provinces that work would not be further held up for lack of trained men.

Another job which could be done immediately, particularly in Vancouver, comes under the Postmaster General. We have not yet got back to double delivery of mail in Vancouver. Air mail which comes in in the morning is actually held over until the following day because of the lack of afternoon deliveries. I have had several resolutions from various bodies in Vancouver. One of them came from the citizens' rehabilitation council, which deals with veterans. It urged that a second delivery be inaugurated. I have made reference to the committee of citizens in Vancouver which is sponsoring this campaign for jobs for veterans. Is this government going to lag behind in these matters? Where there is useful work to be done in the whole community, does the government intend to leave until next spring or some time in the future the employment of additional men on the postal routes? It will not be as valuable then as it would be now, because in addition to taking several hundred of these veterans off the out-of-work rolls in Vancouver it would give inspiration to the committee there. They would know that the federal government is taking an active part in the citizens' campaign which is making such a great effort to help to employ more men. I suggest to the Minister of Veterans Affairs that this matter be taken up with the Postmaster General—not next week, not after Christmas, but now; and that instructions be sent out, to-day if possible, that these men be taken on the postal staff and that a second delivery be instituted at once. This is not a matter of relief; this is not employment for employment's sake; it is a necessary job and it should and must be done right now.

I now come to the Department of Finance. There is much that they can do. They can throw in their nickel's worth too. I have two principal suggestions to make here. My first one is decentralization. At the present time prices are fixed in Ottawa. Hon. members are aware that because Ottawa is three thousand miles away the people here do not fully know the conditions on the coast. They know only what they are told by their branch offices out there. In actual practice it has been found that it takes two months to get a price fixed for a new commodity. Think of what that has done to the reestablishment of civilian trade. Think of what it has done to the Christmas trade; think of what it has contributed to the present unemployment situation in Vancouver. There should be decentralization now; there should be some flexibility in this price fixing. If the people on the spot were given at least some measure of price fixation, within certain limits laid down in Ottawa, they would be able to do the job perfectly well and still prevent inflation, and at the same time get things moving.

Recently in this house we heard the Minister of National Health and Welfare say that his family allowances could not operate unless they were decentralized. He has only seven employees in Ottawa, and that is the kind of thing I suggest should be considered by the Minister of Finance at once in the hope of getting some speed in this matter.

The second principle that I suggest the Minister of Finance should look into is that of flexibility. I can give the committee an illustration which will show what I mean. At the present time there is a shortage of lath in the building trades. I have it from sources in Vancouver that mills are cutting up wood for firewood instead of making it into lath because under the vagaries of the wartime prices and trade board they get more for wood than they do for lath. If that is so, does it not show that there is need for someone from the wartime prices and trade board being on the spot in these various centres, someone who will go round, ferret things out and correct these maladjustments which are holding back reconstruction?

I know this, from having been told by an officer of the wartime prices and trade board, that during the war that body worked on the principle that if the fixing of prices forced a

man out of business they did not mind. That was all right during the war because there was an inexhaustible demand for labour in war industry, and if someone was forced out of an inessential trade he could get a job at once in a war industry. Now the circumstances are entirely different. You cannot afford, by your price control mechanism, to force anyone out of business, and you cannot afford to force him out of essential lines into other and less essential lines. Decentralization would tend to greater flexibility and provide more jobs.

Everyone in the house knows that deflation is one of the causes of unemployment. In our attempts to prevent inflation do not let us go to the other extreme and deflate and cause unemployment. Let us look at the situation and see whether in fact there are elements of deflation in the activities of the wartime prices and trade board. I know that everyone in the house is for price control, but it must be borne in mind that we have taken away the price incentive to do business. If we are to undertake to control the economy of the country in this way, then we must not do only half a job. We must do the other half by providing some incentive other than the price incentive to keep business going and to keep on expanding. I suggest that that must be looked into very carefully by the Department of Finance, particularly in relation to the situation in Vancouver.

Finally, I come to the Minister of Veterans Affairs. I suggest that his function is to co-ordinate the activities of all these other ministries, to hold out the bag so that they can put their nickels in and by that means get something done in connection with this matter. "Get cracking!" Finally, I urge upon the minister with all my strength that he should go out to Vancouver—

Mr. MACKENZIE: Nothing I should like better.

Mr. MERRITT: —and see, on the ground, what the circumstances are. He should talk to that citizens' committee and find out what the government can do to assist them; he should talk to the veterans and find out what their troubles are. And, having made that personal inspection, having talked to the people, he will come back here with many more ideas than I have been able to give him this afternoon—and I believe I have given him a few.

The most effective way in which problems such as those existing in Vancouver can be solved is by a minister of the crown making an investigation and, while he is doing so, getting behind the local movement and giving it the greatest possible boost. Let him show the employers that this civic effort is not some crazy man's idea but a great national effort to which all can contribute on behalf of the veterans.

The limit to which the government can go, in my view, was set out by Mr. Churchill at the time V-2 bombs were falling. He was asked what he was doing to stop them, and he answered in this way: "I was inspecting the damage done by one of the bombs the other day, when a man who lived in one of those houses came up to me and said, 'What are you doing to stop these things?' I answered him by saying, 'I am doing everything humanly possible'." This, I suggest, is the only limit this government can accept in a situation such as that which confronts the veterans this winter. When the government has done everything humanly possible, it has done enough. I do say, however, that at this time, and certainly in connection with the situation in Vancouver, very little has been done. Certainly not enough has been done, and that which has been done has not been sufficiently publicized out on the Pacific coast. At the present time the people out there are angry because veterans are unemployed. But, as I said when I first came to the house, they are just as angry because they do not seem to get any response from Ottawa when they attempt to lay their difficulties before the government.

Mr. JOHNSTON: Mr. Chairman, I should like to say only a word in this connection. I had not intended taking up much time at this stage, because all parties in the house were represented on the committee. I must however say a word about the speech just delivered by the hon. member for Vancouver-Burrard. I appreciate, as he does, the situation in which returning men find themselves, and I understand that in Vancouver the situation is probably worse than it is in any other part of Canada. But when any hon. member suggests that appeals should be made by one part of the country to another asking that people stay out of certain fields of employment so that veterans may be employed, I suggest that such procedure would not be for the welfare of the country as a whole. If the unemployed people in the prairie provinces, about whom he spoke, were to take his advice and stay home rather than go to Vancouver to seek employment, I do not know what they would do. Surely that is not a solution of the problem. I should expect the hon. member to have greater vision than that. Temporary

relief of unemployment in Vancouver certainly will not take care of the unemployment problem across Canada. I have no doubt the suggestion was made in the veterans committee that these returned men should be cared for and kept on full pay and allowances until such time as they might be properly rehabilitated. I should think that would be much more to the point than the suggestion that unemployed people in the prairie provinces should not go in search of employment, to Vancouver or anywhere else.

Mr. MERRITT: Does the hon. member know that those who are going out there are unemployed? It is my understanding that they are not, and that they are people who prefer to live on the west coast.

Mr. JOHNSTON: I think there may be some like that, but certainly not enough to create an unemployment problem in Vancouver. Surely that goes without saying. I do not know all the people in the prairie provinces, but I do know a good many of them, and I do not know many who are sufficiently wealthy to move to Vancouver just for the sake of participating in your pleasant climate. I know you have good weather out there; but I have been there and I have always found it costs a great deal of money to live in that part of the country.

I have only one further word to say in connection with veterans problems, and it will be a repetition of what I said when we were discussing housing. The government could do the veteran a great service if, in its veterans' housing plan, it would take precautions to see to it that the houses, when completed, offer the veteran something for his money. I have taken an interest in the building project in the last few years. I have watched the three different types of houses under construction, and I apologize to no one when I say that the houses being built under the veterans' housing plan will not give value for the money expended. The houses built under the veterans plan are of such materials that they will not stand up for any length of time. The materials being used are inferior by far to the materials used under the national housing plan. Even if the government has to add another thousand dollars to the cost of a veteran's house, it should be prepared to offer that amount as a grant to the veteran in order that he may have a better house. These men ought not to be expected to invest their gratuities in houses when they cannot receive value for the money they have invested.

[Mr. Johnston.]

I shall not speak at greater length at this time, because I understand the house is desirous of getting along with its work. So far as I know, members who served on the veterans committee did a good job. Certainly the reports we received from those of our group who were on that committee have convinced us that the committee did a worth while job, and that the legislation proposed will be a great improvement upon that which we have had. However, all depends upon the administration.

Mr. TUCKER: Mr. Chairman, our veterans committee was to meet at four o'clock. It would be my understanding that the committee would adjourn until we had completed discussion on this legislation.

Mr. SKEY: Mr. Chairman, I am the sixth member from this side of the house to speak on this measure, and it is significant that all six have seen fit to mention one aspect of the legislation, namely its administration and operation. I am sure it was the matter of efficient administration and operation that the committee had in mind, when it included the section granting the minister such wide powers. While hon. members realize that those powers add greatly to his duties, I believe they were inserted so that he might be permitted to interpret the spirit of the legislation and to implement the views of the committee.

Perhaps it was a certain uneasiness in the minds of all six hon. members which prompted them all to call attention to the unnecessary delay in granting benefits, narrow legal interpretations, tight rulings by the department, and close decisions by the treasury board. I know that such things were not intended by the veterans committee. I hope that great vigilance will be exercised by the members of this house in the interpretation of the spirit of this legislation; that the members will assist the minister in the exercise of his wide powers, and that the members will also include in their vigilance the Veterans' Land Act and the legislation having to do with gratuities and disability pensions.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

On section 7—Allowance during vocational or technical training.

Mr. LOCKHART: I do not intend to criticize unnecessarily what is in the bill, but I should like to point out one thing to the minister. I may be misinformed, but I am

told that special emphasis is being laid upon certain types of vocational training to the detriment of other essential services which are necessary.

Mr. MITCHELL: What has the hon. member in mind?

Mr. LOCKHART: I am going to prepare a memorandum about this. In my own line of business, I find that there are very few men taking up the type of work that would fit them into the building industry. We are going to be desperately in need of such men, because there has been no apprenticeship carried on for many years. Then there are men who prior to enlistment were engaged in lake transport and work of that kind. The other day the hon. member for Cape Breton South referred to the men who were not returning to the coal mines. I have tried personally to induce men who before enlistment had had training of this kind to go back to the same type of work, but many of them seem to be thinking about work in factories. I would urge upon the minister that strong representations be made to these men to the end that as far as possible they take up work in which they had some preliminary training prior to enlistment and not create bottlenecks in one particular line to the possible neglect of other essential services.

Mr. MACKENZIE: I am grateful to the hon. member for his constructive advice, and I should appreciate receiving a memorandum along the lines he has suggested. We have two types of counselling service. The first is the in-service counselling which a man receives before he leaves the service, and then we have trained 1,500 personnel counsellors through the cooperation of the Department of Labour, the Department of Veterans Affairs and the three services. These men are trained to be expert in giving the best possible advice to veterans. I should like to be advised if there is any inadequate advice being given, and if so it will certainly receive attention.

Section agreed to.

Sections 8 and 9 agreed to.

On section 10—Correspondence course, payment of cost.

Mr. ROSS (St. Paul's): In connection with these three sections I should like to know if the allowances vary in the different cities?

Mr. TUCKER: There is no variation.

Mr. PROBE: I should like to ask the minister a question with respect to the new hospital wing for veterans at the Regina general hospital. I have just received a written communication, the second of the kind that has come to me, with respect to the physiotherapy facilities at the Regina general hospital, which is under the Department of Veterans Affairs. I am informed that there is a large basement room available for physiotherapy purposes but there is no equipment. A question was asked of Doctor M. A. Carmichael, chief medical officer of the Department of Veterans Affairs, with respect to obtaining this necessary equipment. His answer was:

> We've been trying to get equipment for a long time but you just can't get if there's none to be had. This is a big show, there are forty or fifty other places demanding equipment from the government and they need it as badly as we do in Regina.

This newspaper article states as follows:

> Two weeks ago Docor Hartley Wilson, director of physical medicine, Ottawa, was in Regina and he promised to rush equipment as soon as it was available. Doctor Carmichael said he thought equipment would be coming through within a week or ten days.

This condition of affairs has existed for three or four months, as no doubt the minister is aware. The letter which I have received states that at the present time there is ample physiotherapy equipment in Dundurn military hospital to meet the needs of this particular wing of the Regina general hospital. Could the minister say whether steps have been taken to supply this equipment?

Mr. MACKENZIE: If they have not, they will be taken right away.

Mr. TUCKER: This matter was brought to my attention yesterday. I brought it to the attention of our medical treatment branch and urged them to investigate the possibility of moving this equipment from Dundurn military hospital.

Section agreed to.

Sections 11 to 18 inclusive agreed to.

On section 19—Regulations.

Mr. LOCKHART: I should like to make one general observation in connection with housing for veterans. So far as I can find out, no houses have been completed under the provisions of the Veterans' Land Act or the rehabilitation act.

Mr. MACKENZIE: Yes, but not many.

Mr. LOCKHART: I am told that it will be February, March, April or May before a good many of these houses will be available.

Mr. MACKENZIE: It is hoped that 2,700 will be completed shortly after the end of March.

Mr. LOCKHART: I am told that in certain parts of the country—I am not speaking so much of my own part—there is a growing opportunity to get possesion of more wartime houses. The situation to-day is that 4,000 returned men are out of work; thousands more are coming back week by week, and some 1,500 to 2,000 war brides are expected in the early part of the year. It would be a boon if these wartime houses could be occupied to the greatest extent possible, even if only temporarily. The situation is such that legal separations are even taking place caused by the lack of proper housing, and I would urge the minister to cooperate with other branches of the government service to make more houses available as quickly as possible.

Mr. MACKENZIE: I appreciate my hon. friend's comments. The matter was discussed by the committee when dealing with the veterans land bill. As my hon. friend is well aware, there are four housing agencies in Canada—in my opinion too many: the National Housing Act, Wartime Housing Limited, small holdings, housing under the Veterans Land Act, and private enterprise. I am speaking now not for the government; I think the first thing to do is to coordinate those four agencies into one. I do not think housing belongs to the Veterans Land Act at all. That is my personal opinion. We have 3,000 houses now in the course of construction, and 6,000 are projected for next year under the Veterans Land Act, I would hope that before long some central agency would coordinate all these enterprises. I think it would make for greater progress and better results.

Mr. KNIGHT: Mr. Chairman, I do not know whether I am in order in introducing this matter, but I am interested in the Canadian Corps of Fire Fighters. I presume that they come under the minister's care in the capacity of veterans. Is it true that the committee has reported favourably on their case? I should like the assurance of the minister that something has been done in committee for these fire fighters, or is in preparation. I feel that I owe that to them at least.

Mr. MACKENZIE: The fire fighters were in the first place under the Department of National War Services. Several orders in council have been passed providing benefits for them; not one hundred per cent in every case but eighty-five per cent of the benefits extended to those in the fighting forces have been extended to the fire fighters who were overseas. The committee will be completely free when it meets again next session to review the benefits extended to the fire fighters. I have had several interviews with them and have always found them very fair indeed.

Mr. JOHNSTON: I understood that it was practically agreed in the committee that the case of the fire fighters would be reviewed by the committee next session. I have representations to make on behalf of the fire fighters, and I have in the meantime passed them on to the members of our group who are members of the veterans committee, and who have informed me that the whole question of the fire fighters is to be gone into thoroughly next session. If not, I have representations to make to this committee.

Mr. MACKENZIE: The assurance I gave was that the terms of reference to the committee next session would be as broad and as comprehensive as the terms this session in regard to the welfare of any of those who served overseas during the trying time of war.

Mr. JOHNSTON: That is what I understood.

Mr. KNIGHT: I think the minister said that the matter would be reviewed next session. What I am interested in is an improvement in the lot of the fire fighters. It was my understanding that the committee was prepared to recommend an improvement, putting the fire fighters on practically a basis of equality with other returned veterans.

Mr. MACKENZIE: The committee is free to consider the whole situation.

Mr. KNIGHT: If that should not be so, I have a brief to present on their behalf at this time.

Mr. GREEN: I think the minister has not made the situation clear with regard to the fire fighters. Unfortunately the majority of the committee decided that they would not consider their representations during this session. Now the position is that the matter will be left over until next session.

Mr. TUCKER: Shortly the committee will meet to make its final recommendation, and this matter will be considered before it makes its final report. One suggestion I had thought of bringing before the committee was that they might recommend in their final report that an interdepartmental committee be set up to assemble full data on matters that we did not have time to deal with this session,

so that everything could be got in shape to enable them to be dealt with expeditiously next session. The things we have not had time to deal with this session will of course be taken up by the veterans committee next session. If such a small committee is set up to assemble data on matters that have been left over until next session, there will be included in them of course the submissions of the fire fighters and of those interested in their welfare, and that will be considered by the special committee.

Mr. ADAMSON: I understand that these are permissive regulations with respect to the passing of orders in council to meet the conditions which were adduced in evidence during the lengthy sittings of the committee; that the matter will be further studied and orders in council brought down and eventually incorporated in the statute as amended next session.

Mr. MACKENZIE: That is right.

Mr. ZAPLITNY: Have the orders in council that have been passed with respect to the fire fighters been tabled?

Mr. MACKENZIE: Yes.

Mr. SKEY: I notice that clause 2(n) says that "veteran" means

A person who has been on active service in the Canadian forces . . . including a person who has served in the Canadian Women's Army Corps.

Is that intended to apply also to the women's division of the Royal Canadian Air Force and to the Wrens?

Section agreed to.

Sections 20 to 22 inclusive agreed to.

On section 23—Unemployment insurance benefits to certain veterans of other nations.

Mr. STIRLING: Would the minister say what information he has as to the willingness of the allied nations to contribute in this way?

Mr. MACKENZIE: There have been representations from some of them, but not from all, indicating their willingness to contribute. We shall substantially increase the benefits up to the Canadian rates.

Section agreed to.

Section 24 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

VETERANS' LAND ACT

INCORPORATION OF PROVISIONS OF CERTAIN ORDERS IN COUNCIL

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved the second reading of bill No. 233, to amend the Veterans' Land Act, 1942.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—"Minister"; "veteran".

Mr. MACKENZIE: This bill, of which the second reading has just been endorsed by the house, is a bill to amend the Veterans' Land Act. Like the bill amending the War Service Grants Act, with which we have already dealt, this bill has been recommended to the house by the select committee on veterans affairs.

Mr. MacNICOL: Unanimously?

Mr. MACKENZIE: Yes. The committee's recommendation, which includes the draft bill, was presented on Monday, November 26, and appears in the *Votes and Proceedings* of that day. The act which it is proposed to amend was adopted in 1942, also upon recommendations of a committee of this house.

The amendments now offered represent for the most part orders in council adopted under the War Measures Act arising out of administrative experience and designed to increase the scope of settlement opportunities.

With the end of the war it has been deemed desirable that the legislation should be reviewed by a select committee of this house and that amendments having their sanction in orders in council should be embodied in the statute with the full authority of parliament. The select committee was also authorized by this house to consider the whole field of veterans' legislation and was invited to suggest additional amendments which might be deemed appropriate. These instructions the select committee has acted upon.

The bill now before us includes not only those provisions which had already been adopted by order in council but two or three additional clauses. The bill as recommended by the committee has been accepted by the government and is before the house in the form of a government bill.

Aside from orders in council, the two principal amendments recommended by the select committee are: first, a more precise definition of the service qualifications required of applicants for settlement under the act; second, a specific assertion that the acceptance of the benefits conferred by the act shall not dis-

qualify a veteran from taking his seat in parliament. With respect to the definition of service, it has been decided to follow the very carefully considered language of the War Service Grants Act. The desirability of the second new provision arises from the fact that numbers of members of the forces were members of parliament or have been elected to parliament. It did not seem in the public interest that veterans should be deprived of their reestablishment rights by reason of the fact that the people of Canada had chosen them to be their representatives in parliament. The other amendments, with one exception to which I shall refer, are those which had been adopted by order in council as the result of administrative experience.

One group of such amendments increases the ceiling prices for contracts of settlement. The original act, as passed in 1942, provided that the maximum cost of an individual settlement should not exceed $4,800. It was found that the administration could not acquire a sufficient number of satisfactory farms and suitable small holdings within that maximum. The new ceiling which has been in effect for some time is $6,000. Needless to say, there are some areas of very high quality land where farms and settlements cannot be acquired even at this price. However, by actual experience the director has been able to acquire close to five hundred thousand acres of farm land suitable for settlement within the ceiling now prescribed and, in addition, approximately twenty thousand acres of carefully selected sites for small holdings. The provision regarding ceilings recommended to the house by the select committee is, in form and substance, identical with the powers which the director has already enjoyed for some time under a series of orders in council.

The other major subject covered by this amending bill is the provision for enabling settlement to take place on provincial crown lands, upon Indian lands, and upon land within national parks or otherwise vested in the crown in right of the dominion.

To understand the history of these amendments, it is desirable that we bear in mind the fundamental purpose of the Veterans' Land Act. That purpose is the reestablishment of veterans, in this case the reestablishment of veterans with farming experience or a farming background, in farm homes, or upon small holdings where the cultivation of the soil contributes jointly with some other occupation to the maintenance of the veteran and his family. In order that this statement may not be incomplete, I should mention that commercial fishing is dealt with on a parity with farming. The important point in this context is, however, that our dominion legislation in this field is aimed specifically at the reestablishment of veterans on the land under conditions which offer reasonable assurances of success to the average industrious practical settler.

The Veterans' Land Act contemplates a loan and, under certain conditions, a free grant of a certain proportion of the value of the enterprise.

It was considered essential—and this was repeatedly emphasized by members from all parts of the house—when the act was under debate in 1942, that each individual settlement project should be carefully scrutinized from the point of view of both the qualifications of the veteran and the suitability of the land.

Provincial governments are also interested in settlement from the point of view of the opening up of new and unsettled lands in frontier areas. Representations were received from several of the provinces urging that the Veterans' Land Act should be modified so as to be of assistance in this regard.

There is, of course, nothing in the act to prevent settlement upon crown land where, in the judgment of the director and his advisory committees, the project offers reasonable assurance of success. It is well known, however, that a great deal of provincial crown land is wild land outside the settled areas, and that the man who undertakes to bring a tract of wild land under cultivation faces a certain element of risk. In practical experience we find very little such land that constitutes in its present condition adequate security for a loan such as is contemplated under the standard provisions of the Veterans' Land Act.

While the dominion and the provinces, for the reasons indicated, necessarily approached this whole subject from quite different directions, we considered that there need be no irreconcilable difficulty about combining the two purposes.

The legislation was designedly drafted in flexible form, because the proposals of the several provinces differed greatly from each other.

The contribution to settlement, which the dominion is prepared to make under these agreements, is a dircet grant not exceeding the maximum free grant, which accompanies a standard settlement contract on a developed farm.

The amount is $2,320, and the act requires that this sum shall be used for one or more of a variety of purposes set forth with great clarity in the section of the bill which is now being introduced. It is open to the provinces

to make some additional contribution to the settler's success, and several provinces have indicated their intention of doing so.

The order in council, which it is now proposed to incorporate in the act, has been at least partly justified by experience. Three provinces have already entered into agreements with the dominion and negotiations with three others are in an advanced stage.

The result is that the substantial number of Canadian veterans who were reared on our northern frontiers can, if they wish to do so, return to that part of the country whose ways and resources they know and understand. They can return to the frontiers and receive a substantial measure of state assistance under terms that are broad enough to permit them to undertake careers in which farming, fishing, forestry, trapping or a combination of several of these typical Canadian occupations, may contribute to their livelihoods.

An almost exactly similar provision was adopted with respect to Indian veterans who wish to settle upon Indian lands. Such lands cannot be given as security for a loan, but the Minister of Veterans Affairs is authorized to enter into an agreement with the Minister of Mines and Resources for the purpose of ensuring that members of our Indian bands, who have served nobly in the war, shall not be denied assistance in settlement upon lands within Indian reserves.

While these clauses were under consideration by the select committee, another problem arose which was dealt with in the same way. Numbers of members of our armed forces were born and brought up in such towns as Banff and Jasper, which are situated within national parks. It is dominion government policy that such lands may not be alienated, and cases arose where residents of park lands were unable to enjoy the benefits of the Veterans' Land Act by reason of this fact.

Accordingly the select committee has recommended—and the government has accepted the proposal—that the Minister of Veterans Affairs shall be authorized to enter into an agreement with the Minister of Mines and Resources providing for settlement on park lands or, indeed, any other crown lands for which the Minister of Mines and Resources is responsible.

I am advised that the provision is broad enough, for instance, to cover settlement in the Northwest Territories, if such a case should arise.

In submitting this bill to the committee, I think we should endorse without the slightest hesitation the recommendations of the very able committee of this house who gave their fine consideration to the measure.

Mr. ROSS (Souris): The committee agreed to recommend this measure unanimously, in so far as it now stands, with certain reservations, on the understanding that at the next session the committee could be reconvened and then offer any further amendments that might be necessary to take care of provisions not now contained in the bill. As pointed out, a committee of sixty ex-servicemen gave lengthy and detailed study to the matter, under the able chairmanship of the hon. member for Rosthern (Mr. Tucker) and the discussions were at all times non-partisan.

The original Veterans' Land Act was set up, as the minister has stated, after a careful study by a special committee of the house in July, 1942. The preamble made it clear that the proposed measure did not restrict its terms to full-time agriculture, and although the principal objective was for full-time agricultural settlement, a veteran might secure a holding and be assisted in settlement even though he had other employment.

The total expenditure per settler was at that time $4,800, of which $1,200 might be for stock and equipment; section 13 has been amended to provide a maximum of $6,000, the rate of interest being three and a half per cent; and after ten years of settlement under the contract a maximum of $2,320 of this $6,000 becomes a grant to the settler.

The bill was founded on the principle that the veteran should have a substantial equity in the land. Mortgage companies used to contend that a farmer should have a fifty per cent equity in his land in order to be assured of success. The central mortgage bank was founded on the basis of a twenty per cent equity, and this bill provides a forty-three per cent equity, including ten per cent paid down by the veteran when he procures settlement.

Post-war farming has been considered, first, as a way of life and, second, as a business. There is a difference there because, after all, it has been considered by governments in the past that it was essential to have a number of people decentralized to settle on land. First, let us look at farming as a way of life. When it comes to business there are difficulties that crop up periodically. Great changes have taken place in agricultural production in the past few years. Mechanization has displaced many farm hands. During the war years British agriculture has become the most highly mechanized in the world. That is something different from the condition which obtained a few years ago.

There is no provision in this bill for settlers to purchase power equipment cooperatively, and $1,200 will not go far in that direction.

That is something which I should have liked to see attended to, but I do not wish to make an issue of it at this time. We must recognize, however, that if the scheme is to be successful the principle of parity must be taken into consideration. In this connection I would quote briefly from a statement I made in July, 1942, when the act was set up. I should like to read what I said in regard to the question of parity:

May I say at the beginning that if it were not for the fact that I have some faith in the future, and a hope that agricultural parity will eventually be established in Canada, I would not have been able to support the bill even in principle. In the great nation to the south of us, the United States, there has been parity between agricultural and other products for a year now, and under the Washington wheat agreement of June 27, 1942, signed by the Argentine, Australia, Canada, the United Kingdom and the United States, the representatives of these nations have recognized the basis of a parity price for wheat which will return a fair remuneration to the producers as well as being fair to the consumer. On the basis of these agreements, and having regard to what has been done in the United States, I think we may hope that we are doing these settlers justice by establishing them on the land, because we hope that they will be able to carry on under parity prices, in the future at any rate. As I say, if it were not for that hope I for one could not have supported the bill.

As I said then, if it had not been for that hope I could not have supported the bill in July, 1942. I regret that the pious hope which I had at that time has not materialized effectively. During the past three and a half years we know what has happened in connection with wheat agreements, and how international conferences have fallen down in this respect. Agricultural producers in western Canada alone, as has been pointed out in other debates, are receiving, as a result of controls, approximately $255,000,000 less for this year's grain crop than they would have received on the open markets of the world, and live stock and dairy produce are on a par with grain. We have taken from one-third to fifty per cent less, while the implements of production which these settlers must purchase are on the basis of open world market prices.

According to western real estate men who appeared before the veterans committee, land values have risen twenty-five per cent since the beginning of the war. Now the ceiling price on grain is on the average a little better than twenty-five per cent over our present floor prices. You can see, therefore, the necessity of some basis of parity. No provision is made for that in the present act, should we enter into another depression, and these settlers will be caught in a deflationary set of circumstances. There is no provision to assist the veteran to start in business. That should have been taken care of in the rehabilitation act. If a young veteran with financial means of his own wishes to start up in business, he finds under the controls that are in force to-day, and the priorities, that he cannot procure the necessary goods without being forced into partnership with someone who is already established. This applies to men and women alike.

Section 35 was amended to facilitate the negotiation of agreements with the various provinces for the use of their provincial land to provide for assistance to veterans. These agreements provide assistance to veterans as farmers, as small holders, for forestry establishments, for commercial fishermen, for trappers and so on, with a grant up to $2,320.

As mentioned by the hon. member for Royal, speaking of the north country, I believe that in this great dominion we are fortunate to have vast undeveloped natural resources, mining, lumber and so on, and this provision certainly assists the veterans along these lines. There are great possibilities in this respect.

With regard to administration, the director stated that some of the delay during the first years of this war had been deliberate on the part of the administration. As the committee will realize, wives must appear with the husband before the settlement committee. The committee must be assured that the wife is qualified to carry on as the husband. Many thousands of our men married overseas. Many of those men are home and their wives cannot as yet obtain passage to this country. There are many embarrassing situations, and with the present unemployment in Canada the veterans are here and the wives overseas. The men are spending their allowances of one kind and another looking for work or settlement. A small article appeared in one of the last issues of the paper from the veterans' department, carrying this heading:

Wife a Burden?

A veteran applying for benefits under a section of the Veterans' Land Act which authorizes a loan at three and one-half per cent to pay off a mortgage on property already owned, was told to bring in a list of his encumbrances. He brought in his marriage certificate.

There is really a lot to that. It is an encumbrance to the poor chap under circumstances as they exist to-day. There are many thousands of such cases. While I would not urge that our men should stay overseas, I would hope that some transportation could be made available to get those wives back to this country as soon as possible. That is very important.

The original intention of this act was for land settlement rather than small holdings. In my opinion, the efforts of the administration have been directed more to centralization of small holdings near, and in some cases, within large cities, than land settlement. We all realize that everything possible must be done to provide housing for the veterans and their dependents.

My colleague, the hon. member for Royal, made an urgent appeal to the people of Canada along that line, and I trust it will be heeded by them. The cost of constructing these houses has risen from 35 to 50 per cent since the commencement of the war. We all know how difficult it is to get houses in this country to-day. We have wartime housing, national housing and our Veterans' Land Act, and all centralized. I do not think we should follow the principle of setting up communities in this country. I know it is difficult at the present time to do otherwise because of controls. It is necessary that materials and all that kind of thing be purchased in the mass through cooperation, and therefore it is difficult to get away from controls. But I am afraid it does not augur well for the future of this country. I should like to see decentralization take place along that line as quickly as possible. Personally I am opposed to centralization of these veterans' settlements, especially when there is no assistance at present in this set-up for individuals who want to get back to the place from which they enlisted, the small village or town in the country. While provision is made to improve the present difficulty, at the present time it is almost impossible to carry out the arrangement.

I was reading some of the debates that took place in 1942 when this act was under discussion. At that time some hon. members of the government pointed out they hoped that centralization of veterans' communities would never take place in this country. It may well be that the administration of land settlement and small holdings will have to be separated in Canada, because it is most important that we provide housing for those people, and to have both phases properly carried out. It may be necessary to separate them and to set up two boards of administration.

On November 1, 1945, there were 18,705 applications for qualifications for establishment under the act either for farming or for small holdings. It is estimated that by the end of 1946 there will be over 35,000 applications in the dominion. Of these it is estimated that 17,400 will be established by the end of 1946 as follows: 6,420 as farmers; 10,225 as small holders and 825 as commercial fishermen.

In my view this new bill is good as far as it goes. It is an excellent bill and a great improvement over the old Soldier Settlement Act. But as I have already pointed out, there are shortcomings. We wish to facilitate the passing of the measure just as quickly as possible to assist the veterans and their dependents. The veterans' committee of the house have worked hard and given of their best. We have the assurance that such a veterans' committee will be reconvened immediately after the commencement of the next session of parliament, and that further amendments covering the points I have raised will be permitted. All of us who have been close to this situation realize that within the next two or three years new problems pertaining to the rehabilitation of our veterans and their families will be cropping up, and that members associated with that work in this parliament will be called upon to give close attention to this committee for the next two or three sessions of parliament.

Mr. WRIGHT: As the minister has said, this bill was reported unanimously from the veterans affairs committee. There were several reservations in the minds of hon. members, not only in the group with which I am connected but in other groups in the house, as to the sufficiency of all the sections of this bill to meet the purposes for which it was passed, namely, permanently to establish returned men in civilian life on farms. I believe that was the original purpose of the act, although, as the last speaker and the minister have said, there was another clause introduced in the act, namely, the small holdings clause which, while not displacing the main part of the act, has assumed an important place in it. Personally I think it has a place in Canada and should be encouraged.

While in some of the things I say with respect to the bill as it stands at present I may appear to be critical, I want it clearly understood that I believe that this bill is an improvement on the old Soldier Settlement Act. I had a lot to do with that act, and with the people who settled under it, and I am sure that this measure is an improvement over the old act.

I have three main objections to the bill, which I believe caused the failure of the old Soldier Settlement Act, and they have not been entirely eliminated in this bill. In the first place, under the old Soldier Settlement Act land, stock and equipment were bought at inflated prices. They were bought in 1919

and 1920 when, as everyone knows, prices in Canada were inflated. As a result, under that act the settlers found themselves in great difficulty. In the second place the failure of the old Soldier Settlement Act was due to the fact that in settling under that act the soldier did not have sufficient equity in his land. He made a ten per cent payment and the rest of the debt was charged against him. As the hon. member who has just taken his seat has said, no mortgage company will accept loans on that basis. No mortgage company would grant a loan of ninety per cent on the land. In most cases fifty per cent is the maximum that they will accept. In the third place I believe that the old Soldier Settlement Act failed because the soldier settling under it did not have enough capital to make a success of his business. In many cases he was operating an uneconomic unit.

Let us see what we have done to eliminate these three main causes of the failure of the old act. When this act was drawn up in 1942—and I was on the committee along with some other members of this house who reviewed it—we made certain suggestions with respect to improvements in it. Some of them may have been accepted, but others have not. I believe that they will eventually have to be accepted before the act can be the success which we all hope it will be.

Are we settling settlers under this act at inflated prices? I believe that we should ask ourselves that question. Is the land that we are buying for the soldier settlers under this act being bought at its true value, or what may be its future value in Canada? The evidence given by real estate dealers who appeared before the committee of the house was that land prices had increased by approximately twenty-five per cent. Some who appeared before the committee were unable to express an opinion, but of those who did, that was the lowest figure at which they placed the increase in the value of land over the 1940 value.

My personal experience is that, at least in the better farming areas of Canada, there has been an increase to an extent of at least fifty per cent over farm land values which existed in 1940. Again we are settling our returned men on lands which are being sold at values considerably enhanced over those of 1940. This would be all right if we had any assurance that land would remain at those prices, or that agricultural prices would remain at their present levels. Under those circumstances land values would become stabilized at present levels.

But we have no such guarantee. As a matter of fact, the floor prices which now exist in respect of cereals, and which have been established by the government, are at least twenty-five per cent below present prices. If we allow the prices so set to become permanent floor prices, then certainly we are faced with a deflation in farm values. Many of the soldiers who are being settled, under these circumstances, would find their equities disappear within the next few years.

For the moment let us consider stock. When the men come back they will have to buy stock. Any hon. member who has had any connection with agriculture will know that the present price of a milch cow in Canada is from $150 to $200. That is the price for any reasonably good animal. Similar animals could have been bought in 1939 or 1940 for from $75 to $100. Again, when we proceed to buy stock for these settlers, or when they spend their $1,200 for stock and equipment, they will be asked to spend it in an inflated market. While we have made some attempt to stabilize prices in Canada, and have had a certain measure of success, those prices will not remain stable unless we maintain for our agricultural products floor prices at or near present price levels, or the present selling prices of those products.

Let us now consider the second point, namely the equity the soldier will have in his land. In this respect the present measure is a great improvement over that which was found in the old soldier settlement scheme. The original act passed in 1942 set aside $3,600 for land and buildings and $1,200 for stock and equipment. The $1,200 was a grant to the soldier, provided that he retained possession of the land for ten years. He also received a rebate of 33⅓ per cent of the $3,600. This left him an equity of about fifty-five per cent in the land and equipment under that agreement after he had made his ten per cent initial payment.

We stated at that time that we did not believe $3,600 would buy a proper unit for farming purposes in Canada. The director, and some others who appeared before the committee in 1942, seemed to think we were wrong. However, when the act was put into operation they found they could not secure land at that price, with the result that by order in council the amount for land and buildings was increased to $4,800. It was found later that even this would not buy the necessary amount of land, and another regulation was passed allowing the $1,200 granted for stock and equipment to be used for the purchase of land.

I am reasonably sure that those men who are out to-day buying land under the authorization of the Veterans' Land Act are getting

very little more in land value for their $6,000 than was obtained in 1942 for $3,600. There has been an increase in land values to approximately that extent.

The $1,200 now being allowed in the purchase of land is not allowed by way of a grant. Rather it becomes part of the loan, and only 33⅓ per cent of it is written off. This makes a difference of about $920 in the equity a soldier would have in his land. It was the intention of the government, as stated at that time, to see that the soldier had a real equity in his land. I maintain that this $1,200, which can be used for the purchase of land, should be a grant, the same as it would be if he used it for the purchase of stock and equipment.

In my view, many failures which took place under the old soldier settlement scheme could be traced to the fact that the soldier did not have enough capital with which to work an economic farming unit. Surveys which have been made in Canada by various agricultural colleges as to what is required by way of capital to operate a successful farming unit show, in almost every instance, that up to a certain amount, the more capital one has invested, the greater are his chances of successful operation. As a matter of fact, it is recognized to-day that a successful farming operation cannot be carried on without a capital investment of at least $10,000, and that there is a much greater likelihood of success if the investment is about $15,000. With the greater investment one stands a much better chance of success than with the smaller one.

Again, that greater investment gives the farmer a better chance to educate his children and to enjoy some of those amenities of life to which, in my view, the farm population are entitled, just as much as are people living in the cities and towns. To enjoy these amenities the farmer must have a capital investment sufficient to enable him to operate an economic unit. In my view $6,000 is not enough nor do I think it is enough to establish a returned man on a unit on which he would have a chance of success, or of educating his children, or of giving them the proper medical attention or of those other amenities of life to which we in Canada believe we are entitled, and which some cannot have.

I have some suggestions which I offer for the consideration of the committee. In the first place, I believe that payments under the act should be made on a parity basis. When the act was before the committee in 1942 I suggested the insertion of the following section:

> In any year during which the selling price of the commodities produced by the veteran falls relatively to the cost price of the goods and services purchased by him as compared with the similar selling and cost prices which prevailed during the year in which this act will have come into force—to be known as the base year—the payments due shall be reduced by an amount proportionate to the decrease in the purchasing power of the agricultural products in that year as compared with the base year.

Those payments would be considered payment in full for such year. I feel sure that, if some such section were in the act, the settlers who would come under its operation would have a much better chance of success than they have at the present time. After experience, it is my belief that, had the old soldier settlement scheme under which the settlers were placed had a section such as the one I have suggested, there would not have been constant applications to Ottawa during the years for revisions of the act for the purpose of making it possible for soldier settlers to remain on their lands. Even with all the concessions that have been granted, of over 25,000 who settled on the land only a little more than 4,000 have been able to complete their payments up to date. Unless we introduce some parity clause in the present land act we shall find ourselves again facing the same difficulty. Delegations of soldier organizations will be coming to Ottawa in five or ten years trying to get some revision made to the act. The soldier does not want charity; all he wants is justice and a fair chance in our Canadian economy. He can get that only if we have some such clause in the act.

The second thing which I believe should be done is to make more capital available to the settler. As I stated before, I believe it takes at least $10,000 to operate an economically equipped unit, and that much capital should be made available to the settler under the act. It need not necessarily be a grant; it might be a loan. With the way in which payments now operate we could increase the total loan to $10,000, so that an economical unit could be obtained by the settler. He would then be able to get sufficient stock and equipment to work it in the way in which it should be worked if it is to be a success.

The third thing which I believe should be done is to try to make more land available to the settlers. The board is having a great deal of difficulty in getting land which it wants. We were told in the committee in 1942 that in all probability there would be 100,000 applications under this act for permanent farm holdings during the first three years after the completion of the war. I believe that to date we have had some 35,000 applications for

small and permanent holdings, but as yet we have settled only a small number because we have not the land available.

In certain parts of Canada large areas of land are being held by different companies. Originally this land was given to these companies as grants. Such grants were made to the railroads, to the Hudson's Bay company and to others. Some of this land is still unsettled; it is still in the raw state, but it is fairly close to railroads, schools and various other amenities of life. The government should try to obtain land from these companies and make it available to our returned men. These men should not have to go back thirty, forty or fifty miles from a railroad to settle on provincial land unless they wish to do so. In many cases these men would prefer to have land closer to railroad facilities, closer to markets and in places where they could receive better medical attention and have better school facilities for their children.

The fourth thing which I suggest the government should do is to permit a settler to use the $1,200 which he receives under the act for stock and equipment cooperatively with other settlers. Anyone who has had anything to do with farming knows how far $1,200 will go to-day in buying stock and equipment; it will just not go anywhere. The average farm in eastern Canada has at least $3,000 to $4,000 worth of stock and equipment. The average grain farm in western Canada has from $5,000 to $7,000 worth of equipment. If four or five returned men were allowed to pool their $1,200 cooperatively to buy equipment they could then purchase a reasonably economic unit with which to operate their holdings.

It was suggested in the committee that this could be done by each one buying his own equipment and then lending it to the others. Anyone who has been on a farm knows that that would not work out. There is much heavier upkeep on one piece of equipment than on another. A man may have a seed drill costing $400 and the upkeep would be quite small. Another man would have a binder upon which the upkeep would be higher. A third man might have an engine upon which the upkeep would be still higher. The only successful way to pool the use of equipment is cooperatively, to have the equipment owned and operated by the group.

Another way in which the settler could be assisted would be to make available tools, trucks or other equipment which are now under the control of War Assets Corporation. These should be made available to the settler direct without having to go through two or three hands with the consequent commissions having to be paid. When the Minister of Munitions and Supply was before the committee he stated that the Department of Veterans Affairs would be given an opportunity to purchase this equipment. I suggest that the branch having to do with the Veterans' Land Act appoint a purchasing agent who could go to War Assets Corporation and obtain such equipment as may be used on the farm.

I know something of what it is to try to operate a farm with poor equipment. I tried to repair machinery which I had obtained under the old soldier settler board for the first four or five years I was on the land; I tried to work with a monkey-wrench and a piece of baling wire, but I found it discouraging. There are millions of dollars worth of tools and equipment now in the various camps and air force depots across Canada which could be used to good effect by the settlers who will be settled under this act. I strongly urge the minister to appoint a purchasing agent who could make out a list of what would be a reasonable set of tools for a settler. Then purchases could be made from War Assets Corporation and these tools made available to settlers who may want them.

Mr. REID: He could not carry on without baling wire.

Mr. WRIGHT: He will probably need a lot of baling wire as well. A farmer to-day has to be a jack of all trades. He has to be a motor mechanic; he has to be a blacksmith; he has to be a carpenter; he has to be a tinsmith, and he has to be many other things. He would find things much more pleasant and helpful if he had the necessary equipment to do the job.

Many of these settlers are coming to the local offices set up under the Veterans' Land Act where they are shown what land is available. This land may not be in the district in which they want to settle. They are then told to go out, secure a suitable piece of land and report to the office. If the price is suitable, if the land is found to be reasonably good, the application will be considered. But it costs the returned man money to go out and look for land. I would suggest that some facilities be provided for settlers who are going out to look for land. At least a car should be placed at their disposal so that they can go out and select their land. Most of these boys have not too much money, and they will have to pay ten per cent of the cost and meet other expenses until they become established.

With respect to the small holdings, perhaps at the present time it cannot be avoided, but most of the building on these small holdings is being done by large contractors, who will

put up twenty or thirty or forty or a hundred or two hundred houses, which are then sold to the returned men. Perhaps that is the only way in which this scheme can be operated at the present time. But just as soon as that method can be changed I would suggest to the minister that the veteran be given an opportunity and assisted to build his own home. With most of the successful cooperative housing schemes that we have in Canada, the measure of their success has largely been the measure in which the individual himself took part in the building of his own home. In cooperative housing schemes in the mining and fishing centres of Nova Scotia, for instance, groups of men would get together, study their own housing problems and then plan and build their own homes. In that way they built a home that was much cheaper and much more satisfactory to them as individuals than any house built by a large contractor could have been.

There are a large number of men returning this winter, and many of them will be out of a job. I would suggest that the department organize them where they want to go on small holdings and have study groups to study their housing problems and plans for their homes or small businesses which they wish to establish, and then get them to work on these things themselves. In that way you would find a much better satisfied group of people than if you put them into houses built for them by large contractors. There would be more personal satisfaction for the men themselves who had helped to build their homes with their own hands and more satisfaction for their wives who had helped to plan their own homes. There is nothing which gives more stability to a community or to a country than the ownership of a piece of land and the building of your own home. When you have planned and built your home yourself you do not leave it lightly. You will find a job in that community and remain there in all probability for the rest of your life. If such a plan were adopted I believe that it would stabilize, to some extent, at least, the fluctuations of population, the travelling from place to place by men looking for jobs.

These are just a few suggestion which we believe should be incorporated in the present act. We feel that when the house next meets we must be given an opportunity to review this act once more to study some of the suggestions that have been brought forward and to bring them to the attention of the government perhaps in the form of resolutions from the committee so that we can get action upon them.

Mr. HERRIDGE: I wish to express my pleasure at having been on the veterans affairs committee. It has been an interesting experience to me. I have been interested to notice the non-partisan way in which the committee faced its problems and I hope it is a good omen for the future. I am sure of this: when we come to deal with the difficult problems that will face us, if we face them in the spirit of the committee, I have no fear for the future.

I wish personally to express my thanks to the minister, and to the officials of his department for their excellent cooperation in dealing with veterans and related questions in my own constituency. I am particularly interested in this amending bill that has been brought down, and for this reason particularly, that a large number of returned men in British Columbia will welcome the legislative powers given in section 6. That is the section which makes it possible to make capital grants to veterans settling on provincial lands. I believe that this section will prove to be one of the most successful of the whole act. I have on several occasions heard people minimize this form of settlement, but I think the future will prove that a greater percentage of men have been settled satisfactorily under this section than any other section of the Act.

In my own district we have large numbers of men who are interested in part-time farming in association with lumbering, mining, trapping and, in some cases, prospecting. I am not pleading the case of the capitalist farmer who requires a $10,000 starting investment, but the case of the proletarian farmer, as I am a socialist. We have large numbers of these in the interior of British Columbia who would like to have a small acreage of land and keep a cow, a pig or two and cultivate a few acres of fruit and hay and who, having some other occupation, will be able to make a satisfactory living. I am pleased to see this section incorporated in the act. I would ask the minister to do everything possible to see that an agreement is reached with the government of British Columbia, so that men wishing to settle under this section may be able to do so at the first opportunity. I have heard mentioned on one or two occasions that the settlement of these men would have to wait until the dominion-provincial conference had concluded. I do not see why that should be necessary, and I hope that the minister will do what he can to see that an agreement is reached with British Columbia, so that the men who are waiting to take advantage of this section can go on provincial land in the near future.

Mr. FARQUHAR: May I ask the minister whether the grants work out equally for the man who pays $6,000 for his farm and for the man who pays $5,000?

Mr. TUCKER: It depends upon whether he puts it all into land or part into machinery. If he puts it all into land he does not get as much as if he also buys machinery. The entire cost of machinery up to $1,200 is ultimately cancelled if the veteran carries out his contract. If none is put into machinery he does not get cancellation in regard to the machinery. It all depends on the amount invested in machinery.

Mr. FARQUHAR: He gets it all in land or land and machinery?

Mr. TUCKER: He could put $1,000 of it into machinery and $5,000 into land, and then he would get a cancellation of the machinery in addition to cancellation on the land.

Mr. FARQUHAR: It does not work out in the same way?

Mr. TUCKER: No.

Mr. JOHNSTON: How would that apply to soldiers who are taking advantage of provincial legislation and getting their farms free after living on them for ten years? Take, for example, the plan in Alberta, where they have agreed to set aside a certain amount of land, and after the soldier has lived there for ten years, with no taxes to pay on it or anything, he is given free title to that land; would the soldier there be entitled to this grant for buying machinery, cattle and equipment?

Mr. TUCKER: Under the terms of the agreement he can get up to $2,320, and of course that can be used for the purposes set out in the act.

Mr. JOHNSTON: That is the direct grant? That is what the hon. member called a while ago the free grant?

Mr. TUCKER: That is the maximum he could get if he were using the assistance to buy machinery and land, and if he goes under the agreement with a province he can get the maximum amount of $2,320 for such purposes as clearing the land, purchase of buildings, purchase of live stock, machinery and so on, as set out in section 6 of the bill.

Mr. PROBE: While the hon. member to my left has been putting in a silent plug for the province of Alberta.

Mr. JOHNSTON: They took the lead.

Mr. PROBE: —would it be possible for the parliamentary assistant to indicate the provinces which already have agreements with the Department of Veterans Affairs?

[Mr. Herridge.]

Mr. TUCKER: As I remember it, Saskatchewan and Alberta.

Mr. GIBSON (Comox-Alberni): And British Columbia?

Mr. TUCKER: British Columbia, as I remember, is not yet included in those with an agreement, but they are negotiating.

Mr. McKAY: Just a few words in support of what the hon. member for Melfort has said about what he regards as the inadequacy of some provisions of the Veterans' Land Act. He has stated the views of this particular group, and it is not my purpose to supplement his remarks in that connection. But I would say this in so far as the activities of the committee on veterans' affairs are concerned: I feel that that committee has done an excellent job, not because I was one of them—

An hon. MEMBER: Partly because—?

Mr. McKAY: Yes, partly. I do not think I have worked on any committee which has done such excellent work in such a short space of time. I believe I am right in saying that some thirty meetings or more were held, most of them of two hours' or more duration; they were conducted on a non-partisan basis, and the debates were more or less cutting across party lines every day. I would commend to the minister the suggestion that it would be an excellent thing if that committee, or one just as nearly like it as possible, could continue the work on behalf of the veteran, because I do not think there is any legislation before the house to-day or likely to come before the house in the near future which will be more important.

Mr. MACKENZIE: We will appoint the same committee.

Mr. McKAY: One of the most commendable amendments of the Veterans Land Act is that which has to do with the extension of the provisions of the act to our Indian veterans of this war. Some of these Indian boys served in two wars, and they did an excellent job; they fought for our democratic principles; and I believe that this amendment which extends the provisions of the act to the Indian veteran is a step in the direction of granting full rights of citizenship to this fine body of people. By failing to provide for them we were guilty of a certain discrimination against a people who have always sacrificed for Canada when they were required to do so. They have been called to the colours at least three times in not a great many years, and they have acquitted themselves most commendably. I feel that by removing that

act of discrimination against them, in so far at least as the Veterans' Land Act is concerned, we are doing something for which this country will acclaim the work of the veterans affairs committee and this house of parliament. Not only is it a fair and just thing to do, but it is a step to eliminate as much as we can this thorn in our flesh which we call racial discrimination. I hope that the work of committees of this kind will be extended and will bear fruit along the same lines in other sessions.

Mr. MUTCH: Most of those who have spoken on this bill this afternoon have been people on the opposition side of the house; but since in this committee the question of opposition does not arise, perhaps I should not have used that word. I think everyone who has spoken this afternoon has referred in complimentary terms to the cooperation of the committee and its lack of partisanship; indeed, most of them have spoken in complimentary terms of the cooperation received from the minister, the chairman, and the officials of the department. I know that both the minister and the chairman are much too modest to acknowledge even these compliments in the committee of the house. But as one of the supporters of the government, one who by the way, has sat on all or most of these committees since 1936, I would say that the debate this afternoon has been truly indicative of the interest of that committee in the veterans themselves and of the uniform desire of the members of that committee to really accomplish something.

However, it is not primarily of the things which we have jointly accomplished that I wish to speak at the moment. I should like to suggest to the minister and the committee what, it seems to me, remains to be done. One of the most important things which this committee will have to do when we meet again, as I understand we shall do, is to define, more accurately than we have been able to do in any except the first bill which they brought in this year, what amounts to a dishonourable discharge from the service, and to make sure that the application of that particular discharge does not diminish the benefits which are available. For instance, I am told that at the present time it is impossible, or most unlikely, for anyone who has been dishonourably discharged from the service to be established under the Veterans' Land Act, and yet I am pretty sure that there are worse disqualifications than dishonourable discharge. It might be that a man is dishonourably discharged for an act of insubordination, beating up the sergeant-major, or something of that description, which from a military point of view might justify dishonourable dismissal from the service in order to make an example and to preserve discipline. The same pugnacious tendencies might not be any handicap to a man who is attempting to reestablish himself on a prairie farm. I think the word should go out to the interested veterans across the country that the committee are seriously concerned about that particular phase of rehabilitation and reestablishment, that it is not a dead issue, that we are united in the committee to see that when we meet again it will have further consideration, and that we shall more definitely define this provision in all the various enactments on the subject in this parliament.

Mr. REID: A few minutes ago the hon. member for Kootenay West mentioned a few things about the government of British Columbia and the dominion government coming to an agreement with regard to lands offered by the dominion government. Could the minister give us a statement regarding the matter, because I have taken exception to the conditions put in the offers of grants by the British Columbia government, and I have predicted that the plan will not be a success, owing to the regulations or the requirements for entry on the million acres which they are providing. One of the requirements is that any returned soldier taking advantage of the scheme must have enlisted from the province of British Columbia.

Mr. HERRIDGE: I objected to that.

Mr. REID: I think a protest should be made against it. At the present time there are being discharged in Vancouver greater numbers of soldiers than originally enlisted from the Pacific coast. I feel sure that many of these men would like to take advantage of that offer; and I can say this without fear of successful contradiction, that those who have been raised in Vancouver and in the Fraser valley will not be very keen to go up into that district where the million acres which have been offered are located. They will not go there, and those who come to the province and would like to go there are debarred by these regulations of the provincial government. This can be said in fairness. The men who offered their lives did not offer them solely for British Columbia but for the whole of Canada, and yet they cannot take advantage of the regulations if they did not enlist from that province. I do not know whether the minister cares to explain it, but it is my information that that is one reason why the agreement has not been completed between the provincial government and the dominion. If so, steps should be taken and every argu-

ment used to persuade the provincial government to amend the regulation, because I think it is deplorable.

Mr. JOHNSTON: The minister should also consider doing the same thing under federal legislation that the province has been trying to do by provincial statute in the effort to assist returned men. The federal government could easily give land to the soldiers without compelling them to buy it. They could make a grant of the land. Surely if the provincial government can so arrange its affairs as to give land outright to a soldier after he has lived on it for ten years, without an accumulation of taxes, and without one cent of debt; if the province in its small way can do that, the federal government can certainly do the same throughout Canada.

Mr. MACKENZIE: I am in entire agreement with the suggestion of the hon. member for New Westminster. I do not think there should be any regional limitation upon any land settlement of veterans in Canada. The whole question is one of suitability of the soil, economic availability of it, and suitability of the settler. We have gone through all this land very carefully, and it is going to cost the settler a great deal of money for the clearing of much of the land, so that I fear that in a great deal of this land there may be placed on the settler a burden such as was imposed upon him in 1919 and 1920, when too high prices were paid for land. If any agency or government were prepared to have it cleared, giving the benefit of the clearing to the settler, it would be a different question. I may tell my hon. friend that we have reviewed all that land. There are areas there that can be developed of course, but in many cases, I fear, unless one government or another assumes the cost of clearing the land itself it will be an impossible burden on the settler.

Mr. JOHNSTON: Surely the minister knows that Alberta has suggested an arrangement between the federal government and the government of that province to do the very thing he asks. Why cannot the federal government come and assist the government of Alberta? It would not cost the returned man one cent, because the proposal is for the federal and provincial governments to take that responsibility. If Alberta can do it, I am sure the other provinces can do it, and I do not see why the federal government cannot render such assistance.

Mr. MACKENZIE: We have gone very far with Alberta, as the agreement which has been signed will indicate.

[Mr. Reid.]

Mr. JOHNSTON: But they are a progressive province and you should follow their lead.

Mr. GREEN: I had not intended to say anything about the situation in British Columbia until section 6 of the bill came up for discussion, but seeing that other members have already brought up the matter and that the minister has dealt with it I should like to say a few words. I am convinced that both the dominion government and the government of British Columbia are trying to do their utmost to help the veteran to get on the land. Some suggestion has been made in the remarks we have heard that the provincial government is not doing the fair thing.

Mr. MACKENZIE: I did not suggest that at all.

Mr. GREEN: Certainly there is something wrong somewhere, and perhaps both governments are to be condemned for not getting together and entering into an agreement. The provincial government over two years ago set aside a million acres, which, as I understand, was to be given free to the veterans. The provincial government, rightly or wrongly, restricted that to veterans who had enlisted in British Columbia. I think they should have asked for some provision such as priority to the men who enlisted in British Columbia. One reason they took that position was that so many men kept moving into the province who had not enlisted from British Columbia, although we have the highest enlistment record in Canada. I believe that Prince Edward Island and British Columbia are equal. I do not doubt that some change could now be made, that the provincial government would be willing to alter their provisions, but the British Columbia legislature is meeting in another two months and time is of the greatest importance. This disagreement must not be allowed to go on; the two governments must get together without further delay. The provincial government is hoping to have these lands opened up. I believe the idea is to open up frontier lands. The dominion government do not want to put veterans on frontier lands, and there is a difference of opinion there. Why would it not be possible to make some arrangement whereby the provincial government would help with the clearing of the land? That would obviate one of the difficulties.

In the committee I formed the opinion that perhaps the director and his staff had given up too soon. This scheme has now become largely, or at any rate partly, a housing scheme, whereas it was intended originally to be a scheme

for settling veterans on farms. But the figures given by the director show that there are far more veterans being settled on small holdings in the suburbs of the large cities than are being settled on the farms, and it may be that the attention of the director and his staff is concentrated too much on these small holdings, beneficial as they are. Mind you, they mean a lot of work. They bring up all sorts of problems, and I imagine they are causing the director far more concern than settlement on farms.

Mr. MACKENZIE: Quite true.

Mr. GREEN: The situation in British Columbia may be caused by the fact that the director is paying too much attention to the small holdings on the outskirts of cities and not enough to the settling of veterans on farms. According to the figures he has given, and they are illuminating—they will be found at page 624 of the proceedings of the veterans affairs committee—he estimates that up to the end of 1946, that is after the war will have been over for a year and half, there will be settled under the Veterans' Land Act across the whole of Canada only 6,420 farmers, as against 10,225 small holders settling in the suburbs of cities and 825 as commercial fishermen, or a total of 17,470. That is less than half the number of men who, it is estimated, will have applied for help under this act. He gave the figures for the applicants. It is indicated that the numbers who have applied already are 14,276 for farming establishments, and just over 6,400 will be settled up to the end of 1946; 20,040 have applied for small holdings, and about half that number will have been settled by the end of next year. Veterans to the number of 1,464 have applied for help as commercial fishermen, and only 825 will have been settled by the end of next year, so that the whole scheme is in danger of bogging down and of becoming a housing scheme.

The minister himself suggested in the committee the other day that he thought there should be one housing authority in Canada to look after all the problem of housing and not have it divided up between his Department of Veterans Affairs working under the Veterans' Land Act in connection with those small holdings, the Department of Reconstruction, working under Wartime Housing, and the Department of Finance working under the National Housing Act. I think he was quite right; but in any event the government must not overlook the fact that this is primarily an act to settle veterans on the farms. So far as the situation in British Columbia is concerned that objective has not been met at the present time, and it will not be met until the two governments reach some sort of agreement. I am hopeful that the airing of this difficulty first in the committee, and then in the house—I am sure it will be aired in the press—will assist the governments to get together. Only in that way can they bring to the veterans the benefits that have been earned.

Mr. TUCKER: There are one or two things I wish to mention. In regard to the governments which have made agreements, I forgot to mention that the government of Manitoba has also made an agreement. In regard to British Columbia, I would point out that our department is pressing for an agreement but is handicapped by the fact that this provision which has been mentioned by the hon. member for New Westminster is part of the statute law of British Columbia and they cannot do anything until they have that law changed. That has been the difficulty, but our department is pressing for an agreement as hard as it can.

While I am on my feet I should like to express deep and sincere appreciation to those who have made constructive speeches this afternoon; also to those who, while having strong opinions about various matters, have refrained from speaking so that we might hope to get these two bills through this afternoon. It has been a great privilege to me to sit on the veterans affairs committee, and I wish to thank those who cooperated on the committee and also those who cooperated in the house in order that these two bills might go through as they have this afternoon.

Mr. BRACKEN: I was one of those who refrained from speaking, and perhaps I may have an opportunity to ask one or two elementary questions now. The parliamentary assistant to the minister referred to an agreement with Manitoba. Could he outline that agreement in a minute or two? Then I have another question with respect to the numbers who have settled on the farm.

Mr. TUCKER: The agreement with the province of Manitoba is found on page 647 of the proceedings and evidence of the special committee. It is a legal agreement and takes up five printed pages. I could indicate the effect of it to the committee except for the fact that it would take more time than we have available.

Mr. BRACKEN: If the parliamentary assistant cannot do it in a minute I can read it myself. I thought he could abbreviate it. Do I understand that only 14,000 soldiers have applied for farms under this scheme?

Mr. TUCKER: The number of applications received under the Veterans' Land Act in the month of October and from the inception of operations to date, as I have them here, is 18,705; applications dealt with, 11,260; those qualified, 8,267; that is, received qualification certificates.

Mr. BRACKEN: Is that for farms?

Mr. TUCKER: That is for farms.

Mr. BRACKEN: Not small holdings?

Mr. TUCKER: It includes small holdings and farms.

Mr. BRACKEN: Has the parliamentary assistant any idea how many more may come forward asking for those rights?

Mr. TUCKER: An estimate of that is based upon the statements of those who gave statements to the in-service counsellors. I have not the exact figures at my finger-tips. My recollection is that it was about double the number that have already applied.

Mr. BRACKEN: How does that compare with the numbers who accepted land after the last war?

Mr. TUCKER: That was something like 25,000 as I remember it; that did not include small holdings.

Mr. BRACKEN: They are not entering into this proposition in the same way as they did under soldier settlement after the last war?

Mr. TUCKER: I think it is expected that before we are through we shall have applications from about 10,000 more.

Mr. BRACKEN: That is not based on the figures you have just given.

Mr. TUCKER: They are not all discharged yet. These figures take us only up to the end of October.

Mr. BRACKEN: I asked for an estimate of those who might apply later on.

Mr. TUCKER: My recollection is that the number that they expected to apply before December 31, 1946, under the act was somewhere around 35,000.

Mr. GREEN: No, 14,000; it is found on page 624 of the proceedings of the committee.

Mr. BRACKEN: If the minister has not the figures at hand I can get them from the record of the committee.

Mr. TUCKER: I think it was 35,000 in all.

Mr. BRACKEN: That does not agree with the figures just quoted to me.

[Mr. Bracken.]

Mr. GREEN: May I read from page 624 of the proceedings of the committee. The director was giving evidence and he said:

Under the heading of farming establishments we have a total estimate of 14,276 applications.

That is to the end of next year, 1946. A few moments ago I said that number had already applied. Apparently I was wrong; that was the estimate to the end of 1946.

He goes on:

For small holdings, 20,050; for commercial fishing, 1,464, or a total of 35,780 for the Dominion of Canada.

Mr. BRACKEN: The parliamentary assistant was including those small holdings.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

On section 7—Grant to Indian veteran.

Mr. MacNICOL: An hon. member to my left made some reference to the Indians of the great war. Does this bill apply to the Indian veterans of the great war?

Mr. TUCKER: No; it applies only to an Indian who was in this war.

Mr. MacNICOL: Why not to the great war?

Mr. MACKENZIE: That is a different act. This is the Veterans' Land Act. It was mentioned in the committee, as I remember, and it is one suggestion that will probably come up next session.

Mr. BROOKS: I think it was on account of the age, the length of time it would take to pay for it.

Section agreed to.

Sections 8 and 9 agreed to.

Mr. WRIGHT: I have one question I should like to ask the minister before the bill is reported. What has been done between his department and War Assets Corporation with respect to purchasing some of the spare equipment which they have at this time. Has anything been done?

Mr. MACKENZIE: Yes; we are in communication with that department now, and we have been in communication with them.

Mr. WRIGHT: We have been in communication with them with respect to this matter for a long time. I should like to see some action taken with regard to it. This is not just good enough. This is the last opportunity we shall have to discuss this matter, and I should like some assurance from the minister that something will be done.

Mr. MACKENZIE: I can assure my hon. friend I shall pursue it vigorously.

Bill reported, read the third time and passed.

EXTERNAL AFFAIRS

Third and final report of the standing committee on external affairs.—Mr. Bradette.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

TRADE AND COMMERCE

330. Departmental administration, $167,000.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Chairman, on Saturday evening when my departmental estimates were called a few moments before closing time the hon. member for Humboldt asked me if I would make a statement on the reorganization work in connection with the Department of Trade and Commerce for the last year or two. He asked that I refer specially to the trade representatives that we have in the various countries, where they are located and the general developments within the Department of Trade and Commerce looking to Canada's trade position in the post-war period. In submitting the estimates for my department I am therefore making a brief statement on some of the more important aspects of the work which was carried out by the department last year and on its plans to help maintain Canada's place as one of the world's great trading nations.

To meet the new problems which face us in world trade, the division in the department formerly known as the commercial intelligence service has been reorganized and is now known as the foreign trade service. It is under the direction of the new deputy minister of the department, Mr. M. W. Mackenzie. It has six main branches, the trade commissioners service, the export division, the import division, the commercial relations and foreign tariffs division, the trade publicity division, and the wheat and grain division. I should like to comment briefly on the duties of each of these divisions.

We intend to have trade commissioners stationed in every major trading centre in the world where the appointment of such a representative will contribute to the enlargement of Canadian commerce. The offices in Paris and Brussels were reopened some months ago and trade commissioners have been assigned to the Netherlands and to Norway. An office will also be opened in the near future in Stockholm, and a trade commissioner is being sent to Greece to be attached to the embassy there and to supervise our trade relations in Turkey and the Balkan countries as well. Following the resumption of private trade with French North and West Africa, a trade commissioner has been sent to Algiers on a special mission to explore trading opportunities there and to establish sound trade connections for Canadian exporters interested in that market. An office will be opened in Venezuela early in 1946.

A senior trade commissioner has been assigned to Australia and an additional officer appointed in New Zealand. A special representative is to proceed to the Netherlands East Indies to assist in reopening our trade with that area. We are sending a senior officer to South Africa early next year to strengthen our representation there. Specialist trade commissioners in agricultural and forestry products have also been appointed, and they will have duties not only in the United Kingdom but in Europe and elsewhere.

Then, we have been fortunate in securing the services of some excellent young men from the armed forces as assistant trade commissioners. In conformity with government policy, applications were considered only from men with overseas service. We have been highly gratified with the number and calibre of these young men who wish to continue to serve Canada abroad. Six assistant trade commissioners and one specialist trade commissioner have already proceeded to foreign posts; two more are leaving shortly; fourteen additional assistant trade commissioners are now in training. Nine additional assistants will join the department in March or April. This makes a total of thirty new assistant trade commissioners who are now at work or will join the trade commissioner service shortly. This indicates the importance we attach to having a strong body of commercial representatives abroad.

Before the war we had thirty-four offices abroad, manned by thirty-five trade commissioners and twenty-five assistant trade commissioners. During the war the number of offices declined, of course, by the enforced closing of those in Berlin, Oslo, Rotterdam, Brussels, Paris, Milan, Singapore, Hong Kong, Shanghai and Tokyo. To-day we have thirty-one offices located abroad, with forty trade commissioners and seven assistant trade com-

missioners assigned to them. As I have just said, we intend to establish offices almost immediately in Sweden, Greece, Venezuela and the Netherlands East Indies; we shall have representation in Italy as soon as practicable, and our offices in Singapore, Hong Kong and Shanghai will be reopened as soon as the trading position permits.

We have had only two specialist trade commissioners in London for some time past. This phase of our work abroad will be expanded; in addition to those officers who have devoted their attention to animal products and fruit, we will send a timber trade commissioner to the United Kingdom, and it is our intention to appoint a fisheries products trade commissioner at a later date. We are also selecting officers with agricultural training to be assigned to other countries, including north Europe, Argentina and Australia.

Our trade commissioners will be responsible not only for the sale of Canadian goods in the territories in which they are stationed, but also for the encouragement of imports into Canada in recognition of the principle that trade can flourish only if it is mutually profitable and is being conducted on a two-way basis. The promotion of exports abroad will, of course, remain the primary responsibility of our trade commissioners, but their new and enlarged duties give them greater opportunities for rendering service to Canada and in helping to establish a sound balance between our export and our import policies.

We have recently held a special conference of our trade commissioners of Latin-America. Despite the restrictions on normal trade imposed by war conditions, Canada's trade with Latin-America has shown a seventy per cent increase in exports and a 400 per cent increase in imports. It should be emphasized that this remarkable increase in imports has taken place because the Latin-American countries have provided many essential raw materials for Canada's manufacturing industries during the war. Our exports for the first nine months of this year are nearly double our total exports for all of 1939. Our export trade with the countries in Latin-America I visited in 1941 as head of a special Canadian trade mission, that is Argentina, Brazil, Chile, Colombia, Ecuador, Peru and Uruguay, has more than doubled. For the first nine months ending September 1945, our export trade with these countries amounted to nearly $24,000,000 as compared with $10,000,000 for a similar period in 1939. We hope soon to reestablish direct shipping routes to the Latin-American countries instead of routing our goods through the United States, and this should increase our trade with Latin-American countries to a substantial degree.

[Mr. MacKinnon.]

The figures as shown in the return in connection with our imports from Latin-American countries are misleading inasmuch as no record is shown of the very large quantities of imports that come to us through United States channels. From one country alone, Colombia, a most important volume of merchandise is imported to Canada which does not show in our ordinary Canadian figures.

Our trade with Latin America was perhaps not given as much attention in the past as this great market merited. We believe that Canada is destined to enjoy a steadily growing trade with these nations. It may not be too optimistic to believe that our export trade with Latin America can reach $200 million a year in the immediate future, provided that Canadian exporters pay the attention to this market which its potential importance warrants. Our export trade with Mexico alone, for example, we hope will rise to $60 million a year.

The export planning division was organized in August, 1943, under the direction of one of the department's senior trade commissioners recalled from overseas duty for this purpose. The principal function of the export planning division has been to prepare a programme, in cooperation, where necessary, with the combined planning authorities in Washington, of exports from Canada of essential commodities required by overseas countries to maintain their national economies. The division also arranged that even where goods were in short supply there at least was a movement of merchandise to our old markets, so that Canada could maintain at least token trade with our old customers during the prevailing period of scarcity. The results of this policy are already evident in the pattern of our post-war trade. This division in 1945 prepared some seventy commodity and country programmes. This work involved close cooperation with the appropriate combined board in Washington and with the external trade advisory committee in Ottawa on which various departments are represented.

With the organization of a foreign trade service in the department effective November 1, 1945, the export planning division ceased to exist. The work of the division will largely be absorbed in the new export division which will have special responsibilities in the planning of our trade with the British empire, the West Indies, Europe, France, the far east and Latin America.

Since the import division was established last year, more than 1,700 Canadian agents and import houses have registered with it. The division received numerous inquiries from

Canadian importers for information on foreign supply conditions, foreign export controls, shipping regulations, foreign price levels and currency exchange restrictions. The import division has been working in close cooperation with the various foreign government trade representatives in Canada, and much business as a result has come to this country which might otherwise have been lost.

The division of commercial relations and that of foreign tariffs have recently been combined to perform the work that was formerly done by each division separately or in various other parts of the department. The primary duty of the foreign tariffs section is to promote Canadian export trade by furnishing information on customs tariffs and other trade regulations as they prevail in the world with particular reference to Canadian trade. In the negotiation of trade treaties the commercial relations division bears special responsibilities. It has been most active in studying our trade with the United Kingdom, the United States, the sterling area and Latin-America. The results of this long preparatory work will be evident in the very near future.

We are planning a notable expansion in our trade publicity programme including the work of the exhibitions branch, which has necessarily been curtailed during the war years.

While Canada's Mutual Aid programme commenced in September, 1943, the 1944-45 fiscal year was the first full fiscal year of operation for the wheat and grain division.

Mutual Aid operations for the division began with the shipment of wheat and flour to the United Kingdom. The imported cereals division of the United Kingdom ministry of food continued their purchases as agents of the department, while this division undertook responsibility for the disbursement of Mutual Aid and United Kingdom cash funds in settlement of deliveries against ministry of food contracts.

In August, 1943, flour was first shipped to the U.S.S.R. under a Soviet credit agreement. Upon the exhaustion of these funds in January, 1944, shipments were made under Mutual Aid, and toward the end of that year wheat cargoes were added to the Russian programme.

Beginning in November, 1944, as part of Canada's military relief contribution, a substantial volume of wheat moved overseas. Here again the division assumed responsibility for disbursement of military occupation relief funds.

The shipment of gift wheat to Greece for relief commenced in August, 1942, at a rate of approximately 15,000 long tons a month. Grain accounts were approved for payment by the division from funds set up under the War Appropriation Act. Relief wheat shipments continued up until April 1, 1945, when UNRRA assumed full financial responsibility for the distribution of relief supplies in Greece. I had the privilege of mentioning once before the reception which Canada's gift of wheat to Greece received in that country at the time of her great necessity. People in high government circles in Greece informed us that the shipment of Canadian wheat to Greece actually saved hundreds of thousands of lives.

Relief wheat loadings were resumed as part of Canada's contribution to UNRRA. In addition to wheat, substantial quantities of Canadian flour were also included in the UNRRA programme. Flour contracts were placed directly with the mills against UNRRA purchase orders, with the division also handling disbursement of funds for UNRRA account.

The Exports Credits Insurance Act which was passed on August 15, 1944—in my reference to this act I shall deal only with that part which comes directly under the Department of Trade and Commerce, namely, part I—provided for the setting up of a corporation to insure exporters against the main risks of loss involved in foreign trade. This corporation, called the Exports Credits Insurance Corporation, was proclaimed on November 21, 1944. Two of the senior officers of the corporation visited the United Kingdom this summer to study the operations and experience of the export credits guarantee department which functions there under the board of trade—a government department—and which has operated successfully for the past twenty-six years. The results of this long British experience are being incorporated in the policy and practice of the Exports Credits Insurance Corporation. Canadian exporters from all parts of Canada have taken out policies with the corporation and these include small business houses as well as large concerns. Individual annual sales volumes covered by the insurance range from $50,000 to $3,000,000. Commodities covered by the policies already written include raw materials, agricultural products and manufactured goods.

During the last fiscal year the dominion bureau of statistics, in addition to carrying out its normal duties, had to discharge heavy responsibilities in preparing statistical information required by the various branches of government service engaged in our war effort. In addition it carried out detailed studies to meet the needs of post-war reconstruction.

An important item of the bureau's programme is the development of improved service to Canadian business. It is planned to issue monthly statistical tables showing the production, shipments and stocks of the more important commodities. This new practice will result in the early publication of current statistics required by Canadian business. At the same time this up-to-date statistical service will enable various departments of the government to have special data to assist them in the formulation of policy.

It will be recalled that the government white paper of April, 1945, on employment and income set up as a practical and desirable target for our post-war exports the figure of one and three-quarter billion dollars annually at current prices for merchandise exports and non-monetary gold. This would be about sixty per cent above the pre-war level in dollar value but only about fifteen per cent higher in the amount of goods exported. We believe, on the strength of our present trading relationships and future trends in our trade which we can now define, that this objective will be realized. The promotion of our trade is in the very forefront of the government's entire programme of reconstruction, and the Department of Trade and Commerce is discharging direct responsibilities in helping to realize the objectives of this programme.

Mr. Chairman, I have covered some of the reorganization work which has been taking place in the Department of Trade and Commerce in the last year or two, so that it will be in a position to promote Canada's trade, which we feel is wholly necessary to the maintenance of our national prosperity.

Mr. BURTON: Mr. Chairman, it is indeed a pleasure to have an opportunity of thanking the minister for the comprehensive statement he has made in connection with the affairs of his department. I was thinking, during the time that he was giving us that interesting resume, that it is too bad he stopped me as soon as he did on Saturday evening after I had put a few questions on the record as to what we would be interested in, because if he had waited a little while longer he would have had so much subject material that he would have made a record speech this evening, if he had done with the rest of it as he did with the questions I put to him.

While I am in the mood for passing compliments I will continue in the same strain for a little while. Some weeks ago I had the pleasure of complimenting the Minister of Agriculture in connection with a little booklet which his department was putting out and which is of great service and information to those of us who are interested in the production of live stock. To-night, first, because I do not want to be accused of playing favourites, and, second, because I really do appreciate what the department has done in this direction, I wish to mention the booklet, which is called the "Monthly Review of the Wheat Situation," put out by the department under the authority of the minister. I thank the minister and the officials of his department for the work which is connected with it and for the comprehensive information which it contains. But in that connection I would say that there is one criticism I have to offer. As the government through the agency of the Canadian wheat board has handled the product of the labour, one might say the sweat, of the people who produced that wheat, there should be included in this book or a similar book, at least once a year, a full accounting of the activities of the wheat board. I make that suggestion to the minister, because it is of great importance to the people who produce Canada's wheat. The book is of real value to those of us farmers who have an opportunity to peruse it from time to time.

The department is also issuing other booklets and information. The minister referred to certain statistics concerning other dealings, especially those relating to Canadian business. I would suggest that the minister and his department prepare in summarized form for the information of members as well as the public generally, a sort of over-all summary of the business of the country. While I appreciate his view that some of us are especially interested in wheat, we want him to understand that we are also much interested in the business of Canada as a whole, and would value an opportunity of seeing such an over-all picture from time to time.

I listened with great attention and a considerable amount of pleasure to the minister's statement in connection with our trade representatives in different parts of the world. It is an evidence that the government recognizes its responsibility and the necessity of preparing and being prepared for the years in the immediate future. Especially was I pleased to observe the note which crept into the minister's report where he stated that the duties of these men would also now include matters respecting importations into Canada as well as the exportations. I was pleased with that, because we have known for a long time that if we are to have a healthy condition of trade it must be a trade which will balance. If it does not balance, eventually we shall find ourselves confronted with a condition in which it has become so unbalanced as to be unwieldy and unmanageable.

But I would suggest that, as much as we as a nation are concerned with the exporting of our surplus goods and with importations for our requirements, we must not forget that part of the trade which is of vital concern to every Canadian, namely, the trade within the boundaries of our own country. We have in this dominion a tremendous consuming power. I am sure I am speaking not only for myself but for every member of this house when I say that never again do we want a condition to develop in this country whereby apples in British Columbia are rotting and children in the prairie provinces cannot get apples; where people in the central provinces of Ontario and Quebec have their factories closed because they cannot dispose of the goods which they produce, while in other parts of the country there are people whose supply of those goods is most meagre, the least that they can get along with. We do not want to have a return of that condition in Canada, and consequently trade within our own country is of the greatest importance. I suggest that the proper approach to that question is, first of all, the recognition of the importance of a little planning. I do not want hon. members to be frightened when we use that term. We must use a little ordinary common sense and business judgment. In arriving at what the requirements of the people are, we must be able to plan how to supply those requirements. I suggest, therefore, that planning is not something to run away from, but something that is simply good, plain, ordinary business judgment.

We need to find out, in the first place, how much the people need of the various products we can produce, how much they need of the various things we can manufacture, and then proceed as far as possible to supply our own home market and to see to it that the people within the boundaries of this country have an opportunity to consume to the fullest extent. Then, when that is accomplished, it devolves upon the Department of Trade and Commerce to provide us with markets to which we can export our surpluses and, in return for those surpluses, we must be prepared to channel back into the country, by means of exchange in one way or another, the things that we cannot economically produce in Canada and which we need here in order to round out a full and high standard of living.

I contend that within the boundaries of a country like Canada the standard of living that the people will have depends entirely upon the productive ability of the nation. It is true that we cannot consume all our wheat, but we can certainly use other things for which wheat can be exchanged. We can use things that are not easily produced in this country, and that is where trade will help our people to make the fullest possible use of the things they produce.

As we go on we find ourselves sometimes in a peculiar position, and I would suggest that in planning production and distribution of the goods we require within the country we must again use a little more common sense than was used in the thirties when there existed the condition to which I referred a moment ago. Even now we are in the midst of another difficult situation. Hon. members will recall, for instance, a statement which was made in the house that in the neighbourhood of eighty per cent of the lumber of the country was being exported.

An hon. MEMBER: Forty-two per cent.

Mr. BURTON: I am corrected by one of my colleagues who says it was forty-two per cent. I thought it was higher; but, even so, forty-two per cent is a considerable amount. We were given an explanation of that, but we find ourselves in this position to-day. There are in Canada thousands of people who are urgently in need of suitable living quarters, and yet at the same time a vast amount of our timber is being exported. In one of the explanations given to us we were told that we cannot very well cut down on the export of that timber because we need the dollar to balance our trade or to carry on our trade. Here is the ironical situation. At the same time we are importing coal from the same country to which we are exporting lumber. We are importing coal to help our people to keep warm in houses which they do not have—a queer contradiction. There is a strange situation for you. It certainly would help to balance our trade a little better if we used some more Alberta coal on the one side and a little more Nova Scotia coal on the other. It would help to keep our people in useful production and keep down the number of United States dollars that we need. If we did that, then possibly we might have a few more sticks of lumber which we need in order to put up a few more houses to accommodate our people.

We must remember that the first call on the productive ability of our people is a decent standard of living. I do not want hon. members to misunderstand me when I make that statement. I was exceedingly pleased when the minister mentioned the quantity of foodstuffs that had been shipped through Mutual Aid to other countries and he referred to Greece. The thought came to me that this is truly a modern exemplification of casting one's bread upon the waters.

I submit that the people of Canada are all not only prepared but anxious to give all the assistance they can to those who are in such dire need. In passing, I would remind the minister and hon. members that while our farmers are proud of the fact that they can play some little part in helping to make the provision of that food possible for people who need it so urgently, we farmers should not be asked to carry the entire load of these gifts.

The minister referred to the continuous expansion now taking place and mentioned the trade representatives to other countries. Again, I am pleased that he has taken such early action. It occurred to me that while going along in this way, there is still something lacking, and I hope the minister will not hold it against me too much for having that feeling. But there was something that I could not make click, and finally it struck me that possibly some branch of the department was lagging behind.

Let me put it in this way. I remember years ago when I was a small boy—possibly I should have been going to school at the time if there had been a school nearby—when I was helping to break open my father's homestead which is part of the farm I am now on. I was driving a yoke of oxen hitched to the plough. We went down one side and laid over a furrow and came back the other side and laid another furrow. In fact, Mr. Chairman, I am sometimes reminded of my early experience when we want to get a little work done in this house. It is a slow process; but we kept plodding along and we got the furrows laid together.

Later on, in the middle twenties, I believe I was the first farmer east of Saskatoon who had a one-way plough that cut a strip eight and a half feet wide and would travel along at three and a half to four miles an hour. Later on, I again was the first farmer in my community to have a rubber-tired tractor and a rubber-tired combine. People used to come for miles around to see that rubber-tired tractor work, and they would say: "Well, Joe, it is working all right now, but wait until we get a little shower of rain and you will be hollering for someone with a lug tractor to come and pull you out." There are very few tractors going out into that part of the country to-day or were in the years gone by which are not equipped with rubber tires. The point I wish to drive home to the minister is that at this time when he is preparing to send trade envoys to different parts of the world he could send them in planes, if necessary, travelling at 500 miles an hour. We have those modern means of transportation and communication, and yet there is too much of that old oxen-day psychology left in our trading.

I should like the minister to give consideration to bringing his department up to date. I ask him to bring it up to date where it will meet the requirements and our ability to make use of the modern means which are now at our disposal. I should like to see our trade representatives in different parts of the world advertising our goods. They should be looked upon as salesmen; they should also encourage trade coming the other way. I wish to bring to his attention and to the attention of the members of the committee that we have reached a different position in the commerce of the world. We have now come to a time where we find nation after nation abandoning the idea of the different people interested in trade running here and there trying to sell their wares. They now sell as a nation. In other words, they sell to you and they buy from you in bulk quantities through a government board. I have no hesitation in asking the Minister of Trade and Commerce and the members of this committee to consider seriously if the time has not come—in fact in the opinion of some of us it is long overdue—when we should have import and export boards which will in an intelligent and businesslike manner help the people who produce the wealth of the nation to export their surpluses and in return import the things they need over and above the things they can produce.

Mr. FARQUHAR: I did not want to interrupt the hon. member while he was speaking, but he spoke of the export of timber and mentioned forty-two per cent. Did that include the export of pulpwood?

Mr. BURTON: That is marketable timber. There is no doubt that I gave a higher figure, and I was corrected by my colleague, but the figure I gave was marketable timber.

Mr. MacNICOL: Before I commence my brief remarks—and they will be brief, although if it were earlier in the session I would make a longer speech—I should like to say a few words of appreciation to the minister. For many years sales promotion has been my middle name, or at least it was my middle name when I was in business. First of all, I wish to express my own appreciation of the minister's great courtesy and civility to people I have had occasion to take to see the minister on the question of sales promotion. On the occasions I have gone to see him I have found him a perfect gentleman, most courteous and considerate. Those whom I took to see him have on more than one occasion

written to me and asked me to convey their personal appreciation to him. I do not know whether he was ever in big business, as I was, but if he were not in big business in his earlier days, I can tell him that he would have made an excellent sales manager. I always look upon a minister of trade and commerce as the sales manager for the country in a big way. Anything I say to-night will be said with the hope that I may be of some slight help to him in his sales promotion work.

Mr. SMITH (Calgary West): Do not try to sell ice-cream to the Eskimos.

Mr. MacNICOL: He has a big job in looking after all the various matters in which we Canadians are engaged. I am not going to touch upon the problem which was mentioned by the hon. member for Melfort; I am going to confine my brief remarks to machinery. Machinery has many ramifications and lines as have other lines of manufacturing. Because Canadian industry has expanded its productive capacity so tremendously during the war, the minister now has an extra job placed on his shoulders in assisting and disposing of what can be made in this greatly expanded machinery productive capacity of Canada. I do not refer to plants that were engaged in the making of munitions, many of which are now being dismantled. I refer to the old-line companies which have a reputation throughout the world and which, as a result of the war, have vastly expanded their capabilities to produce.

When I heard the minister speak about more trade commissioners I said to myself, that is a good thing, that is a real step in the right direction. I turned up the list of trade commissioners in the back of the estimates and I counted forty-nine. I should like to see the department have many times that number of trade commissioners. I believe that is what the minister has in mind. If the minister is able to obtain the services of a large number of capable men in all lines of our country's productive activity, men who are not only experts in their lines of production, but who have all the other necessary qualifications that the department insists on, education, ability to talk, and so forth, I am sure that a great job can be done. In that regard I, too, am convinced that we have an opportunity to expand greatly our efforts in South America. Of course we are up against, and will be up against the greatest manufacturing nation in the world. I mean, of course, the great and friendly republic to the south, for whom all hon. members have a warm feeling in their hearts. They are most capable of handling this work, through their many brilliant salesmen, many of whom I have met. We, too, shall have to select the best we can.

I have been thinking that perhaps the Department of Trade and Commerce, through some of the universities, might be able to persuade our universities to institute classes in Spanish.

Mr. MacKINNON: That is being done.

Mr. MacNICOL: I am glad to hear that.

Mr. MacKINNON: In many places.

Mr. MacNICOL: Then, I would extend the possibilities along that line, taking in the university of Toronto, and universities in Montreal and Winnipeg.

Mr. MacKINNON: And Alberta.

Mr. MacNICOL: Yes, Alberta.

Mr. MacKINNON: These universities, I believe, are all giving lessons in Spanish.

Mr. MacNICOL: And Saskatchewan, too, because I like to say what I can to help any development in Saskatchewan. We do not think of them as often as we should.

That is a step in the right direction, because there is great business to be had in South America. Now, in my day I was a sales promoter. It is one of the joys of my life that I had so much to do with creating a large and honest business, the largest of its kind in the British empire, from a small beginning. That was the result of sales promotion. I do not for one moment claim that credit, myself; far from it. But we were able to select the most capable engineers of our time and in our line of business. I always found that if we sent the most capable engineers we could to Russia—as we did—and to Germany, and to France, and to the other countries in Europe, as well as to those in South America and South Africa, that we were able to dispose of large quantities of goods.

In Ontario, of which I wish to speak for a few minutes, we have many great manufacturing cities. They will need every ounce of assistance—and perhaps that is not the right word, but if we take it collectively, and then add it all up, one will get the right idea—that the department can give.

For instance, let us consider the city of our chairman, Brantford. I believe it is the fourth or fifth greatest manufacturing city in this country. That is a great thing to be said about a city in western Ontario with a population of perhaps less than 40,000.

Then I think of the city of my hon. friend the member for Peterborough West, who sits behind me. Peterborough is one of the finest cities in Canada, one in which there is very rarely any degree of unemployment. It is more or less self-contained, with an area of fine country surrounding it.

I could go on throughout Ontario, and mention Stratford, Chatham—

Mr. CROLL: Windsor.

Mr. MacNICOL: I am thinking of the big cities; yes, Windsor. Then Welland, St. Catharines—

Mr. CASSELMAN: Prescott.

Mr. MacNICOL: I said I was speaking about the big cities. But that is no reflection on Prescott, because I can tell my hon. friend I used to live in Prescott, when I was a boy, and I have seen some fine plants there. In fact, I got my own start in the business life of Canada, in the town of Prescott. I got it in a company which at that time made disc harrows. I believe it was the first company in Canada to make disc harrows, and it was a very fine firm which came in from the United States. Perhaps my hon. friend will remember the Corbin Disc Harrow Company. Now that I have mentioned the name of his town, perhaps my hon. friend will not mind if I proceed. However, I do not think I shall mention any other names of towns.

The country is full of them. I might refer, too, to the province of Quebec, and to places like Sherbrooke, St. Hyacinthe, Three Rivers, and the city of Hull, which is just across the river from this fine city of Ottawa. Plants in all those cities will be grateful for any assistance the department can give.

I have been wondering what programme the department will follow. I understand that there are trade commissioners in Rio de Janeiro. Have we only one, or have we a dozen? That is a city of perhaps a million and a half or two million people.

Mr. MacKINNON: About two million.

Mr. MacNICOL: Yes; and then there is Buenos Aires, with a population of several millions. I look at pictures of these fine cities with their magnificant buildings and institutions, universities and halls, and I at once think of their requirements in the matter of vacuum cleaners, elevators, and all those things which enter into the construction of big buildings. There are multitudes of articles of that kind in the manufacture of which Canadians are expert. I have been wondering, myself, in what way our trade commissioners have been able to promote these various lines of sales.

[Mr. MacNicol.]

Our American cousins can do it—and do do it. I hope we have been making some of those sales, and have followed the same methods.

We have Canadian manufacturers for a thousand and one lines of these goods which we could sell in other countries, including the people in South America, and I am wondering how we proceed to make those sales. Do we operate through trade commissioners? If so, are they qualified to lay out blue-prints as to how this or that equipment is to be installed. In my day that was the type of man I engaged. All the company engineers who went throughout Europe and America took their direction from me. They were qualified experts in their line, and they were able to get big orders. And of course big orders mean employment. That is what I am thinking about. I am thinking of the thousands of men back in Davenport riding, a great manufacturing riding, who make their living through the manufacture of goods. I am thinking of providing orders for factories in that and in all other manufacturing ridings, so that the men engaged in them can have jobs. That is going to be our great problem from now on. I have been thinking of that, and I hope the department will consider this matter.

Looking through the records only a few minutes ago, I found that in 1944 we made about a billion and a half dollars worth of machinery alone machinery made from iron and steel. That was tremendous production, but I am sure that to-day, with our enormously expanded production equipment in our great plants, we can surpass even that amount.

I have in mind one great plant in the constituency of Wentworth. That is one of the finest institutions in the world. I refer to the John Bertram Machinery company. That may not be the modern name for it, but that was what it was called when I used to be in business. Perhaps to-day it is called the Bertram Machinery company. They have a staff of about 4,000 and they are by far the largest permanent old-line machine tool industry in Canada.

That is only one of a dozen I could name. Only a few days ago I had occasion to go to a plant. I go to as many plants as I can, because I like visiting them. When I smell the oil and smell the steel curling from the lathes, I feel that I am back home again, where I used to be years ago. That plant had an order for 200 big machines for shipment to Europe.

That is only one company. Do our trade commissioners interest themselves in matters of that kind? I am sure they do. Are they trying to get some of that new business with

France? Are they getting business with Garmany—because it has to be rebuilt? I am not one of those who wish to see Germany forever crushed. I cannot bring myself to a decision of that kind. They were our enemies, but we defeated them, and we are told to forgive our enemies.

Germany, Belgium, France and all those other countries in Europe that have been destroyed will have to be rebuilt. There is big business over there. Their plants are destroyed. One of the nations—and I am not mentioning which one—has dismantled many of their plants and taken them to its own country. But plants will have to be reestablished, and we can get some of that business.

In what way are our trade commissioners in Canada qualified to describe these things to purchasers in Germany, France, Russia, Belgium, Holland, Italy or wherever they may go; will they have the qualifications to be able to explain just how these machines operate, what it will mean to them if they buy them, how much faster they go, how much more they can produce and how much they will cut down their cost of production? Mr. Chairman, you know that it was the ability to operate at a low cost of production that has enabled the many fine manufacturing plants in your city to expand. The same applies to my riding where there are many manufacturing institutions.

We hear a lot about foreign affairs and the foreign affairs committee; everybody wants to be on the foreign affairs committee. In my judgment the time has come to have a home affairs committee, and the bigger it is the better. After all, Canada is in the manufacturing business and it must sell at home seventy-five to eighty per cent of the goods produced in Canada. Canada is our greatest market. We want all the foreign business we can get, but our big market is the home market. When I was studying commerce at the university in the United States we were taught that the United States had to export only ten per cent of what it produced. That meant that it consumed the other ninety per cent at home. I got it into my mind at that time that home affairs were of vast importance, of much more importance than foreign affairs.

Of course I know that if we cannot sell our surplus products it cuts down the price and increases unemployment here at home. I am strong for foreign exports, but I am also strong for home exports to the various provinces in Canada. I should like the minister to tell us what his department is doing to promote sales in Canada. We must remember that every manufacturing country is going to send its salesmen here—I have met them in the last two days—to place on the markets of Canada that which is being produced elsewhere. How are we to compete with them? Is this to be done through the Canadian manufacturers' association, that wonderful body of men which, despite everything that is said about them, has done so much to build up this country. I love those men who have done such great things for Canada and who have provided employment for so many hundreds of thousands of men. I am not going to enter into any argument on that phase, but I know that if you treat your men as they should be treated, and as I always treated them, they will produce more for you. If the workmen like the people they are working for they will do more work for them. After all, malingering and staying off the job does not cut down costs, and that is the main thing. You do not cut costs by cutting down your rate of wages in employment. You must keep men on the job working with earnest hearts so that the company they work for can make the best goods in the shortest time. When the minister speaks again I should like him to tell us what the department intends to do to promote sales in Canada. We must not forget that we shall be up against the ablest men that can be sent from other manufacturing countries, including the United States. They will be out to get a market in Canada. We cannot blame them, but we want to keep our own home market if we can, because that is the best for us.

Mr. FRASER: Mr. Chairman, I wish to congratulate the hon. member for Davenport upon what he has just said, because I agree with him that we have to keep our home market. After the last war we lost the home market and we did not have exports. When the Minister of Trade and Commerce read his statement he referred to the fact that Canada is to have a direct route to South and Central America. I am glad to know that, because I am familiar with the difficulties that Canada has been having in the movement of goods back and forth between this country and South and Central America.

I should like to suggest to the minister that in the advertising in South and Central America he have some design which would show Canada as part of the Americas. Canada could be shown as being linked with the South and Central American countries by means of the Alaska highway and the Pan-American highway which runs down into Mexico, Guatemala, then down through the Central American countries of Guatemala, El Salvador, Nicaragua, Costa Rica, Panama,

Colombia, Peru and Chile, and then there is the fine paved highway from Chile across to Buenos Aires.

There are many people in South America who still think of Canada as a land of ice and snow. I know a little about the people in South and Central America. I would suggest that in the not too distant future the minister make another trip to South America. I should like to go down there with him.

An hon. MEMBER: So would I.

Mr. FRASER: I travelled many miles in South and Central America and I enjoyed every one of them. The minister did not spend enough time the last time he was there; he did not stay long enough in each place he visited. I know that, because I have had reports on the minister's trip down there.

An hon. MEMBER: Tell us some more.

Mr. FRASER: The minister behaved himself. What I am getting at is the fact that the South American people are highly cultured. This is especially true of Argentina, Brazil, Chile, Peru, Colombia and also the Central American countries. Those people like a person to come to their country and stay there, not for a week but for two or three weeks or more; you cannot know the people of South America in a week. The minister knows that you cannot go to South America and sell a bill of goods in a day. You cannot go to a man down there and say, "I have a machine here that is better than anything you ever saw before and I want to sell it to you." You do not do business like that down there; you have to get to know the people.

An hon. MEMBER: There are good looking women there.

Mr. FRASER: Yes; there are good looking women there, some of the best in the world. I have seen them down there. They are fine women.

The CHAIRMAN: I must remind the hon. member that we are discussing the estimates of the Department of Trade and Commerce.

Mr. FRASER: If by any chance I have been side-tracked, it has been with good intentions. When hon. members have a chance to have a holiday again—we have not had one since 1939—they should go to South and Central America to see the country and to get to know the people.

As I was saying, it takes time to sell them goods. The Canadian trade commissioners should know their way around down there. They know how difficult it is to get to know the men who do the buying, and it takes almost a month and perhaps longer to gain the confidence of the people. Hon. members may smile, but I have a great love for the people of South America, and if the minister takes another trip down there he should spend more time in each country and also visit every country in Central America. The Pan-American highway is nearly completed except for the section in Panama, and that is coming along. The rest of the highway is for the most part paved or all-weather road, except for a few spots, but with the help of the United States government that highway is coming along, and I feel sure that Canada can not only hold the market she now has in South and Central America, but increase her imports and exports, because trade is, of course, a two-way business. My own city of Peterborough and the workmen there depend a great deal upon export trade. We have to have it. Most of our factories are American owned factories and they export their products to the different parts of the empire. I am very much interested in developing that trade, but if we had also a direct shipping route to Central and South America I am sure that it would help our factories in Peterborough.

I should like to compliment the minister upon putting in the *Commercial Intelligence* —I do not know whether he is doing it or those in his department—the resources of the different countries. In the December 8 issue, for instance, the resources and trade of Ecuador are given, and in another issue the resources and trade of another South American country. I think it is an excellent idea to cover all the South American countries in this way. But there is one thing that I have missed in the *Commercial Intelligence,* which is issued every week by the department. In the back there used to be a page or so of articles that are required by certain countries. It would say: Inquiries have been made from such and such a country for such and such articles. I have not seen that feature in *Commercial Intelligence* lately, and I always thought it was a very good idea.

Mr. HODGSON: Mr. Chairman, after strolling around through Bretton Woods and looking back at Dumbarton Oaks, if I were not an experienced lumberman I might have got lost in the bush. I hope that what I shall say will be brief, constructive and cooperative.

I notice by this blue book that the costs of nearly every department are up, and in several instances trade is down. When you hire a man to do a job for you, you expect him to do a little better job if you give him a little more money, so that with these increased expenditures we shall expect some good work and more efficiency in the days to come.

I should like to speak of lumber particularly. I do not want to discuss agriculture, because the hon. member for Humboldt has spoken of the agricultural industry and I do not want to repeat what he said. When he ploughed that wide furrow and that narrow furrow he reminded me of my own political ancestors ploughing the straight and narrow furrow back in 1934. But I do not want to go back to the bad years of the 1930's.

In the provinces of Ontario and Quebec the subsidies were taken off cordwood last fall, at a time when I think they should have been kept on, because at that period of the year we need to take out large quantities of cordwood which would help our trade balance with the United States and be an off-set to our coal imports and such like.

It has been said that the returned men are not going back to the bush. I want to contradict that, because I have ten boys back from overseas who are working in my bush operations at the present time.

The lumbermen are going ahead and taking out a certain amount of lumber. They produced lumber all through the war period and we can produce lumber in the peace period; in fact I am sure that a lot more can be produced in the future than in the past if the prices are right. You remember, sir, what happened in 1929 after the last war to practically all the lumber business in Canada. We have ceiling prices on lumber, and if you want the lumbermen to go ahead, floor prices should be set because the lumbermen are fearful of what happened before. But if you set floor prices and readjust your ceiling prices I am sure we can produce more lumber than before.

So far as soft woods are concerned, which are used in the building trades, there is very little of that for export. I would speak especially of hemlock. It costs more to produce hemlock than spruce or pine, and at the same time the price is lower. Hemlock, practically ninety-five per cent of which is used in the building trades for home consumption, should have better prices set, a price that would at least allow a man to take it out at cost. In the past few years we lumbermen have taken out hemlock more or less from patriotic motives. But the war is over and the same feeling does not exist. If you want lumber taken out for the building trades in Canada, raise the price of hemlock by two or three dollars a thousand and put in floor prices.

So far as building up our export trade is concerned, the higher grades of No. 1 common and better are the grades of hardwood we export. I would say that you should throw the quota system into the waste-paper basket and let us export our higher grades of hardwood. The lower grades of hardwood go to our flooring plants in Canada. Our largest business has been and will be with Great Britain. That trade with Great Britain was built up after the empire economic conference which was held here in Ottawa, and I think it would be a good thing if this government called such another empire conference. That was the turning point in the depression before. We are not saying that we have a depression now or that we are going to have one, but if it was good in the time of the depression it would be that much better now.

In his statement the minister did not clarify the matter of trading or exports with Great Britain and other nations and areas of the sterling bloc. Articles have been written on it, to the effect that a certain amount of our exports are being blocked by failure to obtain import permits into these countries. I should like the minister to clarify that before this debate ends.

As regards Canada's domestic exports, in October of this year they were valued at $228 million, as against approximately $314 million in October, 1944, a decrease of a little over twenty-seven per cent. Exports to the United States in October were $88½ million in round figures; in October of last year they were $123 million, which is a decrease of approximately 24½ per cent. That trend cannot go on; things must be straightened out. I know it is hardly in order to pick out any particular month in a year like 1945. However, to straighten this out, I shall quote from an article which appeared in *Saturday Night* of December 1. I shall not read it all:

> Meantime British refusal to grant permits to Canadian exporters of certain lines has caused considerable concern in commercial circles and the Department of Trade and Commerce has been getting anxious appeals for help.
>
> Certain manufacturers have stated publicly that they are prepared to adopt what they think is the only sure way of obtaining a share of the British and empire market, namely, erect plants in the United Kingdom. Others, which do not find this feasible, have temporarily given up hope of sales to the United Kingdom and are pointing out that this means unemployment in the Canadian export industries.
>
> This is the first major threat to Canada's post-war trade programme, under which a target of $1,750 million exports of Canadian produce was set, a figure said to be the minimum at which we can hope to maintain full employment in Canada. The frustration of our exporters has led in some quarters to sharp criticism of British policy. Some critics contend that the refusal to take Canadian goods is a deliberate action on the part of a socialist or "planned economy" government, which aims to

make Britain as self-supporting as possible in order that there be a minimum interference of their plans in the form of fluctuations in international conditions.

The following references appear to statements of Premier Attlee while he was in Canada:

Premier Attlee was asked two or three pointed questions on trade policy at his press conference at Ottawa last week. He made a specific denial that the British authorities had told Canadian exporters they must come over and build plants if they hope to obtain part of the British market (a statement which was challenged later in the week, on the ground that, whether the British authorities had said as much in so many words, their attitude left Canadian exporters no alternative), but that was the only specific and clear-cut part of his answers. For the rest he contented himself with a very cautious and not very newsworthy reply that Britain's dollar position was a difficult one, and that they were trying to do something about it by expansion of exports.

Yet in all fairness to Britain it must be added that an examination of its current and prospective supply of Canadian dollars (like that of virtually all forms of foreign exchange) shows a very tight situation. The figures are well known in official circles at Ottawa and it seems that much of the current criticism could have been forestalled by the publication of a few tables and a page or so of comment on them . . .

Even before the war Britain was buying from two to three times from Canada what we were buying from Britain, and the balance of international payments between the two countries made a pattern like the following . . .

I am not going to quote all the figures mentioned in the article, but here are two principal items:

	1937	1938
	(millions of dollars)	
A Current credits—with the United Kingdom merchandise exports after adjustment	385	337
B Current debits—with the United Kingdom merchandise imports after adjustment	148	119

It will be seen that in 1937 Britain had to find $135 millions in Canadian dollars elsewhere to balance the account, and in 1938, $127 millions. In order to balance the account without requiring Britain to obtain Canadian exchange elsewhere, we should have had to buy additional British goods or services to that amount each year . . .

Not much, perhaps, can be learned about the situation from the transactions of 1945, because this is not a typical year, and war transactions cannot be completely segregated from civilian transfers. But there is enough to go on to show how Britain's problem has been gravely intensified.

It states further:

Canadian civilian imports from Britain are running currently at a figure which will come to $108 millions for the year. The interest and dividend item (Canadian dollar payments for British investments here) will be about 25 millions down from the pre-war level, and shipping perhaps another ten millions lower. On these three items, which before the war constituted the chief direct sources of Canadian dollars for Britain, her 1945 receipts will be of the order of $200 million (compared with $276 million in 1937).

What will they be in 1946? Unless our purchases from Britain rise quickly and substantially (and there are grave obstacles ,such as shortage of British goods, prices above Canadian ceilings, etc., to overcome) Britain's direct acquisition of Canadian dollars from sale of her goods and services to us will not be far above $200 million.

On the other side of the balance sheet is the blunt fact that Britain needs from this country, in 1946, perhaps $500 million in food alone. Under such circumstances how can Britain spare dollars to finance imports of Canadian manufactured goods and items which, in their own list of priorities, appear rather far down the scale?

On the most optimistic forecast it would seem that Britain will be short 300 millions in Canadian dollars in 1946, probably much more. It would be a service all around if the two governments would publish a budget showing what the situation will be. Then, instead of engaging in exchanges of critical generalities back and forth, Canadian exporters and other interested parties will be able to look the problem square in the face and see what can be done about it.

Mr. REID: I wonder whether the hon. member would answer a question. It relates to the price of lumber. A few minutes ago he quoted the price for hemlock as being not sufficient to pay for the charges. Would he tell the committee what they are getting for hemlock in his district?

Mr. HODGSON: An average of $40 per thousand f.o.b. cars.

Mr. REID: Because the freight rate for British Columbia is $29.25 per thousand, and the hotel Vancouver is flooded with dealers from the hon. member's district and other districts, buying up our hemlock and cedar.

Mr. HODGSON: Back in the war days when you were building this air training scheme clear across Canada, the first order came out, "Don't accept anything but spruce and pine to build these camps." Everyone knows that hemlock is just as good as and a little better than low-grade pine or spruce to build the framework of any of these air training camps. But they did not want hemlock; at the same time we had quite a bit of hemlock on our hands. I do not know the reason for that, but this might be the reason. At that time the timber controller happened to be a big lumber king from British Columbia.

Mr. REID: We know it.

Mr. HODGSON: And a dollar a year man at Ottawa.

Mr. REID: We know it. I protested, but it was no good.

Mr. HODGSON: Whether that had anything to do with it or not I am not prepared to say, but after they got all the low-grade pine and spruce out of British Columbia and drifted across Canada they were getting short of lumber and they said, "We will take hemlock".

Mr. REID: Of course Nicholson did not do any better.

Mr. HODGSON: I am not finding fault with the government. You started finding fault.

Mr. REID: No, no.

Mr. HODGSON: I am trying to be constructive unless you drive me into criticism. I can do that too, if I have to.

Mr. REID: No; I was looking for information.

Mr. HODGSON: But I say to the minister, try to raise the price of that hemlock when you are building up industry in Canada. Throw away your quota as far as exportation of hardwood to the United States is concerned and you will help industry and help trade with the United States. As far as the lumber industry is concerned, we can produce the lumber if the government just gives us a chance.

Mr. CASTLEDEN: On September 19 the minister tabled order in council P.C. 6122 setting the export price of wheat at $1.55, and he referred at that time to the obligation of Canada not to take advantage of the allies in time of need; he referred also to the matter of building good will in Europe. The result has been the pegging of the price of wheat in Canada for export. Along with that is coupled the guaranteed floor price of $1 a bushel on authorized deliveries of wheat in Canada up to 1945, with $1.25 remaining for the present year; that is, until July, 1946. The question I wish to ask the minister is this. Since the producer in Canada is the one who is compelled to take the lower price on account of the pegging, to create good will for all Canada, is that policy being followed in any other department with respect to any other commodity that is being sold abroad? For instance, with bacon, do you peg the price to Canada Packers regardless of the price of bacon in the export market and compel the packer to take a lower price, or do you allow the packer to get the top price, sell it abroad at the lower price, and then pay a subsidy? And what about lumber and other products in Canada?

As a result of this action, a good many wheat growers feel that the primary producer takes the rap, whereas, where you have manufactured products, such as lumber, the people who have monopolies are guaranteed the top price; the people of Canada pay it, and the taxpayers make up the difference. Why not treat one the same as the other?

Another point arises out of a report that appeared in the evening *Citizen,* and the minister will either deny it or let us know what the situation is. It was charged in the other house that the Ottawa empire agreements had been violated by refusal on the part of Great Britain of import licences, calling upon Canada to look after her own interests. The report states: "He criticized Britain last night for what he called a brazen violation of the Ottawa empire agreements." Will the minister state whether or not—

The CHAIRMAN: Order. The hon. member is not in order in referring in this house to debates that take place in the other house.

Mr. CASTLEDEN: I was referring to a report in the newspaper.

The CHAIRMAN: The hon. member was referring to a debate, and I must rule him out of order.

Mr. DIEFENBAKER: I wish to direct two or three questions to the minister, and particularly the matter that arose recently in Washington where the statement was made that by reason of loan arrangements between Great Britain and the United States the British preference on many commodities would be done away with in whole or in part. That is a matter which affects the welfare of this country to a large extent, and we on this side of the house, His Majesty's opposition, have always believed that one of the most important considerations for assuring the trade of this country was the maintenance of the British preferences.

I feel that on this subject the minister should give a complete statement to the house. I was very much impressed by the remarks of the hon. member for Victoria, Ontario. He pointed out that Britain had bought before the war two or three times the quantity of stuff that was shipped to Canada, and that the importance of trade with Britain cannot be exaggerated. We believe, therefore, that we have the right to know whether or not—and I appropriate the words without reference to the speaker—there has been any brazen interference with the British preference, whether such is contemplated, and what is being done by the minister in order to prevent

a breach in the British preference, the maintenance of which is so necessary to our future prosperity.

Much is made of the necessity of maintaining our agricultural markets in Britain and on the continent, and all of us feel that is important. We also believe that everything should be done in the way of export of agricultural products to relieve Britain's monotonous ration that has prevailed during the war.

What is being done by this country to maintain these markets abroad, in agricultural products other than wheat? I realize that in part this does not come under the minister, but it is impossible to discuss any of these subjects without occasionally encroaching upon some other department. Are Canadians to-day permitted to ship from Canada parcels of agricultural products such as butter and cheese, tongue and bacon and the like? The reason I ask that is that within the last three or four weeks, while the Department of Trade and Commerce is allegedly, and I believe in fact, engaged in securing markets, a very strong campaign is being waged all over Canada to induce Canadians to send overseas Danish products which will come into competition sooner or later with Canadian products. I have before me an advertisement in a recent issue of the Regina *Leader* that shows the extent to which this matter is being followed up in parts of the country. I will not refer to the name of the company; I will send the advertisement over to the minister. It reads:

> Choice of two Christmas parcels for British isles: Renowned Danish quality products packed in Copenhagen and sent by airmail, delivered within sixteen days of order. Order now. Package No. 1: two pounds butter, one pound cheese, one and seven-eighths pounds canned meat, $7.

Then package No. 2:

> Two pounds butter, one pound cheese, one and seven-eighths pounds tongue.

It is the same as the other order, with this added, "Two pounds bacon" and the total is $9.45. In other words, Canadians are asked to buy Danish products to be sent to Britain to relieve the situation over there, and for two pounds bacon, including cost of transportation, one pays $2.45. Does that indicate the type of prices that are being paid to-day on the continent, profiteering that is taking place in this country by companies engaged in this kind of work?

Mr. MacKINNON: Will the hon. member permit me a question?

Mr. DIEFENBAKER: Yes.

[Mr. Diefenbaker.]

Mr. MacKINNON: I have not seen the advertisement referred to, but I would not want the impression to go out that anybody in Canada is asking that these shipments be made from Canada to the United Kingdom, and that is the way the hon. gentleman's statement sounds to me.

Mr. DIEFENBAKER: Mr. Chairman, I have the minister on his feet anyway now. We have not heard from him for quite a while. We are endangering our agricultural markets in connection with these products by Canadians being asked to send or permit companies to send Danish farm products into Britain, and I am asking whether or not a concerted effort is being made by the department to permit of Canadians sending Canadian farm products over there to relieve the ration situation. There are other parcels indicated which can be sent to Czechoslovakia, Finland, Holland and Scandinavia and the prices are on a par with those I have mentioned. There are still other types of parcels for transmission to Belgium, France and Holland. This has become a racket across the country, and I am surprised that the minister has not seen them because they can be found in the papers all across the country.

Mr. MacKINNON: Who is responsible for the advertising?

Mr. DIEFENBAKER: The companies that are going to make money at the expense of Canadians in Canada and probably at the expense of future Canadian trade abroad. Surely something can be done to prevent this kind of thing. I believe it was stopped once before and I think it should be stopped now. It is a serious thing if we in Canada send Canadian dollars abroad for the purpose of buying Danish farm products to be sent into Britain in competition with, or in substitution of Canadian products. I suggest that the minister should do something at once with regard to this matter.

I pass to one other matter, namely, British markets being closed to-day because of the requirements of the government of Great Britain that import licences be taken out or that Canadian industries establish themselves in the old country. That is a serious blow at empire unity, at commonwealth unity, at commonwealth trade, and to British preferences. The minister should give a statement as to what the Canadian government is doing with reference to the plan being adopted by the British government. If this policy is followed, to what extent during the next year or two will it mean a reduction in exports from Canada to Great Britain of the products of

the companies which will be required to establish themselves in the United Kingdom under this policy? What types of manufacturers are precluded from establishing in Britain? What type of companies in Canada will have to establish their factories over there, and to what extent will production in Canada be reduced by the denial of the British market? It is a serious matter when one part of the British commonwealth establishes, during the existence of British preference regulations, laws or orders which prevent imports from another part of the empire subject to the British preference.

Mr. MacINNIS: May I say a few words before the minister replies to the many questions that have been raised. The question of trade is a thorny one. It is a subject that has been the theme of debate in many political battles in the Dominion of Canada. To-night some hon. members referred to their younger days. Although I am not very old, I can well remember when free trade versus protection was the stock issue in every political fight all across Canada. In these days, that issue has given place to unemployment, family allowances, unemployment insurance, health insurance, and all that sort of thing. My feeling in regard to trade and the tariff question is that the Conservatives believed in a high tariff that was not too high, and the Liberals believed in a low tariff that was not too low: but generally the tariff remained the same, no matter which party was in office. In a recent issue of the *Commercial Intelligence Journal* I was glad to note how quickly the trade of Canada had picked up on the ending of hostilities. There is a reason for that, and I believe it is one that Canadians must keep in mind in our trade and commercial relations with peoples in other parts of the world. The reason, of course, is that Canada and the United States, of the great trading nations of the world, were the only two countries that came out of this war with their productive facilities greatly enlarged over what they had been when they went into the war.

At the moment we are at an advantage in getting our exports into the markets of the world. We should not be too greedy in taking advantage of that. The hon. member for Davenport, who is not at the moment in his seat, asked the minister what he was doing to combat imports into this country. Surely, if we expect to sell, and if we expect the people of Canada to benefit from our export trade, we must buy. It is only in that way that we can raise our standard of living.

Mr. REID: I bet his leader would not raise that question.

Mr. MacINNIS: I am not going into that. Let us remember, too, that as we find markets, and particularly markets for industrial machinery, in other parts of the world, we are paving the way for a reduction in our export trade as soon as these countries became self-sufficient. They will not stop there; they, too, will begin looking for trade in other parts of the world and they will become our competitors. Therefore there is only one solution of our problem—cooperation in the matter of trade.

A question was raised in regard to the action of the British government in imposing licences on imports from Canada. It has been said that that is a blow at the Ottawa agreements or trade preferences. Surely we should keep in mind that Britain lost almost all her export trade during the war. She put everything she had into the war. If they are now brought to the point where they have to impose restrictions on imports it amounts to this, that to-day Great Britain has to choose between imports that are essential to the life of her people and luxury imports. If she must have steel, oil, or certain essential metals, then she is going to have those instead of fur coats, diamonds, and that sort of thing. Is there any man in this house who will blame her for doing that? Is there any man in this house who would say that Canada would not do the same thing if she were in the same position? These are matters that we should keep in mind.

With the successful negotiation of the loan from the United States and perhaps another loan from the Dominion of Canada, maybe the United Kingdom can get her trade on a normal basis within a short period of time. We should continually keep in mind the condition to which the trade of the United Kingdom was reduced during six years of war, and the necessity for the government of that country being concerned with the import of those things that are essential to the life of the people, before exporters in other parts of the world proceed to dump on them anything they may have to sell.

Mr. MacKINNON: I think it is a pity that anyone should get the impression that I got from the reading, by the hon. member for Lake Centre, of an advertisement he has taken from what appears to be a Winnipeg paper. I may be wrong in that; however, it is a Canadian paper.

Mr. DIEFENBAKER: The Regina *Leader*.

Mr. MacKINNON: The hon. member for Lake Centre has sent me over a copy of the advertisement. This is an advertisement inserted by a firm known as Western Overseas Packages, and located at 348 Main street,

Winnipeg. It is endeavouring to get Canadians to place orders in Copenhagen for shipments of goods from Denmark to England. It is possible that some action might be taken in Canada to prevent an advertisement of that kind, but the impression I got from the hon. member's speech and from his reference to the advertisement was one which, I believe, is different from that which he would want to give the country at large. I do not believe any Canadian authority is to blame in this connection.

The hon. member for Lake Centre referred to the British preference, and asked that a full statement be made on the matter. I anticipated that when my estimates would be under consideration questions would be asked about the British preference, Bretton Woods, trade and kindred matters. But may I point out that for a considerable length of time in the house these matters have been under discussion as a result of bills introduced by the Minister of Finance, the minister directly responsible. There has been an attempt in Canada—not to-night—to make the negotiations recently concluded in Washington appear to have been trade discussions or trade agreements. The fact is that the discussions at Washington, in which delegations from the United Kingdom and the United States took part, were financial. Trade conversations were only incidental; and they were conversations only, and not negotiations. Canada is not bound in that connection by anything that took place at Washington, and, besides this, these preliminary negotiations are confidential.

The next step in connection with Great Britain's efforts to put her economy on a sound basis will be, I should imagine, the loan discussions with Canada which, I may say, will proceed shortly, and will be followed at a later date by trade discussions between Canada and the United Kingdom, possibly in Ottawa and London. It may be a matter of weeks—possibly a few months—before those trade discussions can take place. Meantime I am urging that steps be taken to make some temporary arrangements with the United Kingdom to be effective until our trade negotiations can take place. It is impossible for me to give any prolonged statement respecting negotiations and discussions between Canada and the United Kingdom, as suggested by the hon. member for Lake Centre, because, as I have said, they are only starting.

Reference was made by the hon. member, and also by the hon. member for Yorkton, to an article which appeared in one of the Ottawa papers this evening in which reference was made to violations—

[Mr. MacKinnon.]

The CHAIRMAN: I hope the minister is not about to refer to the debate which took place in another place.

Mr. MacKINNON: I have not read closely the article referred to, although I glanced quickly at the headline, and only hurriedly through the article. No matter how much study I gave to the point raised by the hon. member for Yorkton, I could not do better than place again before the committee the statement made to the house a week or so ago when I dealt with import permits to the United Kingdom.

Mr. CASTLEDEN: Would the minister give the committee the assurance that, as far as he knows, the Ottawa agreements have not been violated by Great Britain at this time?

Mr. MacKINNON: I shall put it in this way: I certainly do not know that they have.

The hon. member for Lake Centre also spoke about our shipping bacon and butter and other parcels to the United Kingdom. This matter was dealt with to some extent when the estimates for the Department of Agriculture were before the committee. As far as bacon is concerned, may I point out that we are finding it impossible to maintain the bacon shipments for which we have contracted with the United Kingdom. However, there is nothing to stop any Canadian in Canada from sending a parcel of Canadian bacon to the United Kingdom.

The hon. member for Peterborough West spoke from his knowledge, and in a kindly and constructive way, with respect to Latin-America. He has visited those countries, and knows the attitude of the people toward Canada. He will know that the people of Latin-America are anxious to trade with us, and that we stand very highly in those countries. Our goods have a reputation for high quality, reliability and dependability.

While we have not nearly as large a representation in those countries from my department or from the Department of External Affairs as have the United States or the United Kingdom, man for man I would put our trade commissioners up against those of the representatives of those other two countries.

The hon. member for Peterborough West referred to the fact that trade inquiries had been dropped from the *Commercial Intelligence Journal*. He is right, but I may say that a decision was arrived at recently to resume the publication of those figures and they will appear in the next issue, or very shortly in any event.

The hon. member for Victoria, Ontario, referred to some matters in an interesting manner and with personal knowledge, but I think these are largely outside the Department of Trade and Commerce. They referred principally to timber control and the operations of the wartime prices and trade board during the war period.

I do not know whether the hon. member for Yorkton wants me to go farther into the announcements on wheat prices; that is the $1.55 price. It is not a ceiling price because there is no such thing as that; it is the price of our export wheat.

At the present time the wheat board are offering wheat for export at $1.55 a bushel. At the present time and for this crop year the floor under that price will be $1.25, but for the next five years the price of wheat to the producer cannot drop below $1 a bushel, Fort William or Vancouver. The hon. member for Yorkton referred also to the matter of authorized deliveries. The wheat programme and the wheat policy for next year will not be announced until after the New Year, following the usual custom. At that time the policy of the department and of the government will be made public. Personally, I do not think that with present prospects we need worry about being able to deliver the wheat that will be grown in western Canada during the next crop year.

Mr. CASTLEDEN: Is it not true that order in council, P.C. 6122, stated that wheat would not be sold abroad by the Canadian wheat board at over $1.55; is that not the order in council?

Mr. MacKINNON: The order in council carrying out the decision of the cabinet stated that wheat would be offered for the time being at $1.55 a bushel.

Mr. CASTLEDEN: Not more than $1.55.

Mr. MacKINNON: At $1.55. It is not what the hon. member for Yorkton states; it is what I have just stated, at $1.55.

Mr. BRYCE: Does that refer to shipments to Britain only?

Mr. MacKINNON: That is the price at which we are selling wheat for export at the present time, $1.55.

Mr. CASTLEDEN: Is there any time limit during which that price will be maintained?

Mr. MacKINNON: There is no time limit.

Mr. BRYCE: Can any other country buy at $1.55?

Mr. MacKINNON: The Department of Trade and Commerce and the government are endeavouring to treat all ordinary wheat importing countries on as fair a basis as possible, based on their imports during prewar years. We have given No. 1 priority to the United Kingdom and secondary priorities to our allies in the overrun countries of Europe. The great bulk of our wheat shipments is going to these countries, but a small amount of wheat and flour has been sold to Latin-American countries which were regular customers of ours during the peace years.

Mr. CASTLEDEN: The minister stated, as reported at page 289 of *Hansard:*

> Accordingly the government, by order in council, has instructed the Canadian wheat board to offer wheat for sale for export overseas at prices not higher than the current export price of $1.55 per bushel, basis No. 1 Northern, in store Fort William/Port Arthur or Vancouver.

That is, that Canadian wheat shall not be sold by the Canadian wheat board at a price higher than $1.55, which would be the ceiling on the export price of wheat.

Mr. MacKINNON: That is not my undertanding of it. The intent of the department was that wheat should be offered at $1.55.

Mr. CASTLEDEN: Not more than.

Mr. MacKINNON: At $1.55 for the time being. It does not say that the government, under a certain set of circumstances, might not find it necessary to raise that price at a later date.

Mr. CASTLEDEN: Has any wheat been sold by the Canadian wheat board at more than $1.55?

Mr. MacKINNON: Not that I know of.

Mr. CASTLEDEN: The United States is getting more than that for its wheat.

Mr. MacKINNON: We are getting $1.70 at seaboard as against the United States seaboard price of $2. However, Canada is selling twice as much wheat for export as is the United States at the present time. As I have explained, the people of Canada, if they saw fit, could demand and get from certain countries in their extremity just about what we wanted to ask for wheat; but looking at it from the long-range view and from many points of view beside those of dollars and cents, although they are most important, the government decided that for the time being they would offer wheat to those countries at $1.55.

Mr. CASTLEDEN: In order to create good will and future markets?

Mr. MacKINNON: Partly.

Mr. CASTLEDEN: And partly on humanitarian grounds?

Mr. MacKINNON: Partly.

Mr. CASTLEDEN: If the Canadian people see fit to do that—and I think it is a fine gesture and one which we all support—the Canadian people as a whole should pay for it. The Canadian producer should receive the difference of thirty cents that exists between the Canadian seaboard price and the United States seaboard price. The Canadian people as a whole are going to benefit, because the people of these other countries will be sending goods to Canada. I contend that the government should make up this difference and pay a subsidy to the Canadian producer to cover the difference in price.

Mr. MacKINNON: Bound up with that price of $1.55, f.o.b. Fort William, and $1.70 seaboard, is a matter of the guarantee of a minimum of $1 a bushel for a period of five years.

Mr. PROBE: Is this wheat offered to the governments of the countries which are importing it? Is the agreement made between the wheat board and the government direct, between the importer and exporter in this country or between the wheat board and the importer?

Mr. MacKINNON: The sale of Canadian wheat is from the Canadian wheat board to governments or government buying agencies in all countries, with the exception of small amounts that we sell to a few of the Latin-American countries which have been customers of ours in peace time.

Mr. PROBE: And the price to Latin-American countries may or may not be $1.55 if they are in extremity?

Mr. MacKINNON: I do not know any that are in extremity. They have the money to pay for it and they are paying in hard cash. Small quantities are sold commensurate with their imports before the war.

Mr. PROBE: Is this wheat being used by these Latin-American countries internally, or is it being re-exported?

Mr. MacKINNON: We are thoroughly satisfied that it is being used internally. There are people in Ottawa right to-day from these Latin-American countries wanting to buy wheat from us, and there are other countries not represented in Canada to-day who are in great need of wheat and are anxious to buy from us, but for whom we have no supplies if we are to supply the United Kingdom and our former allies overseas.

Mr. CASTLEDEN: Are you selling through commission houses or direct from the wheat board to other governments? Is any commission paid to commission agents on the sale of this wheat?

Mr. MacKINNON: None whatever.

Mr. SINNOTT: I would ask the hon. member for Yorkton if it would not be a better business proposition to sell 400,000,000 bushels of wheat at $1.55 rather than 200,000,000 bushels at $2?

Mr. CASTLEDEN: I think we should sell wheat at the price we can get for it. What is being done to-day is in the interests of all Canada, and all the people should bear their share of the load. The farmer alone should not have to bear the brunt of having to take a lower price for his grain.

Mr. FAIR: The minister said a few moments ago that tied up with the present export price of $1.55 is a guarantee that wheat will not be sold below $1 a bushel for the next five years, but he forgot to tell us that since the war for quite a while we have taken seventy cents f.o.b. Fort William for the best grain grown in the world. By so doing, the farmers suffered a distinct loss during all those years until 1942, when we were given an initial price of ninety cents a bushel. The minister also forgot to tell us that during those years the farmers of Canada had to stand the expense of interest on the money borrowed to advance to the farmers on the grain sold and also vast amounts in storage, for the elevators all over the country were full. All those charges were piled on the Canadian farmers and should properly have been a charge on the Canadian people as a whole. If the government wants to treat the farmers at least half fairly that price of $1 a bushel up to the end of July, 1950, should be increased to $1.25, the present initial price. If these charges were laid on the Canadian people as a whole it would give the farmers a chance to become reestablished and encourage them to work with a little more heart and courage even under present conditions.

Mr. MacKINNON: Just to supplement what the hon. member has said, participation certificates have also been paid or will be paid to the wheat producers ever since 1940.

Mr. FAIR: The value of the participation certificates will be off-set by storage and interest charges against the wheat.

Mr. DIEFENBAKER: I am not hard to satisfy, but I do not think I got a very good answer; indeed I got no answer to the question I asked, which was a simple one, arising out of the negotiations at Washington between

representatives of the British and the United States governments relative to a loan or credit to be extended by the United States to Britain. That credit of some $4 billion has been extended, and press reports both in the United States and in our own country indicated that the United States government demanded that as a condition precedent to the credit, reductions or changes be made in the British preferences. The minister has stated that Canada had no part in the negotiations that took place in Washington. That is perfectly true, but Canada is to be greatly affected by what took place there if the British preferences are to be reduced as between Canada and Great Britain. My question is simply this: Did the minister receive any information from either the British or the United States government that as a condition precedent to that credit reductions or changes were to be made in the British preferences as between Canada and Great Britain? I submit that that is a question which should be answered.

Mr. MacKINNON: I can answer it very simply. No such information has been received by the Minister of Trade and Commerce.

Mr. FRASER: I have been handed a copy of the *Canadian Geographic Journal,* and I notice it says that Canadian trade with Latin-America is to be determined by the Department of Trade and Commerce. That was stated by the trade commissioner or the acting trade commissioner at Santiago, Chile. Would it not be advisable for the trade commissioner in Chile to have an office in Valparaiso, which is a seaport and also because his trade commissionership takes in Bolivia? I think it would help if there were an office in Valparaiso.

Has the minister any information on the agricultural implement requirements of Brazil? I understand that it was stated in the British House of Commons that Brazil will require 55 million pounds worth of agricultural machinery within the next ten years.

Mr. MacKINNON: In our Santiago office we have a senior trade commissioner and a junior trade commissioner in addition to the other members of the staff. Either one or the other makes regular visits to Valparaiso. As the hon. member knows, Valparaiso is just about a couple of hours' run from Santiago. They also make periodical visits to Bolivia.

Mr. FRASER: The whole point is, if somebody wanted to see the trade commissioner, and he had a hotel room in Valparaiso, he might not want to take the trip to Santiago.

Mr. MacKINNON: I shall see that attention is paid by the departmental officials to the suggestions of the hon. member for Peterborough. May I add this in a general way on all these matters, that it is my intention and the intention of the officials of the department carefully to peruse everything which has been said on these estimates to-night, because I know that a number of suggestions are helpful, and that most of the suggestions, at least, are given with that purpose.

Mr. BROOKS: I wish to ask the minister a question with reference to the British West Indies trade agreements. When will there be a revision of them? I might say that they have had a serious effect on trade from the maritime provinces, and the people of those provinces are anxious to know when those agreements are coming up again for revision.

Mr. MacKINNON: The matter of the renewal or otherwise of the West Indies-Canada trade treaty has simply been at a standstill, on account of the war. It is now impossible to proceed with a consideration of a renewal of that trade treaty, although our friends of the West Indies are exceedingly anxious for a renewal, until we have our trade talks with the United Kingdom. That will have to come first, as it will have a very great deal to do with our negotiations with the West Indies.

Mr. BROOKS: It is not anticipated that there will be any revision within the next year?

Mr. MacKINNON: It will be done just as early as possible, and I fully recognize the importance of that treaty, to the maritime provinces particularly.

Item agreed to.

337. Exhibitions, $91,622.

Mr. CASTLEDEN: I should like a statement with regard to what is required in respect of the London exhibition.

Mr. MacKINNON: There is nothing for this year. There may be preparations.

Mr. CASTLEDEN: Was there any expenditure last year?

Mr. MacKINNON: No, except a small maintenance charge. We have an exhibition warehouse in London where certain things are stored. But the reorganization of the exhibition department is receiving attention right now.

Item agreed to.

Dominion bureau of statistics—

338. Administration, $111,635.

Mr. NICHOLSON: I recently had an inquiry from a railway employee who required proof of age, because at the time that he was born statistics were not recorded very carefully, and my information from the bureau is that proof of age is given for old age pensioners, blind pensioners and veterans, but no provision is made for other persons who require proof of age for pension. Could some consideration be given to a revision of the act, so that any person who requires proof of age for pension could have that proof established by the bureau of statistics?

Mr. MacKINNON: That is a matter which comes before us, I was going to say daily, but very frequently—people writing in to see if they can get some proof of age through the bureau of statistics. Now, except for government purposes, and according to the legislation under which we are acting, it is impossible for us to furnish that information. I shall take into consideration the necessary amendment to the act which would enable us to do that.

Mr. MacNICOL: As one who has received much help and information from time to time from the bureau of statistics, and has marvelled at the ability of the officials to give complete answers, and answers in accordance with the information desired, I wish to express my appreciation to the minister—and I know I speak for many others in this house—for all the services we have received from the bureau of statistics.

Mr. MacKINNON: Thank you.

339. Statistics, including contribution of $2,530 to the Inter-American Statistical Institute, $1,608,600.

Mr. PROBE: In the public accounts for 1944, on pages Y-10 and Y-11, there appears an item of $66,977.46 for rentals of machines, and the larger part of those payments went to International Business Machines company. This year I see that there is approximately $64,000 estimated for machine rentals. Might I have from the minister a statement whether these machines must be rented from machine companies, or what is the policy of the government with respect to buying the machines which are included in this item.

Mr. MacKINNON: I am sure that the department would purchase these machines rather than pay the rentals if it were possible to do so, but we can obtain the use of the machines only by renting them, not by purchase.

[Mr. MacKinnon.]

Mr. PROBE: Is that due to the patent rights these companies hold?

Mr. MacKINNON: I imagine it is.

Item agreed to.

340. Census of population, $371,700.

Mr. COCKERAM: Can the minister explain what census services, outside the $250,000 are covered by this item?

Mr. MacKINNON: These figures deal with the expense of the finishing up of the last decennial census.

Item agreed to.

Mail subsidies and steamship subventions—

Western local services—

344. Prince Rupert, B.C., and Queen Charlotte islands, service between, $22,000.

Vancouver and northern ports of British Columbia, service between, $15,000.

Victoria, Vancouver, way ports and Skagway, service between, $10,000.

Victoria and west coast Vancouver island, service between, $10,000.

Mr. ARCHIBALD: I wish to say a few words with reference to the coastwise service on the British Columbia coast, especially from Vancouver north. I should like to see the department take an interest in trying to promote a better mail service to many of the points up the coast. I can give one example, of the village of Bella Coola, which is a good farming centre, but it has only one boat a week from Vancouver; if it could have a better service I am sure that that valley would grow, because there are great possibilities, especially in the future when it becomes hooked up with the interior.

I should also like the department to take an interest in seeing that better boats are provided for the service to the Queen Charlotte islands. The boats used now by the Union Steamship company are nothing more than perambulating junk-heaps, and it is no pleasure to ride on them. I have worked on them, and I pity the sailor who works on them. Quite often the passengers have to swim around for their shoes. That is actually what is happening. It does not make for the growth of Queen Charlotte islands settlements such as Massett and Queen Charlotte city.

I wish to bring another matter to the attention of the minister now, so that it may be on the record and I can criticize him in future years if needs be. In 1939, by order in council 1280, dated May 31, the government allowed a subsidy of $6,750 per sailing for two boats, for experimental sailings out of the port of Prince Rupert. That was cancelled owing to the imminence of the war. Now that the war is over, the port is in far

better condition to handle these boats because of increased facilities there consequent upon the growth that took place during the war. I should like to see the government promote that actively as soon as possible. Ships will be released from the pools in the near future, and when normal shipping relations are established once more I should like to see the port get a start as peace-time trade increases. We are looking for action from the government in the near future, because the whole north has to depend upon this. It is part of the general hook-up of the railway situation all through that country, and this subsidizing and supporting of deep-sea sailings out of the port of Prince Rupert will have its effect on the whole north. We know that in the past trade has been able to start by itself, but we recognize now that the state has to interfere actively and to take the lead in sponsoring such things, and Prince Rupert is looking to the department to do this for them.

Mr. MacKINNON: I do not wish to delay the passing of this item, but I think it is only fair to give the hon. member the information on the points he has raised. The department at the present time is negotiating with the Union Steamship company for a new boat to serve the Queen Charlotte islands and two new boats to serve the northern British Columbia ports. The matter of a shipping service from Prince Rupert to the United Kingdom was about to be taken up when the war broke out, but it is now again receiving the attention of the department.

Item agreed to.

Mail subsidies and steamship subventions—
Eastern local services—

345. Baddeck and Iona, service between, $12,000.

Chester and Tancook island, winter service between, $2,400.

Grand Manan and mainland, service between, $33,000.

Halifax, Canso and Guysboro, service between, $10,000.

Halifax, LaHave and LaHave river ports, service between, $3,000.

Halifax, Sherbrooke, Spry bay and Tor bay, service between, $6,500.

Halifax, South Cape Breton, Bras d'Or, lake ports and bay St. Lawrence, service between, $7,500.

Halifax and ports on west coast of Cape Breton, service between, $6,000.

Ile-aux-Coudres and Les Eboulements, service between, $3,500.

Mulgrave and Arichat, service between, $25,000.

Mulgrave and Canso, service between, $37,000.

Mulgrave and Guysboro, calling at intermediate ports, service between, $14,000.

Murray Bay and north shore of the St. Lawrence, winter service between, $50,000.

Owen Sound and ports on Manitoulin island and Georgian bay service between, $35,000.

Pelee island and the mainland, service between, $11,000.

Pictou, Mulgrave and Cheticamp, service between, $11,000.

Pictou, Souris and the Magdalen islands, service between, $60,000.

Prescott, Ontario, and Ogdensburg, New York, service between, $11,640.

Prince Edward Island and Newfoundland, service between, $17,500.

Prince Edward Island and Nova Scotia, service between, $37,000.

Quebec, Natashquan and Harrington, service between, $127,500.

Quebec or Montreal and Gaspe, calling at way ports, service between, $90,000.

Rimouski and Matane and points on the north shore of the St. Lawrence, service between, $75,000.

Riviere-du-Loup and St. Simeon and/or Tadoussac, service between, $21,000.

Saint John and Minas basin ports, service between, $5,000.

Saint John, Westport and Yarmouth and other way ports, service between, $13,500.

Sydney and bay St. Lawrence, calling at way ports, service between, $25,000.

Sydney and Bras d'Or lake ports, west coast of Cape Breton, and Prince Edward Island, service between, $22,500.

Sydney and Whycocomagh, calling at way ports, service between, $18,000—$961,783.

Mr. MacNICOL: I do not see anything in any of these items for a mail service from Waterways north down the Mackenzie valley to Aklavik. Perhaps a subsidy to any service there would help to speed up the traffic, because the trouble is that the traffic is slow. Will the minister consider next session an item to promote the speeding up of traffic on the Mackenzie river by means of a subsidy?

Mr. MacKINNON: I shall be anxious to look into the matter. At present these subsidies are arranged through the Post Office Department.

Mr. BROOKS: I wish to ask a question with regard to the Grand Manan-mainland service in New Brunswick. The service has been very unsatisfactory there for the last number of years. Is there any provision for a new boat to be used there? I should like the minister to say something regarding the mail service in connection with Grand Manan. I had heard that there were many complaints.

Mr. MacKINNON: The contractors on that service have just purchased a new boat, and negotiations are being carried on now with regard to subsidies.

Item agreed to.

Canada Grain Act—

346. Administration, $101,834.

Mr. CASTLEDEN: Earlier this evening the minister stated that order in council P.C. 6122 did not prohibit the government from selling

grain in excess of $1.55. I have a copy of the order in council, the last paragraph of which reads:

Regulations. The Canadian wheat board shall not sell wheat for export to overseas destinations at a price in excess of $1.55 per bushel—

Is that not placing a ceiling?

—for number 1 Manitoba northern, basis in store Fort William/Port Arthur or Vancouver, and in the case of each other grade of wheat at prices in excess of such prices as in the opinion of the said board brings each of such grades into proper prices relationship with number 1 Manitoba northern.

Does the minister say that with this order in council in effect they can sell wheat at more than $1.55 for export purposes?

Mr. MacKINNON: My understanding is that the $1.55 f.o.b. Port Arthur or Vancouver is the price at which wheat is being offered for sale at the present time. Further, I understand that circumstances might arise that might lead the wheat board to offer wheat at a higher price.

Mr. CASTLEDEN: The order in council makes a definite statement.

Mr. MacKINNON: I shall have to look into that.

Mr. CASTLEDEN: One other matter. The minister stated that the present export price of $1.55 had a relationship to the $1 floor price guaranteed the farmers for a number of years. If we were getting $1.30, if we were getting the extra thirty cents, either through a government subsidy or by selling at the export price, would that not make it possible for the government to guarantee a price for a longer period? There would be more money in the wheat board and you could guarantee a better price. The producer is the ultimate loser, no matter how you look at it.

Mr. MacKINNON: I am afraid I did not follow the hon. member. Would he mind repeating that.

Mr. CASTLEDEN: The minister said that the $1.55 was tied up with the fact that there was a floor of $1 a bushel for the next five years, and my question was this. If we were selling wheat at the present time at thirty cents a bushel more, secured either in the form of a subsidy from the Canadian government or at that price, would that not mean more money in the treasury of the wheat board, so that the $1 price could be maintained for a longer period?

Mr. MacKINNON: That money would not be left there. It would be distributed to the producers immediately under participation certificates.

[Mr. Castleden.]

Mr. CASTLEDEN: Without that, the farmer loses. He is the man that takes the loss at the lower price.

Item agreed to.

Canada Grain Act—

347. Operation and maintenance including inspection and weighing, registration, et cetera, $1,820,047.

Mr. SMITH (Calgary West): Why is there this substantial increase?

Mr. MacKINNON: I am told there is a larger volume of wheat being handled.

Item agreed to.

Canada Grain Act—

348. Canadian government elevators, including equipment, $429,991.

Mr. BRYCE: Is this for new equipment, or does it represent a deficit in the operation of the government elevator?

Mr. MacKINNON: The largest item in the increases is $29,750 for salaries.

Mr. BRYCE: For what?

Mr. MacKINNON: Increased employees.

Mr. BRYCE: Rental for these elevators must be in that. Government elevators are rented out, are they not?

Mr. MacKINNON: All elevators except one are operated by the board of grain commissioners. One elevator at Port Arthur is rented.

Mr. TOWNLEY-SMITH: Are they revenue-producing? If so, can the minister tell us what the receipts were in the last year?

Mr. MacKINNON: I am informed that the revenue goes into the consolidated revenue fund and the money is voted by parliament each year for the operations.

Mr. MOORE: I note that the amount asked for Canadian government elevators is approximately $430,000. How much of that money was spent last year on the terminal elevator at Churchill, Mantioba? How much does the department intend to spend on that elevator in 1946? Is it the purpose of the department to restore the stockyards at that point in the near future? I understand that they were torn down during the late war.

Mr. MacKINNON: The elevator at Churchill does not come under the Department of Trade and Commerce. I am not sure whether it comes under the Department of Transport or the national harbours board.

Mr. SMITH (Calgary West): I notice there is an increase in this item and we are told it is for salaries. In the last item there was a large increase, and we are told it was for handling more grain. I wonder whether those answers are accurate. Why should there be more grain handled in 1945-46 than in 1944-45, when there was more grain to handle?

Mr. MacKINNON: From the figures before him, the hon. member is quite right in asking these questions; but I am advised by the official that it is necessary to ask for a further amount in the supplementary estimates which will be brought down at a later date, to help take care of the 1944-45 operations.

Mr. BLACK (Cumberland): Before this item passes I should like to ask the minister a question in regard to subsidies and the re-establishment of the ferry service in Nova Scotia, Parrsboro, Kingsport and Wolfville, which was carried on for over forty years, I believe, and in recent years by the ferry boat *Kipawo,* which was taken over by the Department of National Defence for the Naval Services.

The ACTING CHAIRMAN (Mr. Golding): Order. The item we are now on is "Canadian government elevators, including equipment, $429,991."

Mr. BLACK (Cumberland): I know this is the last item, but I have been attending a meeting of the banking and commerce committee. I ask the privilege to revert to a previous item. I will not be very long. The minister is willing.

An hon. MEMBER: Make it short.

Mr. BLACK (Cumberland): This service was discontinued. A subsidy of $4.500 was paid by the provincial government and also some by the federal government. When the service was discontinued motorists had to cover about 150 miles extra when gasoline and tires were rationed. The was is over; people of the section served, and the general public are anxious to have this service reestablished. I do not expect it to be in these estimates, but I ask the minister whether he is able to make any announcement with regard to the plans of the department for the ensuing fiscal year. I have been advised that some of the responsible citizens in the communities directly served are prepared to assume the responsibility for securing, if possible, the old boat *Kipawo* or a new boat and operating it, provided that the government will restore the subsidies previously paid. Will the minister make a short statement?

Mr. MacKINNON: I am familiar with the matter brought up by the hon. member for Cumberland. As he knows, the service was discontinued in the early days of the war. I shall be very glad to have my officials look into the matter again and see if it would be justifiable to resume the service.

Mr. BLACK (Cumberland): I wish to thank the minister.

Item agreed to.

The ACTING CHAIRMAN (Mr. Golding): If the hon. members will turn to page 15 of the estimates—

Mr. MacKINNON: Mr. Chairman, I did not hear you call item 229.

Mr. JACKMAN: While the chairman is turning up this item, may I refer to a matter? For many years the Department of Trade and Commerce put out a most useful handbook giving an abstract of the "Canada Year Book." I believe the charge to educational institutions and members was ten cents. During the period when certain economy measures were put into force, certain false economies were also put into force and the price of this booklet was raised to twenty-five cents. I know that great use was found for it among students in commercial classes in my riding. It would greatly facilitate the distribution of this booklet if the department could see fit to make it available once more for educational purposes and for distribution to members of the house at the old rate of ten cents. I hope that the minister will give consideration to this request.

Mr. MacKINNON: I shall be very glad to do so. I may say that I know how much interested the hon. member for Rosedale is in that particular publication, because at his own expense he has given quite a wide distribution to it, and has been helpful to us in the improvement which has been brought about in that publication.

The ACTING CHAIRMAN (Mr. Golding): Item 229 comes under National War Services.

Mr. MacKINNON: It is transferred to this department.

229. Canadian travel bureau service, **$77,950.**

Mr. GREEN: Can the minister give us a short statement with regard to the activities of the bureau and what plans he has for the future?

Mr. MacKINNON: I possibly could get something from my officials, but I am not in a position to give any long detailed state-

ment on the plans that we have in the Department of Trade and Commerce for the Canadian travel bureau which has just been taken over from the Department of National War Services. We are now dealing with the ordinary estimates. There will be items in the supplementary estimates for the extension of this service in the first year after the war. It is recognized that the work of this branch, which was dropped during the war, will have to be brought back again in an enlarged way, and studies are being given to that objective at the present time.

Mr. GREEN: Are there no plans made for the work that is to be done by the travel bureau? This is the organization which is responsible for the promotion of tourist business.

Mr. MacKINNON: Yes.

Mr. GREEN: I have no doubt that a great deal of consideration has been given to plans for the post-war period. I would suggest to the minister that he give us more detail as to what plans have been made. This is one of the most important industries in Canada.

Mr. MacKINNON: What the hon. member for Vancouver South has just said is well understood by the department. I am quite sure he will realize, however, that, this matter having just come into the department, I am not now in a position to make an extended statement. As I intimated, there will be some supplementary estimates brought down, at which time I would be ready to make a statement.

However, I can say now that the regular work of the branch has been proceeded with and preparations made for extensive advertising throughout foreign countries, particularly the United States and Latin-American countries, respecting the great tourist attractions we have in Canada. Money has been appropriated for the preparation of literature advertising those resources.

We are also planning a campaign which will have for its purpose that of making the people of Canada individually realize the importance of this tourist business, so that when people come to Canada they may be taken care of properly and courteously, in order that they may be good travelling ambassadors for Canadian scenery.

Mr. GREEN: Will the minister make a detailed statement when his supplementary estimates come up?

Mr. MacKINNON: I shall, if opportunity permits.

[Mr. MacKinnon.]

Mr. BLACK (Cumberland): I have one severe criticism—and it is not of the minister. This amount is not nearly large enough. He reassures me, however, by the statement that substantial supplementary estimates are to be brought in. I take it for granted that they will be properly expended and, so far as I am concerned, I am going to support the minister in advance.

This is one of the most important services in Canada, one which is extremely important to the maritime provinces. I hope the minister will see that there is an appropriation amply sufficient to administer this very important service.

Item agreed to.

230. National film board, including the motion picture bureau, $810,965.

Mr. FLEMING: This item appears under the Department of National War Services, but it was my understanding that recently the administration had been transferred to the Department of National Health and Welfare.

Mr. MacKINNON: That is correct.

Mr. FLEMING: It seems to me this might more properly be dealt with when the estimates of the Department of National Health and Welfare are before us.

Mr. MacKINNON: That is when they will be dealt with. We are not attempting to deal with them to-night.

Item stands.

DEPARTMENT OF JUSTICE

91. Departmental administration, $170,499.

Mr. DIEFENBAKER: There is one matter concerning which I should like to ask the minister a few questions. It has to do with the recent action in Windsor, Ontario, where a convicted robber was given the test by a lie detector. That, I believe, is the first time in the history of this country that anything along that line has been attempted, or that it has been used for the purpose of ascertaining whether or not those convicted have been in fact guilty of any offence.

In this connection I would ask the minister the circumstances under which the test was made upon the convict, and whether or not tests by lie detectors have now become sufficiently scientifically advanced as to be reasonably infallible.

The convict in question had been sentenced to a period of twelve years in prison. He appealed, and his appeal was dismissed. He escaped from gaol while awaiting the hearing of the appeal, and returned to custody under an arrangement whereby he was to have

applied to him the lie detector with a view to ascertaining whether or not he had in fact committed the offence of which he had denied commission.

Having read of this case, I looked up as well as I could some of the methods being used in this connection, to ascertain whether there was any foundation for what was done in this case. I find that there are several appliances being used, more particularly in Michigan, which adjoins the city of Windsor. There, many innocent persons who have been sentenced to imprisonment have been cleared, as a result of the examinations which have taken place through the use of what is known as a polygraph machine. It is known as the Keeler polygraph.

I am referring now to the London *Spectator* wherein it is stated that this machine is seventy-five per cent accurate, and that another machine known as the Summers pathometer, which it is claimed demonstrates a lie by means of a variation in the electrical resistance of the skin to an electric current, is supposed to detect ninety-eight per cent of guilty persons and 100 per cent of the innocent.

I know of no advance made in recent years that could be more important than this one.

Mr. BERTRAND (Laurier): Does the hon. member believe in it?

Mr. DIEFENBAKER: That is not for me to say. After all, the law is always far behind scientific development. It took many years before finger-printing was accepted, and many years before criminology would permit of the taking of evidence in connection with firearms, the identification of cartridges, and the like.

Whether I believe in it or not, this was actually tried out in the Windsor case. According to press reports the man was found to have been innocent of the offence for which he had been sentenced and was about to serve a long term of imprisonment.

Is this system to be applied generally throughout the country, and in particular in penitentiaries where there are men who claim they are innocent and have been wrongly convicted? Of course one finds that in all penal institutions. The principle has been accepted in this case.

I should like to ask the minister these questions before dealing with the matter any further. First, did that examination take place with the knowledge or consent of the Department of Justice? Did it take place after consideration had been given to the whole question of the reliability of the lie detector device?

This is important because, if there has been no evidence to support the accuracy of the lie detector, then it should not have been used in that case, because it leads people to believe that this man is wrongfully serving a sentence. If, on the other hand, it has been accepted by the Department of Justice as a result of examination as being reasonably infallible, then I submit that the time has come when it should be generally applied throughout the penal institutions of this country.

Mr. ST. LAURENT: The answer to the first question is, no. The answer to the second question is that the Department of Justice does not know anything at all about it. The answer to the third question is that the Department of Justice does not attempt in the penitentiaries to ascertain whether convictions pronounced in the courts charged with the administration of justice are proper or not.

Mr. DIEFENBAKER: Why then was this examination allowed of a man who had received a sentence to the penitentiary?

Mr. ST. LAURENT: The hon. member will have to address his question to the attorney general of Ontario who has to do with the administration of justice in this province. The Department of Justice had nothing whatsoever to do with the incident to which the hon. member refers.

Item stands.

Progress reported.

It being five minutes after eleven o'clock, the house adjourned, without question put, pursuant to standing order.

Wednesday, December 12, 1945.

The house met at eleven o'clock.

TRADE AND EMPLOYMENT

PROPOSALS FOR CONSIDERATION BY INTERNATIONAL CONFERENCE IN 1946

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I wish to table copies of proposals for expansion of world trade and employment which were communicated by the United States government, together with the text of a financial agreement between the United Kingdom and the United States, as signed at Washington on December 6, 1945, and related documents. These are in printed forms.

In connection with the tabling of these documents there is a brief statement I should like to make.

These proposals have been prepared for consideration by an international conference on trade and employment, which the United States government suggests should be convened by the united nations organization for the summer of 1946.

The government of the United States has proposed that all countries should concert their efforts in the sphere of their international economic relations, with a view to expanding the volume of world trade and maintaining high and stable levels of national employment. The specific suggestions for achieving these ends, set forth in the document which is now being tabled for the consideration of members of parliament, deserve our most careful study, for no country has a greater interest than Canada in the realization of these objectives.

Members of the house will recall that in withdrawing, on November 12 last, such tariff changes as had been incorporated in the budget resolutions the Minister of Finance stated that "within the last few days we have been given substantial ground for believing that the prospects of early international action for the reduction of tariffs and other barriers to world trade are considerably improved." The documents I am tabling to-day indicate that in the four weeks that have intervened, material progress has been made and that what was then a mere hope or expectation has become, to quote from the joint statement by President Truman and Prime Minister Attlee, "agreement on the broad principles of commercial policy for which the two governments will seek international support."

LABOUR CONDITIONS

STRIKE AT FORD MOTOR PLANT, WINDSOR

Hon. HUMPHREY MITCHELL (Minister of Labour): I have just dispatched the following wire to the management and employees of the Ford Motor Company of Canada, also to Mr. Addes, international secretary treasurer of the union at Detroit:

The reply of the Ford Motor Company to the formula proposed by the union was received this morning. I have asked Mr. Greig to furnish a copy to Mr. Burt at Windsor this morning. In its reply the company pointed out the difficulties in the way of adopting the formula presented by the union including the fact that it would be impossible to find an arbitrator who could accept the responsibility on a time limit basis and particularly when it is the company's view that the selection should be made from the membership of the Supreme Court of Canada. Both the Honourable Mr. Daley and myself do believe that it would be difficult to bring about arbitration on a time limit basis and after giving the situation very serious consideration and because of the urgent and imperative necessity of getting the employees back to work we urge that the proposal made by the Honourable Mr. Daley and myself in our letter of November 27 be again put before your membership by referendum vote.

Both sides have now agreed that in calling men back to work seniority rules shall prevail as far as this is possible under the circumstances. If the Departments of Labour of the dominion and Ontario governments can be of assistance in the supervision of such vote we shall be very willing to arrange such assistance.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

AGRICULTURE DEPARTMENT—EMPLOYEES WITH UNIVERSITY DEGREES

Mr. NICHOLSON:

How many employees of the Department of Agriculture holding: (a) Bachelor's degree; (b) Master's degree; (c) Ph.D., are found in each of the following salary classifications—(1) less than $1,000; (2) $1,000-$2,000; (3) $2,000-$3,000; (4) over $3,000?

Mr. GARDINER:

(a) Bachelor's degree—1. Less than $1,000, 1; 2. $1,000-$2,000, 287; 3. $2,000-$3,000, 358; 4. Over $3,000, 96.

(b) Master's degree—1. Less than $1,000, nil; 2. $1,000-$2,000, 60; 3. $2,000-$3,000, 113; 4. Over $3,000, 47.

(c) Ph.D.—1. Less than $1,000, nil; 2. $1,000-$2,000, 10; 3. $2,000-$3,000, 41; 4. Over $3,000, 62.

CO-OP IMPLEMENT COMPANY—RAW MATERIALS FOR MANUFACTURE OF FARM MACHINERY

Mr. THATCHER:

1. Has the wartime prices and trade board received a request from the Co-Op Implement Company, Winnipeg, for an allotment of raw materials to allow it to commence manufacture of farm machinery?

2. If so, what action has been taken?

Mr. MAYHEW:

1. Yes.

2. During the period that raw materials were under strict control all farm machinery manufacturers submitted their requirements of iron and steel to the administrator of farm and road machinery and municipal service equipment who in turn arranged with the steel controller of the Department of Munitions and Supply to approve the orders on the steel producers. Under this arrangement all requests for allotments of iron and steel made by Co-operative Implement Company Ltd., Winnipeg, were pro-rated along with all other implement manufacturers and supplied by the steel producers.

With the termination of the war certain restrictions were removed and the steel controller was no longer obliged to approve steel mill schedules.

Malleable castings are currently produced for the farm implement industry under the direction of the priorities officer of the Department of Munitions and Supply on recommendation of the administrator of farm and road machinery and municipal service equipment of the wartime prices and trade board. Requests made by the Co-operative Implement company are pro-rated on an equitable basis with all other implement manufacturers and are being produced and delivered.

COAL SUBSIDIES

Mr. GILLIS:

1. Were any subsidies paid by the government on imported coal consumed at the *Globe and Mail* Newspaper Publishing Company of Toronto from 1940 to the end of 1944?

2. If so, to what amount?

3. Were any such payments stopped, and why?

Mr. MAYHEW:

1. Under the definition of "consumer goods", authorized by wartime prices and trade board during the period from April 1, 1943 to April 30, 1945, imports of United States bituminous coal and coke used for the heating of buildings or to provide customary and necessary service for such buildings (with certain exceptions) were eligible for subsidy consideration. As subsidies were paid to the dealer importing the coal and not to the end-user, Commodity Prices Stabilization Corporation Ltd. has no record as to what subsidies were paid on coal consumed by individual concerns. Furthermore, were the information available, it would necessarily be withheld on the grounds that, in accordance with government policy as stated from time to time in the House of Commons by the Minister of Finance, it is not considered to be in the public interest to give information as to subsidies paid by Commodity Prices Stabilization Corporation Ltd. to individual concerns. (Ref. House of Commons Debates No. 47, dated April 24, 1944, page 2281.)

2 and 3. Answered in one above.

PURCHASE OF TORONTO PROPERTY

Mr. FLEMING:

1. Has the government purchased property on or near Summit drive immediately north of Loretto abbey and east of Yonge boulevard, just outside the city of Toronto?

2. If so, from whom was the property purchased?

3. What is the area of the property and what buildings are located on it?

4. What price was paid for the property?

5. What use is intended for the property?

Mr. GARDINER:

1. Purchase has been authorized and is now being completed.

2. A. L. Ellsworth, Esq., Toronto, Ontario.

3. (a) 23 acres. (b) Buildings on property comprise one large, three-storey, brick and stone residence; one "H" shaped, two-storey structure used for classrooms, offices and staff accommodation; greenhouse; one small summer house; and one pumphouse.

4. $100,000.

5. Permanent R.C.A.F. staff college.

PARLIAMENT HILL—ROADS AND SIDEWALKS

Mr. CHURCH:

1. What is being done to clear the sidewalks and roads on parliament grounds this winter, and who is responsible for this work?

2. How many men and inspectors were engaged daily in snow removal during the recent snowstorms?

3. Does the government clear the snow from in front of all government buildings and crown property in Ottawa?

4. What modern equipment and plant have they for this work?

Mr. MACKENZIE KING:

1. (a) Ploughing, shovelling and hauling of snow; (b) federal district commission.

2. One hundred and one.

3. No.

4. Five motor truck ploughs, three tractor ploughs, two power graders, one bulldozer and five sanding and snow-hauling motor trucks. During large storms, five additional snow-hauling motor trucks are hired.

VETERANS' LAND ACT—PURCHASE OF LAND IN ONTARIO TOWNSHIPS

Mr. MENARY:

1. How many farms did the government purchase for the Veterans' Land Act in the townships of Minto, Maryborough, Peel, Arthur, West Luther, East Luther, West Garafraxa, Erin?

2. What was the average purchase price in each township?

3. When will these farms be available to veterans?

Mr. TUCKER:

1. Purchase completed of 9 farms.

2. Minto, $4,500; Maryborough, $4,800; Peel, $4,025; Arthur, —; West Luther, $4,800; East Luther, —; West Garafraxa, —; Erin, $3,800.

3. Five of the farms have already been disposed of to veterans. The balance are available now.

BRITISH COLUMBIA SECURITY COMMISSION—
C. W. VOLGER

Mr. MacINNIS:

1. Has C. W. Volger at anytime been employed by the British Columbia Security Commission?

2. If so, how long was he so employed?

3. What were his duties with this commission?

4. Is he still in the employ of such commission?

5. If not, when and how were his services terminated, and for what reason?

Mr. MITCHELL:

1. Yes.

2. From April 1, 1942, to October 16, 1945.

3. April 1, 1942—carpenter, Hastings Park Centre. August 1, 1942—construction foreman, Slocan Project. November 16, 1942—construction foreman, Tashme Project. October 1, 1943—log scaler on wood fuel operations, Tashme Project.

4. No.

5. Employment was terminated by written notice of October 9, 1945, under authority of the commissioner of Japanese placement and effective October 16, 1945. Services were dispensed with upon the recommendation of the supervisor of the Tashme Project, Department of Labour.

INTERNATIONAL MILITARY TRIBUNAL

Mr. COLDWELL:

1. Has the government of Canada signified its adherence to the agreement setting up the international military tribunal, which was signed by the representatives of United States, France, the United Kingdom and the Soviet Union, on August 8, 1945?

2. If not, under what conditions will the trials of persons accused of military atrocities against Canadian nationals be conducted?

Mr. MACKENZIE KING:

1. No.

2. Trials of persons accused of violations of the recognized laws and usages of war are being conducted in the European theatre by Canadian military courts convened pursuant to the War Crimes Regulations (Canada) by the general officer commanding the Canadian occupation force in Germany. Cases against particular accused are presented to the United Nations War Crimes commission, and if a prima facie case is found to exist, the accused is placed by the commission on the list of war criminals. Moreover, before trial the charges are required to be approved by the Judge Advocate General or his representative.

[Mr. Tucker.]

A military court has been so convened for the trial of Brigadefuhrer (Major General) Kurt Meyer, former commander of the 12th SS Panzer division (Hitler-Jugend). Meyer will stand trial on seven charges having to do with murder of forty-eight Canadian prisoners of war during the fighting in Normandy in June, July and August, 1944. Meyer's trial began at Aurich, Germany, on December 10, 1945.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONALIZATION

Mr. MacINNIS:

1. How many naturalization certificates have been revoked in the period September 10, 1939 to August 15, 1945?

2. What was the nationality of the persons whose naturalization certificates were revoked?

3. Has any action been taken to deport such persons to their country of origin?

4. If so, how many such persons are to be deported and what is the nationality in each case?

CIVIL SERVICE—MERCHANT SEAMEN

Mr. POULIOT:

1. Do merchant seamen have preference in the civil service?

2. If so, since when, and what is such preference?

MOTIONS FOR PAPERS

SOLDIER SETTLEMENT—ALIEN ENEMY PROPERTY—
SASKATCHEWAN

Mr. BURTON:

For a copy of all correspondence, bills of sale, applications and other documents in the possession of the Department of the Secretary of State, the custodian of enemy alien property and the soldier settlement board, received since the beginning of the war to date, in connection with the sale of N.W. ¼, section 2, T.P. 41, range 24, W. 2nd, in the province of Saskatchewan.

Mr. MARTIN: Mr. Speaker, in acceding to this motion it is understood that it is done with the usual reservations.

Return tabled.

DOMINION ELECTIONS—MELVILLE, SASK.

Mr. CASTLEDEN:

For a copy of the evidence given at the public inquiry into the alleged irregularities of poll 50 in Melville constituency during the 1945 general election.

SERVICE PERSONNEL

QUESTION AS TO CANADIAN PRESS CORRESPONDENTS BOARDING TROOP SHIPS IN NEW YORK HARBOUR

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I had a question which I wished to direct to the Minister of National Defence, but in his absence I saw the Minister of Veterans Affairs (Mr. Mackenzie) just before entering the house and he thought that he could answer it. In view of the fact that representatives of Canadian newspapers were not permitted to board the *Queen Elizabeth* when she docked in New York harbour last week, with thousands of returning Canadian soldiers and airmen aboard, will the government take steps to gain permission for representatives of Canadian newspapers to board ships arriving in New York harbour with returning Canadian service personnel aboard?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Obviously I am not in a position to state that Canadian correspondents were not permitted to go aboard the ship. Certainly if others were permitted to go aboard, Canadian correspondents should have been granted the same permission. There may be some important regulations that govern in this matter. The government will look into the matter at once and I shall ask the Minister of National Defence to make a reply later.

Mr. BRACKEN: That is satisfactory.

BUSINESS OF THE HOUSE

CANADIAN FLAG

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I have a question to ask with respect to unfinished business at this late date in the session. One has to do with the Canadian flag. I understand that when a reference is made to a committee and the committee's work is not finished, the reference lapses. Is it the intention of the government to reorganize the flag committee next year in conformity with the recommendation of the committee?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The answer is yes.

EXTRADITION—ARRANGEMENT BETWEEN CANADA AND THE UNITED STATES

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): There is one other item of unfinished business about which I wish to ask a question, namely, the extradition treaty. Is it the intention of the government to give the house an opportunity to discuss the report of the committee dealing with the extradition treaty. Perhaps the Minister of Justice can answer.

Hon. L. S. ST. LAURENT (Minister of Justice): I understand that the committee has heard evidence and is reporting the evidence and recommending that the government give further consideration to the treaty and protocol, but that has not yet been done. There will not be, I understand from the report, an opportunity for the house to discuss the matter at this session, but the evidence taken and the recommendations of the committee will, in accordance with what I understand to be the practice, be considered by the government, whose decision will be announced as soon as it can be reached if the house happens to be then in session.

Mr. BRACKEN: There is no thought of making provision for discussing the report at this session?

Mr. ST. LAURENT: No, I do not think there will be any opportunity for doing that this session. I think it desirable that consideration be given to the recommendation of the committee before making it the subject of discussion leading to a decision.

Mr. HACKETT: May I ask the Minister of Justice if it is not the policy of the government to afford to the house an opportunity for discussion of the subject matter of a treaty before it is made? I shall not read into the record the attitude of the Prime Minister as set forth in *Hansard* of February 8, 1932, volume 1, page 46, in which he stated most emphatically that it was the position of the government—

Mr. SPEAKER: Order. The question of the hon. gentleman should be brief and to the point.

Mr. HACKETT: I will ask the minister if it is not the intention of the government to afford an opportunity to discuss the question of this treaty before it is renegotiated.

Mr. ST. LAURENT: The policy of the government has been exhibited by its conduct in connection with this treaty. The protocol was signed and then the treaty and protocol were submitted to the house for its consideration before ratification. Then the matter was referred to the committee on external affairs, where evidence was taken. As I said a few moments ago, a decision has not yet been made by the government on the report of the

committee. As soon as a decision is reached on the report of the committee, it will be announced.

WAR EXPENDITURES COMMITTEE

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): May I follow the question asked by the leader of the opposition with a supplementary question. The War Expenditures committee has met very seldom and has not proceeded very far with its inquiry into public expenditures and the activities of the War Assets Corporation. Is it the intention of the government that the committee shall die, or is it to be continued during the recess? I understand that that would have to be done by the issue of a royal commission, but I am not sure.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I cannot say of my own knowledge, but I am informed that the committee intends to recommend that it be permitted to sit again next session. If that recommendation is made by the committee it will be carefully considered by the government.

MOTION FOR CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): May I direct a question to the Prime Minister? There has been a motion standing on the order paper for several weeks having to do with one of the earlier reports received from the committee on external affairs. Could the Prime Minister say whether an opportunity will be given to conclude that debate? It will take a very short time and it is, I think, of great importance to the future successful functioning of the committee.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should think an opportunity ought to be given, but I imagine it will be the part of prudence to reserve the opportunity until towards the latter part of the session.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF JUSTICE

91. Departmental administration, $170,499.

Mr. SMITH (Calgary West): I wish to call to the attention of the minister a situation which exists, I think, peculiarly in Alberta and which I think should be remedied, certainly not later than the next session. Out there, still being under the Northwest Territories Act, on a charge of murder the defence is allowed but six challenges. The crown on the other hand have six challenges and—I forget the number—it is thirty or forty "stand asides", at least that is the expression which has come to be used. The net position is just this, that if a man is charged with murder and a jury is being selected he can object to only six people, while the crown on the other hand is able to eliminate about fifty. Now it may be said that both have an equal number of challenges, but as the minister well knows, a "stand aside" is equivalent to a challenge so far as the person on the panel acting on that jury is concerned. I have had personal experience of this within the last six weeks or twelve months. In the case of a man charged with murder I used my six challenges, and then the crown simply went ahead and selected those jurors that they sought. I am not suggesting that there was anything wrong in what crown counsel did; he is an able man and a close personal friend; but I do say that that is a situation which in my judgment is simply crying for a remedy. I do not think that any member of the committee, knowing the seriousness of the crime with which such a man is charged, would wish to put him at any disadvantage whatever. The whole scheme of our administration of justice is that every consideration should be given to an accused person.

It may be that this is something in respect of which the provincial government should be consulted, although I do not think so. It is something over which they have no jurisdiction. I know they would expect to be consulted with respect to numbers of jurors and things of that kind, but I can think of no reason why they should expect to be consulted with respect to the number of challenges. In short, I am asking that we be put in just the same position as the other provinces and come under the criminal code with respect to challenges and selection of jurors in general.

Hon. L. S. ST. LAURENT (Minister of Justice): I can assure the hon. member of my full sympathy with the object he has in view in the remarks he has made this morning. I give him the further assurance that his suggestion will be carefully considered, and if it is found that it is something we can do at once it will be attended to. If it should be felt that the attorney general of his province should be consulted, we will do that.

Mr. SMITH (Calgary West): Thank you.

Mr. REID: Some short time ago the Minister of Justice made a statement regarding penitentiaries, to the effect that when a riot or disturbance took place in a penitentiary the request had been made to the Canadian Broadcasting Corporation not to broadcast the information throughout the country. Anyone who has had to do with penitentiaries or has made visits to them realizes that in the various penitentiaries there are radios; these men are listening to what is going on, and the report of a disturbance or riot in one penitentiary does affect or might affect others. But it was reported in the press the other day that the new appointee to the head of the Canadian Broadcasting Corporation had said: Despite what the Minister of Justice or the department has requested, we will broadcast any riot that takes place throughout the country. I know there is a tendency to set up bureaucratic bodies and say to parliament: Hands off; no political interference. That is all right, but to my way of thinking there is a new danger arising in this country, of setting up dictators in charge of boards and bureaux who are defying the very will of the people. Here is the first that has arisen, and I am asking the Minister of Justice to take note of the statement of the chairman of the Canadian Broadcasting Corporation, who says in effect that whether it is in the public interest or not, he as chairman will broadcast these things, and the Minister of Justice can go to the dickens. It is time this parliament, which is the voice of the people, resolved that this new dictatorship should not be allowed to go much farther than it has gone.

Mr. ST. LAURENT: I think the hon. member is under a misapprehension as to this "new dictatorship." Mr. Dunton was appointed chairman of the Canadian Broadcasting Corporation, and he communicated with me the other day to inform me that at a meeting of the governors a resolution had been passed to the effect that the Canadian Broadcasting Corporation could not refrain from broadcasting all news which was available to the newspapers and to the other broadcasting corporations. The resolution of the governors has been received, and there has been no opportunity as yet to give it consideration. But I should not like the impression to go out that this is a one-man decision of the new chairman of the board; and I can assure the hon. member that the resolution of the board of governors will be given careful consideration.

Mr. MacNICOL: With reference to the reclamation of prisoners sent to penitentiaries in Canada, a year ago I had an experience with a young man who had been committed to one of these institutions. I will not say which one, because that is neither here nor there; they are all in the same boat as far as that is concerned. Before being sent to prison he had worked in a butcher shop, and his mother was anxious that he should learn something more about butchering while in the penitentiary. I wrote to the warden conveying that request to him. Later I read an article in one of the publications put out in Toronto —I believe it was *Hush*. At any rate, it was one of those publications that do some good. I do not know how *Hush* got hold of the information, but there was an article about this young man not having been given an opportunity to learn the butchering trade in the penitentiary. That was the first I had heard about his having been turned down.

I remember well some years ago the minister's predecessor, the Hon. Ernest Lapointe, brought in a bill, and he said that without penitentiary reform he could not remain minister of justice. He said the situation was intolerable. Following that speech I myself went over to England to study prison reform, particularly with reference to the Borstal system. I studied the system as it existed in the prison near Leeds. I believe it was at Leeds that the Borstal system was organized. I learned that the system had done fine work. I should like to find out what programme we have for prison reform or for the reclaiming of prisoners in our penitentiaries. I am not one of those who believe that prisoners should be released indiscriminately. Possibly there are some who cannot be reclaimed, but I believe that there are many who can. What is the department doing along the Borstal line or in any other direction looking to the reclaiming of prisoners?

Mr. ST. LAURENT: Apparently, in spite of the fact that the hon. member is a constant attendant at debates in the house, he must have nodded when the amendment to the Penitentiaries Act was being debated and when it was passed in this house a couple of weeks ago. On that occasion the matter was gone into fully—

Mr. MacNICOL: I remember that.

Mr. ST. LAURENT: —and an amendment to the Penitentiaries Act was put through to enable the government to appoint at once one commissioner to do the preparatory work of implementing as far as possible the Archambault report under the jurisdiction of the

federal parliament. I said then that it was hoped there might be an opportunity during the dominion-provincial conference to discuss carrying it even farther than could be done under the jurisdiction the dominion now has over penitentiaries.

With respect to the case the hon. member mentions, I am sorry I am not a reader of *Hush,* and I do not know anything about it. But even under the present set-up it is the aim of wardens to see that training as effective and appropriate as possible is provided for those who are interned under their charge. I should be glad if the hon. member would give me the particulars in the case he mentions, because it would appear from what he says that something has gone wrong. I should like to have the case investigated and brought to the attention not only of the warden of the penitentiary in question but of the wardens of all penitentiaries in order to make them more careful in applying the policy, namely, of doing the best we can in the way of training and rehabilitation for convicted persons.

I hope that ere long there will have been selected a competent person to take on the job of going as far as possible with the implementing of the recommendations of the Archambault commission. It was not possible to do that during the war because of the shortage both of material and of man-power, but we have now reached the point where I hope both competent man-power and building material required for the purpose of carrying out these very commendable recommendations will be available.

Mr. MacNICOL: Do these recommendations envisage some such programme as the Borstal system?

Mr. ST. LAURENT: The Borstal system could not properly be installed by the federal government, with the limited jurisdiction it has over penitentiaries. One of the purposes in trying to get a proper person as chairman of the commission is to have someone who will visit the attorneys general and discuss the situation in each of the provinces with a view to having all the governments do, in that direction, that which will be of benefit to the Canadian public by more effective rehabilitation programmes in dealing with persons who happen to fall by the wayside.

Mr. FLEMING: The matter I wish to refer to arises out of the observations of the hon. member for New Westminster. There is another side to the question he has raised. He complains of some display of dictatorship on the part of the general manager of the Canadian Broadcasting Corporation with regard to the broadcasting of information relating to riots and other troubles in the penitentiaries. The other aspect of the matter is this. Although this sort of news has been appearing in the press regularly, and the Canadian Broadcasting Corporation, through its facilities, arranges with the Canadian Press to carry that kind of news along with other news, apparently some directive was issued by the Department of Justice to the Canadian Broadcasting Corporation instructing them to discontinue broadcasts of the kind. I would respectfully invite the Minister of Justice to state what form of directive or instruction was issued by his department to the broadcasting corporation in connection with the discontinuance of broadcasts of news of that sort. I should like later to make a comment on it, but that information is due the house and the Canadian people because there has been some misunderstanding and a good many questions are being asked by the public as to the circumstances under which such directive or instruction was issued by the Department of Justice, to the Canadian Broadcasting Corporation.

Mr. ST. LAURENT: No directive or instruction was issued by the department to the Canadian Broadcasting Corporation. It so happened that when the matter arose I took it up with the manager of the corporation. For the reasons that I put before him I obtained his compliance with a request that he ask the Canadian Broadcasting Corporation to refrain from broadcasting that kind of news at the hours when the news broadcasts are allowed to be received in the penitentiaries. There was no directive; there were no instructions; there is no ground for alarm. It was a request that was made, and at the time they considered that the reasons for it were sufficient to justify the granting of the request. The board of governors have come to a different conclusion and the matter has not been further discussed.

When the request was made the staffs of the penitentiaries were as much restricted as it had been possible to make them because we had given leave of absence to large numbers of guards and others who wished to enlist in the armed forces. At that time I felt that it was a reasonable request to make, and the then manager of the broadcasting corporation felt that it was a reasonable request to accede to. The matter was mentioned here the other day when we were discussing the penitentiaries bill. It immediately raised a hue and cry and a storm of protest about the censorship that was to be exercised over the Canadian Broadcasting Corporation. The governors in

solemn session passed a resolution that they would not submit to that. That resolution has been received and has not yet been considered. That is the whole story so far.

Mr. FLEMING: Would the minister indicate what the policy of the department is likely to be now in view of the stand taken by the board of governors of the broadcasting corporation? I am not pressing this in any carping way, but since the matter has implications that may be more far-reaching than one is inclined to realize the committee might properly ask the minister for some indication of policy in the matter. It is indicated that the board of governors of the Canadian Broadcasting Corporation have asserted their right to continue these broadcasts notwithstanding the request from the minister. What policy does the minister propose to follow with reference to this matter and similar broadcasts of information?

Mr. ST. LAURENT: The minister and the department propose to do their best to maintain order in the penitentiaries. The minister and the department know from experience that when news of trouble in one penitentiary penetrates into another it is disturbing. Now, as to what measures we shall have to adopt to prevent that cause of disturbance, no decision has yet been reached. It may be that we shall have to have some kind of filtering or monitoring system to prevent news that would be the cause of disturbances in the penitentiaries from getting in there. The simplest way seemed to be to prevent it from going on the air, but apparently there is strong objection to that method being adopted. We are certainly going to try to find some method of preventing that cause of disturbance in the penitentiaries.

Mr. FLEMING: I do not want to pursue the matter further, but I hope that some method can be worked out by the Department of Justice for doing what is necessary to preserve proper discipline within the penitentiaries without its becoming necesary to ask the broadcasting corporation to refrain from putting over the air waves information that is circulating freely in the press. I do not agree with the view expressed by the hon. member for New Westminster that it is evidence of dictatorship on the part of the C.B.C. when they assert the right to put over the air waves information that is published freely in the press. I rather think that in a situation of this kind the board of governors are to be commended for their determination to see that the same freedom exists on the air waves as exists in the press in the matter of the distribution of news. It is not evidence of dictatorship on the part of the C.B.C.; it is evidence that the C.B.C. appreciates its full responsibility to the public, regardless of whatever request may be received from the government. I think it is evidence of independent judgment in these matters on the part of the C.B.C. and an unwillingness to yield meekly to a request from a minister of the crown. It is highly important that in the broadcasting of news that the freedom of the C.B.C. be preserved, just as we want the freedom of the press to be preserved in regard to the printing of news.

Mr. REID: In answer to the hon. member (Mr. Fleming) may I say my chief reason for bringing the matter before the committee at this time was not to show that the C.B.C. or the manager was not attending to any directive or not paying attention to any directive, because I know that that body has been set up as a body independent of parliament. What I was objecting to was the request itself and what lay behind it. If the governors of the C.B.C. would investigate and speak to the wardens of the penitentiaries they would find out the truth. The warden in New Westminster told me that every time the news of a disturbance in a penitentiary comes over the air he has to put on extra guards. He can sense the feeling of the convicts and has to take extra precautions against trouble that may arise because that news has come over the radio. If the C.B.C. had looked into that matter and made an inquiry they might have taken this stand. While the minister has no right to give any direction to us and no right to expect that we will take it, the matter is worthy of attention.

When I mentioned the word "dictatorship," what I had in mind, and what I was objecting to, was this. I do not know whether the hon. member is aware of what we have been up against. We have many boards to-day, and when we think we have a real injustice and go to them they say: "We do not care about that; parliament has set us up as an independent body." When we go to the minister and mention these things he says: "Do not speak to me; I have nothing at all to do with that; parliament has set up that particular body"; and so we are drifting and losing our democracy and freedom. There are hundreds of other instances of the kind. I shall have something to say about the C.B.C. and what they are doing when we come to the appropriate item.

I just want to draw the attention of the committee to the fact that in this country we are drifting away from democracy and

losing our freedom. The members who represent the people are being ruthlessly shoved to one side by members of these boards.

Mr. DIEFENBAKER: There were two or three questions I wanted to ask the minister, but with regard to the last matter just mentioned I think the minister acted somewhat indiscreetly in communicating with the general manager. He could have achieved the purpose he had in mind by filtering out those portions of the broadcast which might cause disturbances in other penitentiaries. I was glad to hear the hon. member for New Westminster speaking as he did. He simply reiterated what we on this side of the house have been saying for a long while—that surely the only risk that some of those bureaucrats run is your welfare and mine in some of the decisions which they make independently of parliament. Their decisions affect one's goings and comings, his spendings and earnings, and parliament continues to sit on matters of supply.

What I rose to speak about was something that the minister mentioned the other day. I realize the difficulties. In Canada to-day we have a definite crime wave, as they have in the United States.

Mr. MITCHELL: And in Great Britain, too.

Mr. DIEFENBAKER: In Great Britain, too, as my hon. friend says. It is becoming very serious. The multiplication of robberies with violence by men who commit murder warrants serious consideration. When men carry revolvers, pistols and the like they go out prepared to commit murder. I was surprised when I read the other day the extent to which revolvers and pistols are legally held by Canadians. The extent of what I call an evil—excepting where the carrying of guns is absolutely necessary—is appalling. According to the last registration there are over 222,000 revolvers legally owned in this dominion. This means there is a great bank available for thugs and desperadoes to be able to put themselves, by means of theft, in possession of the instruments of their profession. While I am far from advocating the use of unfair or strong-arm methods, I for one cannot see the need for that number of revolvers in this dominion, available, as I said a moment ago, as a bank to potential wrongdoers.

What consideration, I ask the minister, has been given to ostracizing the revolver and pistol in this country, removing them from the hands of all except those who require them and will properly guard their possession?

[Mr. Reid.]

The prospect facing us is fearful, when week by week, in spite of heavier sentences, robbery with violence is so much on the increase. These men cannot operate without revolvers and pistols. Shotguns are of no use to them at all because they are too easily seen. The only order in council I know anything about in this connection, and I obtained this information from the Department of Justice, is the one that was passed on July 23 last having to do with the regulation of weapons being brought back to Canada as war weapons, mementoes and war trophies. Has the minister given consideration to stringent legislation, or, if we have not time to pass such legislation at this session, an order in council, to banish the revolver as an instrument in the hands of people in this country, other than those who require it?

The situation in the old country, as the Minister of Labour stated, is most serious. The same can be said of the United States where, though their position is different from ours because of state rights, they are contemplating measures to take away from potential murderers their instruments and the insignia of their profession, as it were. I should like very much to hear the minister speak on this. I realize that he has given a great deal of thought to it, and anything he might propose I am sure would receive support right across this country. We do not want to see anything approaching regimentation; we are all in agreement on that, but this is not a case of regimentation. It is a case of the safety of the state in time of peace.

Mr. HACKETT: Poison in the hands of babies!

Mr. DIEFENBAKER: Yes. It is really regulation necessary for the protection of society. A situation such as we face to-day demands drastic action. Punishment will not keep these people from the commission of crimes of violence and murder. Possibly the heavier the punishment, the more inclined they will be to commit murder when cornered, with the instruments at hand. I ask the minister what consideration has been given by his law officers to drastic interference with private rights, if you will, in the interests of the state.

Mr. ST. LAURENT: The speech the hon. member has made and the answer I am going to make will bring to the department an increase in the flood of protestations against legislation to confiscate all small arms, coming from a very large number of perfectly respectable Canadian citizens. Some weeks ago the

matter was mentioned in the house, and the impression got abroad, possibly not erroneously, that the law officers of the Department of Justice were preparing a draft for an order in council to be in effect until the end of the present session of parliament, to be accompanied by legislation introduced in the house to make such provision permanent. While I do not want to refer to the previous debate we had on the emergency powers bill, and perhaps I should not have mentioned it at all, I can at least say that the tone of the discussion in this house has been such that I think it is wise to abstain from the exercise of powers under the War Measures Act or similar legislation as much as may be compatible with a proper regard for the real interests of the Canadian people. The rumours that got about were to the effect that an order in council was being prepared to come into effect at once, and to be followed by legislation, the order in council to have no continuing effect if parliament did not enact the legislation.

Mr. DIEFENBAKER: Put it on the statute book immediately.

Mr. ST. LAURENT: That gave rise to a flood of letters and telegrams from respectable people against that kind of violation of their freedom and property rights. The matter was given consideration, and the information I received was that before the war there were some 222,000 registered small arms and that there must be all of twice that many in the country at the present time. Some of these are held for perfectly legitimate purposes, in the hands of banks, trust companies, messenger companies and the like, and a very large proportion of them are war souvenirs and trophies. It was felt that an order of this kind would mean confiscating things having a value of some millions of dollars, according to present market values, for such arms, and that it would not do to go that far at this time.

I can say to the hon. member that the commissioner of the mounted police is much disturbed over the situation and, as I had occasion to say here the other day, his officers are discussing the matter with officers of the attorneys general of all the provinces. The criminal code calls for registration, and that registration is a matter of joint federal and provincial administration. That series of discussions is going on and an endeavour is being made to find some practical method that would appear to be acceptable to the majority and that would not be so drastic as to confiscate, from a large number of men who have risked their lives for this country and have been fortunate enough to return, things to which they attach considerable sentimental value. The situation is a difficult one, and I hope to have a recommendation not for council but for this parliament at as early a day as possible. It was found that it would not be possible to bring in a bill to amend the criminal code at this session, with any hope that it might be dealt with as it would deserve to be dealt with. I hope to have one at an early day, and to be able then to give the house the results of these discussions that are going on now in various parts of Canada as to what seems to be the reasonable thing to do for the protection of the public. No one will quarrel with the hon. member's suggestion that we should remove from the custody of potential murderers any small arms they may have, but that is perhaps a little like trying to remove from the penitentiaries the danger of disturbances arising of news about other disturbances elsewhere by preventing such news from being broadcast to the rest of the Canadian citizens. That may be too drastic a way to achieve the result that is sought.

Mr. DIEFENBAKER: What is the alternative to expropriation, say with compensation?

Mr. ST. LAURENT: One thing that is being considered, which is really not an alternative, is the tightening up of the registration and then making subject to confiscation everything that is not registered.

Mr. HACKETT: Could the owners of these weapons be called upon to deposit them for a period of five years?

Mr. ST. LAURENT: That suggestion has not been considered, and I do not know that it would be looked upon as being much more satisfactory to the returned men than taking them away altogether. As I say, we are considering tightening up the registration system and making it obligatory to notify the police at once, if a small arm gets out of the possession of the registered owner. It would then be subject to confiscation. That would be easier as it would be quite proper to regard anyone who had a small arm which was not registered as not being the right kind of person to retain it. I would see no objection to confiscating everything that had not been so registered within a relatively short time. You could say to the individual: You were given an opportunity to keep this thing by complying with the law; you did not do it, and you are being punished individually for having committed an offence in failing to comply with the requirements of the law. To go out at once and pick up all these things regardless of the character of the person having them, regardless of how he acquired them, without

any personal regard at all, would seem to me a pretty harsh procedure affecting a number of good Canadian citizens. It may be that the situation will develop in such a way that it will have to be done, but it would be regrettable to have to do it. We hope it may be possible to arrange something that will be reasonably efficient without going that far.

Mr. McKAY: Mr. Chairman, I have several observations to make on our penal system, and I think this is as good a time as any to make them. I notice there is another items on branch administration, but I had proposed to give this talk some time ago, and I feel that what I shall put before the committee is worthy of some consideration at this time. I have no apologies to make for taking up the time of the committee, because penal reform is a matter of major importance.

There is no doubt that the most effective method of dealing with young offenders, and we have plenty of them, is the application of the Borstal system which is used in the United Kingdom. The Archambault royal commission report advocated the adoption in Canada of the principles of this system. During the war years no attempt was made to implement many of these recommendations, especially the one with regard to Borstal institutions. The war was generally accepted as an adequate reason for inaction on the part of the government. However, now that the war is over I submit that there is no further reason for delay. A careful examination of the 1945-46 estimates under the services enumerated for the penitentiaries branch does not disclose any item that indicates any real attempt to implement the important recommendations made in the report of the royal commission, especially those with regard to Borstal schools. It has been suggested, and rightly so, that this federal capital has a high rating as a last resting place of royal commission reports.

The royal commission to investigate penal reform in Canada cost this country $108,719. It is the opinion of sincere students of penology, men who are not cranks but scientists and practical sociologists, that that report is one of the most noteworthy pronouncements on penal matters ever made by a responsible body in this country. The work was thorough, the calibre of the men on the commission was of the highest order, and the cost was not excessive provided that something is done about reforming our prison inmates. Otherwise the public may rightly assume that this expenditure was a waste of public money.

I submit that for every day that this nation delays in making the necessary reforms for the proper rehabilitation of the convicts in our prisons, it is paying dearly in wasted dollars, repeated crimes and unredeemed human life. The failure to modernize and to humanize our penal institutions is poor business. This country spends millions to perpetuate a system of crime schools. Because of their very nature our prisons fail to rehabilitate and reform the young offender. We are creating a criminal class by schooling them in the practice and technique of crime. Institutions such as we have fail to correct or cure; they are an expensive liability. According to United Kingdom and Canada year books, the rate of crime in this country as compared with England and Wales is four to one. Our crime convictions increased three hundred per cent between 1901 and 1935, and they are still increasing. Adult convictions per hundred thousand in Canada in 1900 were 109, but by 1940 they had increased to 452 per hundred thousand.

Mr. SMITH (Calgary West): Are those convictions for crime, or do they cover convictions for violations of traffic laws and so on?

Mr. McKAY: Those are penitentiary offences.

Mr. ST. LAURENT: Does the hon. member assert that those are convictions to penitentiary terms?

Mr. McKAY: They are major convictions. If the sentence exceeds two years the man goes to the penitentiary, but these are still major crimes. Most of these are recidivists.

Mr. SMITH (Calgary West): Is the hon. member sure he is correct?

Mr. McKAY: Absolutely correct.

Mr. ST. LAURENT: Is the hon. member saying that the statistics he is giving are of persons convicted to serve terms in the penitentiary?

Mr. McKAY: This information is taken from "Penal Institutions", by Topping. That is the statement made by Mr. Topping, who is a much greater expert in this field than I am. Most convicts are repeaters or, as they are called, recidivists. Three out of four males admitted to our penal institutions in 1943 and 1944, according to this same authority, had been previously convicted of crime. That is roughly seventy-five per cent.

Mr. MacNICOL: Has the hon. member figures pertaining to the results of the inquiry into the Borstal system of preventing repeaters?

Mr. McKAY: Yes, and I will give that information as I go along. Obviously, if these figures are accurate, and there is no reason to believe they are not, we are failing to reform our criminals. In 1925, 1,702 of the inmates in our penal institutions had been convicted three or more times, but by 1936 this figure had risen to 8,060, an alarming increase of almost 500 per cent. This should be a matter of serious concern. It does not matter whether they went to gaol or to a major penal institution under federal jurisdiction; the fact remains that the increase has been 500 per cent.

Penologists are alarmed, too, at the increase in the number of youths who are committed for breaches of the law. In 1931 there were 1,324 offenders between the ages of sixteen and twenty-one convicted for indictable offences, just five times the number in the United Kingdom, with four times our population. In 1943 according to the Canada Year Book, 53·3 per cent of our prison inmates were under thirty years of age.

Our penal institutions are costing this country millions of dollars. Apprehending the criminal and the maintenance of police and law courts cost many millions more. Tables have been compiled to show the cost to the country of 188 repeaters, selected from a group of 8,000 of these unfortunates. The number of convictions against these 188 was 3,434, or an average of 19 per person; 2,636 were major convictions, which cost an estimated $18,005 per prisoner. There were 798 minor convictions registered, which cost an average of $948 per person. The average cost of keeping each prisoner was $1,463 for gaol and reformatories, and $5,984 for penitentiaries. Without reckoning the loss to citizens occasioned by the crimes committed or the funds devoted to the relief of dependents or the economic loss to the nation because of the incarceration of these individuals, these 188 repeaters cost the country in gaol and reformatory costs, $264,876; penitentiary maintenance, $1,083,254; and cost of convictions, $3,258,960, or a total of $4,607,090, which amounts to an average cost of $25,453 per repeater, and at the same time prevention and welfare agencies spent $10 per head to aid or redeem these unfortunates. Surely we are penny wise and pound foolish.

Furthermore, costs are increasing; for according to the 1942 report of the superintendent of penitentiaries it cost $1.98 per day in 1941 for the maintenance of each prison inmate, and in the next year, 1942, the cost had risen to $2.18 per day. Last year the estimates of this government show that in the province of Ontario alone, for the maintenance of judges and law courts, which are a part of the machinery of justice for the handling of criminal cases we spent $5½ million.

Why do we have repeaters? One of the main reasons is that inmates are still permitted to mingle with one another—the youthful offender with the seasoned criminal. Furthermore the opportunity of educating and training these inmates is denied because they are unable to take that training under the conditions prevailing in our institutions at the present time. And the result is that when these young people come out of our penitentiaries they are not equipped to maintain themselves. Much of the training that is required is denied because of the inadequacy of accommodation in our prison institutions. I suggest further that it may be because of the lack of trained personnel to train and advise these young people.

In reply to a question which I put on the order paper the Minister of Justice replied on October 31 to the effect that 137 changes as recommended by the royal commission had been implemented. But these changes were mostly of a minor nature and to ease the hardships of some prisoners does not change the punitive and repressive nature of our prison regime. One major recommendation, the installation of the Borstal system, has not been acted upon.

Mr. ST. LAURENT: And cannot be acted upon until there is some change in our constitution.

Mr. McKAY: The failure to act promptly on this particular recommendation means that young people are still leaving our prisons worse members of society than when they entered. This is a severe indictment of our system but wholly justified by the results.

Mr. SMITH (Calgary West): They were not very good members of society when they went into those institutions.

Mr. McKAY: No, they were not. To permit the young offender to associate with the hardened criminal has brought disastrous consequences. This is well illustrated in an editorial which appeared in the Winnipeg *Tribune* on July 23, 1944. I shall not take time to read it, but the editorial refers to a young girl who was convicted of a minor offence, driving a motor car at an excessive rate of speed. When she got out of prison she made the charge that the gaol was a school of crime, and she claimed that from the knowledge she acquired while there she is now

acquainted with the hang-out of criminals in Winnipeg and could get in touch with half a dozen dope addicts in twenty minutes.

An hon. MEMBER: Did she give that information to the police?

Mr. McKAY: Yes, and the police are investigating.

Mr. SMITH (Calgary West): What institution was that? Was it Portage la Prairie?

Mr. McKAY: I believe it was. It takes a lot of time to answer questions, Mr. Chairman, and I do not wish to take up too much of the time of the committee.

Mr. SMITH (Calgary West): I am backing you in what you just said.

Mr. McKAY: The hope of preventing the repetition of an offence is not only the main object but the sole permissible object of inflicting criminal punishment. I ask the hon. members if they believe that the herding of young offenders into institutions along with experienced criminals is the way to accomplish this aim.

Burgoyne, president of the Prisoners' Aid and Welfare Association of Montreal, and a penologist of note, writes in his booklet "Some Tragic Defects in Canadian Court and Prison Systems":

> An attempt has been made to segregate young offenders but the English Borstal system has not been applied anywhere.

In Collins Bay, which a number of us from this house visited not very long ago, we found that some young offenders are sent out to the prison farm, but there is still no attempt at segregation so far as we could ascertain, because they are still allowed to work along with seasoned criminals; and if they do choose to go to the prison farm they are deprived of access to the prison workships, where they might learn a trade, because they cannot do both things at the same time.

The failure to rehabilitate these young offenders is a costly business, and our penal institutions fail to deter. In the United Kingdom, before the inception of the Borstal institutions, 64 per cent of the male and 87 per cent of the female convicts had been previously convicted, and 53·3 per cent had been convicted before the age of sixteen. Our institutions do not deter, because in the first place they destroy initiative. In some of our penal institutions, certainly at Portsmouth, we allow an inmate five cents a day no matter whether he happens to be a head pressman, a floor cleaner, or a loafer. An inmate should have work fitted to his ability, his capacity and his interests. There should be some sort of wage schedule, not with payments as large as one finds in normal life, but with some remuneration. A man's personality is suppressed; regimentation causes a loss of identity. The worker and the loafer go together, the young and the old, the youthful offender and the practised criminal are on the same plane. There is a certain deterioration of memory; monotony will do that to anyone, and the man loses all social contact because of the lack of desirable association. The net result is that the inmate is divorced from the world. Therefore the adjustment to society which we enjoy is almost impossible. When freedom is resumed, what does he do? There is very little opportunity but to follow the line of least resistance, so he continues a career of crime. He becomes an outcast and a social derelict.

We must approach this major problem of moral ill health as we approach physical or mental illness. We should seek to cure the criminal by personal treatment, and first we should endeavour to remove the social and economic causes of crime by preventive measures. Crime must be treated scientifically and not emotionally. Failure to do so will result in an increasing number of criminals and an enormous waste of public funds. Failure to reform these young people will result in our society being castigated by posterity. A French scientist has said, "Every society has the criminals it deserves", and we are getting just that.

Removal of causes of crime is fundamental, and therefore we must look to our economic system, which tolerates depressions and unemployment and therefore reaps the harvest of crime. Every depression thrusts thousands into a condition of destitution. People become destitute not as a result of bad character but owing to the failure of society to organize its economic life scientifically. The unemployed man who steals for his hungry family is regarded as a criminal. We have not advanced very far since the days of Victor Hugo's Jean Valjean. There are people, however, who consider that a society which tolerates unemployment is the real criminal, and from that attitude springs hope for the future. We should not overlook the fact that boys and girls who cannot find work are not wholly to blame for their wasted lives. Society—and that includes all of us—is the real culprit.

Let us not forget that serious offences increased in the United Kingdom during the great depression from 2,819 in 1920 to 11,638 in 1928, an increase of 400 per cent. The prison commission of the United Kingdom

has stated that in its opinion the major cause of crime is unemployment. Doctor Devon, who is the Scottish prison commissioner, makes this statement:

> My personal view is that poverty and destitution are at the root of most offences against the law.

While we have conditions of poverty and bad housing we may expect a certain amount of delinquency. I have not time to discuss these factors at length, but it is a matter which we can discuss on a later occasion. I would say that in so far as we allow bad housing, inadequate education, the increasing consumption of liquor, and a steadily mounting divorce rate from year to year, and the physical and mental abnormalities to exist which normally cause juvenile delinquency, we are not doing very much to relieve this menace to our society.

But despite economic and social conditions which need correction, the Borstal institutions could make a substantial contribution to the reform and rehabilitation of young offenders. It has proven its worth in Britain. Borstal institutions are primarily for the purpose of reforming young people who run foul of the law. There are many of them. In one great Canadian city with which I am familiar there has been an increase of forty-five per cent in juvenile delinquency during the war years. Crime begins early. Doctor Goring of the United Kingdom states that 53·3 per cent of habitual offenders were convicted in the United Kingdom before they were sixteen years of age.

Borstal institutions treat young offenders between the ages of 16 and 23. They are committed to Borstal for three years for a training programme. They are never considered as convicts and are not stigmatized as such. A study of the releases from Borstal schools reveals that seventy per cent of the offenders made good on return to normal life after the first term, and that after a second term most of the remainder made good. In all over eighty-five per cent of these young people, who might have become a serious problem and a menace to society, became respectable citizens.

Experiments in self-government are conducted in Borstal institutions. The honour system is employed as in the boy scout organization. Trades are taught. Competitions are held between houses of the institution, which create a pride in accomplishment. Citizenship and morality are taught. The boys are studied individually and are treated as equals, not as outcasts. This training programme has produced amazing results. Young people leave these schools with a new outlook on life and a new goal to attain. Life takes on a new meaning for them. Most of them are never reconvicted. That is good business. Britain, because of this enlightened approach to the serious problem of the young offender, has cut in two her prison population.

I submit that now is the time to establish Borstal schools in Canada. We have vacant military, naval and air force establishments which are available. No longer can the government excuse inaction by stating that materials and space are not procurable. Whatever explanations may be given for any further delay in implementing the recommendations of this commission report, especially with reference to Borstal schools, on the ground of inability to get the provinces and the dominion together will be no longer tolerated by the public. Further delay will only aggravate an already deplorable situation, which is most costly and wasteful. I suggest that now is the time to staff adequately a board of prison commissioners and clothe this board with sufficient power to make the recommended changes in our penal system. I say "commissioners", and I mean just that. There should be at least three members on that commission.

I further suggest that an adult probation system should be inaugurated at the earliest possible day, and that the training of personnel for such a system be embarked upon right now.

Lastly, it would appear advisable to place the administration of the penitentiaries branch under the Department of National Health and Welfare. The reform and rehabilitation of convicts is unquestionably a social problem and should therefore be administered by a department concerned with the physical, mental and social welfare of our nation.

Let us set out to rehabilitate the criminal and build for him a new world of truth, justice and brotherhood in keeping with our obligations to other members of the community. May I close by invoking an enlightened attitude towards this subject as well as a common-sense business approach. I hope our actions in this house will result in the modern equivalent of, "I was in prison and ye came unto me."

Mr. HACKETT: I preface the few remarks I wish to make with regard to the occupation of judges by asking the minister if he is in a position to say how many judges appointed by federal authority are at present engaged in work on commissions or in any other work outside the pursuit of their ordinary judicial duties, and if he can also give the same information for the past five years.

Mr. ST. LAURENT: I have not that information. I know there are some judges who have been appointed to commissions. Some of them have completed the work they were asked to do and some have not. I presume I could get the information, but I am sorry to say I have not got it here.

Mr. HACKETT: I would like to suggest to the committee that the practice of appointing judges to commissions where the questions at issue are not judicial—they are sometimes social and frequently tinged with politics—has been indulged in not only by the present administration or by the one which preceded it. Both major parties have resorted to this practice, and it is because I believe that the practice is an improper one that I wish to draw it in a particular way to the attention of the minister.

This morning we heard the Minister of Labour refer to the possibility of appointing a judge of the Supreme Court of Canada to compose a conflict between capital and labour which for several months has baffled all agencies which have attempted to compose it. It is true that the Canadian people have great confidence in their judiciary, and it is well that it should be thus. But I submit that the continuation of this practice will undermine, and I am sorry to say that in my opinion it is already undermining, the respect that our people have for our judiciary. I shall refrain from mentioning particular instances, but there is no man who is familiar with the administration of justice in Canada who cannot, within his own personal experience of the last few years, pick out instances in which the judiciary has been drawn into controversies which were far from being judicial, controversies which in the result have tagged this judge as one favourable to capital, this judge as one favourable to labour, this judge as favourable to one political party and this judge to another, this judge as favourable to one fiscal or financial theory and this other judge as favourable to an opposite theory. This I think is highly reprehensible and regrettable. We have a number of institutions in the country of which we are very proud, and of none are the Canadian people more proud and more justly proud than of its judiciary. The practice of taking men away from their judicial functions to hold a semi-political problem in abeyance, pending the formation of a policy which may prove a solvent for it, is highly unfortunate. It not only results in the deterioration of the respect that Canadians have for their judges; it delays the administration of justice. Judges taken away from their duties are not replaced and the administration of justice frequently suffers.

I am confident that the minister is aware of many such instances, and it is quite probable they have been drawn to his attention. Judges are frequently not unwilling to accept these additional tasks because it sometimes affords them an opportunity for increasing a remuneration which in my opinion is entirely inadequate. If our judges received a compensation which enabled them to live on a plane commensurate with the importance of duties they perform, it is quite possible that the temptation to take on this additional extra judicial work would not be as great, and it might enable the members of the judiciary to resist the temptation to augment in this way their totally insufficient salaries.

I therefore ask the minister if it is not possible to put an end to this practice, which has, as a direct result, the slowing down of the administration of justice in all jurisdictions and the exposure of the judiciary to a loss of reputation for impartiality which is so essential to the maintenance of the administration of justice on the high plane on which it has always been in Canada.

Mr. SMITH (Calgary West): In a moment I am going to disagree with many of the things that the hon. member for Stanstead has said. You see, there is some independence in this group over here. First I want to make a suggestion to the minister in connection with this revolver and pistol business. It may be foolish, but it may have some merit. Can we not help the situation by having complete restrictions, or at least tightly drawn restrictions, on the sale of ammunition? We have all these guns in the country, and it seems reasonable to suppose that in a comparatively short length of time the ammunition that a man brought back in his pocket will be exhausted through target practice, shooting sparrows, or something of the kind. Unfortunately some of it may be used on ourselves. But in any event within a limited time surely it will be exhausted. My information is that revolver ammunition is of a specialized kind. I take it the idea is that a man who has some crows on his farm may have a shot gun or a rifle, but he does not need something that he can pack in his pocket and probably use on his neighbour. I think that is at the bottom of the whole business. A revolver is not much good if you have nothing to shoot from it.

May I now come to the views expressed by the hon. member for Stanstead. He seems to take issue with something I said in this

house some time ago, when we were dealing with labour. I want to make it plain that my views in that connection are based on this broad principle, namely, the rule of law. Everything that we have in the way of protection of the individual has been obtained by enforcing honesty in business transactions. After all, laws are nothing more than the codification of good sense and good morals. That is all they are at any time, and all that this country has accomplished, at least socially. What does it rest on? It rests broad-based on the rule of law. That is the main reason why in labour matters I did suggest an appeal by either party from a board of conciliation to a judge of the supreme court. I go further. Do not worry; I give my hon. friend credit for the finest intentions in the world. He is a man of great capacities and long experience. I know quite a number of judges, and I say that in my view they do not accept these assignments with any idea of an increase in income, because all they get is a living allowance. Let me put it in this way: in the province from which I come that is the situation. Why do they do these things? I do not think they like these assignments. but they do accept them as a matter of public duty. Say the hon. member for Stanstead and I have a lawsuit, and I go before the hon. member for Lake Centre who some day will be the chief justice of an important part of this country. Suppose I lose my lawsuit to my friend over here; my first reaction will be to damn gently the hon. member for Lake Centre. That is just human nature. We think he is no good. But we get over that after the first blush on losing, because no one likes to lose; after that passes the thing goes on.

What is the great value of a court of law in civil business? It is this. We hope that the judgments are right, but we know that, the judgment having been given, the business of the country can proceed. It seems to me that that is a consideration which is not given sufficient attention.

On the political side I want to say this. We will assume that in another election, were I to run, which I am not going to do, I was beaten and dissatisfied, and I had the opportunity of picking my judge. I would accept the judge who before he was appointed to the bench was of a political persuasion other than my own. Why? For this very good reason, that I know of nothing to which judges are so sensitive as the suggestion that they may have political bias. My experience, and it is somewhat broad, is that rather than have anybody think anything of the kind, and in order to be perfectly straight, they will lean backwards in the other direction. May I go with the hon. member, though, and go with him a long way in this? We do not pay our judges nearly enough. What is the result? We will say that there are a number of people who would accept an appointment to the bench, but many of them simply cannot do it. Why not? They have a scale of living to which they have become accustomed, a family to clothe, educate and so on, and they simply cannot do it—they cannot make a quick reduction in income; let me put it in that way. I refer to that scale of living as something which grew normally from the money they earned, and they cannot just drop down in that scale and carry on their ordinary duties to their family and friends.

I am happy to say that I had the opportunity of a chat with the Minister of Justice on this question the other day. I know he is in entire agreement with the views I have expressed. He had expressed them before in this house on two occasions.

Mr. MacINNIS: I intended to say a few words on the matter that was spoken to by the hon. member for Lake Centre, namely, the crime wave and how to control it. I am not going to deal with the control of firearms. I realize that it is a difficult problem, because the firearms which are generally used in crimes are, I suppose, those which are not registered. The department knows where the registered firearms are and can confiscate them, but it does not know where the firearms are that are not registered.

The crime wave which has struck this country in the last year or two is not peculiar to Canada. I notice from the press that it is world-wide. In the press yesterday I saw that Scotland Yard had made an appeal to the people of Britain to assist. A few days ago I read that Moscow was in pretty much the same position, and the same is true of the United States. We must conclude therefore that this crime wave has developed out of the way of life of so many people during the past five or six years. This being so I do not think we can remedy the situation by statutes or laws or regulations. It can be overcome ultimately only by leading our people into more constructive ways of life, giving them obligations and opportunities to carry out those obligations, and in this way building up their responsibilities. In my opinion we can never eliminate crimes of violence or any other sort of crimes against society by laws and penitentiaries and prisons and police and all that sort of thing. We can do it only by building up in our people a sense of obligation to the community. In the past I think we have placed too much em-

phasis on our rights without at the same time emphasizing our obligations. But it follows that if we are to put people in a position to lead constructive and useful lives, they must feel that others consider them to be useful and decent members of society. I know of nothing that will help a person have greater regard for his honour and integrity than to feel that other people believe in him. That is all I want to say on this point.

In regard to the controversy between the hon. member for Calgary West and the hon. member for Stanstead in the matter of judges acting in labour disputes—

Mr. HACKETT: Not only labour disputes; all extra-judicial work.

Mr. MacINNIS: I will deal with the labour dispute point, because it is the one with which I am most familiar. I think that generally speaking, organized labour has more confidence in a court or board presided over by an eminent judge than in a board presided over by anyone else, and we should have such courts and boards where the judges are chosen with great care. But I do not believe it would be a good policy to allow appeals from boards of that kind to any judge or court. These cases should be confined to labour courts only, and these decisions should not be referred to any judge outside that court.

Mr. PEARKES: I can readily understand the desire of a man to retain as a souvenir a weapon he had used or had captured on the battlefield, but seldom would he wish to use that weapon after obtaining it. I suggest that such weapons could be made ineffective by any armourer or gunsmith at the time of registration, which might possibly prevent them from falling into the hands of criminals.

Mr. McMASTER: Some weeks ago I took part in the discussion on the penitentiary bill, but at that time I did not say exactly what I intended to say in regard to the enforcement of law. I intended to say that if the law is adequately enforced and the sentences sufficiently severe, ultimately this crime wave will wear itself out. I did not like to say to the minister at that time that everything of that kind must come from the top, that it must emanate from the Minister of Justice to the extent that the dominion government has power. I realize, of course, that a great deal of the administration is in the hands of the provinces, and that the responsibility is theirs perhaps more than it is that of the Minister of Justice. But in the last twenty years a tendency has grown up to have a sort of maudlin sympathy for criminals, which I think is partly responsible for this crime wave. I remember a few years ago reading in the newspapers that in Turkey they desired to do something which would distinguish the criminal from the non-criminal, and decided the way to do it was to brand the criminal. I was fearful lest some suggestion of the kind might be made in Canada, because I was afraid many people would not want to brand the criminal and would prefer to brand the non-criminals, as I thought I might come within that class and be disfigured. However, I believe if the laws are adequately enforced this crime wave finally will wear itself out.

There is an old saying that it is better for a hundred guilty men to go free than for one innocent man to be punished wrongfully. I believe that is a bad maxim, because a great many guilty men do go free because of the fact that judges and even juries are loath to convict a man unless they are completely satisfied of his guilt. Incidentally in some jurisdictions the court of appeal seems to be the least willing to convict anyone if there is even a technical deviation from the enforcement of justice.

There is one matter about which I have always felt rather strongly, that is, the mental examination of men who come up for trial in connection with these crimes. I am satisfied that a great many criminals and potential criminals are suffering from schizophrenia or dementia praecox, and these men will never be any better because as far as I know there has never been much of an attempt made to cure these diseases, nor has a great deal of attention been paid to them either by the medical profession or by those enforcing the law. I know one man who has just been acquitted on a charge of forgery. I am certain he was guilty, and he is suffering from one of these diseases. We were hoping that when he was brought before the court he would be given a mental examination, but no such examination was made and it seems impossible for any authority to go into that home and compel that man to submit to an examination. Yet if an examination were made it might show that he should be incarcerated and thus prevented from committing other crimes, as he surely will in the near future.

On the question of revolvers, the only reason for taking them away from those who have them and who may need them to protect their lives and property is that such revolvers may be stolen by people who will use them in the commission of crime. I do not think it is possible to withhold re-

volvers from potential criminals. They get them in many different ways, and it would seem inadvisable that 222,000 people should be deprived of revolvers lest someone should steal them. I do not read stories of crimes in the newspapers as a matter of interest, but if I read the news aright it is not only revolvers that are used by these criminals. To-day they are using much more deadly weapons, so I believe it would be foolish to take from law-abiding men their only weapon of defence, when criminals and potential criminals are able to obtain much more deadly weapons.

At one o'clock the committee took recess.

After Recess

The committee resumed at three o'clock.

Mr. DIEFENBAKER: There was one matter I wanted to bring to the attention of the minister in connection with the administration of justice in Saskatchewan. A six man jury system was brought into effect in that province about 1932 as a result of a request by the then Saskatchewan government. This change was made with a view to saving money through a reduction in jury fees. The same system was adopted in one or more other provinces in the middle west. I think it is generally agreed that the six men jury system has not worked out as satisfactorily as the traditional twelve men jury. There is something about the twelve men jury that is lacking in a jury with lesser numbers. The exercise of control by a judge is more definite in the case of the smaller jury. Tradition and experience have shown that a jury of twelve men is the ideal number. Has the minister had under consideration the amendment of the criminal code to enable Saskatchewan to return to the old system of twelve men juries? Representations were made at the last two meetings of the Saskatchewan Bar Association, but I am not certain whether those have been transmitted to the minister with a view to an amendment of the criminal code.

Mr. ST. LAURENT: Dealing only with the last question of the hon. member for Lake Centre, may I say that I have no knowledge of any representations having been received from the government or the attorney general of Saskatchewan. I should not like to initiate any change that was not suggested by the attorney general, who is of course primarily responsible for the administration of justice in his province. If I may be permitted, I would suggest that the resolutions of the Saskatchewan Bar Association be brought to the attention of the attorney general of the province. I can assure my hon. friend that if the attorney general will in turn bring them to our attention and suggest that he would like to have them dealt with, careful consideration will be given to them.

If it is not the wish of the committee that this item should carry now, I shall have to ask that it be allowed to stand, because there is a matter of great urgency that requires my presence elsewhere. I shall endeavour to be back in the committee as quickly as possible, when I shall deal with the questions which were raised this morning and with such others as may require attention.

Item stands.

MINES AND RESOURCES

Lands, parks and forests branch—

137. Branch administration, $20.000.

Mr. BROOKS: Before the war provision was made for national parks in practically every province but New Brunswick. I understand that at that time there was some difficulty with the provincial government over the selection of a site. Has there been any consultation with the provincial government regarding a site, and are steps being taken to establish a national park in New Brunswick?

Hon. J. A. GLEN (Minister of Mines and Resources): The matter is under consideration. The provincial government have two or three sites in view but they have not decided which one they will offer to the dominion government.

Mr. BROOKS: That has been the situation for the last six or seven years. Before the war there were two or three sites under consideration, but nothing has been done as yet. Are they still considering two or three different sites, or has the matter been allowed to stand all this time without anything being done?

Mr. GLEN: At the present time the provincial government is considering two or three sites. As soon as they have settled the matter we will then consider the formation of a national park.

Mr. BROOKS: Can the minister give the location of the different sites in New Brunswick which are under consideration at the present time?

Mr. GLEN: I have not that information at the moment, but I can get it and give it to the hon. member.

Mr. BRACKEN: Under what item would aids to road construction be taken up?

Mr. GLEN: That would come under the surveys and engineering branch, item 150.

Mr. ZAPLITNY: Are permits being issued to settlers near Riding Mountain national park to cut timber for lumber purposes, and if so, what price is being charged them per thousand?

Mr. GLEN: The timber in Riding Mountain national park is budgeted each year. Certain areas are set aside and for these permits are granted.

Mr. ZAPLITNY: What price is charged to the settlers per thousand?

Mr. GLEN: I have not that figure here, but I can supply it later.

Mr. ZAPLITNY: Is there a uniform price charged to all who cut timber in Riding Mountain national park, or is there one price for large contractors who take a timber berth and a different price for the ordinary settler who wishes to get a permit to cut timber in the park?

Mr. GLEN: As the hon. member knows, there have been two timber limits in that park area for many years. But the price to the settlers is uniform.

Mr. ZAPLITNY: This is important, Mr. Chairman, because it involves a matter of policy. According to a return that I received from the minister's department on September 11, 1945, there were in the park two timber berths, Nos. 571 and 551D, which have been contracted for by the Northern Trust company. They have taken out since 1940, according to the figures I have here, a total of over 7,000,000 board feet of lumber at a price slightly over $7,000, which works out at one dollar per thousand. At the same time the settlers and people living around the park who wish to take out lumber in smaller lots pay considerably more than that. Why is there this tremendous difference? In the first place I do not think that one dollar per thousand for lumber is very good business on the part of the government. The lumber is worth considerably more than that. I should like to know why there should be any difference in the price charged to the settler who cuts lumber for himself and the price charged to the Northern Trust company.

Mr. GLEN: There are two limits there that were granted long before the park came into being, and the contractors are taking off that timber. As soon as it is cleared, those areas will be taken over by the park. That is the reason for the discrimination. We cannot interfere with what is already a contract with those who purchased these limits prior to the establishment of the park.

[Mr. Bracken.]

Mr. ZAPLITNY: Do I understand the minister to say that the department has no power to alter a contract that was entered into before the area became a park? If that is so, it is strange, to say the least.

Mr. GLEN: That is so; we cannot alter the contract.

Mr. McCULLOUGH (Assiniboia): Is there any movement to take some provincial parks and bring them under federal jurisdiction? I have in mind Kenosee park. There has been some talk of its being made a national park. Have recommendations to that effect been made to the department?

Mr. GLEN: No recommendations have been made as such. A national park can be established only on land given by the province to the dominion for the purpose.

Mr. MacNICOL: How far does Wood Buffalo park extend into the Northwest Territories? You start passing the park on the Slave river south of Fort Fitzgerald, which is in northern Alberta. Does the park extend into the Northwest Territories?

Mr. GLEN: There are nearly 14,000 square miles of it in the province of Alberta, 3,625 square miles in the Northwest Territories.

Mr. MacNICOL: That park in Alberta comes under this department?

Mr. GLEN: Yes.

Mr. GIBSON (Comox-Alberni): Has any discussion taken place with British Columbia with regard to taking over Forbidden Plateau as a national park?

Mr. GLEN: Some proposals have been made, but no conclusion has been arrived at. The provincial government is considering the matter and will submit a proposal.

Item agreed to.

Government of the Northwest Territories—

139. Eastern Arctic expedition, $75,000.

Mr. BROOKS: I presume this is the expedition which leaves Nova Scotia every year to take supplies to the northern country?

Mr. GLEN: It leaves from Montreal.

Mr. BROOKS: The details show $200 for supplies and materials, and $65,000 for freight, express, telegrams, postage, and so forth. Do other departments supply the materials and goods sent to the northern country, or does it all come under this department?

Mr. GLEN: The supplies are purchased from other votes for the different departments. This item covers chiefly the freight.

Mr. GREEN: Can the minister tell us what plans the government have in mind for checking up and developing the resources in the Northwest Territories? There was a small vote under the war appropriation bill, "Report on resources, etc., of Canada's northwest region, $5,000," which will be found at page 554 of *Hansard*. One of the most important jobs which the Canadian government has, I think, is to assist in opening up the Northwest Territories. I would ask the minister to let us know what is being done in that connection.

Mr. GLEN: While the vote for general administration shows a decrease of $75,000, the actual expenditures for the year 1944-45 were $372,689. It should be pointed out that there will be included in the supplementary estimates for the current year an item of $553,800 for the Northwest Territories, which will bring the appropriations to $933,485. I mention this for the purpose of informing the members that the government is making provision for increased facilities of many kinds in the territories. The moneys in the supplementary vote are being used for the following purposes:

Yellowknife Airport	$245,000
Administration and staff buildings	140,000
Additional forest protection	140,000
Other improvements and facilities	28,800

Mr. GREEN: Are these in the Yellowknife area?

Mr. GLEN: Yes, chiefly. In addition to these expenditures, considerable moneys from other votes of the department are being expended in developing the resources of the territories. An extensive geological field survey programme has been carried out in the Northwest Territories during the last three years, and this was enlarged during the past season. In addition several topographical parties were in the field, and every effort is being made to have the most important areas properly mapped. As well, the hydrographic service did considerable charting work on the Mackenzie river route to improve water transportation, and also completed the charting of the Yellowknife bay area in Great Slave lake. Other geodetic and legal survey parties were also in the area during the past summer. The Dominion Water and Power Bureau also carried out reconnaissance and field investigations of the power possibilities in the vicinity of Yellowknife and established a number of gauging stations on certain important rivers and streams. Hon. members will be interested in knowing that to provide for the increase in population at Yellowknife a new townsite has been surveyed.

Mr. MacNICOL: And that is adjacent to the island?

Mr. GLEN: Adjacent to the island, on the road to the airport. It will be appreciated that the two votes mentioned do not cover all the dominion expenditures being made to open up this part of Canada. The Department of Public Works has appropriated a considerable sum to construct a portage road from the St. Charles rapids to Great Bear lake. The construction of this road will be completed in the near future.

Mr. MacNICOL: That is on the Great Bear river?

Mr. GLEN: On the Great Bear river, yes. Other funds have been provided by the same department to improve the Mackenzie river waterway which at present is a principal medium of transportation. An active programme of dredging was carried out last summer on the Clearwater and Athabaska rivers. The construction of a special dredge is now under way which will be used in deepening the channel in the Athabaska delta and will be ready for use next year. Other expenditures are being made for the purpose of improving the wharfage facilities at Fort Smith, and investigations are being carried out for the purpose of bringing about improvements in similar facilities at the principal points along the river route.

Every effort is being made by the government to lower the transportation costs into the territories. This is perhaps the most important problem that has to be dealt with. The members will recall that jurisdiction has now been given to the board of transport commissioners in reference to the water transportation in the Mackenzie river area.

Mr. MacNICOL: They will have to cut down the freight rates.

Mr. GLEN: That is the idea. This will permit a proper investigation of the existing water rates. In order to provide other means of transportation, an agreement has now been reached with the Alberta government for the construction of an all-weather road from Grimshaw, Alberta, to Hay river settlement on Great Slave lake.

Mr. MacNICOL: Are they not going to run on to Mill's lake? My information is that at Hay river falls one route goes to the mouth of the Hay river and the other goes to Mill's lake, forty miles west of Fort Providence.

Mr. GLEN: Of course that may be a matter which will be followed up later.

Mr. MacNICOL: I know where that Grimshaw road is.

Mr. GLEN: Surveys are being made at the present time, and they will be able to start in next year. Approximately 300 miles of this

road is in Alberta, and 80 miles in the Northwest Territories. Under the terms of the agreement the dominion and the province will share jointly the cost of construction of the provincial section, the dominion will contribute an amount not exceeding two-thirds of the cost, and the province will contribute not less than one-third. The section of the highway in the Northwest Territories will be built entirely at the cost of the dominion.

Mr. MacNICOL: That is north of the 60th parallel.

Mr. GLEN: Three hundred miles is in Alberta and eighty miles in the Northwest Territories. It is expected that the province will be calling for tenders for the provincial section in a few weeks and active construction work will commence early next year. It is anticipated that the road will be completed by the end of the year 1947.

Mr. GREEN: Has there been any increase in the population of the Northwest Territories? Perhaps the minister can tell us what the possibilities are of employment in that area for men who are being demobilized from the forces. Is any information available for these young men about their chances in the territory? I feel sure that Canada is not doing what she could do to develop that country. One has only to observe what is going on the other side of the north pole to learn that Russia is building large cities in an area which, I believe, has about the same climate and much the same resources as the Northwest Territories. Is the government taking any steps to try to develop northern Canada in the same way that Russia has developed northern Siberia?

Mr. GLEN: The hon. member asked with regard to the increase of population. There is an increase, and it is likely to be greater in the near future.

Mr. GREEN: About what increase has there been?

Mr. GLEN: About 1,500 people more in the Yellowknife district. That may be increased considerably elsewhere. However, that is the increase reported at this time, and it is expected that there will be considerably more in the near future. So far as employment is concerned, the companies operating there are in touch with the department for the employment of men. The employment of returned soldiers is of course part of the rehabilitation plan and they will get the preference. There are many projects to be dealt with so far as the Northwest Territories are concerned. I realize, as the hon. member has said, that Canada is looking to the territory as one of the great hinterlands which must take care of many of our problems in the future, more especially in connection with employment. All of these matters are being dealt with in the dominion-provincial conference. Our department realizes the seriousness and significance of development of the Northwest Territories from the point of view of all Canada. If I am strong enough to get a larger vote for next year I shall provide more funds in the next estimates for these particular purposes.

Mr. GREEN: Have any steps been taken to find out the type of development which Russia has been carrying on in Siberia?

Mr. GLEN: I do not wish to say anything which might be misconstrued elsewhere. Our department has been making inquiries with regard to the matters of which the hon. member speaks, with not very great success in getting information.

Mr. MacNICOL: Before the item carries I want to compliment the minister on what he has said. It will give a great deal of hope to the people up in that country. A few days ago I received a copy of the *Blade* a Yellowknife newspaper. I am sure that when I send the editor of that newspaper the copy of *Hansard* containing what the minister has just said it will help to allay the fears of the people in that country. The population of the Northwest Territories is now about 10,000 in the whole area around Yellowknife, Fort Smith, and the territory north from Fort Smith and down to Norman Wells and Aklavik. The paper is called the *Blade*. It is published by a vigorous editor, and I hope he gives the minister praise for his programme. Here is what the *Blade* says on its first page, November 20, 1945:

Northwest Territories Association

As announced last Saturday, the Northwest Territories Association is in process of formation.

This is potentially a great and growing section of Canada but its present potentialities and all hopes for its future may be destroyed if the Ottawa administration is not aroused from its comatose condition.

We must show those swivel-chair northerners-by-proxy that we must have a say in our own affairs.

I am sure that when the editor, John Murray McMeekan reads the *Hansard* which I will send him by air mail, he will see that Ottawa is now alive to the situation.

I think, perhaps, to keep *Hansard* right, I should add something to what the minister stated about the Grimshaw road. I have been over it, from Grimshaw to Notakewin, so I know what I am talking about. The end of the present hard gravelled road is Notakewin. From Notakewin up to Hay river, or

rather to Alexandra Falls on Hay river, is a winter road, a tractor road made during the last two or three years, thanks mostly to the Alberta government. They will be pleased, I know, that this government is now going to cooperate with them in making that a hard surface road, as it should be. At Alexandra Falls the road will divide like a V; one goes off to the right to the mouth of the Hay river, from which point, in the winter time, tractor trains will go across the Great Slave lake to Yellowknife. That is the reason it is being built. The other part of the V will go to Mackenzie river, to Mill's lake on the Mackenzie river and across the Mackenzie river on down to the town of Norman Wells. I hope the minister will keep before him the Norman Wells area too, because that is part of the Northwest Territories. I am sure he is interested in the welfare of that part of the country and in making winter transportation possible where there is none now. His participation in any such effort will allay the feelings of the people there about separation, or whatever it may be called, because I could read further articles out of this paper referring to the time of the American revolution and suggestions about this being the time for them to organize and get busy.

The reason for that road from Grimshaw is the fact that the Great Slave lake freezes solid, so much so that after the Mackenzie river opens in the spring there is no steamer transportation through Great Slave lake for two and three weeks later, because the boats cannot get through Great Slave lake into the Mackenzie river. It is felt that when the road is completed, tractor trains going north from Grimshaw will take large quantities of supplies to Mill's lake on the Mackenzie river, and in the spring the Mackenzie river boats will take freight down the river perhaps a month earlier than they otherwise could if they had to go through Great Slave lake. The same would apply in the fall of the year. When the boats are coming up the river they cannot go through Great Slave lake because of the ice, but they could unload at Mill's lake and ship by tractor train through to Grimshaw on the Peace River road.

Mr. DIEFENBAKER: I wish to ask the minister a question in regard to Yellowknife, but before doing so I think I ought to make this observation. After listening to the member for Davenport, and in view of the experience he has had and the knowledge which he has brought to the discussions in this house, I suggest that there are many people across this country who have been awarded a fellowship in the Royal Topographical Society for much less than the hon. gentleman has done in the interests of developing the natural resources of Canada. What I had in mind was this. Yellowknife is becoming one of the large centres in the north. The people there were disfranchised in the last general election. As I understand the situation, by reason of their location they are being denied the right to exercise their vote. I know that strong objection has been raised by the people, and I trust that between now and some time in the next few months when electoral changes are being made the minister will bring to the attention of the appropriate department the necessity of doing something to remove the unfairness that now exists.

Mr. GLEN: The hon. gentleman is referring to electoral representation?

Mr. DIEFENBAKER: Yes.

Mr. GLEN: A townsite has been formed in that district and they have a council, three of whom are elected by the people and three appointed by the commission of the Northwest Territories and council. The whole matter of representation will have to be taken care of in the very near future rather than over a long period, because it is expected that there will be a large inflow of people as that area develops. Naturally the whole question will have to be considered in the light of government policy.

Mr. DIEFENBAKER: What is the population?

Mr. COCKERAM: About three thousand.

Mr. GLEN: In Yellowknife settlement itself there are about 1,500, and in the remainder of the Mackenzie district, there are about 2,500 white people. But people are coming in and are likely to come in in much greater numbers in the future. The original townsite of Yellowknife was built upon rock, there being no ready facility for sewage disposal, but there happens to be a piece of land, near the present site, which is covered with good earth, and we have been able to create a townsite which has been surveyed. The people will live there in a reasonable degree of comfort. Altogether we are fully aware of the situation. We are seized of the fact that considerable expense will be involved in the future development of that district. All encouragement must be given by the department for the development of that district, because if one believes all the fairy tales one hears, it is apparently an Eldorado.

Mr. MacNICOL: The population of Norman Wells, Fort Smith and intervening points should be included, because they are all in that northwest area.

Mr. ADAMSON: If the minister were a betting man I would wager that the population in the next few years will be quadrupled.

Mr. ZAPLITNY: I do not wish to retard the progress of these estimates, but I want to go back to the question of the national park at Riding Mountain, because it involves policy and is a matter of great importance. It involves the handling of the natural resources of the country. I think the minister should make a better statement than he has given us. He is familiar with the situation, since the park happens to be in his own riding and next to mine, so we both have a great interest in it. I would ask him why it was that the Northern Trust company could get a contract for two timber berths wherein they could cut lumber at a price of $1 per thousand, while settlers living around the park, if they could get a permit, which is difficult, had to pay a higher price. I do not know what the exact price is at the present time, but we have some indication from a return here which gives the names of two persons who received contracts. These were Mr. Dewitt and Mr. Proskin of Sandy lake, and the contracts were entered into in 1940. They paid $4.35 for the lumber they cut, while the Northern Trust company has cut over seven million feet of lumber at a price of $1 a thousand.

Before this item carries I would like to know when these timber berths were contracted for originally and for what period of time. The minister has told the committee that the contracts were made before the area became a park and therefore nothing can be done about it now. I do not want to criticize him. He is new in the department, and no doubt there are some things which he intends to straighten out when he can. But I would point out to him that this is certainly one of the things that should be straightened out very soon, and the reply that nothing can be done about it is not at all satisfactory. After all, the forest is contained in a national park and is the property of the people of Canada. There is therefore no reason why a contract made some years ago at the ridiculous price of $1 a thousand for lumber should continue in perpetuity. I do not know how long the contract has still to run, but I suggest that the minister should move immediately to make an adjustment. If the local settlers who need the lumber badly—and they need it worst of all—cannot get a permit in some cases to cut for their requirements, why should some big corporation have the privilege of moving into a national park and taking out seven million feet of lumber in the last five years which they sold at a very handsome price for the building of airports near Dauphin.

Some of it was probably exported. They got it for $1 a thousand. Because I think it is important and pertinent to the argument I should like to put on the record some of the figures. To make it perfectly clear I shall quote some of the figures which were given to me in the return dated September 11 of this year. I shall include only one of the timber berths, No. 571. This berth was contracted for by the Northern Trust company. The figures are as follows: In 1940-41 they took out 2,889,606 feet at a price of $2,852.26. The committee will note that that works out at $1 a thousand feet. In 1941-42 they took out 1,185,510 feet at a price of $1,187.16. In 1942-43 they took out 421,781 feet at $415.79. I wonder how many people tried to buy lumber in those years and what price they paid for it. In 1943-44 they took out 507,900 feet at $507.90. In 1944-45 they took 908,839 feet at $908.82. The other berth is 551-D, and it ran at the same price.

In August 1945 I had occasion to write to the Department of Mines and Resources in behalf of some farmers who came to see me. They were seeking a permit to cut timber in an area described as Buck lake. I have the reply of the minister here and I shall put on the record that part of it which is pertinent to this discussion. He replied as follows:

> I have your letter of the 4th instant, to which was attached a petition from farmers in the vicinity of Gilbert Plains, asking that some 200 acres of mature timber southeast of Buck Lake be opened up for cutting.
>
> This matter is being taken up with Superintendent Heaslip, and as soon as a report has been received from him I will advise you further.

I would assume that the report was not favourable and this area was not opened up. There may have been some reason for that, but in view of the fact that this company has been taking out timber for many years—I know for five years—at $1 a thousand, timber which belongs to the people of this country, and the settlers who live alongside of the park have not been able to get any. I think that a great injustice has been done. I do not think that the reply of the minister that this contract was entered into before the area became a park is good enough. The farmers who applied to get a few thousand feet of lumber will not be satisfied with that

answer. We cannot shrug it off and pass the buck, even though it is in connection with Buck lake.

Does the Minister of Mines and Resources approve the contracts which were made with the Northern Trust company? It is important that we know whether this same policy will be followed in the future. Does the minister approve selling the resources of this country at $1 a thousand feet to large corporations at a time when the farmers who are living next to the resources cannot get permits to cut timber at all?

Mr. PROBE: A contract is a sacred thing, is it not?

Mr. ZAPLITNY: Another thing that should be brought to the attention of the committee is that the Northern Trust company do not cut the timber themselves. They have not set up a saw mill; they have sublet this contract to a saw mill which is doing the cutting, and there you see again the whole operation that has taken place repeatedly in connection with our natural resources, especially the forests. Some big concern comes along and takes out a contract on a large berth of timber at a ridiculous price compared with what people have to pay for lumber. A dollar a thousand is a ridiculous price. It is throwing our resources away.

Even then they do not go to the trouble to employ people directly to do the work, to to bring the timber out. They sublet it to saw mills. They let them do the work. They let the local people go in and get the timber out of the woods and bring it to the saw mill, and then those same people have to go to the lumber yard to buy it. A great injustice is done there.

Does the Minister of Mines and Resources intend to make an adjustment in this contract? If not, does he intend to give this committee a statement as to how long this contract with the Northern Trust company has been in force? What is the total amount that has been taken out of the national park at Riding Mountain? Will that contract be continued for any considerable length of time? I feel strongly about this; I feel sure that a great many members of this committee feel as I do. The resources of this country belong to the people, and where we cannot share them all equally we can at least give fair and equal treatment to all in making use of them. If there is any preference at all it should be given to the farmers and settlers who live next to the park and who wish to go in and take out the timber under their own power. It is a crying injustice to allow a big corporation to go in and take out timber at $1 a thousand when local people are denied the cutting of a few thousand feet for their own use.

Mr. GLEN: The hon. member must understand that these contracts were entered into prior to the taking over of the national resources by the province some time before 1930. I have not the exact date. The terms of those contracts are stated. As a dominion we are bound to maintain and uphold the terms of the contract, and there is nothing we can do about it.

Mr. PROBE: Why not cancel it?

Mr. GLEN: We do not intend to cancel a contract which has been entered into, and when the cutting of timber has continued under the terms of the contract. As soon as the cutting is completed on any part of the area, that land is taken over by the dominion and becomes part of the park, but it is not possible at this moment for us to cancel contracts which have been solemnly entered into and on which the company has been working for those years. The contract will expire as soon as the cutting by the berth holder is finished.

The price that they may charge and the price that they obtain for it are matters on which we cannot regulate the company. I have every sympathy with the hon. member, and I have had the same complaints made by residents around there with regard to timber in the park. The timber in the park is budgeted as to what can be cut. The price is as stated by the hon. member; but so far as the timber berth contracts are concerned we are in this position; we have either to live up to the terms of the contract, or repudiate it. I do not think the government wishes to do that.

Mr. ZAPLITNY: I am very sorry to have to differ from the minister. I cannot be satisfied with that kind of answer. In the first place the questions I asked were not answered. I want to know how long this contract has been in force, when it was entered into, and how long it has still to run. That was not answered. I also wanted to know whether the minister approved this type of contract, and whether it will be his policy in the future to continue to enter into such contracts in other places. If I may say so, with all due respect, the reply that we have to live up to our contracts, though it sounds all right, is not good enough. If we were to go back and live up to every contract that was made since the inception of this dominion we would find ourselves in a peculiar position.

Mr. GLEN: I have not the exact date when this contract was entered into, but I think I told the hon. member that it was entered into prior to the taking over of the natural resources by Manitoba, before 1930, and thereafter they must live up to the terms of the contract. As soon as the cutting is done the contract expires. When they are finished their cutting in any portion, then that portion is included in the park, and only after all the cutting is finished will the contract be concluded.

Mr. ZAPLITNY: There is a great weakness in that reply, which is in effect that the contract may run as long as there is any cutting to be done. Offhand I do not know the size of these timber berths, and I do not know whether the minister knows it, but just let us suppose that this trust company decided to divide these berths into sections and cut only so much each year. It would be quite possible for them, through the natural growth of the forest, to continue this contract for the next fifty or one hundred years at $1 a thousand. I do not know whether the minister approves of that, but I most definitely disapprove of it; I do not think that is the way our natural resources should be handled. If the government find that the contract which has been entered into was not a wise one and is not now an equitable one, in comparison with the treatment given others, then it should cancel the contract and enter into a new one, or else give the settlers the right to use the forests for their own benefit.

Mr. FRASER: Is the minister's department doing any reforestation in these sections or these cuttings? The minister did not mention that.

Mr. GLEN: No; that comes under another vote.

Mr. FRASER: But is that being done? The minister can answer that. I just wondered if the department were doing any reforestation after this cutting is done. Is slashing permitted, or is only the mature timber being taken?

Mr. GLEN: Of course all the cutting is done under the supervision of trained foresters. There is no reforestation in that particular portion, though some is being done in other sections of the park.

Mr. CASTLEDEN: Did I understand from the minister's reply to the hon. member for Dauphin that the contract under which the Northern Trust company is taking timber out of this park lasts as long as there is timber to be cut?

Mr. GLEN: Yes.

[Mr. Zaplitny.]

Mr. CASTLEDEN: That is the agreement?

Mr. GLEN: Yes. The contract provides that as soon as the cut has been finished that portion of the park will come back under the park administration.

Mr. CASTLEDEN: Does that contract cover all the park?

Mr. GLEN: Oh, no.

Mr. CASTLEDEN: Just the berths that have been referred to?

Mr. GLEN: Yes.

Mr. CASTLEDEN: And they hold these contracts in perpetuity until all the cutting they wish to do is finished, or until all the timber is cut?

Mr. GLEN: I would not say in perpetuity, because the park officials are very careful to see that they live up to the terms of their contract, and also to see that the work is being done in accordance with the regulations.

Mr. CASTLEDEN: Was this contract entered into between the trust company and the federal government, or trust company and the province of Manitoba?

Mr. GLEN: I understand they are acting for some estate.

Mr. CASTLEDEN: And they entered into a contract with whom?

Mr. GLEN: The dominion government.

Mr. CASTLEDEN: Then it was this federal government that entered into the contract?

Mr. GLEN: Yes, prior to 1930. Then in 1930, when the natural resources were taken over by the province, of course it belonged to the park, subject to the timber berth licences.

Mr. ZAPLITNY: The minister mentioned the terms of the contract and said the park officials were anxious to see that they were carried out. I am not going to ask the minister to tell us the terms of the contract. I realize that would not be fair, and possibly he would not have that information on hand, but perhaps he can tell us this much. Is the contract only for the cutting of timber, or can they take out anything they wish from those timber berths? In other words, may they cut firewood and pulpwood, or anything else they wish?

Mr. GLEN: I am told that it covers merchantable timber, subject to the terms of the contract.

Mr. ZAPLITNY: And what does that involve—anything that can be sold as timber?

Mr. GLEN: Surely, but in accordance with the terms of the contract and regulations.

Mr. ZAPLITNY: If that is the case it is even worse than I thought, because it means that as long as there is anything of value to cut in these two berths the trust company has a complete monopoly for as long as they wish. That is the most iniquitous type of contract that could be conceived. I cannot imagine the minister, with his ability and his evident progressiveness, wishing to continue or even tolerating that sort of contract. It should be repudiated.

Mr. CASTLEDEN: What consideration did the federal government get for the granting of a contract of this type to the Northern Trust company?

Mr. GLEN: I have no doubt it was put up for tender at that time, though I have not the particulars with me, nor have I a copy of the agreement. But a bonus would be paid, I presume. I shall get that information and inform the hon. member.

Mr. McCULLOUGH (Assiniboia): I should like to ask a question in connection with the granting of a timber permit. What qualifications must be possessed by a person or a corporation in order to get a permit? It seems preposterous that a company without any saw-mill equipment, for instance, should receive a contract to cut timber. I think some qualifications should be set out by the department before such a contract is given to anyone who wishes to obtain a timber permit.

Mr. GLEN: The only permits now issued are settlers' permits for the parks; we are not issuing any more of the others. In reply to the hon. member for Dauphin, we are not likely to enter into contracts to give privileges to any company to carry on lumbering in the park.

Mr. BENTLEY: I want to ask a question following that asked by the hon. member for Dauphin. Is that $1 a thousand typical of all the contracts being let in connection with the timber resources of this dominion?

Mr. GLEN: This contract was made over twenty years ago, and these were the terms then agreed upon.

Mr. BENTLEY: That does not quite answer the question. Is it typical of the contracts now in force, whenever made? Are there any lower than that or any higher than that, and if so how much lower or how much higher?

Mr. GLEN: I have no knowledge of any lower or higher. All I know is that we are not issuing such permits now in our national parks.

Mr. FRASER: Should it not be the policy of the department to do reforestation work in all cuttings in the national parks?

Mr. GLEN: I agree.

Mr. FRASER: I know around Dauphin the land is very sandy. I do not know how it is in the park itself, but unless reforestation work is carried on there it will be waste land in no time.

Mr. GLEN: That is part of the policy of the parks branch, to carry out reforestation where there is no regeneration.

Mr. KNIGHT: Is there any provision in the contract requiring the company to do reforestation work in that section, or is it simply a case of the company taking all the profit and then turning the stumps and sandy land back to the state, putting the state to the expense of carrying on the reforestation, as has happened in connection with many of our natural resources? I am surprised that the minister should defend this type of contract. If this is the method by which the natural resources of the country have been disposed of, I am prepared to say it is a crying shame.

Mr. GLEN: The hon. member suggests I am trying to support such a thing. The very contrary is the fact. I would be against it; it is not done, and I would never be a party to it.

Mr. KNIGHT: I am glad to hear that.

Item agreed to.

141. Dominion forest service—
General scientific, economic and administrative services, $139,895.

Mr. GREEN: Will the minister explain this item? Has his department any plans for the extension of the forestry service in Canada?

Mr. LOCKHART: Is any concerted effort being made to have men just returning from overseas take up this type of service? We hear the usual excuse that men have not had university training and that sort of thing. I brought to the attention of the government the case of a young man who had been interned overseas for years. During that time he made a close study of German reforestation work, and became intensely interested in the subject. When inquiries were made if he could be employed in this type of work in Canada he was told to apply to the provincial government. If we are to provide employment we must direct men into channels in which they are interested.

Mr. GLEN: The three votes for forestry in this year's estimates, totalling $438,330,

cover the restricted activities of the forest service and are on a slightly higher level than the expenditures during the preceding war years. The estimates were prepared many months ago when the war was in progress. These sums do not reflect all of the expenditures, as considerable war work was done in our forest laboratories and experimental stations and paid for from the war appropriation. I should also point out that there is included in the war appropriation for this year an item of $132,000 for the forest service in connection with expenditures relating to the post-war reconstruction programme.

Canada is a forest country. With a population of only twelve million people it stands in third place amongst the nations of the world in output of forest products. As an exporter of the products of forest industry Canada stands first, and her lumber, newsprint paper, and allied products are consumed in more than sixty different countries.

The forest resources of Canada are immense in size and diversified in character. If Canadians are to reap the full value of their heritage, our forest lands must be brought into a state of continuous production. Widespread destruction by forest fires, injurious insects and tree diseases must be controlled and the productivity of the forest soils fully realized.

Administration and protection of the crown forests lying within provincial boundaries is, and will continue to be, a responsibilty of the provncial authorities. There is, however, a strong national interest in the welfare of this important resource. Forest industries have played a major role in sustaining Canada's available balance of commodity trade. Being on an export basis they have always been subject to the violent fluctuations of world markets. They must be placed in as strong a competitive position as possible. The permanence of forest industries depends on the continuing availability of raw materials. The nation cannot afford to see forests, as a source of raw materials, dissipated. Neither can it afford to lose other forest benefits, including opportunities for recreation for our own people, the attraction of foreign tourists, the protection of watersheds, which vitally affects the hydro-electric industry and the protection they afford to agricultural lands.

It is believed that the dominion could properly assist the orderly development of the national forest resources in two directions: first, by expanding activities for which it would be fully responsible and, second, by assisting, through provision of funds, to raise provincial standards in respect of the conservation, protection and development of the provincial forest resources. Such assistance might be considered with respect to the raising of provincial standards, in protection of forests from damage by fire, insects and disease; to provide assistance in the construction of new forest roads, stream improvements and other works needed to facilitate improved forest management and the extraction of forest products; and assistance to develop recreational and other facilities for the enjoyment of the public and the well-being of our fish, fur and game resources.

The dominion forest service is already engaged in the broad fields of research, in silviculture, forest protection, utilization of forest products and forest economics. It has been proposed that these normal functions should be expanded so as more clearly to fulfil the actual requirements of the times. Discussions are in progress with respect to functions the dominion forest service might properly fulfil with respect to the protection of forested watersheds of interprovincial importance and where the protection of heavy dominion investments along other lines may be involved.

It is hoped that the estimates for the next fiscal year will make provision for expanded activities of the dominion forest service which will be necessary in the post-war years. It will be appreciated by the members of the house that pending decisions being reached at the dominion-provincial conference, it is impossible to make any statement now as to the details of increased dominion assistance towards the conservation and development of our forest resources.

In connection with what the hon. member said in regard to directing the activities of young men toward this field of service in Canada, we will, and I think everyone would desire that this should be done, direct their activities toward it; because here is an area which has been sparsely populated in the past and which I think offers a promising field for young men. I am hoping that the universities will take this into consideration.

Mr. LOCKHART: Will the minister indicate whether a young man with only secondary school education would have any hope at all? That was definitely indicated to me by the department only three weeks ago.

Mr. GLEN: The provinces are training young men for their own forest services. I do not think the question of academic qualifications would enter into it so much as the specialized education that a man might obtain in the school or college.

Mr. LOCKHART: I must have been misinformed.

Mr. TOWNLEY-SMITH: What service do forestry engineers perform? Would this service include pathologists and entomologists, men who study and prevent diseases in trees and the control of insect pests?

Mr. GLEN: I am inforced that pathologists and entomologists are employed in the Department of Agriculture.

Mr. TOWNLEY-SMITH: Do they come under this vote?

Mr. GLEN: No.

Mr. TOWNLEY-SMITH: What is an office engineer?

Mr. GLEN: He is a man doing office work with engineering experience and background.

Mr. BRACKEN: I understood the minister to say that the total appropriations for this year for this service approximate $438,000, with an additional $132,000 being provided under the war appropriations. I wish to ask what proportion of forest acreage in Canada is directly under the administration of the dominion government and what proportion is under the provinces? In other words, what is the total forestry acreage of Canada and how much falls directly under the responsibility of the federal government?

Mr. GLEN: I have not the exact figures at the moment.

Mr. BRACKEN: I am sure they will be found somewhere in the records of the department. Perhaps I should have got them myself. If the minister could get them for me, I should like to have them. I should like to ask a question also with respect to the forests that are under provincial jurisdiction. Will the minister outline briefly the federal policy with respect to aiding the provinces in the development and conservation of forestry resources?

Mr. GLEN: The hon. leader of the opposition knows that one of the questions under discussion by the dominion-provincial conference is federal assistance in the protection of forests. What the dominion can do depends upon the conclusions arrived at by the conferences. We realize that assistance must be given to the provinces, and that there must be coordination of dominion and provincial effort in forest conservation, but I am not in a position to say what will be the contribution by the dominion until decisions have been made by the conference.

Mr. BRACKEN: The minister ought to be able to tell us what is included in the estimates. What I wish to know is the relationship between the dominion and the provinces with respect to that portion of the resources that falls under provincial jurisdiction. I know there have been continual efforts to cooperate. However, I will not press the minister further if he has not the answer immediately available.

May I ask what is the size of the federal staff in the forestry service?

Mr. GLEN: This vote, No. 141, is for the advancement of forest conservation in Canada generally. It includes cooperative undertakings in an inventory of the forest resources, investigations of forest conditions, and determination of rates of growth. In the economic fields, analyses are made of statistics secured from the bureau of statistics, provincial authorities and other sources in order that the trends of development of forest industries and of domestic and foreign markets and prices may be closely followed.

Considerable assistance has been rendered in the war effort by the personnel and services of the dominion forest service, in addition to personnel seconded to war departments.

Forest fire statistics for Canada show that for 1944 the total number of fires, 5,820, was almost 300 more than the previous ten-year average. Although the quantity of merchantable timber destroyed closely approximated the average figure, the value of the timber, young growth and other property lost in forest fires was fifty-three per cent higher than the previous ten-year average. The total damage and costs, $7,413,055, was over $2,620,000 greater, and fire-fighting costs, $1,328,338—the highest on record—were over one-half million dollars greater than the previous ten-year average. Human agencies continue to be the greatest cause of forest fires, with forty-six per cent compared with the ten-year average of fifty per cent; railways with fourteen per cent are much higher than the average five per cent, probably due to the wartime increase in traffic, defective equipment and shortage of personnel.

The shortage of forest products has been impressed upon the general public as never before, owing to the demands for war material. This urgent demand, and especially the shortage of fuel wood, have focused attention on farm wood lots. As a result, farmers are interested in securing information on how they should manage their wood lots to make them pay and keep them in continuous production. In cooperation with the Department of Agriculture surveys of wood lots on experimental farms and illustration stations were begun in the maritimes during 1944 and it is proposed to continue and extend these surveys in eastern Canada during 1945-46.

In general the importance of proper protection and management of woodlands has been continuously urged by the forest service. There is urgent need for a continuity of action in directing the policy and methods of forest conservation.

Much valuable data gathered at considerable expense by field survey parties has accumulated, but owing to lack of staff for compiling purposes, the results of these surveys are still unknown. Forest surveys are of value only if the resultant data gathered are compiled promptly and the findings made known. To compile data at present in arrears, and that to be collected in field work during the coming year, eight full-time compilers will be required.

The increase mainly comprises annual salary increases for permanent and temporary employees and some reclassifications of junior employees, already made, approximately $2,400; the return of one forestry engineer previously lent to Department of Munitions and Supply, $2,700; temporary appointments to vacant positions, $12,900, includes seven compilers, $7,560, replenishing of exhausted stationery supplies and necessary renewal of instruments and field survey equipment $3,400, cost of living bonus and unemployment insurance, $2,600, and $1,200 for increased cost of travelling, transportation and sundries. The gross increase is approximately $25,200 which is reduced by a reduction of about $1,600 in wages and allowances due to changes in establishment.

The leader of the opposition asked as to the size of the staff. There are at present on the staff, as of September 3, eighty-five permanent and 49 temporary employees, or a total of 134.

Mr. BRACKEN: Just one other question. The minister has told us of the huge losses of our forestry resources from fire and other causes, a matter that I am sure is of concern to him as it is to everybody else who is interested in the conservation of Canada's forest resources. It emphasizes the need for both provincial and federal authorities giving attention to this problem.

The minister has given us his estimates under three main headings: General scientific, economic, and administrative services, which is pretty general; forest experiment stations, which is more specific, and forest products laboratories. The losses in our forest resources fall largely under two heads, fire and disease, but chiefly fire. Restoration comes largely through natural reforestation and artificial planting. Can the minister tell us how much money the department is spending on reforestation, how much on fire prevention and how much on disease prevention? The estimates may not be set up in that way, but these are the things which I think we should be concerned about.

Mr. GLEN: The leader of the opposition may not have noticed a release from the Department of Reconstruction regarding the newly created forest insects control board which the Minister of Reconstruction issued on November 25 last, warning of the destruction of Canadian forests by insect life, particularly the spruce bud-worm, which destruction, the release stated, has already reached the proportions of a national disaster. The release goes on to say:

> The present epidemic, unless controlled, may result in the loss of 35 years' supply of raw material for paper products representing an export value of some eight billion dollars.
>
> The new board is headed by E. Menard, formerly chief forest inspector for Quebec province. On it are J. J. de Gryse, chief, division of forest insects, agriculture department, and D. A. Macdonald, acting dominion forester, mines and resources department. The other members, whose appointment is announced today, are:
>
> J. A. Brodie, division of forest protection, Ontario Department of Lands and Forests; Doctor Lionel Daviault, chief, Quebec Bureau of Entomology; Major-General Howard Kennedy of Montreal, vice-president, Ontario Paper Company; C. D. Orchard, British Columbia deputy minister of forests; and Doctor G. H. Prince, New Brunswick deputy minister of lands and mines.
>
> "The presence on this board of government representatives from the provinces most seriously affected by the insect epidemic augurs well for successful cooperation between the federal and provincial governments," said Mr. Howe. "This is the first instance in which the dominion has taken the lead in trying to organize an effective joint attack on a serious forestry problem. In view of the importance of our forest industries, it must not be the last."
>
> The minister stated that the first task of the forest insects control board will be to gather as quickly as possible all pertinent information in connection with the budworm plague, which has already devastated some 22,000 square miles of forest and is present in a total of about 250,000 square miles, or roughly one-third of the accessible productive forest area of the nation. "The board will prepare a comprehensive programme and then will endeavour to have as much as possible of the actual work done by permanent government departments, both federal and provincial," he said. "The government will underwrite research work both here and abroad. As soon as possible, research experts will be sent to the timber countries of Europe to investigate the possibility of securing natural enemies of comparable European insect species which may prove effective in control measures in this country."

The leader of the opposition had another question?

Mr. BRACKEN: It may be that the minister cannot answer me now, but the statement he has just made prompts me to ask

another question. At the opening of my remarks I added the two figures the minister gave to show how much this department is spending in forest services, but apparently not all the forestry activities of the government are confined to this department. Could the minister inform the committee some time within the next day or two what is the total of the funds which are being spent by the dominion government, in whatever department, with respect to forestry? I understand that some of it is in the Department of Agriculture. It is possible that certain lines of forestry should fall there. The minister has just said that there is another item in the Department of Reconstruction for research work in connection with forestry. A question occurred to me at the time this last item was mentioned was why should a forestry item be in reconstruction; why should it not be in the forestry branch of mines and resources? But at the moment what I should like the minister to give us is the total expenditure on forestry by the government, in whatever department, perhaps by main details in agriculture, forestry branch, reconstruction. Then, I am sure, the minister could have his officials tell us later, if not now, how much the dominion spends on reforestation, on fire prevention, and on disease prevention, in whatever department.

Mr. GLEN: I shall be glad to get that information and give it later.

Mr. SMITH (Calgary West): I may be under the wrong heading, but if I am I would ask Mr. Chairman, the indulgence of yourself, of the minister and of the committee in the question which I intend to ask.

All of us here in the last month have received full-page advertisements from the Toronto newspapers with respect to coal resources. In fact a newspaper prepared an address which might have been delivered by the Minister of Reconstruction to both houses of parliament—I am not suggesting that he did it, but they prepared something which he might have done. I think that was the last advertisement I saw. What I want to ask the minister is whether his department have made investigations as to the truth of the allegations in these advertisements. They are in short these: that in Alberta, on the Sheep river, there are immense deposits of coal. We do not need to worry about the truth of that; I have seen them myself. The deposits are amazing. Some time ago they called this coal "anthracite". I notice that in their advertisements they have dropped the use of that word and are now calling it a very hard coal, and I think that that latter may be a more nearly accurate description than the one which they formerly used. The main thing I have in my mind is this. Here in Ontario you are paying for anthracite in the neighbourhood of $16 to $17 a ton, and these people say that once they get a railroad built of some sixty miles they can lay the coal down in the Ontario area at $12.50 a ton. If that be so, it seems to me that to do this would mean a very great deal to the eastern provinces of Ontario and Quebec and also to the Dominion of Canada. I realize of course that at present a royal commission is sitting and examining the subject of coal, and perhaps it will take this into account. But all hon. members, I am sure, have received letters with advertisements from this newspaper, and I thought the minister might be able to give us some information. May I, to assist him, say that I myself have heard that from between Kentucky and West Virginia there is a very good quality of bituminous coal which can be laid down in places like Toronto and Hamilton at $9.50 per ton. If that be so there should not be a great deal of worry about the anthracite situation here.

Will the minister, now or at some convenient time while his estimates are being discussed, give the members generally the story of this coal situation?

As I say, I may be speaking at the wrong moment; and I am not asking him to reply extemporaneously; but would he give us some little discussion of Canada's coal position?—granted that that is in his department: I may be wrong.

Mr. GLEN: No representations have been made to my department, nor have we been interested at the moment, in that coal question, because of the fact that a coal commission is now sitting. I did see the statement which was in the newspaper, a whole page of it, dealing with the question of coal. I am very glad to see that the Minister of Reconstruction, who knows all about this coal question, is in the chamber, and I think I will leave it to him to answer that question.

Mr. SMITH (Calgary West): Then perhaps the Minister of Reconstruction can tell me. Perhaps he can also tell me the distinction between very hard coal and anthracite coal. I do not know what it is. I thought that anthracite was merely a very hard coal. Surely the minister and his department must have analyses of these various coals. What we buy coal for is to get heat from it and we do not want to pack water and ashes long distances, which is what we are doing now. Our old friend Mr. B.T.U. is very prominent in this connection. Perhaps the minister

could tell us if the department has analyses of these various coals, including the deposits I have mentioned.

Mr. HOWE: The coal referred to in the advertisement is what is called in most circles a low-volatile bituminous coal. It has a B.T.U. content of about 14,000.

Mr. ADAMSON: What is the content of good anthracite?

Mr. HOWE: As I remember it, good anthracite is 18,000.

Mr. LOCKHART: 17,500 to 18,000.

Mr. HOWE: The coal in question is a deposit in Alberta. I suggest that the purpose of the advertisements—perhaps I should not impute motives—is to bring pressure on the government to develop a mine by the use of government funds. All the coal mines of the west have been developed by private funds. The government feels that there is no reason why it should develop one particular mine at government expense, particularly in view of the fact that the area served by the mine is adequately taken care of by the existing industry.

Mr. SMITH (Calgary West): Would the minister mind repeating the last sentence?

Mr. HOWE: I say that the coal mines of the west have been developed by private industry, and in ordinary times there is a surplus of coal produced in western Canada to take care of the requirements of western Canada. It is felt that for the government to finance the development of a coal mine at this time would not be warranted by the existing situation, or the future prospects of the coal industry.

Mr. SMITH (Calgary West): I have been told that this coal can be laid down here at $12.50, but I do not know whether any examination has been made to determine the correctness of that statement. I met a gentleman in Toronto and he wrote down the figures on a piece of paper for me, but coal is not mined simply by writing down figures on paper. There is a good deal more than that to it. I thought the Department of Mines was the proper place to look to, but I should like to know if someone somewhere cannot give us an amplified statement on the whole fuel problem in Canada. I am not going to join those who suggest that the government should build sixty miles of railway or give any other assistance unless there is a sure market and that market is not going to displace some other Canadian product. I would not for a moment advocate anything of the kind. But if it be a fact that the coal can be laid down here at $12.50, then it is a matter of considerable interest, particularly to the provinces of Ontario and Quebec. There is a new field opening up in Kentucky, and if they can lay the coal down at $9.50, we are wasting our time talking about it. But in the minister's department there must be someone who knows all the facts. I am sure Mr. Frank Neate, if he is consulted, will have pretty much at his fingertips the answers to the questions I have been asking.

Mr. HANSELL: Mr. Chairman, I have risen before—

Mr. GLEN: We are dealing with vote 141, which is forestry and not coal. I would not wish to have a discussion on coal now.

Mr. HANSELL: Mr. Chairman—

Mr. SMITH (Calgary West): Will the hon. gentleman pardon me for just a second? May I ask when I may have the information I am looking for? I knew I was out of turn, but I do not know where to get my oar in.

Mr. HOWE: The position is that over fifty per cent of Canada's coal is imported, and imported coal is used largely in Ontario and western Quebec. Previously coal moved from the maritime provinces westward as far as the city of Toronto and on the north line as far as Sudbury. Additional demands for coal in eastern Canada, and particularly the reduction in output, due largely to loss of man-power in the mines, have curtailed the area of markets for Nova Scotia coal so that last winter we were actually railing United States coal into Truro, Nova Scotia. That market will undoubtedly expand again. There is a subvention for the rail movement of coal, but not for coal moved by water, which ordinarily does not need a subvention. For coal moving by rail there is a rail subvention that amounts to $2.50 a ton for coal delivered in Toronto. On the movement of western coal there is also a subvention. It is my recollection, subject to correction, that a subvention of $6 a ton is required to move coal from Alberta to Toronto. Larger quantities might have been moved had a rail movement been physically possible, because domestic coal in Ontario has been exceedingly short. It has been necessary to use substitutes, providing a proportion of anthracite and a proportion of lower grade fuels for the ordinary household. The difficulty during the war years has been that the railways were so heavily burdened with freight that they could not handle extra traffic in coal. This winter there has been a larger movement than in previous years, which has been due to a slackening in

the movement of wheat, but unfortunately the movement of coal from Alberta east is in the same direction as the heavy movement of wheat. If it were the reverse, the movement could be handled more efficiently. The movement to Ontario has been limited owing to the fact that the railways could not handle the volume of coal which we should have liked to bring into the province, even with the higher subvention.

The position of coal is one of acute shortage on this continent and in fact all over the world. Lack of coal on the continent is a serious threat to the well-being of the people, and its production is stepping up very slowly indeed. There is a demand for every pound of coal mined at this particular time. The long-range prospects are not such as would indicate the desirability of opening up large new sources of production in Alberta, considering the fact that it can be marketed only in Ontario on the $6 a ton subvention, which I need not remind my hon. friend is more than twice the cost of mining the coal. I suggest that the $12 rate that he saw advertised as the price for coal in Toronto would be after the government subvention had been applied to the movement.

Mr. SMITH (Calgary West): Only $2. I do not act for these people. I do not even know them.

Mr. HOWE: Surely my hon. friend was in Medicine Hat in the old days.

Mr. MACKENZIE: And the old nights.

Mr. SMITH (Calgary West): And we met at the Brown Derby. Does that mean anything? As a matter of fact I have read these advertisements.

Now that we are dealing with coal we are faced with another problem. The minister knows that during the war years more Alberta coal went west than ever. A good deal was used for bunkering and a good deal was used in manufacturing establishments out there. With United States coal used to haul engines on the Canadian National and the Canadian Pacific, the use of Alberta coal was being pushed clear back almost to the Alberta border in some instances, and beyond Winnipeg on both lines. We know perfectly well that we cannot hold the position on the Pacific coast because the demand is not there and is not going to be there. The chief worry is to get back on these railways coming east. We worked hard for twenty years to get where we did instead of having the coal come to Fort William by water, pushing us back again. The minister appreciates my having given him an opportunity to deliver that speech to both houses of parliament—I am sure they will read it in the other place—but we should have a statement from him.

Mr. HANSELL: Mr. Chairman—

Mr. BRACKEN: Will the hon. member pardon me for a moment? We are considering the estimates of the Department of Mines. Is there any branch of the minister's department which assumes responsibility for coal?

Mr. GLEN: Only so far as testing is concerned, not so far as general policy goes.

Mr. HANSELL: I am a kind man and I like to give my friends every advantage—

An hon. MEMBER: And how!

Mr. HANSELL: —and Howe too. However, to follow along the line of discussion of the hon. member for Calgary West, the minister replied that those people who are interested in this particular coal mining area had made no representation to the government. Perhaps the Minister of Mines and Resources is trusting to his memory as applied to his own term of office. This subject is not a new one. I am quite certain that interested people have made representation over the years. I believe my hon. friend's question can be answered by the Canadian fuel board; I am sure they have all the data on this particular coal.

With respect to the campaign that is being carried on, I doubt whether the minister's reply was just 100 per cent accurate. I do not think the campaign that is being carried on is an attempt to have the government finance the mining of this coal. The problem is that there is no railroad running into this particular district. As the hon. member has already said, there is a distance of about sixty miles without a railroad. I fancy the people interested do not think they are the ones who are particularly responsible to put in a railroad. The campaign is put on to arouse public opinion in respect of this coal. It is an exceptionally good coal. It compares most favourably with anthracite. I do not know all the technical and chemistry terms which may be used in the analysis of the coal, but there is no doubt that it compares favourably with anthracite coal. If Canadian people knew that they could get in their own country coal which is just as good as any coal they can get outside this country, it would be an admirable thing if some steps were taken, perhaps by way of some assistance from the government, in the matter of building a railroad so that the coal could be made available to the rest of Canada.

The minister is right when he says that this item should be under forestry. There was a time when there was a considerable appropriation to be voted for subventions on coal.

Mr. MacNICOL: It is in another item.

Mr. HANSELL: Not in this department?

Mr. MacNICOL: Not in this department at all.

Mr. HANSELL: I do not quite hear my hon. friend.

Mr. MacNICOL: It is not in this department at all; it is in another department.

Mr. HANSELL: I do not think so.

Mr. MacNICOL: Subventions? Of course it is.

Mr. HANSELL: I do not think so; I think it is missing from the book. However, I may stand corrected. We used to discuss subventions on coal under the Department of Mines and Resources. If it is shifted, all right, but it does not appear in these estimates.

Mr. JOHNSTON: Before this item passes I desire to say a few words. I can assure the minister that I will not delay this item, but when the proper time comes I intend to say a few more words on it.

There has been quite an advertising campaign put on with regard to this coal. I have a whole stack of them here. It was my intention to speak at length on them, but I do not think I shall do so at this session because the session is drawing to a close. Quite a pressure campaign is being put on in advertising this coal. What steps are the government taking to see that the quality referred to in the advertisement is correct? If the government does not come to the assistance of this organization when they take up this venture and go into a selling campaign to sell shares in this mine, it may very well be that the shares will not be worth very much because of the difficulties that have been indicated.

I think this matter only goes to prove what has been said on several occasions, namely, the necessity of establishing a national fuel policy. Certainly what the hon. member for Macleod and the hon. member for Calgary West have said, is true. It is high time that we began to devise a national fuel policy for this country so that we could use our own coal in Canada. If we have the coal here we should be using it. My understanding is that this coal could be loaded at a cheap price which would enable it to compete with Pennsylvania coal coming from the United States. It is advertised as a high-quality anthracite, comparable with any anthracite coal we are getting in Canada.

We have endeavoured to capture a good deal of the Ontario market. Since the war we have lost a large part of that market. It is going to be quite a fight to regain it. If there is any possibility of our regaining the eastern markets by the development of this coal every assistance should be given to that end. Because of its peculiar chemical qualities, low ash content and high B.T.U.s it is said to be a good coal. If we can develop a market in eastern Canada for this coal we should go out and do so, and develop a national fuel policy for Canada.

The CHAIRMAN: May I remind the committee that the mining, transportation, advertising and selling of coal does not properly come under this item. A limited discussion on advertising was unanimously agreed upon by the committee. I think we have now reached the limit, and I would suggest that we stay with the item under discussion.

Mr. ROSS (St. Paul's): I did not hear what the minister said when he made his statement with respect to the forests of Canada. I do not know whether he gave any estimate as to the annual depletion of the forests and the annual replacement. It will be interesting to know what the position is. What is the estimated loss by cutting, by disease and by fire each year?

Mr. GLEN: I think the hon. member was not in his seat when the leader of the opposition asked a somewhat similar question to that which he is now asking. I believe his question was covered by the questions that the leader of the opposition asked, and I have promised to have that information brought down.

Mr. JOHNSTON: When the item comes up, will the minister make a statement about the particular venture to which I have referred?

Mr. GLEN: I rather think that is a matter which will be taken up by the Minister of Reconstruction. It is in his department and has been there during the war. I was speaking to him a few moments ago, and he says that there is an item in his estimates which will have to come before the committee when it may be properly discussed. It does not come within the purview of the Department of Mines and Resources.

Mr. STANFIELD: I did not hear the minister when he spoke about the spruce budworm which I understand is attacking the spruce forests of the country. Fortunately in

that part of the country from which I come I do not think it has yet arrived. Has any step been taken to control the spruce bud-worm?

Mr. GLEN: I do not believe the hon. member was here when I was speaking of the control board which had been set up for that very purpose of which the hon. member is speaking. An intense study is being made with regard to it, and, of course, the results are not yet known.

Mr. ADAMSON: What methods are being used? Are they using a D.D.T. spray from aircraft, lead spraying or arsenic spraying?

Mr. GLEN: They are exploring every avenue. As a matter of fact in the statement I read the Minister of Reconstruction stated that some of the officers of the department may be sent to Europe to look over the situation and find out the methods wherewith to combat this disease.

Mr. ADAMSON: Has the minister any idea how many square miles are affected by the spruce bud-worm? I understand the condition is a serious one.

Mr. GLEN: I am informed we have not yet any full information as to the extent.

Mr. STANFIELD: Have any of the areas been infested in the maritime provinces.

Mr. GLEN: Yes.

Item agreed to.

Land, parks and forests branch—

145. Land registry—Land registry, seed grain collections, administration of ordnance, admiralty and public lands, $55,394.

Mr. McCUAIG: I should like the minister to give a summary of the amounts outstanding in connection with seed grains, which I understand covers the period from 1914 to 1920.

Mr. GLEN: The explanation of this vote is that it has to do with the conduct of a central office of record for lands owned or otherwise controlled by the Dominion of Canada; the administration of ordnance and admiralty lands, dominion owned public lands, timber and grazing on soldier settlement lands and on military reserves; the adjustment of seed grain, fodder and relief indebtedness, and the issuing of letters patent. The over-all increase of $2,879 is due to an additional amount required for cost of living bonus, annual increases, replacement of depleted stationery stocks, together with a small amount for surveys which have been postponed from year to year and are now urgently required.

Mr. McCUAIG: I should like to know the amount outstanding in connection with seed grains, particularly in Saskatchewan.

Mr. GLEN: As at March 31 last the amount outstanding in principal was $2,525,263.99, and in interest, $3,613,841.15, or a total of $6,139,105.14.

Mr. McCUAIG: These debts go back to 1914-20, and I would say that eighty per cent of the people originally concerned have either died or left the country; yet these advances remain registered against the land. In many cases it has gone back to preemptions and rough lands, and I think this is detrimental to the progress of the country. I would take it that it costs more to keep the records than probably will ever be collected under this head, so that I strongly urge that these amounts be cancelled, because they are of long standing.

Mr. WRIGHT: What have the collections been during the last two or three years, and what has been the cost to the government? I was going to ask those questions in order that we might have the picture. I believe these advances have been cancelled for some years. I should like to know for what years these debts have been cancelled; for what years they have not been cancelled, and the reason for cancelling in connection with certain years and not cancelling in connection with certain other years.

Mr. GLEN: I could not answer that question now without a good deal of research. The net revenue in 1944-45 for seed grain relief was $111,577.85. As to the other particulars, I shall have to get a statement from the records and give it to the hon. member.

Mr. BENTLEY: I believe the minister said that the collections amounted to some $111,000, while the amounts owing total in the neighbourhood of $6,000,000, of which, if I followed him accurately, more than fifty per cent was accumulated interest. As the hon. member for Maple Creek has just mentioned, the government has liens against a good deal of land occupied by people who had no connection with the conditions from which the liens arose. The small amounts that have been collected were, I believe, paid simply because the people now occupying the land are in a little better shape, due to the war and war prices, and want to get rid of those liens on their land in order to dispose of it. The statement by the minister would indicate that it is going to be difficult to recover the entire $6,000,000, and like the hon. member for Maple Creek and the hon. member for

Melfort I would urge the minister to give serious consideration to cancelling at least the interest. I believe the whole thing should be cancelled, but perhaps, that is asking too much. I would, however, ask him to give serious consideration to the cancellation of the accumulated interest, because it is a great handicap for people who think they have paid all their debts to find, when they ask for clear title, that the dominion government has a lien registered against their land.

Mr. GLEN: I shall be glad to consider that question.

Mr. FAIR: May I ask what it cost the government during the fiscal year 1944-45 to collect that total of $111,000?

Mr. GLEN: The services of two clerks only.

Item agreed to.

Lands, parks and forest branch—
146. National parks bureau—national parks and historic sites services, $1,050,000.

Mr. McGARRY: Is there anything in the estimates this year to provide for the extension of Louisburg national park?

Mr. GLEN: There is nothing in these estimates in that connection. As the hon. gentleman knows, these estimates were prepared some time ago. I have had representations made to me, and in fact met a delegation, asking that some assistance be given in connection with the maintenance and extension of this park. The matter is being considered, and I hope there may be a favourable reply to the request of the hon. member.

Mr. PROBE: When most of the departmental estimates are being considered here, my province of Saskatchewan usually is honoured more in the breach than in the observance in connection with any large expenditures. The matter of collections, however, comes up quite frequently. At this time I wish to pay a tribute to the Prime Minister of Canada for the interest he has taken in the Prince Albert national park, the only one in our province. We are less endowed with beauty spots than are the other provinces, but the Prince Albert national park, which is situated approximately in the geographical centre of our province, experienced reasonably good development during the period the Prime Minister was member for the constituency of Prince Albert. I am hoping, of course, that though he has moved from Saskatchewan to the constituency of Glengarry, his interest and that of the department in our national park will remain commensurate with the recreational needs of our people. In this park we have quite a chain of lakes naturally well stocked with fish, which I believe are replenished to some extent by the department, though how extensive that work may be I do not know. I am sure it would delight even the hon. member for Calgary West to come and do a spot of fishing in Waskesiu lake, and we also have good golfing and beautiful motor drives. At page 319 of the public accounts for 1944 I notice that in 1942-43 expenditures in relation to the Prince Albert national park amounted to $93,636, while in 1943-44 they totalled $67,797. Since the public accounts for the fiscal year just ended have not yet been published, I should like the minister to tell me the expenditures and also the revenues in connection with that park for the year ending March 31, 1945, and also an estimate of revenues and expenditures for the current year. Would the minister indicate also what expansions are contemplated for this year under the headings of forest protection, fish propagation, tourist advertising, highways, clearings and buildings?

Mr. GLEN: The estimate of the amounts to be spent in Prince Albert national park are:

Management and clerical	$15,900
Public services	25,300
Stores and equipment	11,100
Recreation	4,900
Forest and game	22,800
	$80,000

Mr. PROBE: Those are the current estimates?

Mr. GLEN: Yes.

Mr. PROBE: What were the expenditures last year?

Mr. GLEN: I am informed that more than that will be spent because of fire fighting that is taking place. I have not the particulars for 1944-45 that the hon. member asks for, but I can supply them to him later.

Mr. PROBE: They will be tabled?

Mr. GLEN: Yes.

Mr. ADAMSON: I should like to say a few words with regard to national parks generally, but in particular with regard to the great belt of national parks generally known as the Rocky mountain national parks, which include Banff, Jasper, Yoho, Kootenay, Assiniboine, all that great string of parks that run along the central mountain backbone of the rockies. It may be surprising to some hon. members to know that these parks comprise an area nearly half as great as that of all Switzerland. I am one of those eastern Canadians who unfortunately

did not know their own country until a few years before the war. I had travelled widely in most other parts of the world, but I had not been to my own mountains until 1936.

I speak in humility; but having had some experience with mountains elsewhere in the world, I think I can say without fear of contradiction that we have the greatest potential mountain playground in the world. If we will develop them we have possibilities that will rival the great Swiss Alpine resorts. I do not speak with a lack of knowledge, because I have stayed at many of those great Swiss national resorts. Therefore I should like to see this vote multiplied many times, and this should be done by next session.

In the normal pre-war winter the great resorts of Switzerland were visited by more Americans than by the people of any other country. The Palace hotel at St. Moritz at one time had sixty per cent of its guest list made up of Americans. These people had the money to spend and they went there because they could get the service they wanted. The other winter sports resorts of Switzerland were filled with Americans, British and a great number of Canadian tourists. With the Atlantic closed to ordinary tourist traffic, in fact with all Europe being closed to transocean pleasure tourist traffic from this continent, we have an opportunity of getting that business for our national parks. It is significant that Switzerland's whole economy was dependent on the tourist and hotel business.

We have a magnificent opportunity if we only act now. It will be necessary for the government to carry on most of the activities, but they should start soon. If I may speak in particular of our mountain national parks, up to the present they have been developed for two classes of people, the very rich easterner and the overnight cabin tourist. It is all very well to build de luxe hotels such as Banff Springs, Chateau Lake Louise and Jasper Park Lodge, which must charge $20 to $25 per day, but that is not the way to open up our national parks. That is not the way to provide an opportunity to the people who own these national parks to see them.

It is not enough to build a series of motor roads through our national parks. In fact it would be a hideous thing to do. The whole beauty and charm, the amazing variety of our Canadian Rocky mountains are seen only when you get off the main highways and really get into them. With all due respect to our railroads, you do not see the mountains from the Canadian National or the Canadian Pacific. You see a little more, but not very much more, from the Banff-Jasper highway. But to really see the Rockies you have to get into them, and the only way to get into them is by horse or on your own two feet.

At the present time the facilities for getting into our national parks available to the ordinary and common garden variety of human being, whether he be Canadian, American or any one else, are extremely limited. If you go in in the summer you must go to the expense of providing yourself with a train of pack animals; you must provide yourself with a place to sleep, a tent or teepe, and with fodder; this is an expensive business. If you go in in the winter there are at the most only four chalets where you can go to enjoy the skiing.

I suggest that this government should do what the Swiss and Austrian governments did to develop the Bermese Oberland and Tyrol. This government should start in the near future; in fact they should have started already, to erect a number of shelter huts on or near the main passes, for instance north and south of the Bow river and in the vicinity of the Jasper-Banff highway and in time the Yoho district. In that way a great territory could be opened up. There is one hut in the Mount Assiniboine area, but it is difficult to get at, also the Alpine Club Hut in the Little Yoho. There is also one chalet Sunshine Lodge above Banff and Mount Temple and Skoki in the Slate mountains near lake Louise; four small chalets in the world's greatest accessible ski terrain. Mr. Chairman, the challenge is terrific. We must develop this priceless heritage. Huts should be placed close enough together, so that the average tourist or skier or mountaineer could get from one to the other without too much exertion or without undergoing tremendous expense in getting an expedition together.

What has been done on the continent of Europe is this. Huts are built within easy distance of each other. They are built in many instances with government help or with the help of some national mountaineering club or national ski club, who run the huts and take responsibility for them. I do not say that the government should go into the business of catering to tourists by providing food and shelter, but they should see to it that these huts are built so that a great number of tourists can go into the mountains.

What are the conditions at the present time? I have received word in the last week that every room available for tourists in the Banff national park is already booked not only for the summer but for the winter season too. You cannot even get the most modest accommodation for next year. It is all completely booked. I am not speaking of the

Banff Springs hotel, which I understand is to be opened next summer, but of places where the average man, not the millionaire, can go. All these are booked solid for the next year. That shows the tremendous demand for holiday accommodation by people on the American continent, arising very largely in eastern America, who go out to the Rockies and spend a great deal of time there. The demand is there; it is an extremely valuable demand; it is a demand from people who know the world and many of whom have seen the Rockies and have found there some of the best mountaineering and the best skiing the world has to offer.

I want to talk about skiing for just a moment. Skiing has become the great Canadian national sport. As a matter of fact it is a world-wide sport. I think most hon. members would find that there are vast numbers of the coming generation who now ski rather than skate. Many of them do. We used to think of skating and hockey as the great Canadian national sports, but now I think it has come to be skiing. Certainly that is so in the United States and on the continent of Europe.

We have within easy distance of lake Louise an area which for downhill running compares very favourably with the famous Parsenn country near Davos in Switzerland. When I say that it compares very favourably I mean that you have from several of the peaks surrounding lake Louise a vertical descent of from four to five thousand feet. That is essential for mountaineering skiing. The Laurentians are excellent in their way, but when you can get a run down through vertical descent of between four and five thousand feet that, Mr. Chairman, is really skiing. I assure you, sir, that once a human being has enjoyed the thrill of mountaineering skiing, nothing else will ever satisfy him to the same extent.

To develop this area several things are required. The first thing is adequate trails cut through the timber. That is not an easy thing to do. The trails, not narrow trails but twenty feet wide would have to be cut so that they remained in good condition. You cannot cut a trail straight down a mountain. You have to cut them so that the average skier can get down without breaking his neck. That is one thing that is required. The timberline runs at about 6,500 feet, and the main Bow river is at about 5,000 feet. So that there will have to be a number of ski trails cut through the lower slopes of these mountains.

The next thing to be done to develop a real skiing resort is to provide some type of ski tow. I say this with a degree of sorrow because I thought that the average skier was an energetic person and I find that that is not so. There are energetic skiers and there are those who are not. The average human being is lazy, and if he can be lifted to the top of the mountain by a ski tow, not only does he get there with little effort and arrive without being tired, but he can get in a great deal more of downhill running and there is more time to improve his technique. In that way he gets a great deal more enjoyment out of a week or two weeks' holiday. The construction of a funicular or ski tow is essential and there are many places where it could be constructed within easy distance of the main railway line.

Once you establish that type of ski resort, you will have an opportunity to rival the great ski resorts of the world. You will have a gold mine that will make many of our gold mines, even the big ones, look awfully poor pickings. I am not speaking about something I do not know. I have seen what the Swiss did at St. Mauritz and at Davos. I have seen what the Austrians did at St. Anton am Arlberg and Kitzbuhel. I have seen how they made skiing almost pay the national debt of Austria, and how they established the famous ski school of Hannes Schneider. They attracted people from all over the world to ski on those mountains. If they can do that at St. Anton in the Arlberg, which is difficult to get to, we can do the same thing; we can attract skiers to lake Louise, but only if we provide the facilities. I suggest that we are missing one of the greatest opportunities, particularly at this time, because the continent of Europe is closed; the Americans want to go somewhere in winter and we have just the country for them.

One word more. Before we can adequately develop our mountain resorts we must have a well-trained corps of mountain guides. We are doing nothing now to train mountain guides. Hon. members who may not have skied or climbed mountains like I have may not appreciate the necessity of having a well-trained corps of mountain guides. A mountain guide is not just a man who hauls you up a mountain at the end of a rope. He is an extremely skilled technician and has to know a great number of things. On the continent of Europe a mountain guide takes three to five years to train. He knows his mountain technique; he knows his glazier technique; he knows his skiing, and he also knows his mountains. But I wish to make this very clear, that because you have a guide trained on the continent of Europe—a Swiss guide or an Austrian guide—it does not automatically

follow that he will know Canadian conditions. Our conditions are different in many ways from those of Europe. You have to train our young men. Certainly we have to borrow from the great wealth of experience of Europe, including Switzerland, Austria and northern Italy, but we have also to see to it that there are produced in Canada every year a number of guides who know not only the summer technique and the winter technique, but who also can do the things which are peculiar to our conditions, who can take a pack train into the mountains, who know about feeding and living in the mountains; and this can only be learned in the Rockies.

It is no good to go over and get a Swiss guide, admirably trained as a mountaineer though he may be. We must have a new technique, and I suggest to the minister that one of the first things we must do is to establish a school for the training of mountain guides. Why do I emphasize this so much? If you bring tourists from the plains and cities into the mountains they are going to get into trouble. A mountain is wonderful but it is also dangerous. You can fall down it; you can fall off it, and you can have parts of it fall on you. If we allow untrained and unacclimatized tourists to start off into the mountains we shall have a lot of casualties; not only that, but our tourists are not going to enjoy themselves. Living in the mountains is a science, and unless we have men who are able to take these tourists—I do not like the word "dudes", because they are not dudes who go into the mountains, but they are untrained, even though they are accustomed to European methods—they are going to get into trouble; we shall have men lost on mountains, lost in glaciers, falling down, hurting themselves, and we shall make life a misery for our park rangers who have to go out and look for them. I suggest that the government should give serious consideration at the earliest possible opportunity to the establishment of a school for Rocky mountain guides.

We have an opportunity now to develop our national parks both for winter and for summer, to build them into an asset which will rival the great Alpine resorts of the world. Europe is closed and may remain closed to the Americans for possibly two or three years. We have not much time. We should start at once to see to it that our Rocky mountains are developed both for the people to whom they belong and for the people who will come to them and will mean so much to the economy of Canada.

Mr. McLURE: Before hearing the remarks of the hon. member for York West, I was going to say something on the tourist trade in connection with the park attractions we have in Canada. I shall now content myself with asking the minister one question, about the beautiful national park on Prince Edward Island. Is his department considering building a highway so that tourists can reach that national park? I understood that when the park was laid out the idea of the department was to build a highway to provide easy access to that beautiful national park.

Mr. GLEN: The aim of the department is to have all possible roads built which will provide access to the national parks. But at the moment I have again to give the same statement, that these matters are the subject of discussion between the dominion and the provinces as to the contributions which will be made for these roads. From a departmental point of view we are anxious that every facility and every necessary road shall be provided; it is an aim with which we are entirely in sympathy.

Mr. HARKNESS: I most heartily endorse what has been said by the hon. member for York West, and I should like to elaborate briefly on one point. The greatest need of our national parks—at least the ones in Alberta, and I believe the same is true of other parts of Canada—is low-priced accommodation. The people for whom the parks were primarily designed, that is the people of Canada, are for the most part not able to use them as national playgrounds because of the high cost of accommodation.

I took up this matter to a slight extent with some of the officials of the department and was told that it is impossible at the present time to provide any further accommodation there because of the shortage of building materials of all sorts. I should like to urge on the government, however, that at the earliest moment—and I think it could be started quite readily next spring—low-priced accommodation, put up either by the government themselves or by private individuals, should be developed to the utmost. If ordinary building materials are not available a considerable start could be made with the logs which are obtainable right there. Unless this is done, most of the people who would like to visit our national parks and enjoy them will be unable to do so.

I wish to direct one question to the minister. Some two or three weeks ago in the veterans affairs committee we passed a resolution requesting the Department of Mines and Resources to change the regulations governing

the letting of leases in order that veterans may have priority. As I understand the matter, at the present time, under the provisions of the law, any lands which become available for building sites or business sites are let by tender to the highest bidder. This places the returned man at a serious disadvantage as compared with men having more money; and the tenor of our resolution was a request that those regulations be changed, for the meantime at any rate, and lands which are available or are made available for either house building or business purposes be offered to veterans before being put up to tender. Will the minister tell us whether that recommendation from the veterans' committee has received favourable consideration.

Mr. GLEN: I have heard of the communication to which the hon. gentleman refers, and we are dealing with it now. We are considering what shall be done. There are some investigations to be made with regard to it, and in the very near future some decision will be arrived at.

Mr. McGARRY: Have any submissions been made to the department regarding the extension of the Cape Breton national park? If so, are they under consideration?

Mr. GLEN: Yes. That matter has been referred to the department and is being taken up with the province now.

Mr. FAIR: What is the intention of the government in connection with Wainwright buffalo national park? This was a national park until the early years of the war, and at that time the animals were all slaughtered. The park is at present populated by prisoners of war. Can the minister give any information as to what will be done in the near future as regards the use of the park?

Mr. GLEN: The park is under the control of the army, and until they relinquish it to us we are not in a position to know what to do. After they have got out and it has been returned to our control, we shall decide what is to be done with it.

Mr. FAIR: Will it be returned to the Department of Mines and Resources?

Mr. GLEN: Yes; it is a national park.

Mr. SMITH (Calgary West): Could the minister not be more definite and direct in his answer to the question asked by the hon. member for Calgary East? Banff is the place where I live and where some people occasionally vote, and both those who vote and those who do not vote are anxious to know where the veterans will stand in that community. The minister has been kind enough to see me on two occasions and his officials have treated me generously in the matter of information, but we have a situation there where, broadly speaking, there is no land available. The only thing we have is the odd lot which for some reason is put up for sale. The present method is to sell it by tender. The people are so anxious to get places that prices are paid much beyond anything we have ever known, which means that the returned man has not a chance. There is a unanimous recommendation from the largest committee in this house and certainly the one that has sat longest and given the greatest attention to the problem submitted to it. I do not know why the minister cannot give us a little more encouragement than to say that certain investigations have to be made and that the matter will be given consideration. That is, may I say, scarcely treating this grand committee with the deference due to the distinguished members of it—and that remark has no reference to myself. I am not on the committee. I personally know Banff men who are trying to stay at home and do something and they cannot do it. The department might give us a little more encouragement in that regard.

Mr. GLEN: I should like to give the hon. gentleman the encouragement he desires, but it is not just as easy as he says. I understand that there are only a few lots which have become vacant. There is hope that we may get a piece of land from the Canadian Pacific, who are not using it now. A resolution was passed by the committee on veterans affairs, but the question is, what shall be done in order that the veterans may be protected? The first thought in my mind, as it is in all our minds, is that the veterans shall have the preference where it is possible to give it. When it comes to a question of private leasing, if the land were taken and released at an increased price we would be subject to criticism of all kinds with respect to such increased prices. So that it is not just as easy as it seems. However, I can assure hon. members that the matter will be dealt with equitably, having in mind of course the preference that will be given veterans, because none of us would get away from that.

Mr. SMITH (Calgary West): You could cover that without trouble by a restrictive covenant of sale.

Mr. GLEN: That is one feature which has to be considered. We are not neglecting the position. The hon. member may rest assured that I shall treat it in the manner that he would wish me to.

Mr. ADAMSON: Does all the land surrounding Banff belong to the Canadian Pacific?

Mr. GLEN: No.

Mr. ADAMSON: I understand that the Banff townsite cannot be increased.

Item agreed to.

Lands, parks and forests branch—

147. Administration of Migratory Birds Convention Act, $50,750.

Mr. MacNICOL: What I have to say on this pertains also to the next two votes. I notice in the details on page 116 of the estimates that the staff that has to do with the Migratory Birds Convention Act is small. I know that the members of that staff are capable men. The ones I have met are thoroughly qualified, but their salaries are very small, the highest being $4,020 a year. I have been wondering if the next vote 148, for which there are no details, is for an extension of the work under vote 147. In this connection I wish to refer for a moment to vote 149. I have been wondering why something was not taken off vote 148 and added to vote 149, but perhaps the minister has in mind increasing the vote for the Jack Miner foundation. The whole committee knows that he was the one man in Canada who initiated this whole business. I was glad to know that the Prime Minister of this country, before the death of that distinguished gentleman, had conferred upon him, through His Majesty the King, the O.B.E. That was highly commendable and it was as it should be. I hope the department will give to the late Mr. Miner's three fine sons, Manley, Edward and Jasper, more assistance than was given to Mr. Miner in his lifetime. They are a family who have consecrated their lives and their farms to this great work and they do not get the credit they deserve. There has been opposition to them from one place and another, and I am not referring to the government. I suggest that they should be given the unstinted support of the people of this country.

Jack Miner was a wonderful man. His three sons are doing a great work. When I think of the small vote being given to them after what they have contributed I am amazed. They contribute 14,000 bushels of corn a year for feeding these birds. I have seen as many as 30,000 there at one time. A grant like this, and the very small amount that they get from the Ontario government, does not begin to give them anything in return for the time they have contributed. I know for a fact that the eldest son, Mr. Manley Miner, has on several occasions refused $15,000 a year to go to the United States to set up what they have done in Canada. I know the minister is warmly disposed toward the Jack Miner foundation. Personally I shall support him in every effort he makes to see that they get fair treatment.

Mr. CROLL: I support what the hon. member has just said. I did not hear the minister say that he would increase the grant to $5,000. That was the amount of money that the Miner foundation anticipated they would get from the department. Does the minister intend to increase that grant?

Mr. GLEN: We are dealing with item 147. I intended to say a few words on items 148 and 149, but perhaps we can take them all together. I was very much interested in the remarks of the hon. member for Davenport with regard to the grant to the Jack Miner foundation. I have had more letters from all sides of the house in connection with that matter than with regard to any other single item in the department. Every hon. member is imbued with the idea that this vote should be increased to where it was some time ago. As the committee knows, it was reduced during the war years. The representations that have been made to me are in entire accord with my own thought. When this vote comes up next year I am hoping that I shall be able to impress the treasury board to put it back to where it formerly was, namely, $5,000. I realize, apart from any question in regard to the work that is being done, that it is a source of attraction, none greater in the Dominion of Canada. I shall certainly use all the force that I have at my command to see that the amount is increased to $5,000.

Mr. ROSS (St. Paul's): The enforcement of the Migratory Birds Convention Act comes under whom?

Mr. GLEN: It is under the jurisdiction of the Royal Canadian Mounted Police.

Mr. ROSS (St. Paul's): Since we are taking the three items together, what is the $40,000 for?

Mr. GLEN: To provide for control and suppression of forest fires in the national parks, and for carrying on those activities.

Mr. ADAMSON: When the minister is making his submission to the treasury board next year, will he consider restoring the grant to the Alpine club?

Item agreed to.

Surveys and engineering branch—

152. Dominion astrophysical observatory, Victoria, B.C., $24,552.

Mr. MacNICOL: Any hon. member who has visited the Labelle building must have been alarmed at what terrific damage fire could do

to this country's vast treasure house of plans, specifications, maps and reports in connection with all our lands all over Canada. I urge the minister to request the Minister of Public Works, and through him, the government, to put up a fireproof building of steel and concrete to house the map treasures of this country so that they cannot be destroyed by fire. They are precious. They have maps and drawings there that are simply priceless. I hope that something will be done in that direction.

Mr. GLEN: As a matter of fact we have that on our post-war reconstruction plans.

Item agreed to.

Surveys and engineering branch—

153. Dominion water and power bureau, including the administration of the Dominion Water Power and Irrigation Acts, $251,000.

Mr. COCKERAM: What is being done regarding the development of power in the Yellowknife district?

Mr. GLEN: There are power sites there, and we have had two surveys in the field for the last two years making investigations with regard to power.

Item agreed to.

Surveys and engineering branch—

162. Legal surveys and map service, including grant of $350 to assist in printing the publication of the Canadian institute of surveying, $290,082.

Mr. MacNICOL: In the geographers and the people in the building to which I referred a few minutes ago, and in other buildings, the department has many men of great ability who deserve more than just "carried". This department is well blest with the officials that it has in charge of the preparation of all the reports pertaining to the topography and geography of the country. They deserve the thanks of all the members. All of us obtain many fine maps. I do not believe any country in the world has better maps of its territory than Canada has. They are now issuing maps taken from the air. I met quite a number of their men up near the Arctic ocean in the summer of 1944. These men are doing a wonderful service. I hope the minister will convey to these geographers, geologists, draughtsmen, and the men in charge of the maps, the treasured maps of the country—I do not mean money, but in the work that has been done on them—the appreciation of this house for their great service.

Mr. GLEN: I shall be glad to.

Mr. HARKNESS: When the estimates of the Minister of National Defence for Air were up I asked a question in connection with aerial mapping, and as I remember it he said that the aerial mapping which was being done was being done under the Department of Mines and Resources. I cannot see any details showing where anything is provided for aerial mapping. What provision has been made for aerial mapping, and what sections of the country, if any, are to be mapped in that way?

Mr. GLEN: That was in the war vote. The sum of $650,000 was provided for aerial mapping, and it was passed by the house. Of course that is a feature of the work of the department which will have to be taken account of in the near future. As a matter of fact, at the present time negotiations are going on under the auspices of the R.C.A.F. with regard to aerial photography. They and the equipment which they have, and which they claim is probably the best in the world, will be utilized as far as they possibly can. The whole subject of aerial photography is receiving the best consideration not only of our department but of the Minister of Reconstruction as well.

Item agreed to.

Surveys and engineering branch—

163. To provide for the payment of fees of the board of examiners for dominion land surveyors, of the secretary and of the sub-examiners and for travelling expenses, stationery, printing, rent, etc. (the fees of F. H. Peters, J. E. R. Ross and R. H. Montgomery, members of the board, and A. W. W. Cole, secretary, are to be paid out of this sum), $950.

Mr. McMASTER: I should like to say a word about surveyors. In the province of Ontario north of Toronto and south of North Bay, as far as I know there are only two dominion land surveyors. The people are beginning to feel the want of these men. In the whole city of Toronto I do not believe there are more than ten, and I suggest that the minister take up with the Minister of Veterans Affairs the question of whether some of the younger returned men could not be directed into this work. If something is not done there will be a serious shortage, and this is a profession which should appeal to men who have been in the army.

Mr. CASE: I should like to go on record as endorsing what the hon. gentleman has said, because I know the desperate situation we face in our own community. It is now almost impossible to get a land surveyor anywhere.

Item agreed to.

Indian Affairs branch—

165. Indian agencies, $898,266.

Mr. HARKNESS: I should like to make a few brief remarks in connection with the Indian affairs branch generally. Some time

ago the minister indicated in the house that the Indian Act would be revised at the next session, or at least that he wished to have it revised then, probably by a committee of this house. For some considerable time the Indians of Canada have been pressing for a revision of the act by a royal commission, and personally I think that would be preferable to having it revised by a committee of the house. In any event, I presume one course or the other will be followed, and the Indian Act will be revised at the coming session.

In the past the Indians have suffered under a number of injustices. I should like to mention particularly education and medical attention. When treaties were entered into with the Indians they were promised that their children would be educated, but unfortunately the dominion government has not lived up to that promise, in that adequate educational facilities in the form of schools have not been provided to look after the Indian child population of school age. On the Stoney Indian reserve at Morley, Alberta, for example, there are something like 165 children of school age. At the residential school there, with children sleeping on cots in the corridors, there is accommodation for only one hundred. I imagine the minister will state that additional accommodation is available at the residential school in the Edmonton area. This, however, is some 250 miles away; and if children were sent there they would be completely away from their families for some ten months of the year and, in addition, would be among a different kind of Indians, speaking a different language and so forth. The Indians themselves believe that the time has come when on most of the reserves they would be much better off with day schools instead of residential schools, and for some considerable time they have been pressing for the establishment of day schools. I do not know why the department has not acceded to their request in this regard, because in most cases it would be considerably less expensive than maintaining residential schools.

Another difficulty as far as residential schools are concerned is that the grant is not sufficient, I believe amounting to something like $175 per child per year. I am sure all hon. members will realize that approximately $17 per month is not enough to feed, clothe and educate a child in a residential school. As a result, the religious institutions which operate these schools have to try to scratch up the remainder of the money required, which in many cases they are not able to do, and the children do not receive the education they should.

From the medical point of view, on several of these reserves there are no hospitals. I would refer particularly to the reserve at Hobbema, Alberta, where there is not now and never has been a hospital. If the Indians there become ill they have to wait a week until the doctor, who comes from Wetaskiwin, makes his appearance. If he has a considerable number of Indians to look after he deals with as many as he can, as they stand in the queue. When his time is exhausted he goes back and those he has not seen have to wait for another week. If it is a serious case the Indian has to be taken to the hospital at Wetaskiwin, but no conveyance is provided for that purpose. In this connection I would recommend to the minister that something in the nature of a jeep ambulance, such as was used overseas so successfully, be provided for each reserve on which there are not good roads and from which the evacuation of seriously ill Indians at the present time is a difficult problem. The provision of such a vehicle on most of the reserves in Alberta would make it possible to save many lives which otherwise might be lost. The government has large numbers of these vehicles at the present time, and I should think it would be a comparatively simple matter to have some of them transferred from the Department of National Defence to the Department of Mines and Resources and apportioned for this purpose.

On many reserves where some hospital accommodation does exist, there is no medical officer, and that is particularly the case since the beginning of the war. I should like the minister to tell us what provision it is anticipated will be made in connection with medical officers now that the war is over and that medical men will be in much greater supply than has been the case in recent years.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SPECIAL WAR REVENUE ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 237, to amend the Special War Revenue Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Tax on certain insurance companies upon net premiums.

Mr. MACDONNELL (Muskoka-Ontario): Could the minister give a word of explanation on this first section?

Mr. ILSLEY: The explanatory note reads:

The tax under section 14 is based on the place of payment of the premium regardless of the residence or location of the persons or property insured; in some other jurisdictions, such as some of the states of the United States, the basis is the place of residence or location of the persons or property insured regardless of the place of payment of the premium. It follows that in some cases a premium may be taxed both in the state of origin and in Canada and, in that event, the amendment provides that the premium be exempt from tax in Canada.

The new section will deny the said exemption if the premium taxed elsewhere than in Canada is paid in respect of a policy covering a person resident, or property situate, in Canada at the time the policy was effected or renewed.

If a person is resident in the United States and pays a tax in the United States in respect of a premium, this provides that it shall not be taxed in Canada. It is to obviate double taxation of premiums.

Mr. MACDONNELL (Muskoka-Ontario): That was my understanding. There is a strong view that it might be desirable to have the tax on premiums paid by persons resident in Canada. I do not wish to take up time on this if there is a principle involved and the department has reached a conclusion, but it seems to me that this might be a matter which could be considered when the next budget is brought down.

Mr. ILSLEY: We had quite an argument with the life insurance companies on that very point because they have been accustomed to having the tax on premiums paid by residents of Canada alone. They were disturbed when they found that the section really taxed payments received in Canada by persons resident in the United States. We thought they were right to the extent that there should not be double taxation. There have been many discussions between the superintendent of insurance and the life insurance companies, and there was a conference or two by myself with the life insurance companies. The amounts involved are not very great, but the superintendent of insurance is firm in the opinion that premiums received in Canada should all be taxed, subject to the elimination of the double taxation feature. Therefore we decided to do that. That has been explained to the life insurance companies and, while it may not be satisfactory to them, the main reason it is not satisfactory is that it means a change in the system they have been following over a period of years.

Mr. MACDONNELL (Muskoka-Ontario): In view of the fact that the department has met them in regard to double taxation, it is not immediately apparent why the department felt it was necessary to make a specific change in the procedure if there was no question of revenue involved. There may be a deep-seated principle involved, or the minister may have felt he had to support his superintendent of insurance. I do not press the matter if the minister says there is no principle involved.

Mr. ILSLEY: Some premiums may escape taxation entirely unless we take this course.

Mr. BRACKEN: These five bills are based on the budget resolutions?

Mr. ILSLEY: Yes.

Mr. BRACKEN: There has not been much discussion of these bills on the resolution stage.

Mr. ILSLEY: Quite a lot.

Mr. BRACKEN: There was none on the second reading of this bill because we are now in committee. I was going to suggest that on each one of these bills the minister make a general statement of what is contained in the bill. We have now reached a particular section and are discussing a more or less technical matter, but perhaps the minister could tell us what is in each of these bills as they are reached.

Mr. ILSLEY: I think it would be better to give an explanation on the sections. The bills follow the resolutions, but there will be additional sections which were not covered by the resolutions because those sections can be enacted without being preceded by a resolution. I will call attention to those sections as they are reached and give an explanation. If I were to go over the sections in each of these bills at the beginning there would be details of a lot of miscellaneous provisions which would have to be repeated.

Mr. BRACKEN: If the minister could indicate the main purpose of each bill as it is reached.

Mr. ILSLEY: I will do that.

Mr. BRACKEN: That would be for the information of the laymen among us.

Section agreed to.

On section 2—Furs.

Mr. ILSLEY: This matter of the tax on furs was gone into at length on the resolution. It is a complicated matter and this bill simply carries out the resolution. I went into it one Saturday afternoon when the resolution was being discussed. What is happening here is

that the 25 per cent tax on furs is being reduced to 10 per cent, but an 8 per cent tax is being imposed on fur garments. The law heretofore has been that on fur-trimmed garments there has been an 8 per cent tax as well as a 25 per cent tax on the furs. Hereafter the tax will be 10 per cent on the furs and 8 per cent on the fur-trimmed garment.

The situation heretofore with regard to fur garments has been that there has been a twenty-five per cent tax on the fur going into the garment but no sales tax on the garment. Hereafter there will be a ten per cent tax on the fur going into the garment and an eight per cent tax on the garment, which will be somewhat less, but not much less, than the tax exacted heretofore. That is the general effect of this section.

Mr. BRACKEN: The purpose being what?

Mr. ILSLEY: There has been much complaint by manufacturers of fur-trimmed garments that there was a discrimination against them. We have argued that there was not, certainly not as much as they alleged. Nevertheless this seems to be perfectly fair. There can be no argument as to the justice of it so far as I can see. There is a comparatively low tax on the furs, ten per cent, and a tax of eight per cent on the completed garment. It seems to mark the end of the controversy at any rate that there had been between the manufacturer of fur-trimmed cloth garments and the department, and perhaps to a certain extent between the two branches of the fur-garment trade.

Mr. BRACKEN: This is thought to be more equitable, is it?

Mr. ILSLEY: Yes, and it is quite a reduction too, a fairly substantial reduction so far as the furs which go into fur-trimmed garments are concerned.

Mr. HARRIS (Danforth): The minister indicated that this was a difficult and complicated subject; but coming from the land of Evangeline, where his province is now producing a great quantity of furs—during the last two decades the production of furs has increased by leaps and bounds—perhaps he is in a position to know more about the fur industry than those of us who come from other parts of the country where the fur industry is not so important. I am thinking of the silver fox.

There is something more in this than merely straightening out the twenty-five per cent excise tax versus the eight per cent sales tax; and to give us a complete statement I think the minister should tell us how much less revenue will flow into the treasury of Canada through reducing the excise tax from twenty-five to ten per cent, and also give us some idea of what benefits will inure to those who are in the fox fur industry and the fur industry generally. The benefit to them will be measured on the one hand by the lesser revenue which goes into the treasury of Canada through this reduction of the excise tax from twenty-five to ten per cent, versus the addition of the eight per cent sales tax on the other hand, versus also clause 3 which has an effect on the balance sheet on the other side.

But first will the minister give us an idea of how much less revenue will come into the treasury?

While I am on my feet, might I make this observation? This is just one little industry in the entire economy of Canada which has been singled out in this short session to receive some consideration. I am of the opinion, and the minister will agree with me, that many scores of industries of all kinds, whether engaged in the production of furs or something else, have been asking for consideration in their own particular line. Why, then, in this short session, when we were not expecting many changes in our budget but rather thought perhaps that Canada would wait to see what the world picture would be before we brought down a real budget, should this particular industry have been singled out?

But first let us have the facts. What will be the loss in revenue by this change in taxation?

Mr. ILSLEY: I have not the figures and I do not think it is possible to get them. With regard to the furs that are worn as furs or go into fur garments the reduction is slight. There is a ten per cent tax on furs, plus an eight per cent tax on the fur coat, which amounts to about the same thing as the twenty-five per cent tax on the furs alone. When we were on the resolution one hon. member argued that we had made the tax higher, that we had raised the twenty-five per cent. I denied that because the officials of the Department of National Revenue say that on the whole the tax is slightly reduced. But it adds up to about the same thing.

With regard to the furs that go into cloth coats trimmed with fur, there is a reduction. It is not possible to find out what the loss in revenue would be, but it would not be a large amount. The hon. gentleman assumes that this reduction, whatever it is, goes to the primary producer. I do not know whether it does or not. When we put on the twenty-five per cent tax we intended it to be borne

by the consumer. I do not know whether that was the effect, but we fully expected it to be.

Although I have discussed this tax on furs at length, I have never yet been given satisfactory evidence that it was borne by the consumer or by the producer or partly by one and partly by the other. That is something which it is impossible to establish. It is true that producers of foxes argued strongly for the reduction in this tax, and they suggested something very much more substantial than this, but for the reason stated by the hon. gentleman, that we should not be singling out furs for substantial tax reductions at this time when we are leaving taxes alone on other products, we felt we could not do what we were requested to do, and we were not satisfied that the benefit would go to the primary producer even if we reduced the tax. I do not know that it will. I do not know who pays the tax. We intended the consumer to pay the tax. I hope that this reduction such as it is goes to the primary producer, but I do not know whether it will or not.

I think the general principle which the hon. gentleman has stated is right, and I do not want him to get the idea that something pretty handsome is being done for the fur industry.

Mr. HARRIS (Danforth): May I close my observations by making this one. Half a loaf is better than no bread, and I am hopeful that the primary producer of the furs will get the whole benefit of anything that is in this rather small item because, after all, the business is a small business or the reduction is small; but happily it goes down to that part of the world which needs a little assistance in this day and generation, namely, the maritime provinces, and I am very happy to see any little benefit going there. I hope it all goes to the primary producers in the fur industry in the maritime provinces.

Mr. ILSLEY: I think the industry is spread pretty well over Canada. I am informed that it is.

Mr. ADAMSON: Does this include a fur known as "mouton", which is sheared sheep; that is, it is really wool; or is this confined to fur-bearing animals? I inquire because there is a large industry in my constituency, a tannery which makes this new fur known as "mouton"; that is, sheared lambskin. It makes an excellent fur, I am told.

Mr. JACKMAN: It is very popular in my district.

Mr. ILSLEY: That is covered by this item.

[Mr. Ilsley.]

Mr. ADAMSON: That would get the benefit?

Mr. ILSLEY: Yes; that is fur.

Mr. McLURE: I cannot yet understand this tax. I was the member who said the other night that we are paying a higher tax in this case than we were paying before; and I used the expression, referring to the payer of the tax, that the last state of that man was worse than the first. Let us look at it in the way I see it. Raw furs of a value of, say $200, go into a certain garment. On that $200 we pay ten per cent, or $20.

Mr. ILSLEY: That is right.

Mr. McLURE: When those $200 worth of furs are made into a garment, that garment, from the wholesale man to the retailer, will be worth at least, putting it low, $500. On that $500 you place $40 tax.

Mr. ILSLEY: Yes.

Mr. McLURE: That $40 is a tax on the same furs on which you have already collected $20. Therefore we are paying $60, instead of $50 payable under the old tax. As I said the other day, the tax is raised over one per cent instead of being reduced at all. If I am wrong in that statement I should like to have the Minister of Finance tell me.

Mr. ILSLEY: The hon. gentleman is wrong in that he has made too high a jump from $200 to $500.

Mr. JACKMAN: It depends on who made it up.

Mr. ILSLEY: His figures depend on whether the spread is too great or not, and I am told that that is not a typical spread, and that the normal spread is such that a combination of ten and eight works out to less than $25.

Mr. McLURE: Well, it cannot work out, because a manufacturer must get at least 125 per cent for manufacturing. Take the raw product of a suit of clothes. The manufactured price of the suit is always over 100 per cent more. Let us consider one item. Supposing silver foxes are to be manufactured into a fur coat. The manufacturer pays $200 for the raw material, plus ten per cent; he has to pay that tax, or somebody has had to pay it if it is imposed. He cannot afford to put the coat on the market at less than $500, to which the retailer adds his profit afterwards. You can figure it whichever way you like, but if you give the manufacturer a profit for his work you have increased the tax instead of lowering it.

Mr. ILSLEY: I am told that the normal price of that coat if the fur cost $200 would be $350 to $375.

Mr. McLURE: If the source from which the minister has got that information is disclosed, that man will be flooded out of business as a manufacturer inside of two days, because it is not possible.

Mr. MacNICOL: Of course it is not possible.

Mr. McLURE: You could not have obtained that information from the manufacturer, unless perhaps he is manufacturing boots and shoes.

Mr. ILSLEY: The officials got that information from the fur administrator. I have not gone over all these figures myself, but naturally I made many efforts to find out what the new tax would amount to as related to the old tax, and I was assured by officials in whom I have confidence that it was somewhat less than the old. It all depends on whether the hon. gentleman is right about his $500 in relation to his $200. I am told he is wrong.

Mr. LENNARD: I should like to ask if the fur administrator was in the fur business before he became the administrator.

Mr. ILSLEY: Yes. That is why he knew.

Mr. LENNARD: Is the minister sure of that?

Mr. ILSLEY: Yes.

Mr. LENNARD: He was in the fur business?

Mr. ILSLEY: Yes.

Mr. McLURE: Before this clause carries, would it not be worth while checking up on this manufacturer's prices? If I am too high and if the minister is too low, even if it comes in between he is still raising the tax. I did not desire to argue the point the other night; all I said was that the tax was increased. There is not a producer of furs but will state also that the tax is increased.

Mr. ILSLEY: I do not agree with that. The hon. gentleman is speaking of furs at what stage? The other day he was talking about raw furs.

Mr. McLURE: The tax is on the raw fur.

Mr. ILSLEY: No, it is not; it is on the dressed and dyed furs. They are just ready to put right into the fur garment.

Mr. McLURE: Well, that is a raw fur.

Mr. ILSLEY: No.

Mr. McLURE: The tax is on the raw fur to start with; that is, 10 per cent. Is that not so?

Mr. ILSLEY: No—after dressing.

Mr. McLURE: It cannot be anything else, because it is a dressing tax and a dyeing tax. That fur is taken in the raw state to the dresser, the dyer, or whatever you want to call him. Then the first tax goes on.

Mr. ILSLEY: After it is dressed and dyed.

Mr. McLURE: Yes; but it is still a raw fur, because they take it there to be dressed. Very well, it is of the same value; the value has not increased. Supposing it was $200 in the raw state and you took it to the dresser; when you took it away from the dresser it would be $220.

Mr. ILSLEY: Yes, certainly; there are dressing and dyeing charges which enhance its value, and it is to the dressed and dyed fur that the tax attaches.

Mr. McLURE: The dressing and dyeing of these $200 furs would cost about $20. Then your tax goes on the $220, which is $22. I was leaving that out because it is only small. Then it is not a finished fur; it is a dressed fur. Then it goes to the manufacturer as a dressed fur, and when it goes to him there is no tax until he has manufactured that fur. As I said before, he manufactures it into a $500 garment, and that makes your tax that much worse, because you are taxing on the 20 per cent as well, which would make it $2 more.

Section agreed to.

The CHAIRMAN: May I ask for the wishes of the committee in connection with these bills? I understand that the minister proposes to introduce a number of bills based on resolutions which were discussed in this committee quite recently. I understood the leader of the opposition to suggest that when each bill comes before the committee the Minister of Finance would make a general statement on the whole bill, not that the minister would make a statement on each section. I think the leader of the opposition thought it would facilitate the passing of the bills if all members of the committee were familiar with the general content of each bill.

Mr. ILSLEY: I will make that under section 1. It will be all right to make it under the first section?

The CHAIRMAN: I think so.

Mr. BRACKEN: I do not think there was any understanding. I did not want the minister to do more than outline the purposes of the main sections of the bill.

Sections 3 to 5 inclusive agreed to.

On section 6—Further articles exempted.

Mr. JACKMAN: Would the minister explain in a few words exactly what is allowed under this $100 exemption to Canadians returning from the United States. This refers to tariff item 703. I suppose it excludes tobacco and certain luxury articles.

Mr. ILSLEY: Does the hon. gentleman want item 703?

Mr. JACKMAN: I should like to know what it excludes.

Mr. ILSLEY: Some years ago—I remember the occasion very well; I believe it was before the war—we provided for the admission duty free of goods purchased by Canadians going to the United States and staying there for at least forty-eight hours, and the limit was $100. I believe it covered practically everything.

Mr. JACKMAN: Tobacco?

Mr. ILSLEY: What this does is to provide for the exemption of the goods from the payment of the retail purchase tax.

Mr. JACKMAN: That is not the section I am thinking of.

Mr. ILSLEY: Yes, section 6. People were coming back and bringing jewellery or things of that kind which were subject to the retail purchase tax. They found that they had to pay a retail purchase tax of twenty-five per cent, a heavy tax which they felt was annoying. This provides for the exemption of such goods from that retail tax. They also paid a war exchange tax, which is repealed by another section.

Mr. JACKMAN: There is no limit to the amount they may bring back on their person?

Mr. ILSLEY: Yes; it is $100.

Mr. NICHOLSON: It means that on purchases up to $100 no charge whatsoever is paid when the goods are brought across the line?

Mr. ILSLEY: This deals only with the retail purchase tax. The section before deals with the war exchange tax.

Mr. NICHOLSON: Does it mean that there would be no tax on the goods a citizen might bring in up to the amount of $100?

Mr. ILSLEY: This means that there will be no retail purchase or war exchange tax.

Mr. NICHOLSON: Is there any other tax left?

Mr. MacINNIS: Customs tax?

[Mr. Bracken.]

Mr. ILSLEY: There is no customs duty. There were, in respect of certain articles—I believe just tobacco and liquor—some war taxes which are not affected by this.

Section agreed to.

On section 7—Schedule I repealed and new.

Mr. MACDONNELL (Muskoka-Ontario): I suggest, with regard to section 7, which incorporates schedule I, having in it a great many items, that the minister might go through schedule I and point out any substantial changes.

Mr. ILSLEY: I will give a general explanation first. The reductions in the excise tax referred to were made by order in council and are now being incorporated in the schedule to the act. While the schedule was being rewritten, it was thought advisable to bring its wording, so far as automobiles are concerned, into conformity with that appearing in the act affecting sales tax, but it was not thought that these changes would affect the construction in any way. It is intended to put the matter beyond doubt. The main point is that just as soon as the war with Germany ended, namely, on or about May 10, 1945, we felt it was necessary, in order that producers of a large number of items here might make plans for the manufacturing and pricing of certain goods, to effect certain reductions in excise taxes. Most of these taxes were put on for the purpose of discouraging production and, as well, the purchase of these goods. For instance, the excise tax on automobiles was a graded tax running from twenty-five per cent to eighty per cent. We reduced that by order in council on May 10 to ten per cent, so that automobile manufacturers could make plans with some assurance for the production and pricing of their automobiles. The first change, then, was with reference to automobiles. I have here a copy of the order in council of May 10, 1945, and the act carries out the order in council. I could read the order in council, and perhaps that would be the best course.

Mr. MACDONNELL (Muskoka-Ontario): Possibly it might be enough for the minister to give us the rates that obtained before the reductions were made, and the present reductions.

Mr. ILSLEY: The rates which obtained on automobiles, before this change, were as follows, for excise taxes: automobiles adapted or adaptable for passenger use, with seating capacity for not more than ten persons, valued at $900 or less, twenty-five per cent; over $900 but not more than $1,200, twenty-five per cent on $900 plus forty per cent on the amount

in excess of $900; over $1,200, twenty-five per cent on $900, plus forty per cent on $300, plus eighty per cent on the amount in excess of $1,200. That schedule of very high excise taxes is changed so that they are all reduced to a flat ten per cent. That is on automobiles.

Take next cameras. The former rate on cameras, before this change, was: photographic films and plates, projectors for slides, films or pictures except those designed exclusively for industrial or professional photographers' use, twenty-five per cent. That is reduced to ten per cent for the same reason. The rate on phonographs, record playing devices, radio broadcast receiving sets and tubes therefor was twenty-five per cent, and that is reduced to ten per cent. Now, for a slightly different reason, a change was made at the top of page 5 of the schedule, as the hon. member will see. The underlined words are the new words. There was a change in the tax on:

Coin, disc or token operated slot machines and vending machines; coin, disc or token operated games or amusement devices of all kinds, twenty-five per cent.

It was found that the tax was being imposed on a range of articles greater than originally intended; therefore, this proviso was added. I think it may have been added by order in council; it certainly is added by this bill:

Provided that the tax hereby imposed shall not apply to coin collectors used on pay telephones, turnstiles for collecting tolls or charges, coin operated locking devices, nor gas, electric or parking meters.

That is all the schedule covered by section 7.

Mr. MACDONNELL (Muskoka-Ontario): I do not quite follow one point there. There are a good many other items in schedule I. Do you not intend to refer to these?

Mr. ILSLEY: Schedule I is a reprint or a reenactment of schedule I as it heretofore existed. The changes in the schedule are those which are underlined; the rest of the schedule is unchanged.

Mr. MACDONNELL (Muskoka-Ontario): To what extent is it contemplated that these taxes which the minister has just outlined are permanent? Are they as permanent as anything else in our tax structure? Are they in accordance with the practice which we were following earlier? I do not mean in exact details, but in a general way.

Mr. ILSLEY: We have not any plans for changing them. You never can tell when you will change something in the budget; but we have not any plans for changing them. These were the occasion of a lot of thought as to what rate of tax should apply to this class of articles for the time being, at least in this reconstruction period, so that we had to give them something they could count on for a reasonable period of time.

Mr. GREEN: Is this the explanation of the section? There has been quite a large group of articles exempted altogether from the excise tax.

Mr. ILSLEY: No, not in section 7.

Mr. GREEN: But apart from those in the schedule, there were many items that were completely exempted from this tax by the same order in council. What group of articles is that?

Mr. ILSLEY: The hon. gentleman is right. That would not appear from the schedule. There were excise taxes which were removed entirely. The order in council makes it clear. The order in council reads as follows:

1. The excise tax on electrical or gas fixtures and appliances imposed by section 80 and by section 7 of schedule I of the Special War Revenue Act, as amended, is hereby rescinded.

There are a lot of these; it is a very long list; it reads as follows:

Electric or gas light fixtures, lamps and shades, globes and reflectors therefor, twenty-five per cent. The following electrical or gas appliances adapted to household use: stoves, ranges and heaters, water heaters; refrigerators, including coils, condensing units, cabinets, boxes, evaporators and expansion valves therefor, twenty-five per cent; the following electrical appliances adapted to household use: food choppers and grinders; irons and ironers; washing machines; vacuum cleaners and attachments therefor; garbage disposal units; floor waxers and polishers, twenty-five per cent.

Mr. GREEN: These are all exempt?

Mr. ILSLEY: All free of excise tax now. I continue:

The following electrical appliances: grills, waffle irons; hot plates; roasters; kettles; chafing dishes; food or drink mixers; juice extractors; coffee makers; toasters of all kinds; portable humidifiers; curling irons or tongs; hair dryers; permanent waving machines and spacers or clamps, rods and heaters therefor; razors and shavers, twenty-five per cent.

Now I shall proceed with the order in council:

2. The excise tax on automobiles adapted or adaptable for passenger use, with a seating capacity for not more than ten persons each, imposed by section 80 and by section 1 (a) of schedule I of the Special War Revenue Act, as amended, is hereby reduced to ten per cent.

That is the point I covered in answering the hon. member for Muskoka-Ontario. The order in council continues:

3. The excise tax on cameras, photographic films and plates, projectors for slides, films or pictures, except those designed exclusively for industrial or professional photographers' use,

imposed by section 80 and by section 5 of schedule I of the Special War Revenue Act, as amended, is hereby reduced to ten per cent.

I also mentioned that. I go on:

4. The excise tax on phonographs, record-playing devices, radio broadcast receiving sets and tubes therefor, imposed by section 80 and by section 6 of schedule I of the Special War Revenue Act, as amended, is hereby reduced to ten per cent.

I think I mentioned that as well. Here is one I did not mention:

5. The following building materials are hereby exempted from the consumption or sales tax imposed by section 86 of the Special War Revenue Act as amended.

Then follows a long list of building materials which were freed from sales tax on that date. Then section 6 reads as follows:

6. The war exchange tax on the building materials enumerated in the preceding paragraph, imposed by section 88A of the Special War Revenue Act, as amended, is hereby rescinded.

That is not important now, because the war exchange tax comes off generally. That covers the changes, the removal or reduction of excise tax and sales tax.

Mr. GREEN: Why is the tax retained at thirty-five per cent on trunks, suitcases and so forth? That is a very heavy tax. There is the same tax on pipes, cigar and cigarette holders, fountain pens, propelling pencils, also thirty per cent on chocolate, candy and confectionery. That is still thirty per cent. Those are very high excise taxes. What is the reason for retaining them?

Mr. ILSLEY: As nearly as I can recall it, the tax on jewellery, which is a retail tax, was started in one of our budgets when we imposed a retail purchase tax on a lot of articles, and we were backed off that position by representations from the trade who said that it would be much better to put the tax on some goods at the manufacturer's level than at the retail level, which we did, but we left it at the retail level on some. The object of those taxes was not to prevent the purchase of those articles. We knew that they would be purchased in large quantities. It was to get revenue. Generally speaking, the object of the taxes which I have read here was not revenue; it was to prevent the use of materials for these purposes. The articles in the list I have read used materials which were required for war purposes. I do not think we got much revenue from these things; as a matter of fact we got practically none. These taxes were designed to be almost prohibitive; but if they brought in any revenue at all of course we got the benefit of it. The manufacture of these articles went down to very low dimensions.

That did not apply, however, to the class of articles about which the hon. gentleman is speaking. In that case it is a revenue tax, and we are not taking it off; we still need the revenue. The factories are becoming reconverted and are starting once more to manufacture the articles in the list I read; and it is pretty unsettling for them to look ahead to a reduction of the tax, perhaps a big reduction, in the next budget. It is a case where they are starting from scratch after the war, and we thought we should put this particular tax down. The matter was very carefully considered as to just what we should do there. There was not much revenue in those cases. A great deal of revenue is lost in the removal of the sales tax from building materials, but that is not so in regard to these excise taxes. For instance, the excise tax on automobiles amounts to nothing as a source of revenue. When the time came for people to start making automobiles again, however, you would not let them start under a very high tax, because by doing so you would make all sorts of complications for yourself in a year or so.

Mr. GREEN: There is also a twenty-five per cent tax on toilet articles, preparations and cosmetics. Is that retained as a disciplinary measure, as an austerity measure or for revenue?

Mr. ILSLEY: That is a revenue tax. I think that is a proper subject of taxation. Some are necessaries, but a great many are not.

Mr. McMASTER: Has the minister considered the case of the young boy who has been given five cents and then has to humiliate himself by trying to raise another penny before he can buy a soft drink or chocolate bar. This afternoon we heard a great deal about juvenile delinquency, and it may be that the problem of raising the extra penny has something to do with that. It seems to me the government of Canada could get along without that extra cent.

Mr. ILSLEY: Well, it yields $19,000,000.

Mr. McMASTER: I am speaking now of the tax on fruit juices, chocolate and candy. As I understand it, the chocolate bar which formerly sold for five cents now costs six cents; the soft drink which formerly cost five cents now costs six cents. This is a serious thing for the youth of Canada.

Section agreed to.

On section 8—Schedule III repealed and new.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister make some comment on section 8 and the schedule concerned?

Mr. ILSLEY: The explanation can best be made by reference to schedule III on page 6. The changes begin to appear on page 8; the words are underlined. The first change is just a correction in the name of the Department of National Health and Welfare. The second change is in respect of memorials or monuments erected in memory of members of the armed forces who lost their lives in the service of their country.

Mr. MACDONNELL (Muskoka-Ontario): Might I refer the minister to the explanatory note facing page 2, which I do not quite understand in reference to schedule III and the effect of it. It says:

Schedule III of the act is amended to bring into effect the exemption provided for machinery and apparatus to be used directly in the process of manufacture or production of goods . . .

Mr. ILSLEY: The explanatory note is not complete, but it deals with the main changes in the schedule. The main changes are not those on page 8; everyone would agree with those. The main changes are on page 9 and succeeding pages. For instance, the first change on page 9 relates to articles imported or purchased by certain diplomatic personages.

Mr. MACDONNELL (Muskoka-Ontario): What about pages 6 and 7; are there no changes there?

Mr. ILSLEY: There is no change on pages 6 and 7; the important changes begin to appear on page 9. The building materials included in the list of exemptions appear there, and on page 10 is the very important change, the exemption of machinery and apparatus and complete parts thereof to be used directly in the process of the manufacture or production of goods. That is a thirty or forty million dollar change.

Mr. GILLIS: I should like to ask the Minister of National Revenue a question on this. I understand that this section brings in a new schedule III to replace the schedule in the old act. I had some correspondence, as the minister will remember, in reference to the establishment of a health centre or recreational centre or sports centre, whatever you like to call it, in connection with which it was necessary to import from the United States some $800 worth of sports material that could not be purchased in Canada. In view of the fact that this was to be used exclusively as a recreational centre, and incidentally as a memorial to the boys from that parish who died during this war, the department was asked if that importation could not be made exempt from tax. The minister informed me that under the old act that could not be done. I should like to ask if under this new schedule that type of equipment might be brought in under the exemption. On page 8 are specifically mentioned, among the articles that can be brought in, memorials or monuments erected to members of the armed forces, and so forth. Could that request be dealt with under the new schedule?

Mr. McCANN: No provision is made for that. At the present time there is an exemption for hospitals, and I understand that the hon. gentleman's request is that this exemption be widened to include equipment for recreational centres. As a matter of fact that was what was taken up in the correspondence to which he made reference, but the answer to his question is that what he has enumerated is not included in this amendment.

Mr. GILLIS: Then what is meant when it is said on page 8, "memorials or monuments erected in memory of members of the armed forces who lost their lives in the service of their country"? Does that just mean stone memorials? There was quite a lengthy discussion in this house in regard to setting up machinery to legalize all charitable organizations across the country who put on drives for the purpose of collecting funds to establish memorials to service personnel who lost their lives in this war. I think one of the greatest memorials one could establish would be to take the children, brothers and sisters of those who made the supreme sacrifice, out of the ashes and give them a place to play. I know my conception and, I think, the conception of the general public of a memorial is that it is not just a piece of granite; I think of it as something more tangible than that. I believe that efforts being made in different communities to establish something along this line should be given consideration under the interpretation of "memorials."

Mr. McCANN: It reads:

Memorials or monuments erected in memory of members of the armed forces who lost their lives in the service of their country.

A memorial would include a window in a church, bells or an organ. I think the whole matter would be dealt with under the amendments to the War Charities Act which were passed at this session and which will come into effect when the bill receives royal assent. Under those new provisions the definition of a war memorial is pretty broad. Either in the

bill itself or by regulation it will be indicated in detail just what constitutes a memorial. That is as full an answer as I can give at this time, but I think it should meet the inquiry of the hon. member.

Mr. GILLIS: Provided that it is retroactive.

Mrs. STRUM: Artificial eyes and artificial limbs are included, and I should like to know whether it would be possible to include artificial hearing aids. Many people are terribly handicapped by loss of hearing, and these devices are expensive to buy. If they could be included under this clause it would be most helpful to these people.

Mr. MACKENZIE: Last year provision was made to put hearing aids in the same category as the other appliances mentioned by the hon. member.

Mr. ILSLEY: That was for duty purposes, but they are still subject to sales tax.

Mr. MACKENZIE: They are produced in Canada at the same cost as in the United States.

Mrs. STRUM: Do I understand that the other appliances are free from sales tax in Canada?

Mr. ILSLEY: That is right.

Mr. JACKMAN: Has the minister any objection to including hearing aids under this clause. I do not imagine that people wear them unless they have to, and it would seem to be putting an additional burden on them.

Mr. ILSLEY: I do not wish to make an amendment to the bill now, but the matter can be looked into before the next budget is brought down. I do not know just why they have not been exempted. The only reason I can think of is that we did not believe the consumer would get the benefit. There is a tremendous mark-up on some of them, and I do not think the consumer would ever see this exemption.

Mr. JACKMAN: Where is the sales tax applied?

Mr. ILSLEY: The manufacturer pays it.

Mr. JACKMAN: If the person who bought it did not get it, the government probably would.

Mr. ILSLEY: Yes.

Mr. GREEN: Is the exemption being extended to the diplomatic corps reciprocal in every case? I notice it benefits counsellors, secretaries, attaches, trade commissioners and consuls general of various nations. The exemption is applied to automobiles, cigars, cigarettes, manufactured tobacco, ale, beer, stout, wines, spirits and electricity purchased in Canada. Those are quite wide exemptions, and I should like to know if Canadians get the same exemptions in countries where we have ambassadors and trade commissioners?

Mr. ILSLEY: They do in the main, but this is not strictly reciprocal. It was proposed at first to make it strictly reciprocal, but it was found to be almost impossible to do that. There might be two or three taxes to which our people would be subject in some foreign country, and we could not just chase around to find out about these things. We would have had to apply a different rule to every minister or ambassador in Ottawa, and the last time I counted them there were twenty-three ambassadors, ministers and trade commissioners located here. We did not want to be bothered by having to apply a different taxation rule to each one of them. In the main we get the same treatment abroad, but it is not consistent in all countries. One country will tax certain things and not tax others, but I think it is true that every country makes some tax concessions.

Mr. GREEN: Does this mean that a secretary or a trade commissioner or a consul general can walk into a store anywhere in Canada and buy his cigars, cigarettes and spirits without having to pay this tax?

Mr. ILSLEY: The word "secretary" does not mean a stenographer; it refers to a person with some diplomatic status.

Mr. JACKMAN: Would this section apply to those persons who were subject to diplomatic immunity? That is a much narrower classification than stenographers and clerks in an embassy.

Mr. ILSLEY: Relatively speaking, there are not very many of these people.

Mr. GREEN: Could one of these persons walk into a store anywhere in Canada and buy these articles without paying this tax? It says "purchased in Canada by any of the foregoing."

Mr. ILSLEY: He has to buy from the manufacturer in order to get the benefit of this, except in the case of the retail purchase tax. In that case he must get a certificate to show he is entitled to the exemption.

Mr. ADAMSON: Does this apply to trade commissioners as well?

Mr. ILSLEY: Yes, to trade commissioners representing other of His Majesty's governments.

Mr. ADAMSON: United Kingdom trade commissioners would get the benefit of this?

Mr. ILSLEY: That is right.

Mr. MANROSS: I have been present in another committee, and I should like to ask if schedule I has been passed?

The CHAIRMAN: It has been passed, but I think the committee will agree to revert to it for a moment.

Mr. MANROSS: I wish to ask if the discrimination in taxation against soft drinks as compared with other five-cent commodities is to be removed?

Mr. ILSLEY: I do not admit that there is discrimination. In effect, the hon. member is asking whether there is to be a revision in the soft drink tax provided by this bill. There is not.

Mr. MANROSS: There is definite discrimination because soft drinks have to sell at seven cents, while other commodities in that market sell for six cents. This difference is due to taxation discrimination.

Mr. ROSS (St. Paul's): I did not hear what the minister said about hearing aids. Are they to be exempt from the tax?

Mr. ILSLEY: They are not exempt from the sales tax.

Mr. ROSS (St. Paul's): Hearing aids are a very important thing to a great many people. The Zenith machine is good for certain people, but it is not suitable for all deaf people and they have to buy a machine that may run anywhere from $250 to $500. Not only that, but there is the expense of the necessary batteries. A person who is very deaf uses up a good many dollars worth of batteries in a year. It is no fault of their own that they are deaf, and these hearing aids should be exempt from the sales tax. I am sure that the buyer would get the benefit if these aids were tax exempt, because the interests of the deaf are being looked after just now by a society which is closely allied to the Canadian National Institute for the Blind. The Canadian National Institute for the Hard of Hearing have found that a cheap hearing aid does not suit everybody, and that those who are very deaf cannot hear with the cheaper machine; they have to have an expensive one. I speak feelingly, because I use one of these machines myself and the tax will run anywhere from eight or nine or ten up to forty dollars.

Mr. McCANN: My understanding of the matter is that by arrangement a hearing apparatus is admitted into this country duty free on the understanding that it be retailed in Canada at the same price at which it is retailed in the United States. Sales tax is not payable in the United States, and if the sales tax were removed here there would be no advantage to the consumer whatever.

Mr. ROSS (St. Paul's): There are other articles on this list which are in the same category as hearing aids which are made exempt from the tax. Why take advantage of a person who cannot hear and tax them? They do not wear these machines for fun. They certainly give them no pleasure, but they are a necessity for lots of people to enable them to continue at their work and be economically efficient. I notice in this list other articles which are in the same category as hearing aids, for instance, artificial eyes, artificial limbs, liver extract and so forth, which are exempt. Why these should be exempt and not hearing aids I do not know.

Mr. ILSLEY: I do not know that I need add anything to what my colleague has said. But in the case of the hearing aid which the hon. member mentioned, the Zenith, the removal of the sales tax would not reduce the price to the consumer by one cent. I know that because I went into the matter. There was an application to enable the persons who are handling it in Canada to sustain their proper position, and it was admitted that there would not be any reduction in the price to the consumer. It may be that the tax ought to be removed to help those who are handling the article, but that would not help the consumer at all. Therefore I do not think I can recommend taking it off.

Mr. ROSS (St. Paul's): I am not talking particularly about the instrument the minister mentioned.

Mr. ILSLEY: That is the one the hon. member mentioned.

Mr. ROSS (St. Paul's): Yes, and others, but not to help those who are handling them. We have in the city of Toronto this movement on behalf of the deaf. The minister probably knows about it. It is a society closely allied to the Institute for the Blind. The people who need assistance are those deaf people who need a far better apparatus than the Zenith machine, which sells for about $40. The tax on that would not be so expensive; but that machine does not suit everybody; it does not do some people any good, and the apparatus that will do them real good runs anywhere from $200 to $500. A person who uses these scientific instruments also has to spend a tremendous amount on batteries each year. The battery charges

alone sometime run as high as $75 to $100 a year. There is no reason why such persons should have to pay the sales tax on these things because their deafness is not their own fault.

Section agreed to.

Section 9 agreed to.

Schedules I to III inclusive agreed to.

Bill reported, read the third time and passed.

EXCESS PROFITS TAX ACT, 1940

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 235, to amend the Excess Profits Tax Act, 1940.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—"Excess profits".

Mr. ILSLEY: It was agreed that I should say something about the purpose of the bill on clause 1 in committee.

The purpose of the bill is to carry out the very important changes in the excess profits tax which were mentioned in the budget and in the budget resolutions. It is a little difficult to go into the matter in detail unless we take up the sections one by one. On the resolution I explained, and I think most hon. members understand, that by this budget beginning with the 1st day of January next the 100 per cent excess profits tax with 20 per cent refundable is reduced to 60 per cent. That is a short and simple way of stating it. But if it were to be stated accurately I would have to go into decimals and figures as I did on the resolution. That is what I would call the main change in the Excess Profits Tax Act.

There is a change in the taxation of sole proprietorships and partnerships. The 15 per cent excess profits tax is removed entirely; and what was 100 per cent tax, with 20 per cent refundable, becomes a 60 per cent tax in the case of proprietors and partnerships. Then a very important change is the raising of the minimum standard profits for small businesses. It was formerly provided that $5,000 was the minimum standard profit. That is, even if a small business had before the war profits of, say $2,000 or $3,000, we would consider for excess profits tax purposes that its standard profit was $5,000. That had the effect of cutting down the excess which was subject to taxation. Now, that $5,000 is raised. The formula is this, that on the profits of 1946 and the subsequent years the minimum standard profits of taxpayers be increased from $5,000 to $15,000, and that where a taxpayer's standard profits are on January 1, 1946, in excess of $5,000 but less than $25,000, they be increased by one-half the difference between their present amount and $25,000. That is an important change which is provided for by this bill.

The only other change of substance is the renewal of the exemption from excess profits tax of the profits of certain mines. Heretofore that has been applied to base metal mines and strategic mineral mines: it is being extended in this bill to precious metal mines and to industrial mineral mines. All that is provided for in this bill. I will explain the bill section by section as best I can.

Mr. BRACKEN: These bills are to carry out the announcements made in the minister's budget speech?

Mr. ILSLEY: Yes.

Mr. BRACKEN: Which were amplified or stated more specifically in the appendix to that speech?

Mr. ILSLEY: Yes, that is right.

Mr. BRACKEN: I understand from the minister that there is something more in these bills than was included in the resolution. Is that correct?

Mr. ILSLEY: Well—

Mr. BRACKEN: All I want to say is that if there is, perhaps the minister will point out the additional features as he comes to them.

Mr. ILSLEY: Yes, I will point them out.

Section agreed to.

On section 2—Persons liable to tax.

Mr. ILSLEY: Here is where I yielded.

Mr. GREEN: We had a good case.

Mr. ILSLEY: I hope I was right; that is all I can say.

Mr. GREEN: We are sure you were right.

Mr. ILSLEY: I know that in yielding I have allowed a lot of taxpayers to get away with a good deal they should not have got away with, and possibly made a lot of discrimination. I have just gone on the assumption that in this case retroactivity is worse than discrimination and tax avoidance—

Mr. JACKMAN: Correct.

Mr. ILSLEY: —because tax avoidance and discrimination take place here on quite a substantial scale. I have subscribed to the principle that retroactivity is worse than that, but I am not sure that it is. I have done it anyway.

Mr. GREEN: Will the minister explain just how the section as changed will work?

Mr. MACDONNELL (Muskoka-Ontario): When the minister is doing that will he say something on this point, which I take it is dealing with the future? We have now created a situation, due to the removal of the excess profits tax against individuals, where, certainly in the smaller-scale businesses, it is much cheaper now to carry on as an individual than to incorporate. The individual pays substantially less tax. That appears to have an unfortunate bearing in one way, because, as I think the minister will agree, it is often desirable for a business to be incorporated, and there is a substantial penalty on it. I mention that, not because I want to enter into a long debate to-night, but so that it may be considered between now and the time of the next budget.

Mr. ILSLEY: Yes. Proprietorships and partnerships have been claiming for years that they have been discriminated against, and I cannot tell who is getting the worst of it.

Mr. JACKMAN: They were discriminated against as partnerships as compared with individuals, not as compared with corporations.

Mr. ILSLEY: No. Perhaps it is idle to go into this, but these persons who were in partnership were carrying on business as individuals, would get out their pencils and show that by the time they paid their excess profits tax, and their income tax as individuals, all of which had to be paid, they were far worse off than the man who incorporated himself and who paid just the corporation tax and on such salary as he chose to draw from the incorporated company, and they made quite a case. Now, if they are getting the breaks here the other way we shall hear from the incorporated people: that is all.

Mr. MACDONNELL (Muskoka-Ontario): I do not propose to take the minister's time or the time of the committee. I have had calculations made, but I think it will be undesirable to go into the matter now. I suggest, however, that this is a matter which should be seriously considered before the next session.

Mr. ILSLEY: I thank the hon. member for bringing it to my attention, and it will be considered.

Mr. GREEN: The minister has not yet explained how this change will operate. As I understand it, anyone who is exempt under the law as it stood before will remain exempt; but from the date of the budget, which was October 12, 1945, there will be a more strict way of interpreting what is new business. Is that the sum and substance of the present provision?

Mr. ILSLEY: Yes, that is correct.

Mr. GREEN: Before the minister answers that I would like to point this out to him. While he may know cases where there has been evasion under the law as it was enacted last year, I know of cases where people were genuinely and perfectly honest in making their change in business, believing that they would come under the provision as passed last year. Perhaps cases of that kind would not come to the minister's attention so frequently as cases where there had been evasion. But I do not think he need have any pangs of conscience for fear he is letting evaders off by changing his legislation so that this provision is not retroactive for eighteen months.

Mr. ILSLEY: I did not think much of the case the hon. gentleman showed me. It may have impressed him; it did not impress me. I was sorry to see that fellow let off.

Mr. GREEN: In the particular case to which I referred the person was certainly innocent. Although he might have been wrongly advised by the ministers' own officers, he did what he thought it was perfectly right for him to do. I suggest that the minister should not get the idea that the majority of business people in Canada, or even a large group, are trying to evade the laws of the country, because I am convinced that the group who do that are small in number. Will the minister explain how the provision will work now?

Mr. ILSLEY: There is a good stiff test applied to business in determining whether it is a new business, and that is found toward the bottom of page 20. The preceding words are that the tax is not applicable to the profits of the first fiscal period of the new business or to the profits of the first fiscal period in which the said subsection 4 becomes applicable—

. . . as the case may be, unless in the case of a person who has commenced business after the twelfth day of October, nineteen hundred and forty-five, a person or persons who have a substantial interest in the business either by ownership of shares in the company that operates the business or by being members of the partnership that operates the business or otherwise, had, in the opinion of the minister, either by ownership of shares in the company that operated the business or by being members of the partnership that operated the business or otherwise, a substantial interest in a previous business of which the new business is, in the opinion of the minister, a continuation.

If that set of circumstances applies he does not get the benefit of the forty per cent in the first year of operations.

Mr. GREEN: Suppose a man branches out into a new type of business while he still carries on his old business. Would he get the benefit in connection with that second business?

Mr. ILSLEY: It is very difficult to give a general ruling on that. That is what we were talking about the other night. It is almost impossible to make a satisfactory application of these words, but we could not think of any better words. There comes a point when a person is in a new business and we have a different set-up to consider. We have to take these cases and form the very best judgment we can on them, and some are turned down.

Mr. GREEN: Each case will be considered on its merits?

Mr. ILSLEY: Yes.

Mr. GREEN: If there is a change of ownership, if another person takes over the majority of the shares in the company, he will get the benefit, as I read the provision?

Mr. ILSLEY: Yes, that is right.

Mr. MANROSS: In the opinion of the minister, is there any standard interpretation of what a "substantial interest" in a small corporation or private business is? Take a small business that comes within a couple of thousand dollars of making excess profits. They decide that the manager holds a substantial interest, and so they add his wages to the profits of the company so as to put the company in the excess profits class. Is there any standard by which it is decided whether the interest is substantial?

Mr. ILSLEY: No, there is not. There is no fixed percentage.

Mr. MANROSS: On what basis, then, do they interpret it? I know a business where the manager owned nineteen per cent of the stock. The company was within two thousand dollars of excess profits, and the manager's salary was added to the profits, putting the company in the excess class. In other words, the company would have been better off if it had fired that manager and hired one who did not own any stock.

Mr. ILSLEY: That has nothing to do with the amount of tax. It has nothing to do with the profits or the tax on profits.

Mr. MACDONNELL (Muskoka-Ontario): I should like to make one observation. I think I dislike tax evasion as much as any man living, but I hate to see another of those

cases where we have resort to the opinion of the minister, which of course does not mean the minister but his officials, since obviously the minister cannot personally do it. It means some more inquisition, and I earnestly suggest that when these questions are being considered we do not assume first of all that there is a very large number of people who are trying to defraud the tax collector, though of course I know there are some. Second, I suggest that practical considerations and what I venture, without any offence, to call considerations of common sense, should enter into this matter. Perhaps a certain amount of tax does escape in the first instance; the minister lies in wait with the personal income tax and he does a pretty good job on that. I really feel that if you balanced things up and could trace it to the end—and the trail is sometimes a long one—you would be amazed to discover how little the treasury does lose, even assuming that there are some improper practices, which we might all dislike, at the outset. We would gain a great deal in the way of getting rid of these everlasting trips to Ottawa with discussions and delays, and more discussions and further delays, which really impede the conduct of business. I sometimes wonder if the department realizes the extent to which this goes on. I am not going to labour the point further. I suppose it is out of the question to ask if this could be omitted. The minister would probably say that the resolution we approved demands that it be in. Is that correct?

Mr. ILSLEY: I do not know that the resolution demands that it be in.

Mr. MACDONNELL (Muskoka-Ontario): If it were possible to persuade the minister to leave it out I would go on talking for a couple of hours more.

Mr. MACKENZIE: A good reason for leaving it in.

Mr. MACDONNELL (Muskoka-Ontario): Seriously, if it could be left out, I think the minister would start something good. If the minister could get away from this business of having to sit in judgment on this man or that man it would be all to the good. I earnestly suggest that in the long run you get the money one way or another. As a matter of fact, I think there would be a good check on these fellows because, if they are really successful enough, they will get into such high personal brackets that they would suffer more in the end, which would be an end to a lot of our troubles.

Mr. ILSLEY: I would not mind so much if they distributed their profits.

Mr. MACDONNELL (Muskoka-Ontario): The minister is getting after that too. He has not forgotten many things.

Mr. ILSLEY: There has always been a provision under which the minister could direct distribution of profits, but it is sparingly used, if that is what the hon. gentleman means.

Mr. MACDONNELL (Muskoka-Ontario): I think the lot of the wrongdoer is a very hard one. Does the minister think what has been happening and what he is trying to correct in what is before us now will be a lesson to the people who try to beat him by retaining surpluses here and waiting for tax reduction to come? I think they will be awfully sick of that. I ask the minister to make a beginning now. It would be a memorable day if we started to do away with these inquisitions. That is what they are. I am sure the minister does not like being an inquisitor, even a grand inquisitor. That is what it is coming to.

Mr. ILSLEY: I wish to say something about this exercise of the minister's discretion. You have two sets of representations being made to the Department of National Revenue and to the Department of Finance; one is that the minister should not have a discretion; that the matter should be spelled out in the act; that it should be all covered by the law, and that there should be no discretion in the minister to deal with cases; that it should be for the courts. On the other hand—and this happens time after time—if a taxpayer comes in and finds that by the letter of the law something really harsh is to happen to him he says: "Surely there ought to be a little leeway; there ought to be a chance for common sense on the part of the minister; there ought to be some discretionary powers in the minister." Time after time the very same people who complain about discretionary powers in the minister want discretionary powers in the minister, because they say: "It is not sensible to have the law so rigid that common sense cannot be applied."

Mr. MACDONNELL (Muskoka-Ontario): Perhaps I am one of the people about whom the minister is talking. I am not suggesting that the minister should not have discretion. I think there has to be someone. I am suggesting that we have as few as possible to-day. I am asking if we could not lessen them. There are well over one hundred now. I am wondering whether we could not have one less. Let us clean them up. I am only suggesting that there should be as few as possible. We should try to relieve the minister and the business world of as much as possible. If I am not estopped from moving an amendment I should like to move that the inquisition be left out and that you do not have to inquire into that.

Mr. ILSLEY: Just what is the position if we left it out? Let us look at that and see. It would read in this way:

> Unless, in the case of a person who has commenced business after the twelfth day of October, nineteen hundred and forty-five, a person or persons who have a substantial interest in the business either by ownership of shares in the company that operates the business or by being members of the partnership that operates the business or otherwise, had, either by ownership of shares in the company that operated the business or by being members of the partnership that operated the business or otherwise, a substantial interest in a previous business of which the new business is, in the opinion of the minister, a continuation.

It would be necessary for us to define "substantial", because the courts would have nothing to go by and nobody would know. There would be no finality to that. One court would say one thing was substantial and another would say something else was substantial. We would have to define "substantial". We should do that and we should—

Mr. MACDONNELL (Muskoka-Ontario): I did not make myself clear. I was suggesting something more than the removal of the discretion. I was suggesting that the whole of the last part of the clause be left out and that the minister do not discriminate but that he allow the business to be considered a new business for the first year and to have the 40 per cent tax allowed. I was suggesting you go back to the original clause, but I shall drop the matter now.

Mr. ILSLEY: It would be evasion; it would be an avoidance; it is very discriminatory. A bright man finds out that by changing a partnership into an incorporated company he can save himself a lot of taxes, or by changing a company into a partnership. And they did it both ways. They could save themselves a lot in taxes, and they are doing the same thing. They are carrying on the same business, dealing with the same customers, no change in the interest of the business at all, but by a legal form they can save themselves a whole lot in taxes. It is true they could do it under the law. Numerous taxpayers inquired around, found out they could do it, and they did it. They moved in clever circles among well-informed friends and they did it. But the other chap across the road who did not have as good an education or did not move in the same circle of friends, did not find out about it; he went on paying high taxes. That is not right.

Mr. MACDONNELL (Muskoka-Ontario): I am not going to press the matter any further. I am going to raise one more point which may be only a question of administration. There is a feeling that under the act where certain professional people were defined and, I think, more or less set out in the act, they are not subject in any way to excess profits tax to which certain others are. For instance, I have letters from brokers who suggest that their whole income comes purely from commissions; that they do not buy and sell; that their reward is purely for services rendered. They think they should be regarded as in the same category as professional men. I do not think it has anything to do with the legislation. It may be a matter of administration and regulation. I wish to raise that point so that the minister will have it before him.

Mr. ILSLEY: I shall take note of that.

Mr. McMASTER: Is the effect of the act as drawn that you can go back to all changes in business since June 26, 1944, and unless they live up to the specifications the minister can decide that in future they will be taxable and that they will only miss the first year's taxes?

Mr. ILSLEY: We have changed that.

Mr. McMASTER: Have the people who have escaped so far finally escaped for all time, or are they to be caught now?

Mr. ILSLEY: It applied only to the first year's taxes.

Mr. McMASTER: That is last year's taxes?

Mr. ILSLEY: The first year.

Mr. McMASTER: The minister can go over their cases and under the present legislation decide whether they are taxable or not? If it has been decided that they escaped the tax, are they out for all time? Suppose a company or a partnership, or whatever you like, changed their business. Because that change was made when a certain law was in force, has the minister the right now to review it? Suppose the change took place before October 12 last, but since June 26, 1944, can the minister review all these different changes?

Mr. ILSLEY: The more restricted section which is being passed now applies to businesses coming into operation or substantially changing their character after October 12 of this year.

Mr. McMASTER: They have escaped, then? The minister has not introduced retroactive legislation?

[Mr. Ilsley.]

Mr. ILSLEY: No, it is not retroactive legislation.

Mr. McMASTER: They have escaped?

Mr. ILSLEY: For one year.

Mr. McMASTER: Just for one year?

Mr. ILSLEY: Yes.

Mr. GREEN: It applied only for one year, anyway.

Mr. ILSLEY: That is correct.

Mr. McMASTER: They have a status now which will make people go back and seek the right to return to their status as it existed in June, 1944. I am not so sure that they may not accomplish their purpose.

Mr. ILSLEY: No. Under the legislation they only had the right to the forty per cent rate for the one year, the first year of their operation. After that, they had to pay taxes just like anyone else.

Mr. McMASTER: They escaped for only one year?

Mr. ILSLEY: Yes.

Mr. ADAMSON: Would the minister explain the proviso in the new section 3 under which a person acting in the capacity of a trustee whose income is derived from the operation of a gas or oil well is considered a corporation. That is the basis of the proviso. What is the reason for that proviso, and how does that section function?

Mr. ILSLEY: These royalty companies, so-called, were never subject to more than forty per cent tax, and this simply continues that situation. It is a reenactment of a section which made them taxable. Years ago trustees were taxable as though they were corporations, but only to the extent of the minimum corporation tax, which is forty per cent; and this is just a re-enactment of that.

Mr. ADAMSON: I presume this refers to the oil royalty type of business?

Mr. ILSLEY: Yes.

Mr. ADAMSON: Then an oil royalty company is now subject to the full forty per cent tax?

Mr. ILSLEY: Yes, it has been for the last two or three years.

Mr. ADAMSON: And this merely confirms the status quo, as it were?

Mr. ILSLEY: That is right. It is just in here for drafting purposes. It is just a repetition.

Mr. JACKMAN: In connection with the drafting of these sections, ordinarily I can read any book or paragraph I pick up, but I find that the first sentence in section 3 consists of eleven lines, and if you go beyond the colon you add another six, making seventeen lines in all. I find it very hard to understand language of that description. Then I go on to the next sentence, and with nothing intervening at all it contains thirty-five lines. I cannot read English like that; it is too hard to understand. How the government expects the ordinary Canadian citizen to read such drafting as its brought before this committee I fail to understand. Surely something can be done to make it easier; surely this can be broken up into shorter sentences with less length given to every statement of fact. I believe it is an intolerable burden to ask the Canadian public to try to understand language like that. It is not English at all; it is a conglomeration of words.

That is the first point. The second point I wish to make is that although on page 2 there is only one resolution, or one section of the act, despite what we tried to get across to the government the last time these resolutions were being considered; despite what the senate committee on the working of the income tax law has said, in no less than three places I see the words "in the opinion of the minister". The first is in line 26; the next is in line 44, and finally in line 49. The minister said that taxpayers would object strenuously if the law were rigid and occasionally there was some hardship suffered. I believe they will holler more loudly than ever if they do not know what the law actually is. The other day my colleague the hon. member for Calgary West quoted an old maxim, that it is better that nine guilty men should go free than that one innocent man should suffer. May I suggest to the minister another legal maxim which I think has great bearing here; it is better that the law should be certain than just. That is an old common law maxim, the reasons for which he will find in any good textbooks on legal maxims, such as Broome or any other writer. Business men will refuse to enter into transactions if they do not know exactly how their profits will be dealt with. That happens almost every day in the life of a business man. Personally I find very often that there is no time to find out from Ottawa what will happen if you are successful in your transaction, whether or not your profits will be all taxed away, and, as a result, frequently do not enter into the transaction. Therefore, often employment is not created. So I suggest to the minister that he give consideration to the maxim that it is better that the law should be certain than just. Frankly I do not know what these sections mean; I have had no connection with them in business practice, and I fail to understand exactly what is meant by that type of English.

Section agreed to.

Section 3 agreed to.

Section 4 agreed to.

On section 5—Repeal. Base metal and strategic mineral mines.

Mr. ADAMSON: I think we should have some clarification of this section. I understood from the budget that all metalliferous mines were to be included, which would take in the precious metals mines. Here again the act is complicated and difficult to understand. Are the precious metals mines included under this section, and why is the new phrase "bedded deposits" used, when I do not believe it was in the original section? Would the minister give a general explanation in language that can be understood by a layman?

Mr. ILSLEY: This section applies to metalliferous mines and industrial mineral mines.

Mr. ADAMSON: All metalliferous mines?

Mr. ILSLEY: Yes, including gold and silver.

Mr. ADAMSON: It does not say so.

Mr. ILSLEY: Yes; "metalliferous".

Mr. GREEN: Change your marginal note.

Mr. ILSLEY: Yes; the marginal note is wrong, but the section is right. Look at line 44:

> . . . the profits of any corporation or joint stock company derived from the operation of any metalliferous or industrial mineral mine which comes into production on or after the first day of January, one thousand nine hundred and forty-six. The minister, having regard to the production of ore in reasonable commercial quantities, shall determine which mines, whether new or old, qualify under this paragraph, and shall issue a certificate stating the date upon which any mine is deemed to have come into production. In this paragraph, "industrial mineral mine" means an industrial mineral mine that has been certified by the Minister of Mines and Resources to be operating on mineral deposits other than bedded deposits, and for this purpose "bedded deposits" include deposits of building stone.

That is the definition of an industrial mineral mine. The hon. member is interested in metalliferous mines and he need not worry about this question of bedded deposits. Bedded deposits are excluded, and bedded deposits include deposits of building stone. I understand that there are certain mines which are rather easy to start, and taking out building

stone would not be the kind of operation that one would need to encourage by exempting the operator from excess profits taxes. There would be no need of it. That extends to bedded deposits generally.

Mr. ADAMSON: I understood by the resolution that there was a regulation by the department covering what is known as the tuning-up period, and that that tuning-up period for a mill would vary with the mine. I understand from this section that the minister is given discretion to say when the tuning-up period ends and the mine starts production. As the minister may know, when a metalliferous mill starts into production the circuit absorbs a great deal of the metal. This is particularly true in a gold mining circuit where metal would be absorbed for periods extending up to months. Apparently this gives the minister discretion, or it is in his opinion to say that on such-and-such a date an operation began and the period of the three-year exemption will commence from such and such a date? That is how I interpret this clause.

Mr. ILSLEY: I did not catch the question.

Mr. ADAMSON: The section states:

> The minister, having regard to the production of ore in reasonable commercial quantities, shall determine which mines, whether new or old, qualify under this paragraph and shall issue a certificate stating the date upon which any mine is deemed to have come into production.

That seems to be vague. I am sure the minister will administer the act in the best possible way, but this seems rather a loose way to administer an act which primarily has to do with mining. It would seem to me that instead of having a time period we should consider the return of capital. To base an exemption on the return of capital would be simpler and much more just to the operation. I may be wrong about this section, but apparently the words "deemed to have come into production" and "the minister shall determine" give the minister and his department the power to say on what date a mine shall have started commercial production. Is that so?

Mr. ILSLEY: That is right.

Mr. ADAMSON: Then there are excluded materials such as gypsum and those which can be dug out from the surface, as it were, without requiring the sinking of a shaft.

Mr. ILSLEY: That is not quite the place where the line is drawn.

Mr. ADAMSON: Could the minister say where the line is drawn?

[Mr. Ilsley.]

Mr. ILSLEY: We do not say that an industrial mineral mine shall be such mine as the minister in his opinion considers is an industrial mineral mine. We tried to define it a little more than that. The best that could be done after a great deal of consideration was to say that an industrial mineral mine is one that has been certified by the Minister of Mines and Resources to be operating on mineral deposits other than bedded deposits, and for this purpose "bedded deposits" include deposits of building stone. I cannot tell the committee what bedded deposits are. Coal is a bedded deposit and therefore coal does not qualify.

Mr. ADAMSON: Yet coal is definitely a mineral.

Mr. ILSLEY: Oh, yes, and it would be an industrial mineral if it were not excluded by the use of the words "bedded deposits".

Mr. ADAMSON: I think it might clarify matters if the bill contained a definition of "bedded deposits". It seems to me that there is ambiguity in this clause which will lead to heart-burnings as time goes on. In the minister's own province there is a mine producing barite, a mineral used in the sinking of oil wells. I understand that it is dug from the surface, and if this is not defined there will be a lot of heart-burnings.

Mr. ILSLEY: There is nothing that creates heart-burnings like the paying of taxes. I do not know whether barite is a bedded deposit, but they would know over at the Department of Mines and Resources. I know that barite was discussed. The barite mine in Nova Scotia is in commercial production now, and industrial mineral mines that came into production before this date are not relieved. Every consideration was given as to how to define this. If hon. gentlemen could go through some of the long sessions where an effort is made to get definitions and put the law in an exact state where it can be both clear and administerable, they would see the effort that is made to overcome the use of discretionary power once in a while.

Mr. SMITH (Calgary West): I have only one question to ask which is not as stupid as it may look to be on the surface. Does this section apply to oil wells? The section reads:

> The profits of any corporation or joint stock company derived from the operation of any metalliferous or industrial mineral mine which comes into production on or after the first day of January, one thousand nine hundred and forty-six.

The privy council has held that oil is a mineral, and there is no doubt at all that the

drilling of an oil well is a mining operation. So that we are with you up to that point, but the next sentence refers to ore. Could the minister tell us whether the use of the word "ore" would take an oil well out of the purview of this section?

Mr. ILSLEY: I hope so because we did not intend to have it in. We never thought we were including oil.

Mr. SMITH (Calgary West): "Hope deferred maketh the heart sick." Cannot the minister weaken on that and help us out?

Mr. ILSLEY: There is no intention in the world of having oil included.

Mr. SMITH (Calgary West): I did not think so. I just called it to the minister's attention.

Mr. ILSLEY: The hon. gentleman has me worried now for fear it is in there, and that I may have to move an amendment.

Mr. SMITH (Calgary West): Perhaps I should have kept quiet. I would have been much better off.

Mr. ILSLEY: I think it is quite clear. I do not think the Minister of Mines and Resources would certify that the mineral deposits are being operated—

Mr. SMITH (Calgary West): The privy council held that ore is a mineral; there is no question about that. That is the only reason we have those rights in this country under the old leases. I was only trying to be helpful, but apparently I have knocked my own people.

Mr. ILSLEY: No one ever expected the oil operators to apply this to oil wells.

Mr. SMITH (Calgary West): No; it was my own thought.

Mr. ILSLEY: It is not intended to apply to oil wells and I wish to make it clear now that it will not apply to oil wells, even if we have to amend the act next session if any question is raised. But I think it is clear enough. Industrial minerals were never intended to apply to oil wells.

Mr. SMITH (Calgary West): Then I am sorry that I spoke.

Mr. McMASTER: Would this apply to large corporations like International Nickel, McIntyre Mines, Falconbridge Nickel and others who are constantly looking for new mines? If they found a new one, would they come under this? They might find a mine paying 5,000 per cent in dividends. Would they come under this, and for how long?

Mr. ILSLEY: It applies to a new mine whether owned by an existing corporation or not. The profits of that corporation have to be ascertained with reference to that separate operation.

Mr. McMASTER: I am thinking perhaps that there was some merit in the suggestion of the hon. member for York West that the amount should be limited to 100 per cent and for a certain period. A mine that may become exhausted in a short time might yield very large dividends, and as the section stands it might apply for an unlimited time.

Mr. ILSLEY: Just during the life of the excess profits tax unless it is terminated in the meantime by parliament.

Mr. GREEN: The section provides that the minister may make any regulations deemed necessary for carrying this paragraph (h) into effect. Will there be separate regulations for the metal mines and for the industrial mines? There are many differences between the two types of mines, and I do not see how they can both be covered by the same set of regulations.

Mr. ILSLEY: I think there would have to be separate regulations. Perhaps some of the regulations would apply to both classes of mines. Regulations will have to be evolved to cover the various types of mines.

Mr. GREEN: Is there to be a tuning-up period provided for the metal mines?

Mr. ILSLEY: Yes.

Mr. GREEN: Of what length of time?

Mr. ILSLEY: It would depend on the kind of mine. There might possibly be some kind of industrial mineral mine where they would start right in. The experience which the department has had with base metal mines and gold mines has enabled them to prescribe the tuning-up period.

Mr. GREEN: Six months?

Mr. ILSLEY: That is right.

Mr. GREEN: Will the minister change the marginal note which reads "Base metal and strategic mineral mines"? It should be broadened to cover gold mines.

Mr. ILSLEY: Yes. I will see that that is changed, but I think it is not necessary to move an amendment.

Mr. MACKENZIE: It can be done by instructions to the clerk.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8—Where profits before deductions are $5,000 or less.

Mr. BLACK (Cumberland): I would ask the minister if steps have been taken or are proposed to put electric energy developed under private enterprise on the same basis as regards federal taxation as electric energy developed by public utilities operating under a provincial commission? I raised this question in a previous session and pointed out to the minister the inequity, which I think he recognized, that at present exists. In Nova Scotia we are taxed by the federal government about $1,000,000 on the use of electrical energy. In the city of Montreal users of electrical energy are exempted $6,000,000 or more a year because the utility has been taken over by the province. That also applies to other places in Canada. Let me give a few figures.

The federal tax on privately operated companies amounted in the case of the Canada Electric Company Limited in 1944 to $61,087.47. I do not believe that this included income tax or excess profits tax. In the city of Halifax the Nova Scotia Light & Power company paid $558,519.86 in 1944. In the minister's own constituency the Kentville electric commission, operated under provincial commission, did not pay one cent. There is no fairness or justice in that. Private enterprise is certainly being penalized, and I feel strongly that steps should be taken also to exempt private enterprise and put it on the same basis. It is not the companies but the users of the electricity that pay this inequitable tax. Why should users of electricity in the county of Cumberland or in the county of Halifax have to pay these very heavy federal taxes when users of electricity produced by a commission operating under the province are exempt? There is nothing fair or just in that.

I might also point out unfairness with respect to telephone services. In provinces where the telephone service is operated as a public utility by the province no federal tax is paid. In Nova Scotia and New Brunswick where the telephone service is operated by private enterprise the tax applies. I have seen recent figures showing that the telephone service in Manitoba would have paid $3,939,656 more in 1944 if the telephone service had been carried on by private enterprise, and the telephone service in Alberta, $4,063,228, but they are relieved from that taxation because the telephone service is operated as a public utility in those provinces and is exempt from taxation. But in Nova Scotia and New Brunswick they have to pay the tax. I point out again, as I have done in previous sessions, that it is most unfair. There is cheaper capital cost when it has been supplied by the provinces on public credit.

In similar undertakings which have been built up by private enterprise, as a matter of course the capital cost is larger, because they are not able to secure capital funds to develop these generating plants as cheaply as they do where the security of the province is behind these industries. I ask the minister if it is proposed to take steps, and, if so, when, to equalize the taxes on users of electricity. In my constituency we have three private enterprise companies, and their patrons should not be subjected to these very heavy taxes.

Mr. ILSLEY: That is a very big question.

Mr. JACKMAN: And very acute.

Mr. ILSLEY: It is not germane to this bill particularly. It is something on which I cannot give any satisfactory answer to-night. If I were announcing a policy like that there would be plenty of space devoted to it in the papers to-morrow, I can assure the hon. gentleman.

Mr. BLACK (Cumberland): I brought the grievance before the minister in the house a year or two years ago.

Mr. JACKMAN: May I ask the minister whether the matter was brought up at the dominion-provincial relations steering committee conference?

Mr. ILSLEY: No, not so far. It probably will be.

Mr. JACKMAN: May I ask the minister what his attitude was with regard to those special rebates of earnings—which is really what they were—given by certain companies in Canada to their customers, when they forgave them a month's electric light bill, because it all came out of the excess profits tax? What came out of that? That was a very odd thing to see done.

Mr. ILSLEY: We just could not help it; that was all.

Mr. JACKMAN: Was that a breach of agreement with the provinces?

Mr. ILSLEY: I doubt it. I should in making a statement like that, add the words "without prejudice", but I very much doubt whether it was a breach. I do not think that in making these agreements we covered ourselves against a contingency like that.

Mr. JACKMAN: Are they still doing it?

Mr. ILSLEY: I think so.

Mr. JACKMAN: May I just say to the minister, in regard to the whole matter of the taxation of corporations, privately owned and publicly owned, in the same field of business, that I think it is time we had some clarification and perhaps rectification of a matter which is serious. It is not just in one part of the country but in all parts of the country. It is not because the publicly owned plant can operate so much more cheaply, but because there is no contribution toward all the public services which must be maintained by the general taxpayer, or else because the cooperative finds that it is not subject to taxation, in competition with privately owned tax paying enterprise, it has happened this year, and it has happened for a number of years, particularly when the rates of taxation became so high, that the private company—creamery, or dairy, or bread company—had no alternative than to sell out to the cooperative; or, in the case of utilities, it very often had to sell out to the municipality. I have no objection to public ownership, and I am all for public ownership where it is more economical and where the public can get better and cheaper service than can be rendered by private enterprise. But when private enterprise has to start with a handicap such as is imposed by taxation, the other competitor in the race having no such handicap, the race is unequal, and the result is that the revenue act is driving a great many private enterprises into the hands of either public bodies or cooperatives. The minister must find that already there has been an appreciable reduction in the tax base, because he loses a taxpaying customer, and this means that those who are still able to run in the private enterprise race must bear a heavier and undue share of the whole tax burden.

I hope the minister in the next budget will give some consideration to this matter, because I can tell him again, private enterprises all through the country are being forced out of business, having to adopt the cooperative garment or else sell out to some political body which will operate free of taxation. I think it is to his interest and to that of the Minister of National Revenue, as the tax-gatherer, that there should be some certainty in regard to this, and that the people who are endeavouring to carry on business should know they are competing on a fair basis. Let us have, on the one hand, private enterprise and, on the other, public ownership, and let the better man win.

Section agreed to.

Section 9 agreed to.

On section 10—Application of sections 1, 2, 3, 4, subsection 1 of sec. 5, and sections 6 and 8.

Mr. MACDONNELL (Muskoka-Ontario): As I read the section, it is proposed to prorate the effect of the bill according to the time when the fiscal year of the companies ends. It has been pointed out to me—I have not examined this, but this is what I am told—that when the excess profits tax came into effect in 1940, if a company's fiscal year ended after the tax came in force, the effect of the tax came down on it for the whole year, and it is now suggested that the only fair thing would be that the opposite principle should be applied. I notice that in the section as it now stands there is an attempt to prorate it, but it does not meet the situation as represented to me.

Mr. ILSLEY: It was apportioned when the act came in, and it is being apportioned when the taxes are reduced, so that the companies are treated fairly.

Mr. MACDONNELL (Muskoka-Ontario): If the minister is satisfied on that, my information is wrong, and there is nothing more to say.

Section agreed to.

Bill reported, read the third time, and passed.

DOMINION SUCCESSION DUTY ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 236, to amend the Dominion Succession Duty Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1.—Valuation in cases of quick successions.

Mr. ILSLEY: The committee will observe that the bill to amend the succession duty act does not contain the provision giving effect to the first resolution under the Dominion Succession Duty Act as proposed in the budget. The proposal, which has been dropped, was to provide that no duty shall be leviable on the value of any pension or portion thereof which is receivable as taxable income within the meaning of the Income War Tax Act. Since introducing this proposal I have given further consideration to the implications of the proposed exemption, and I am withdrawing the proposal with a view to giving the problem further study. I might indicate to the committee the questions which have caused me some concern.

The proposal was that taxable pensions should be exempt from succession duty. This gave rise to the question of the treatment of non-taxable pensions. Also, if taxable pension annuities were to be exempt, the further question of whether the ordinary annuity which did not arise from a pension scheme as such should not have similar treatment, such as for example, an annuity left by a will presented itself. Furthermore, the question of life interests and their status for succession duty purposes raises itself once the question of granting exemption in respect of taxable pensions is under consideration.

In view of the far-reaching implications of the proposal to exempt taxable pensions from succession duty, I decided to withdraw this item at the present time and to review it further. I trust the committee will regard this action as reasonable in the light of the points I have raised. The bill, therefore, simply gives effect to the second resolution, which provides relief against what are called quick successions. That is the entire bill.

Mr. MACDONNELL (Muskoka-Ontario): The minister has stated the objections, and certainly they do not seem negligible; but it might be worth while to know what the considerations were, and presumably they were weighty, which prompted him to bring the resolution forward and have it passed.

Mr. ILSLEY: Yes. It was the recommendation of the Ives commission that we do just this, exempt from succession duty at the date of death the value of taxable pensions. It was clear from the recommendation that they meant pensions payable under employer-employee plans, pensions in the narrow sense; that they did not mean it to apply to an annuity left by will or *a fortiori* to life interest, real property, an apartment house left by a man to his wife for life. They did not mean to cover all those. They based this recommendation apparently upon the theory that the pension did not really come to the widow from the husband, that it was part of the husband's pay which he took in this way. He gets a pension during his lifetime, and she continues to draw a pension until she dies. It came from a fund built up by contributions by employer and employee, and therefore there was no real succession at all.

If that is the theory on which it is based, that theory applies, of course, to non-taxable pensions as well as to taxable pensions. Let us say that we adopted that theory and applied it to non-taxable pensions as well as to those that are taxable. Then the test of taxability flies out the window; and yet the test of taxability is the test which the ordinary person would apply in his own mind. That is, the ordinary person would say, "If you tax the income why tax the principal? Why put a succession duty on if you tax the income?" That is the test which most people would apply in their minds. But if that is the test it is so far-reaching that it appals me. What about life interests? The result is, I suggest with deference to the Ives commission, that their reasoning is faulty, and I do not think that the premises lead to the conclusion to which they came. I took their recommendation and thought about it a long time, discussing it with the officials, and I made up my mind that it was not very logical, but that, since they had recommended it, perhaps I would recommend it also to the house. However, when I began to think of all the implications I decided that I would not go on with it this session and I am not proposing to do so.

Mr. ADAMSON: Does the minister distinguish between contributory and non-contributory pensions in this?

Mr. ILSLEY: Yes. The recommendation here applied apparently to contributory pensions, employees' pensions, pensions payable to employees who have worked for an employer and have built up a fund while doing so. They say that what the widow gets she does not get from her husband but from a fund to which both employer and husband contributed and that therefore it is not true succession and should not be taxed. But they limit that to taxable pensions and I brought it in on that basis.

Mr. ADAMSON: I do not entirely agree with the minister. I understand that a differential is made between the pension that is a contributory one, namely, a pension in which the employer and the employee have contributed over a period of years and a straight pension that is given to an old employee on account of good service, or a retiring allowance to which he has not contributed at all.

Mr. ILSLEY: We are not taking any action, so that the question does not arise.

Mr. McMASTER: Suppose a person gets a lump sum of $50,000. It does not matter how he gets the money or where it comes from, if it passes on on the death of the taxpayer. That is the position the minister takes. It does not matter how it originates if it passes, because of the death of a person it is taxable.

Mr. ILSLEY: Yes; that is the principle of the succession duty act.

Mr. MACDONNELL (Muskoka-Ontario): This is a very important matter. May I ask what steps the minister proposes to take to deal with it?

Mr. ILSLEY: Give it consideration before the next budget; that is all.

Mr. GREEN: As I understand it, I think there is some question as to whether or not that would be a succession. Suppose the husband dies and the pension continues to the widow and she has to pay income tax on that pension?

Mr. ILSLEY: That is right.

Mr. GREEN: In effect, she steps into the shoes of the husband. In addition to paying that income tax, she now has to pay succession duty. I think there is good reason for doubting whether or not there is anything passing, whether there is a succession that should be taxed. Is that not the basis of the recommendation in the report? The widow steps into the shoes of the husband?

Mr. ILSLEY: Yes, if I understand my hon. friend correctly, if I understand what he means by that phrase, "stepping into the shoes", that is the basis of that recommendation. The reasoning is found on page 43 of the Ives commission report, and it certainly would lead to the conclusion that we should not apply the test of taxability.

Mr. JACKMAN: It just strikes me that where the estate passes within five years for a second time our rates are still pretty high. I know of one case where an old gentleman and his wife drew a holograph will; both were copies of the same thing. The husband died and within two years the wife also passed away, and while the succession duty on the second party passing is going to be 90 per cent of what it otherwise would have been except for the small relief afforded by this bill, may I ask the minister what similar provision as to percentage obtained, let us say, in Great Britain, or in the United States?

Mr. ILSLEY: In Great Britain the relief against quick succession is confined to property consisting of land or of business, such business not being carried on by a company. The rates are as follows: The estate duty is reduced by 50 per cent when a second death occurs within one year, and so on.

Mr. JACKMAN: The same schedule.

Mr. ILSLEY: Just the same as ours; we took the British schedule. There is no consideration for the degree of relationship. The hon. member for Kindersley suggested that probably it would be better if we limited it to class A and class B beneficiaries; that is, to those who were related. We looked into it and decided against that, decided to leave the legislation as proposed in the resolution so that it might be left by a deceased to a stranger or by him to another stranger and still be eligible for relief. I will not go into the reasons for that, but I think they make no such distinction in Great Britain, and the rates are a lot higher. of course, in those cases. Sometimes a stranger is really as close to a person who dies as a relative. He may not have any relatives, and so on. While I thought the suggestion of the hon. member for Kindersley was a very good one, I did not think we should carry it out.

Mr. ADAMSON: The rates may be higher in Great Britain, but they do not have the double taxation of dominion and provincial succession duties.

Mr. ILSLEY: I meant the rates for strangers are higher than for succession to relatives. In the United States full credit is allowed against the taxes imposed on the second estate for the tax paid by the first estate on an amount equal to the value of the property when such property can be identified as having been received from the first estate or can be identified as having been substituted for property having been received from the first estate within five years. There is no consideration for the degree of relationship.

Mr. JACKMAN: Does that mean the amount of the tax deducted from the value of the estate on the second passing?

Mr. ILSLEY: Yes, that is what it does mean. Saskatchewan and New Brunswick are the only two provinces which have provisions of this kind granting relief with respect of quick succession.

Mr. JACKMAN: The only reason I raised this question is that the people who know how to handle their estates and get proper legal advice do not, as a rule, find themselves subject to two sets of succession duty taxes within five or ten years. A life interest is passed on to the widow by a man who may have done very well in a certain form of business, but yet has not the necessary legal experience or does not retain a good lawyer in the drafting of his will. Perhaps he leaves all of his estate to his widow, and the widow gives it to the children in a few more years. Because they are careless or have not used any care in the drawing of their will they will fall foul of double taxation at a high rate. I feel it is almost unfair to trap them like this. They should be given some

consideration because, as I say, it is easy to circumvent unfair double taxation if you seek proper legal advice.

Mr. PROBE: Do you think they should circumvent it?

Mr. JACKMAN: Certainly.

Mr. SMITH (Calgary West): I am seeking some advice since I have the minister here, an excellent lawyer, and his advisers. A simple person like myself, who knows nothing about succession duties, has only one will. It was made a long time ago, leaving everything to my wife, assuming that she would be fair to my children who are now grown up. Obviously I should not leave myself in that position. We happen to be of the same age. Either one of us is apt to conk out within one, two or three years of each other. When we get that eighty per cent in the third year, is it not an invitation to alter a situation of that kind which is based on love and affection, which most marriages are and should be? Are we not rather driven to changes which perhaps are not natural? I do not know whether I express myself very well, but I believe the minister understands what I mean.

Mr. ILSLEY: I have never given it much thought, and I should like to get a little advice myself on what to do in a case of that kind. That is, you leave a life interest so that there will be only one succession?

Mr. SMITH (Calgary West): That is right. You could avoid it in that way, could you not?

Mr. JACKMAN: Why not make the law fair, so that it will not catch people who are just careless?

Mr. ILSLEY: This makes it less harsh than it was, and, I think probably goes as far as it should go at the moment.

Section agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. MACKENZIE moved the adjournment of the house.

He said: To-morrow morning at eleven o'clock the Prime Minister will ask the house to consider No. 7 on the order paper of to-day, in regard to allowances to members of parliament for expenses incidental to the discharge of their duties. I believe the Prime Minister will ask that the present order be discharged and a resolution relating to both houses substituted therefor.

Motion agreed to and the house adjourned at 10.55 p.m.

Thursday, December 13, 1945.

The house met at eleven o'clock.

VETERANS AFFAIRS

SEVENTH AND FINAL REPORT OF SPECIAL COMMITTEE

Seventh and final report of special committee on Veterans Affairs.—Mr. Tucker.

EXTERNAL AFFAIRS

ATTITUDE OF CANADA AT THE OUTBREAK OF HOSTILITIES, 1938-39

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I wish to table parliamentary return reference No. 33, moved by the hon. member for St. John-Albert:

> For a copy of all correspondence, letters, cables and other documents exchanged between His Majesty's government in the United Kingdom and His Majesty's government in Canada from September 1, 1938, to September 15, 1939, relating to the attitude of Canada in the event of an outbreak of hostilities between His Majesty and any other power.

When the motion was adopted the order was extended to cover a period subsequent to September 15 sufficient to complete the correspondence in reference to the particular matters referred to.

I would say that the reason for the delay in bringing down this return is that the consent of the government of the United Kingdom and the consent of the government of Australia and New Zealand had to be obtained before we felt at liberty to table the correspondence. That consent has now been obtained, and the return which I have just made includes all the correspondence.

Previous to September 1, 1939, the government of Canada was kept informed of international developments in the usual manner. As the crisis approached in the summer of 1939 there were consultations between the United Kingdom and Canadian authorities through the United Kingdom high commissioner at Ottawa and the Canadian high commissioner in the United Kingdom.

I think hon. members will find this return most interesting and of historic interest, inasmuch as it relates to the attitude of Canada at the outbreak of hostilities between His Majesty and the German Reich. There are only eight telegrams in all; they are not very lengthy, and I believe it would meet the convenience of hon. members if they were printed in the *Votes and Proceedings* of the House of Commons. I ask that instructions be given accordingly.

SERVICE PERSONNEL

QUESTION AS TO CANADIAN PRESS CORRESPONDENTS BOARDING TROOPSHIPS IN NEW YORK HARBOUR

On the order for motions:

Hon. DOUGLAS ABBOTT (Minister of National Defence): Yesterday in my absence the leader of the opposition asked, in view of the fact that press representatives were not allowed on the *Queen Elizabeth* at her recent visit at New York, whether steps would be taken to allow such representatives to board ships arriving in future in New York with returning Canadian service personnel. Perhaps I can best answer that by explaining what steps were taken to have them allowed on board this time. I was advised two or three days before the ship was due that the regulations at New York did not permit of press representatives being allowed on board. They had been, of course, when the ship called at Halifax. I asked the quartermaster-general to endeavour to get that ruling changed. He was not successful. We then took it up through our minister at Washington. He discussed it with the war department and with the department of state. The United States war department and state department said that they would waive their objections: they had no objection to the rule being changed so far as Canadian press men were concerned, although it might involve some difficulty with United States newspaper men who were not allowed on their transports. However, the owners of the ship, the Cunard-White Star line, were not prepared to allow the regulation to be changed, and therefore it was not possible for Canadian newsmen to go on board.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT, 1932

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance) moved the first reading of bill No. 241 (from the senate) to amend the Canadian and British Insurance Companies Act, 1932.

Motion agreed to and bill read the first time.

Mr. MAYHEW moved the second reading of the bill.

Mr. BRACKEN: Mr. Speaker, before the bill receives its second reading perhaps the Minister of Veterans Affairs will say something with respect to procedure on the second reading of senate bills. It was indicated a day or two ago that the procedure that had been followed was not to have discussion on second reading of these bills. It seems to me we should have an explanation at some stage of these bills before giving them second reading.

Hon. IAN A. MACKENZIE: (Minister of Veterans Affairs): I believe the practice of the house in days gone by has been that these senate bills should go first of all to the committee for discussion and then come back to the house. Personally I think there should be an explanation of any senate bill before it passes this house.

Motion agreed to and bill read the second time.

FOREIGN INSURANCE COMPANIES ACT, 1932

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance) moved the first reading of bill No. 242, to amend the Foreign Insurance Companies Act, 1932.

Motion agreed to and bill read the first time.

Mr. MAYHEW moved the second reading of the bill.

Mr. BRACKEN: A day or two ago, Mr. Speaker, you made a ruling that it was not the ordinary procedure to have any explanation on the second reading of these bills. If that is the rule of the house, we will all accede to it, but the Minister of Veterans Affairs agrees with me that there should be some explanation before giving the second reading to the bill. We know nothing about it.

Mr. SPEAKER: I do not think I said that there could be no debate on the second reading of a bill coming from the senate. I said that it was not usual to have a debate on the second reading, though the motion is debatable.

Mr. BRACKEN: Then I have a suggestion to make with regard to such bills coming to us in the future. I do not ask for any long explanation, but I think the house should be informed as to the general character of any such measure that is laid before us.

Mr. MACKENZIE: I am in complete agreement with my hon. friend.

Mr. MAYHEW: I regret that I am unable to give any more extended explanation than is to be found in the bill itself. The minister is not in the house and I was not able to discuss it with him. A general explanation appears in the bill as follows:

This amendment will make available to foreign companies for the purpose of vesting assets in trust as security for Canadian policy-

holders a class of security in which Canadian companies are permitted to invest under paragraph (b) of subsection one of section 60, of The Canadian and British Insurance Companies Act, 1932, as amended. The subparagraph inserted recognizes a statutory charge upon assets and a record of continuous payment of interest on the obligations secured thereby as equivalent to the forms of security set forth in the preceding subparagraphs of the paragraph.

Motion agreed to and bill read the second time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

USED BEER BOTTLES

Mr. BLACK (Cumberland):

1. How many empty or used beer bottles have been collected in Nova Scotia by the wartime prices and trade board, or under its authority, yearly to November 1, 1945, and sold: (a) in Nova Scotia; (b) elsewhere?

2. By what individuals or firms were sales and deliveries made, and what was the quantity and cost to each buyer?

Mr. MAYHEW: Yearly figures regarding the number of empty or used beer bottles collected in Nova Scotia under authority of the wartime prices and trade board are not readily available. The following information covers the period beginning December 11, 1942 (effective date of wartime prices and trade board order A-505 restricting the sale and distribution of used beer bottles in the provinces of Nova Scotia and New Brunswick) and ending May 10, 1945 (the date on which the order was rescinded):

1. (a) Sold in Nova Scotia—352,303 dozen pints, 1,356,038 dozen quarts; *(b) Sold elsewhere—255,272 dozen pints, 1,088,447 dozen quarts.

2. Name of Buyer	Doz. Pts. Purchased	Price	Purchased Doz. Qts.	Price
Olands	166,402	$46,592	677,058	$304,676
Keiths	185,901	52,052	678,980	305,541
Labatts	97,698	27,354	339,886	152,948
N.B. Brew	75,752	21,210	287,986	129,593
National Brew	27,389	7,668	175,993	79,196
Red Ball	25,913	7,255	135,901	61,155
Canadian Brew	22,439	6,282	120,182	54,081
Molsons	6,081	1,702	28,499	12,824

*Permits issued under order A-505 to Consumers Bottle Company, Sydney, Nova Scotia, and to Provincial Bottle Exchange, Halifax, N.S.

BONUS OR SUBSIDY ON WOOD FUEL

Mr. BLACK (Yukon):

1. When was payment by the government of bonus or subsidy on wood fuel in Canada commenced?
2. During what period was it paid?
3. What department of government made such payments?
4. At what rate was it paid?
5. What was the total amount so paid to wood dealers in Yukon?
6. Up until what date will amounts so earned be paid?
7. What proceedings is an applicant required to take to obtain such payments as yet not made?

Mr. MAYHEW:

1. Subsidies authorized by P.C. 3465, April 29, 1943, and subsequent orders in council have been payable, subject to varying conditions on wood fuel delivered to a dealer or held for his account on and after March 5, 1943. (By P.C. 7802 dated Oct. 6, 1944 subsequent payments of subsidy were restricted to wood fuel delivered to or held for a dealer's accounts after Sept. 30, 1945.)

2. Subsidies have been payable, subject to varying conditions, since the passage of P.C. 3465, April 29, 1943, and continue to be payable.

3. Commodity Prices Stabilization Corporation Ltd. on the directions of the timber controller (originally the coal controller, followed by the wood fuel controller during the successive periods in which wood fuel was under their respective jurisdictions.)

4. Subject to certain limitations, subsidy was payable at the rate of $1.00 per standard cord of 128 cubic feet on wood fuel contracted for and cut on or before Dec. 31, 1944, and delivered to a dealer or held for his account on and after March 5, 1943. (By P.C. 7802 dated Oct. 6, 1944 subsequent payments of subsidy were restricted to wood fuel delivered to or held for a dealer's accounts after Sept. 30, 1945.)

Subject to certain limitations, subsidy was payable on wood fuel as described above covering such portion of the wood fuel dealers' transportation costs as the timber controller might specify.

Subject to certain limitations, subsidy is payable to wood fuel dealers on the certification of the timber controller on such transactions and in such localities where, in the judgment of the timber controller, a subsidy or bonus is necessary, having regard to the costs of production and transportation, to get the

necessary quantity of wood fuel produced and transported. The rate at which such subsidy is payable is specified by the timber controller in each individual case.

5. To Sept. 30, 1945, subsidy amounting to $2,158.45 has been paid to wood fuel dealers in the Yukon.

6. No final date for the discontinuance of subsidies on wood fuel has yet been established.

7. To obtain a subsidy a dealer must apply to the regional wood fuel officer, Vancouver (British Columbia and Yukon) for an eligibility, giving full particulars of his anticipated costs of purchase and of handling the particular lot of wood in question. If, in the opinion of the regional wood fuel officer, such wood is really required and a subsidy is necessary, the eligibility will be granted. Then when the dealer has bought and moved that wood to his yard or delivered it to his customers, he must apply for the agreed subsidy stating the exact costs incurred and attaching to his application evidence in the shape of receipts that such expenditures were actually made. The necessary forms are supplied by the regional wood fuel officer.

Subsidies, varying according to the needs in each particular instance, are payable to licensed wood fuel dealers:

(a) in the discretion of the timber controller;

(b) where there are definite shortages of wood fuel in consuming centres;

(c) where, without such subsidies, dealers are unable to obtain wood, bring it to such consuming centres and sell it to consumers there within the price orders.

CHALK RIVER ATOMIC ENERGY PROJECT

Mr. BRUCE:

1. What has been the total expenditure in connection with the atomic energy project at Chalk River, up to the 31st of October last?

2. Has any amount been appropriated for the next fiscal year?

3. If so, how much?

Mr. HOWE: Stand.

Mr. BRUCE: May I ask if it is possible to have a reply, if not to-day at least to-morrow? This question has been standing on the order paper for fifteen days.

Mr. HOWE: I will make inquiries, and if it is possible to give an answer to-morrow I will give it.

J. G. FOGO, K.C.

Mr. BLACK (Cumberland):

1. What positions has J. G. Fogo, K.C., held with the Department of Munitions and Supply and the Department of Reconstruction?

2. At what dates was he appointed to such positions and when did he retire?

3. What was the total: (a) remuneration; (b) expenses; (c) other allowances paid him in each such position?

4. Has he been appointed a director or to any position in a wartime shipping or other crown company, and if so what positions?

5. Is this a full time job, if not what proportion of his time will be required?

6. What remuneration and expenses are payable?

7. Who are the solicitors for the crown companies in Halifax and what fees have been paid for legal services and expenses?

8. What is the name of the legal firm with which Mr. Fogo is associated in Halifax?

Mr. HOWE:

1. The positions held by J. G. Fogo, K.C., are as follows:—(a) With the Department of Munitions and Supply,—associate co-ordinator of controls. (b) With the Department of Reconstruction—None.

2. (a) He was appointed October 31, 1942 by order in council P.C. 4/11491. (b) He resigned on May 31, 1944.

3. (a) None. (b) $183.98. Travelling expenses during the term of his employment with the department. (c) Living allowance, when absent from Halifax on departmental business, paid to Mr. Fogo; 1942, $1,225; 1943, $4,825.

Reimbursed the firm of Messrs. Burchell Smith Parker and Fogo to cover living allowance; 1943, $3,575; 1944, $3,425.

4. Yes, a director of Wartime Shipbuilding Limited.

5. No; required to attend meetings.

6. No remuneration. Travelling expenses only.

7. There are no solicitors for crown companies in Halifax.

8. Burchell, Smith, Parker and Fogo.

TRAVELLERS BUILDING, WINNIPEG

Mr. ZAPLITNY:

1. Has the government acquired or leased the Travellers building, Winnipeg?

2. If so, from whom?

3. What was the total cost to the government for alterations in connection with this building?

4. What rent, if any, is the unemployment insurance commission paying (or has paid) for this building?

5. When is this building to be occupied, and by whom?

Mr. FOURNIER (Hull):

1. The Travellers building was leased for the accommodation of the unemployment insurance commission.

2. Republic Investments Limited, Winnipeg.

3. $36,580.76.

4. $26,984.00 per annum.

5. The two upper floors were temporarily occupied by the Department of National Health and Welfare since March 26, 1945, but this department is now being moved out and the unemployment insurance commission is in the course of moving into the whole building.

FOREIGN EXCHANGE CONTROL—CANADIANS GRANTED UNITED STATES RESIDENTIAL STATUS

Mr. MACDONNELL (Muskoka-Ontario):

1. How many residents of Canada have been granted a change of residential status from Canada to the United States by the Foreign Exchange Control board in the months of September, October and November, 1945?

2. What is the aggregate amount of money which has been so authorized to be taken out of Canada by such persons?

3. How many applications and for what aggregate amounts have been granted in the following categories: (a) $25,000 and under; (b) over $25,000 and under $50,000; (c) over $50,000 and under $100,000; (d) over $100,000?

Mr. MAYHEW: The following information relates to changes of residential status from Canada to all other non-sterling area countries, the large majority of which were, however, to the United States. The figures for November do nc include a relatively small number of cases dealt with by the board's Vancouver office, details of which are not yet available.

1. September, 1945—1,186; October, 1945—1,492; November, 1945—1,255; total—3,933.

Note: No permit from the foreign exchange control board is required by a resident leaving Canada with not more the $50 and the above figures do not include residents who may have left Canada for permanent residence in the United States or elsewhere but took with them not more than $50 each.

2. The values and type of assets declared by the persons referred to in paragraph 1 above and authorized to be withdrawn from Canada is given below. Information is not available as to the funds and other property actually withdrawn from Canada by such persons:

1945	Cash and bank balances	Securities	Real estate, personal effects and other assets	Total
September	$1,183,369	$ 954,720	$1,061,377	$3,199,466
October	1,390,964	712,641	1,101,746	3,205,351
November	1,037,435	762,826	1,210,090	3,010,351
	$3,611,768	$2,430,187	$3,373,213	$9,415,168

3.	No.	Cash and bank balances	Securities	Real estate, personal effects and other assets	Total
Under $25,000	3,930	$3,582,308	$2,212,187	$3,322,123	$9,116,618
$25,000 – $50,000	1	460	8,000	23,090	31,550
$50,000 – $100,000	—	—	—	—	—
Over $100,000	2	29,000	210,000	28,000	267,000

RURAL MAIL CARRIERS—WAR BONUSES

Mr. BREITHAUPT:

1. What steps have been taken by the Post Office Department to continue payment of war-time bonuses to rural mail carriers?

2. Is any action being taken by the department to embody such bonus in the regular contract of these carriers?

Mr. BERTRAND (Laurier):

1. Wartime bonuses to rural mail carriers have been paid under the authority of the War Measures Act, where the courier establishes the fact that operating costs have increased due to conditions which could not have been foreseen when he entered into his contract.

[Mr. A. Fournier.]

With the termination of the War Measures Act, these wartime bonuses must cease, but provision will be made to invite public tenders in each case where the courier is not satisfied to continue at his original contract price.

2. No. Any action to this end would be contrary to the terms of the Post Office Act.

FEED WHEAT

Mr. McCUAIG:

1. How many bushels of feed wheat were shipped from western Canada to eastern Canada in each of the years, 1941 to 1945?

2. What was the price paid per bushel by the eastern farmer in each of the above years?

Mr. GARDINER:

1.	Bushels
1941 (Oct. 20 to Dec. 31)	2,659,020
1942 (Jan. 1 to Dec. 31)	15,062,591
1943 (Jan. 1 to Dec. 31)	23,709,366
1944 (Jan. 1 to Dec. 31)	22,524,602
1945 (Jan. 1 to Nov. 30)	18,908,138

2. Because of different conditions of sale, grades of wheat—whether whole, ground, bagged, et cetera, the price paid per bushel by all eastern farmers is not assessable.

The cash price for wheat of official feed grade in store Fort William-Port Arthur showed the following range:

	High per bushel
1941	.65½
1942	.80⅜
1943	1.04
1944	1.04
1945	1.04

	Low per bushel
1941	57½
1942	64
1943	74¼
1944	1.04
1945	1.04

From September 11, 1942, wheat used exclusively as feed for live stock in eastern Canada was subject to a rebate of 8 cents a bushel. This rebate was increased on November 11, 1943, to 25 cents a bushel.

EGLINTON HUNT CLUB PROPERTY, TORONTO

Mr. FLEMING:

1. What use is being made of No. 1 I.T.S. property, formerly known as Eglinton Hunt club, Toronto?

2. What use or disposal of the property is intended for the future?

3. Is the property for sale?

4. If so: (a) in block or in parcels; (b) at what price and on what terms; (c) through what agency, if any, has it been listed for sale?

Mr. GIBSON (Hamilton West):

1. No. 1 Composite training school and the Institute of aviation medicine are located at this site. Spare accommodation is used to handle any overflow of R.C.A.F. personnel in Toronto area. Air cadet squadrons have the use of the facilities at this unit in the evenings.

2. Present plans call for the retention of this site for the continuance of the Institute of aviation medicine and also to serve as a urban headquarters for Toronto auxiliary squadrons.

3. No.

4. N.A.

CAPE ISLAND, SHELBURNE COUNTY, N.S., BRIDGE

Mr. GILLIS:

1. What surveys were made in past years, and what reports are on record in connection with a bridge from Cape Island, Shelburne county, Nova Scotia, to the mainland?

2. How much did the government spend on the construction of this bridge, and in what years was the expenditure made?

3. Was work actually begun on piers or abutments?

4. If so, are these still standing?

5. When and why was the work discontinued?

6. What action is the government taking towards building this bridge as a post-war project, or on any other basis?

Mr. FOURNIER (Hull):

1. This matter has been investigated and given consideration, and it has been definitely established that the project is in connection with highway communication within the province and is therefore a matter for the attention of the provincial government.

2, 3, 4, 5 and 6. Answered by No. 1.

SENATE AND HOUSE OF COMMONS

ALLOWANCE OF $2,000 TO MEMBERS OF PARLIAMENT FOR INCIDENTAL EXPENSES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following resolution.

That it is expedient to present a measure to amend the Senate and House of Commons Act to provide for payment of an allowance to every member of the Senate and House of Commons for expenses incidental to his duties as a member at the rate of two thousand dollars per annum for the period during which he is a member, payable at the end of each calendar year and subject to a deduction equal to one-half of the amount of deductions, if any, from the member's allowances in respect of sittings of the house of which he is a member during such year, and to provide that in the case of ministers of the crown, of the Leader of the Opposition in the House of Commons, and of members of the Senate the amount of such allowance shall be deemed to be taxable income; and to provide further that such measure shall be deemed to have come into effect on the sixth day of September, one thousand nine hundred and forty-five.

He said: As my colleague the Minister of Veterans Affairs (Mr. Mackenzie), in leading the house last night, announced at the close of the session, in bringing forward this particular motion I desire to substitute it for one which is already on the order paper as order No. 7. Hon. members will notice that order No. 7 relates only to members of the House of Commons. The resolution now presented is in more complete form and has reference to members of the Senate as well as members of the House of Commons.

May I say a word with respect to the circumstance that the resolution should have appeared on the order paper in the first instance with reference only to members of the House of Commons.

When the resolution was placed on the order paper in the form in which it was it represented the only decision which had been arrived at by the government up to that time with respect to allowances to members of parliament for expenses incidental to their duties as members of parliament.

It was obviously desirable that there should be discussion with members of the senate before deciding on what should appear in resolution form with respect to members of that house. I did not have any opportunity to have a discussion with members of the upper house before leaving for England, and subsequently visiting the United States. When my colleagues in the government saw that I would be returning sooner than was expected at the time I left, it was decided by them to leave over discussion with representatives of the senate until after my return. When I returned I found a great many matters demanding urgent attention, and it was not possible for me to arrange to see representative members of the senate immediately. I took the first chance I had to discuss with some of the senators the position of members in the other house in respect to the expenses incidental to the discharge of their duties, and I have since gone more fully into the matter with representative members of that house. The measure which I now bring before the house is one which in its more complete form will, I think, commend itself to members of both houses of parliament—at any rate, I sincerely hope that that may be so.

At this late stage of the session, Mr. Speaker, I may have to ask the house for its unanimous consent to allow me to proceed a little more rapidly with consideration of the motion now before us than might otherwise be the case. When the orders of the day are reached I shall ask that the house allow the motion No. 7, which is now in its possession, to be withdrawn and the order to be discharged. I make that intention known immediately so that we may be in a position to discuss the resolution that now appears under government notices of motion.

With respect to this notice of motion I would say that His Excellency the Governor General, having been informed of the subject matter of this resolution, is pleased to recommend it to the consideration of the house.

With the permission of the house, I would now ask that the necessary steps be taken to proceed at once in committee with the resolution in order that I may have an opportunity of introducing the bill immediately. I should think that all the discussion that may be necessary can be had on the second reading of the bill. If the house will give its unanimous consent to this procedure, I shall see that the bill is introduced this morning with the understanding that discussion upon it will not take place before to-morrow.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, with respect to the remarks of the Prime Minister in regard to the discharge of item No. 7 on the order paper, may I say that this party will be very glad to approve of its being done. With respect to the further procedure regarding this new resolution, may I ask the Prime Minister if he desires to proceed further to-day than reaching second reading?

Mr. MACKENZIE KING: I have just indicated that we would go on with second reading of the bill to-morrow. All I desire to do now is to introduce the bill and have it given first reading.

Mr. BRACKEN: Then, Mr. Speaker, I understand the Prime Minister desires that we should get past the several stages of this resolution this morning and up to second reading of the bill.

Mr. MACKENZIE KING: Yes.

Mr. BRACKEN: In the event that the house approves that procedure, and since the members have not seen a copy of this bill, I respectfully suggest that we might proceed up to second reading without being expected to take part in any debate.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I say that I approve the procedure outlined by the Prime Minister and by the Leader of the Opposition. So far as we are concerned there will be no objection to facilitating the progress of the bill, provided that there is some discussion on the second reading.

Mr. ANGUS MacINNIS (Vancouver East): I do not agree with that. I take the position that anything I have to say on the resolution itself I am going to say, but I shall not hold it up.

Mr. SOLON E. LOW (Peace River): Speaking for this group I will say that we are prepared to facilitate the discharge of No. 7 from the order paper and to allow this resolution to be substituted therefor. We have no desire to hold up the proceedings at this stage.

Mr. H. W. HERRIDGE (Kootenay West): I take the same position as the hon. member for Vancouver East. Anything I have to say I shall say on the resolution.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. MacINNIS: I rise just for a moment to say that I am opposed to this measure. I cannot conceive of anything more unwise for this parliament to do at a time when the affairs of the country are in such a state as they are, and when this house has failed to take any action which would relieve the present distress of the great mass of the people of the country, than to pass this resolution. The distress is increasing daily, and we have done nothing in the house to alleviate it. We have failed to deal with old age pensions and with increasing unemployment. Veterans in my own city of Vancouver are unemployed by the thousands. I consider therefore that this action by this House of Commons is a colossal impudence.

Mr. COLDWELL: In view of what has just been said I too feel that I must say something, although I did not intend to do so. I fully appreciate the remarks made by my colleague, the hon. member for Vancouver East. All of us in this group at least, and I think throughout the house, feel exactly the same way about the condition of the people generally in the country, and if I thought that the defeat of this resolution would bring relief to these people I would support the opposition to it. But obviously their condition will not be helped by members of parliament remaining in the position in which they have found themselves over a period of years. Some members of parliament I know are moving into further debt and having their work made ineffective by the care that has been put upon them in that respect. In the early days of our parliamentary history the House of Commons was looked upon as a place where gentlemen met; as the best club in London, and perhaps—I do not know about Canada—as the best club in Ottawa. Fortunately for democracy that day has gone, and there are members in this House of Commons now who of necessity must give all their time to the business of the country, meet unusual expenses, and who are expected to get by on an amount which in the past has been altogether inadequate. That, I think, is particularly true of some of us in this group.

Mr. POULIOT: In the old times members of parliament were elected by rotten boroughs.

Mr. COLDWELL: Yes. In view of what my hon. friend has just said I should like to point out that I am not only speaking for this group in this house. One year ago there was a national convention of my party to which was forwarded a resolution from quite a small local, where there are no members of parliament, no members of our national executive, and no elected representatives of that constituency sitting in this group. I should like to place that resolution before the house. It read:

> Whereas it is desirable and necessary that our elected representatives be sufficiently remunerated by the receipt of an income adequate to the calls made upon them;
>
> Therefore be it resolved that this convention declare itself in favour of a higher indemnity than allowed by the present government after the payment of income taxes.

That was not prompted by any member of parliament; it came from a district which is quite out of touch with our members. So when I speak here this morning I feel that I am speaking not only for a majority of my colleagues but for the rank and file of the movement as expressed in a resolution passed at the national convention held last December in the city of Montreal.

Mr. HERRIDGE: I just want to say that I am opposed to this resolution, because the allowance is not taxable, and because of its being extended to members of the other place. I will deal with these matters at greater length when we come to second reading.

Mr. POULIOT: I respect the views of my colleague. Some may differ with us; they are not many, but it is their view and they have a right to it. But they are wrong, because the indemnity received by members goes back to their constituents; it goes to hotels and transportation companies for trips for which we pay from our own pockets, though they are for the benefit of our constituents. A member who does not touch the pork barrel cannot possibly live on an indemnity which by taxation has been reduced to $2,800. It is not now a question of ethics. The real question is obvious: shall it be possible for poor men to remain in politics, or shall politics become only the realm of the rich? The hon. member for Rosetown-Biggar, the leader of the C.C.F. party, spoke very well, but perhaps he did not catch my remark when I said that in olden times members of parliament were elected by rotten boroughs. That was before the reform bill. At that time they were elected by a handful of people, and the common people had not the right to say who should be their member. That member apparently was

the tool of a marquis or a duke or the owner of a large property, and the common man was ignored until the reform bill came along. But surprisingly enough in that land of contrasts, those were the top days of parliament. Precisely when members of parliament were elected by rotten boroughs, parliament reached its peak in England.

Well, this does not reflect Canadian conditions of to-day. I say to you, Mr. Chairman, that some hon. members have been incurring debts while in politics. It is a fine gesture to say we will not touch it or that it should not be exempt from income tax. I remember the first lady who was elected to this house. In a very indignant mood, the first time she received $4,000 she went to her bank and obtained a certified cheque for $2,000 to the order of the Receiver General of Canada and said, "We are paid too much; $2,000 is enough. I will return $2,000 to the exchequer." She did that only once. At the time it was a fine gesture, giving money back to the exchequer. Why should we do that when we have to borrow more money from the bank? Let us be sensible, sir. The constituents of every member of this committee of the whole know very well what a member has to pay for: all sorts of celebrations; bazaars; wreaths; wedding gifts, and so on. They expect it; they think each member of parliament is a press making money.

Mr. MacINNIS: Baloney!

Mr. POULIOT: I wonder why my hon. friend calls it baloney. Perhaps he does not give anything to his electors, but that is his own business.

Mr. MacINNIS: I give them service, not presents.

Mr. POULIOT: I respect my hon. friend's views, but let him also respect mine; otherwise I will say something to him. I am not speaking for the gallery; I am stating my case. I remember that once when I was sitting in the other corner there and we were discussing certain matters affecting ourselves, I spoke of members who were poor. Some gentlemen who are now in the senate, and who are very dear friends of mine, did not object to that; it was true. But another hon. gentleman who was my deskmate did object. He thought we should not say anything like that, that we should keep up appearances and never admit we were poor. Why pose as wealthy when we are not? And if we are not, it is precisely because we have done our duty. We have not touched the pork barrel; we have gone into debt just to serve our constituents.

The indemnity is not a salary; it is just a compensation for what we lose by sitting here for such long periods of time. I will not labour the question, Mr. Chairman, though there is much more I could say. Let us be sensible; let us be honest with the people. I am sure no hon. member will receive letters of protest, except from perhaps one or two of his constituents who are not familiar with the conditions that exist to-day.

Mr. COCKERAM: I am in complete agreement with this increase, but at the same time I should like the Prime Minister or the Minister of Finance to agree that industry should be allowed to increase the wages of their salaried employees, which they have not been permitted to do for some time.

Mr. MACKENZIE KING: I had not intended to speak on the resolution but since others have made some comments perhaps I should say a word as to the obligation I have felt in the matter of introducing this resolution. I speak now more particularly to hon. members who have come into the house since the last session, the last parliament in fact. Hon. members who were present at that time will remember that before the end of the session I stated that I thought the allowance paid to members of parliament was wholly inadequate, having regard to their increased obligations, the changed situation in the world, and the corresponding enlargement of their duties since the allowance had been previously fixed.

It was twenty-five years ago that parliament sanctioned its last increase in allowances to members of parliament. In the last session of the last parliament I said I should like to see an increase made at once, before the close of the session. I gave as a reason something which I since have had reason to believe was sound indeed. I pointed out that it was necessary to have in parliament, in these days, men of wide experience, men of known character and ability, men who were prepared to give a considerable portion of their time to the study of questions, as well as to speaking upon them. I pointed out further that, with the obligations of the members being what they are, it was becoming increasingly difficult to get the desirable type of persons to stand as candidates for the different parties. When I say this I am not referring to any one party, but to all parties.

I said at that time that I did not know what the fortunes of the political parties might be in the general election. I was not at all sure at that session that I would be standing where I am at the present time. I was not sure at that time that to-day I would even be where

my hon. friend the leader of the opposition (Mr. Bracken) now sits. But I said that, in parliament or out of parliament, I would publicly advocate an increase in the allowances to be paid to members of parliament, and that this would be done for the sake of parliament itself and for the independence of individual members of parliament. I am now fulfilling that undertaking. May I add that the undertaking was made before the general election, and that during the campaign I repeated what I had said. I did so because I have a very high opinion of the institution of parliament. It is the most important of all the institutions in our country; no other is comparable with it. Those who come to parliament as members have not only the obligations of legislators, but also of trustees of the financial and other resources of the country.

When the allowance was last increased the total appropriations of parliament were $568,939,431. In the last three sessions the appropriations were not in millions but in billions and were as follows: In 1942-43, $4,343,738,428; 1943-44, $5,540,668,592, and in 1944-45, $5,179,483,114. In addition to that, at the time the allowance to members was last decided upon, in 1919-20, discussions in parliament related almost completely to matters of domestic concern. They dealt only to a limited extent with international affairs. That condition is not comparable at all with what we have to-day. In these days the whole of the discussions in parliament are on a very much vaster scale than anything known hitherto. And they are not going to become less. I venture to say that every question of real importance to-day has an international bearing and cannot be considered apart from its international bearing. I go further and say that our discussions already have demonstrated that we are dealing in large part with world problems. Every member in the house has been considering or discussing questions relating not to Canada alone, but to the world situation; and we are not going to go back, so far as discussions of the kind are concerned. New problems will become increasingly difficult and complex, and will require more in the way of careful study and application of conscience on the part of all who are entrusted by the country with the discharge of public affairs.

Mr. POULIOT: And time.

Mr. MACKENZIE KING: Yes; my hon. friend has referred to time. I had occasion to look into the amount of time hon. members sat when the indemnity was last increased. I find that in 1920 the house sat 86 days, as compared with the session 1940-42, when it sat 105 days; that of 1942-43, when it sat 124 days; 1943-44, 120 days, and 1944-45, 135 days. It will be noted that these are much longer periods of time than were customary when the last change was made.

Sometimes one hears comparisons made between the amounts received by members of parliament and salaries received by men in industry, wages paid, and the like. We heard a suggestion, very well intentioned, of one such comparison this morning. If I were to go back to my college days in search of an appropriate expression to meet any comparison I believe I would say that a member of parliament is in a position *sui generis,* that is to say, is in a position of his own; is in a class by himself. From the point of view of responsibility and opportunity combined, there is, or should be, no position held by any person in the country that can be compared with that of a member of parliament, whether he or she be in the House of Commons or in the Senate. I say that we belittle this greatest of all institutions for the preservation of liberty if in any way we seek to detract from the importance of parliament or if we do not afford to members of parliament that which will help to preserve their independence, or cause the best men in the country to enter its halls.

There are only a few members of the house who have not some business of their own, some professional or business obligations. These interests, to a considerable extent, to say nothing of family obligations, they must sacrifice while attending to the business of parliament. In these callings and professions they meet with difficulties which have to be met as if they were not serving as well the interests of the country as a whole.

I repeat, I believe the institution of parliament is the great palladium of liberty; it is the one institution above all others which can preserve freedom, it is more needed to-day than it has ever been in the world's history. A member of parliament, whether a member of the House of Commons or of the Senate, carries a burden upon his soul the like of which has never been placed upon the souls of men at any time heretofore, because it involves, as must now be clear to all hon. members, the question whether in the future we are to have life or death for mankind.

Mr. Speaker, I leave the matter there.

Resolution reported, read the second time and concurred in. Mr. Mackenzie King thereupon moved for leave to introduce bill No. 243, to amend the Senate and House of Commons Act.

Motion agreed to and bill read the first time.

WITHDRAWAL OF ORDER NO. 7 ON THIS DAY'S ORDER PAPER

On the order being called:

In committee of the whole—the following resolution:

Resolved, that it is expedient to present a measure to amend the Senate and House of Commons Act, to provide for payment of an allowance to each member of the House of Commons for expenses incidental to the discharge of his duties as a member of the House of Commons at the rate of two thousand dollars per year for the period when he is a member, and to provide further that such measure shall be deemed to have come into effect on the sixth day of September, one thousand nine hundred and forty-five.—The Prime Minister.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, this is the order to which I referred a minute or two ago. I move:

That order No. 7 on the order paper be withdrawn and the order be discharged.

Motion agreed to and order discharged.

RECONSTRUCTION AND SUPPLY

DEPARTMENT TO ASSUME FUNCTIONS OF RECONSTRUCTION AND MUNITIONS AND SUPPLY—CONCURRENCE IN SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Munitions and Supply) moved the second reading of and concurrence in amendments made by the senate to bill No. 173, respecting the Department of Reconstruction and Supply.

He said: Mr. Speaker, several amendments have been made to the bill. They fall into three classes. The first amendment is purely a revision of wording and makes no material change. The second class of amendments—there are several of them—make it clear that there is an appeal to the exchequer court from any decision of the minister. A recent judgment of the court had made that somewhat doubtful, and so the bill has been rewritten to make it clear that all decisions of the minister with reference to matters in the renegotiation section are subject to an appeal to the exchequer court.

There are two further amendments the purpose of which is to put a termination date to the period during which contracts are subject to renegotiation. A contract to be subject to renegotiation must have been entered into before the second day of September, 1945, and any bulk termination of contracts cannot be for any year later than the fiscal year that includes September 2, 1945.

That is the purpose of the amendments to the bill. Its provisions have not been weakened in any way, and I have no hesitation in moving concurrence in the amendments made by the other house.

Motion agreed to; amendments read the second time and concurred in.

The house having reverted to orders of the day:

SHIPPING ACCOMMODATION

TRANSPORTATION TO CANADA OF WIVES OF SERVICE PERSONNEL

On the orders of the day:

Mr. D. A. CROLL (Spadina): Mr. Speaker, may I direct a question to the Minister of National Defence? It was reported in the press yesterday that after December 15, the *Lady Nelson* would be used for transporting to this country the wives and other dependents of soldiers. Has the minister a statement to make on that matter?

Hon. DOUGLAS ABBOTT (Minister of National Defence): Yes. My hon. friend told me that he was going to ask this question, and I am glad that he has done so because the session will be over in a day or two and it might be well for me to state just what the position now is.

The basic policy governing the repatriation of soldiers and war brides from the United Kingdom remains unchanged. Very briefly this policy, as hon. members are already aware, is that no major movement of dependents will be undertaken until all troops who are available for repatriation, and have priority rights, have been returned to Canada. However, recent developments have now placed us in a more favourable position than was previously anticipated.

By the end of this month we shall have repatriated since V-E day slightly more than 180,000 soldiers in addition to Royal Canadian Navy and Royal Canadian Air Force personnel, leaving approximately 100,000 soldiers to return from overseas. This latter figure includes the occupation force of 25,000 and repatriation and other controlling staffs in the United Kingdom. This position is sufficiently favourable to justify our planning to allot in the latter part of January, and thereafter, an increased amount of shipping to repatriation of dependents without prejudice to the early repatriation of servicemen still abroad. The ships we propose employing for the return of dependents are our two hospital ships, the *Lady Nelson* and the *Letitia*. The *Lady Nelson* arrives in Canada on December 15 on its last trip with battle casualties. There will be, of course, a small

number of casualties to service personnel resulting from accidents and sickness, and these will continue to be returned to Canada by hospital ship; the remaining space will be made available to dependents. It is estimated that the *Lady Nelson* is capable of carrying between 200 and 300 dependents and can make about three round trips every two months.

The *Letitia* is at present in Vancouver where she is undergoing normal maintenance. She will return to England, via the Panama canal, and be dry-docked for necessary repairs and it is anticipated will be available for transatlantic runs about the end of January. We plan on employing this hospital ship in the same manner as the *Lady Nelson.* The *Letitia* can accommodate approximately 400 dependents, and can also do about three round trips in two months.

At the moment a strong possibility exists that in addition to these two ships at an early day we will be able to divert the *Lady Rodney* to carrying dependents. This ship was recently taken off the Newfoundland run and is now employed on troop carrying. The *Lady Rodney* has a capacity for approximately 250 to 300 dependents.

I wish to point out here that the carrying of dependents presents different problems from those incurred in the carrying of troops, and only certain ships are suitable for repatriating war brides with any economy of carrying capacity. Ships which carry dependents must have additional stewardesses and other ship staffs. They must be stocked with crockery and have suitable dining facilities; and in addition have different sanitary arrangements from those provided on our troopships.

The government is, and always has been, fully aware of the desirability of returning to Canada the dependents of Canadian soldiers at the earliest possible moment consistent with the rights of service personnel having repatriation priority. It therefore affords me no little pleasure to be able to inform the house of this shipping which is being made available at an earlier day than had hitherto been considered possible.

Mr. LOCKHART: May I ask a supplementary question? There is no particular delay, I hope, in repatriating compassionate cases?

Mr. ABBOTT: None whatever. They are being handled exactly as in the past. We have been continually bringing over a certain number in this class.

Mr. LOCKHART: I asked the question because I understood that there was some hold-up of compassionate cases.

Mr. ABBOTT: None whatever.

TRADE AND EMPLOYMENT

CANADIAN REPRESENTATION AT INTERNATIONAL CONFERENCE IN 1946

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I had wished to direct a question to the Prime Minister, and I am sorry that he has gone, but perhaps the Minister of Veterans Affairs will bring the question to his attention?

It arises out of the statement made by the Prime Minister yesterday morning in tabling certain documents, one relating to the loan made by the United States to the United Kingdom, and I think also a white paper issued by the United States government containing among other things, a proposal for an international trade conference likely to be called in the coming summer. Has the government of Canada received an invitation from the United States government to attend such a conference; and whether or not it has received such an invitation, should such an invitation be received will the government give favourable consideration to making its delegation to the proposed conference a non-partisan delegation rather than one representing only the government itself?

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I shall be very glad to direct the Prime Minister's attention to the question of my hon. friend, and possibly it may be answered later in the day.

INCOME WAR TAX ACT

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 234, to amend the Income War Tax Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Contractual annuities.

Mr. ILSLEY: I should like to make a statement to the house regarding this proposed amendment relating to the taxation of annuities. The committee may recall that when we were discussing the resolution on which the amendment is based I stated that the question of defining the capital element to be excluded from annuity payments for tax purposes was a very complicated one. The amendment I am now proposing to the bill which is before the committee is simpler and, at the same time, more generous to the taxpayer than the existing provision in the bill.

The amendment which I am now submitting provides that the capital element to be

excluded from annuity payments shall be based on either the commuted value of the annuity at the time it begins or the amount which the annuitant could, under the contract, have chosen to receive in lieu of the annuity if this amount is stated in the contract.

I should like to point out that the main problem that has had to be faced in connection with annuities is the possibility in certain cases of tax avoidance if the commuted value or optional lump sum payment is used, as is proposed in this amendment, as the basis for excluding the capital element in annuities. The possibility of abuse is in connection with deferred annuities where a large lump sum payment is made for an annuity to begin many years in the future, and the annuity may be an annuity certain for a very few years. Under such an arrangement a person would, in effect, secure tax exemption on the interest earnings of this large amount of capital which would have accumulated over the period of deferment. Possibly I have in my own mind exaggerated the importance of this danger, but I did not feel justified in presenting to the house legislation which would be subject to criticism along the lines I have just suggested. I think, however, that the proviso at the end of the amendment I have just moved will be a sufficient safeguard against the tax avoidance possibilities in the device I have just mentioned. The proviso states that notwithstanding this provision (meaning the provision relating to the exclusion of the capital element from annuity payments) the minister may, in any case in which he considers it proper to do so, exercise the powers conferred on him by subsection 2 of this section.

Subsection 2 just referred to states as follows:

"Where, under any existing or future contract or arrangement for the payment of money, the minister is of the opinion

(a) that payments of principal money and interest are blended, or

(b) payment is made pursuant to a plan which involves an allowance of interest,

Whether or not there is any provision for payment of interest at a nominal rate or at all, the minister shall have the power to determine what part of any such payment is interest, and the part so determined to be interest shall be deemed to be income for the purposes of this act."

This section gives the minister power to deal effectively with any tax evasion which might be prompted through the somewhat generous provision with respect to the taxation of the interest element in annuities.

[Mr. Ilsley.]

I had better read the amendment and send copies to those who are interested in the bill. The amendment is:

That the following be substituted for paragraph (b) in lines 9 to 30, page 1:

(b) annuities received under a contract (other than payments described in paragraph (c) of this subsection) except a portion of each amount received thereunder that bears the same relation to the whole amount as the amount that the annuitant could, under the the contract, have chosen to receive in lieu of the annuity or, if no such choice is provided by the contract, the present value (computed in such manner as the minister may by regulation prescribe) of the annuity at the time of commencement thereof, bears to the aggregate computed in the case of an annuity for life on the assumption that the annuitant will live during the period of his normal expectation of life (calculated in accordance with mortality tables approved by the minister) of the annuity for which the contract provides:

Provided that this provision shall not be construed to prejudice the operation of subsection 2 of this section.

Mr. MACKENZIE: I move accordingly, Mr. Chairman.

Mr. ILSLEY: Is a further explanation desired for this?

Mr. JACKMAN: No—a further understanding.

Mr. MACDONNELL (Muskoka-Ontario): Am I correct in understanding that this is really designed to meet a difficulty which some people thought existed in the original subparagraph (ii) of paragraph (b) of subsection 1, particularly relating to the words "the amounts paid exclusively for the annuity", and that the words here, "the amount the annuitant could, under the contract, have chosen to receive in lieu" are now put in as applying both to annuities received in case of death and annuities received not in the case of death? In other words, those words are now considered to apply to both cases?

Mr. ILSLEY: That is correct; and the amendment goes further than that, because the people that the hon. gentleman is referring to are interested in their own annuities that they are selling, and their suggestions of a change would have meant that annuities sold by insurance companies, which always have the option of a lump sum payment, would have received one kind of tax treatment and annuities sold by the government would have received a less favourable one because there is no such option. I did not think that that was right, and so now we have gone the whole way and we have said that, whether there is a choice or not, you take the commuted value of the annuity as the capital element; and if you do that and just stop there you

have opened the door pretty wide to a danger which I outlined in the remarks I made a while ago.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister say a word as to the proviso in the last three lines? I am not sure that I fully appreciate that.

Mr. ILSLEY: I read the proviso. The proviso enables the minister to deem certain payments interest, even though they are not called interest, and treat them as taxable income.

Mr. MACDONNELL (Muskoka-Ontario): Where is the minister reading from?

Mr. ILSLEY: Subsection 2 of section 3 of the Income War Tax Act, inserted a few years ago, provides:

"Where under any existing or future contract or arrangement for the payment of money, the minister is of the opinion

(a) that payments of principal money and interest are blended, or

(b) payment is made pursuant to a plan which involves an allowance of interest; whether or not there is any provision for payment of interest at a nominal rate or at all, the minister shall have the power to determine what part of any such payment is interest and the part so determined to be interest shall be deemed to be income for the purposes of this act."

Is that sufficient?

Mr. MACDONNELL (Muskoka-Ontario): Yes.

Mr. JACKMAN: How will the section be administered? How is the individual to be able to file the tax return in the usual period allowed for that purpose?

Mr. ILSLEY: Is the hon. gentleman speaking about the annuitant beginning to receive the annuity?

Mr. JACKMAN: Yes.

Mr. ILSLEY: He will doubtless be advised by the company or the government that is paying the annuity of the rules that will apply, because he will have to be advised of the part of the annuity which is capital.

Mr. JACKMAN: The grantors will send out notices?

Mr. ILSLEY: I am sure they will. That would be the normal mode of operation.

Amendment agreed to.

Mr. MACDONNELL (Muskoka-Ontario): I wish to raise a question in regard to subparagraph (g) at the top of page 2, which reads:

All annuities and other annual payments received under the provisions of a will or trust ...

What I wish to draw particular attention to is line ten:

... except a payment or portion thereof which can be established by the recipient not to have been paid out of the income of the estate or trust.

I am questioning the words "can be established", because I think they may go a very long way, and I have an alternative to suggest. Perhaps it is familiar to the minister, but I want to make this comment, which I think is a valid one. This is in aid not of the big man, but of the small man, because the small annuitant can never go to the expense of trying to have the question determined, since the amount involved is not large enough. I will read the alternative so that the minister can decide whether it is satisfactory. It seems to me to be proper, and I press strongly the significance of those words "which can be established by the recipient". They put all the onus on the recipient, and that involves a great deal of difficulty. The alternative I have to suggest is this:

except that portion of the annuity payment or other annual payments received under the provisions of any will or trust which is derived from the income of the estate or trust irrespective of the date on which the will or trust became effective, whether the same is received in periods longer than or shorter than one year.

In other words, the only change is to remove the onus from the recipient. That onus can be a very heavy one.

Mr. ILSLEY: The onus was put on the recipient to cover a case something like this. Suppose there is an estate, the income from which is $10,000. The testator does not know exactly what the income of his estate is going to be, but probably he assumes that the income will be more than that. He leaves eleven annuities of $1,000 each. Now each annuitant will claim that his $1,000 came, not out of the $10,000 but out of capital. They will all claim that their annuities came out of capital. There is $1,000 there that has to be accounted for.

Mr. JACKMAN: Somewhere.

Mr. ILSLEY: Yes. There are eleven annuities, and, as I say, each will claim that his annuity comes out of capital. That has to be settled among themselves or by the executor or someone else. It cannot be left to the minister, because it will mean that the minister would have power to decide the question. If you gave the minister discretion he would apportion it, and say that a small portion came out of capital with reference to each annuity. It has to be left to the people themselves, the trustee or the executor of the estate to say where that extra $1,000 came

from, whether from capital or income. It must be settled by them. The minister cannot run around trying to prove that it came out of income rather than out of capital. It was to cover a case such as that that the burden was put on the recipient, and it is not a heavy burden.

Mr. MACDONNELL (Muskoka-Ontario): In the first place, I think the minister will agree that the case he mentions is not a usual one. In fact it is fairly remote. In the second place, after all, the wording I suggest simply means that the people themselves will have to establish what the truth is. They cannot simply make a statement without evidence. "That portion of the annuity payment or other annual payments received under the provisions of any will or trust which is derived from the income of the estate or trust" is a matter of fact. I am satisfied that the minister, as a lawyer, or a reformed lawyer, will agree with me that when you put that onus on the recipient it can create a very substantial additional burden. It is not a case of hair-splitting. I submit that what it does do is to put a substantial additional burden on those who already have a heavy burden to carry. They would just come along and say that it is from the income without giving any reason to substantiate it. They are taxed with this heavy onus which can be established by the recipient.

Mr. ILSLEY: Unless we have a clause like this the executor does not need to say anything, does he? He has an estate out of which he has to pay $11,000 a year. He just pays $11,000 a year. The income there might be $1,000 a year, but if he says nothing and does not need to say anything, who in the world can say which annuitant drew the money out of capital? This makes him say, and he must say. In the absence of this he does not need to say anything at all; he just pays out the $11,000 a year and he leaves it to the minister. The minister starts to tax somebody because it came out of income, and each one he starts to tax says, "No, mine came out of capital." The minister says, "Why do you say it came out of capital?" The man says, "I do not need to say anything about it; you have to show it came out of income." You cannot show it came out of income because there was not enough income. That is the position we are trying to avoid. It is not a great burden for any of those people. All they need to do is to show that they got the annuities out of income. Where the annuities are greater than the income I suppose they will arrange it so that the person with the largest income got the annuities out of capital, because they save more taxes that way.

Mr. McMASTER: This is a case that will arise often. Either it should be made definite here or it should be left to the minister, because the executor has no power to deal with it. The only occasion I know of on which power like that is given to an executor is where a trust company have power under a will to allocate certain amounts paid for repairs between the life tenant and the reversioners, but they have no power to do anything except pay out money in the case of an annuity. This question will arise in the first instance in every case when the executor files the form which is prepared a month before the other forms are filed. He will say that so much income came from the estate, and on the back he has to show where it is allocated. He has to say that so much went to John Jones and so much to William Smith, and so forth. After he does that he lists the total amount of the income, and if he shows less than the total amount of the income the department immediately gets after them and makes somebody else pay the difference. He will have to do it in some way or other, or simply make a statement as to how it is paid. I submit that the executor must be helped by appropriate legislation. In the case of a deficiency it will be allocated against the different people who are interested in it, because you cannot get them all together to agree to it. Some of them may be in California, some in Vancouver, some in Toronto. They will not agree to it. The executors have no power. I believe this either can be covered by legislation or can be left to the minister.

Mr. ILSLEY: I think they will agree to it. If they do not agree, they will have to pay taxes on the whole thing.

Mr. McMASTER: That seems an easy way out of it.

Mr. ILSLEY: It is not an easy way out of it to give the minister power to allocate.

Mr. McMASTER: We are willing to do that.

Mr. ILSLEY: I do not think the hon. member's colleagues are willing.

Mr. McMASTER: I think so.

Mr. ILSLEY: It is giving another discretion to the minister.

Mr. McMASTER: The people who are handling estates have enough trouble without throwing this additional burden on the executors. It could be covered by an appropriate clause or by leaving it to the minister.

Mr. ILSLEY: We believe this is the best way to get at it. It avoids giving the minister another discretion, and it really puts some responsibility on the beneficiaries in these rare cases. There will not be very many of them. They will come to some agreement, because if it is not established the whole thing is taxable.

Mr. McMASTER: I really think the minister should meet these objections. Thousands of such cases are coming up every day. Surely we can assist the executors and everybody else. In the long run it would be assisting the minister. Why not put in a clause covering that? We have never found the taxing officers anything but fair; at least I have not. By appropriate legislation we should assist the executor when he makes out the original form. We could do it here in five minutes.

Mr. ILSLEY: No; it is an invidious sort of power to invest in the minister, to ask him to choose certain persons or to say that the annuity comes out of income and they are fully taxable. We should not be asked to say to one individual that his comes out of income and to another that his does not. The burden to establish that should be on the people who are seeking tax relief. At the present time these annuities are fully taxable. They are being relieved of taxation to the extent that they come out of capital. Year after year we have had representations, if not in this House of Commons, outside of it, that it is wrong to tax annuities if they come out of capital. We have said: In those numerous cases how can we tell whether they come out of capital or not? That was just the trouble. In these cases we can let them find out and establish that it came out of capital, and then it is not taxed. I think it is perfectly fair.

Mr. JACKMAN: I hesitate to raise this question again, but this is my first opportunity to do it. I refer to certain government annuities which, under this section, will be subjected to tax to which I believe they should not be subjected. Annuities were sold by the Department of Labour and its representatives to Canadian citizens. The number who purchased them, according to the Ives commission report, totalled something over 100,000. Of that number those who are interested in the particular aspect of the case to which I wish to draw attention probably number some 40,000 of our citizens, who with their families undoubtedly number over 100,000 Canadian people.

These government annuities were sold prior to June 25, 1940. In some cases they may have been paid for in full up to the maximum amount of $1,200. In other cases the agents for the Department of Labour said: You may take out whatever amount is convenient for you now. The amounts stipulated ran from $100 to $600, as the case may be. They were told that they had the right at any time to enlarge the contract up to $1,200, and that the annuity would be tax free. When I said the other evening that the representatives of the Department of Labour made such statements the minister challenged my words. I find that there can be no contradiction of my remarks because these agents of the Department of Labour did go about the country and sold 100,000 or more annuities on that assumption. In proof of that statement I shall point to a booklet which was put out prior to June 25, 1940, called "An Old Age of Comfort and Happiness." On page 12 of this booklet, printed by the king's printer, I find the following:

> The advantages of Canadian government annuities. A Canadian government annuity is the safest investment you can make. The security of the whole dominion is behind your purchase. It is free from dominion government taxation. It is payable for life.

And so forth. This is the printed evidence on which these annuities were sold. What evidence is there that one has the right to enlarge the annuity? If one looks at the contract, for instance, he finds that there are certain conditions printed on it. It says:

> If desired this contract may be matured at an earlier date than specified therein on any anniversary of the date of issue, the amount of annuity being adjusted accordingly, provided that the minimum annuity of $10 a year has been purchased.

I may say that that bears relation not so much to enlarging the annuity to $1,200 as to maturing it at an earlier date than originally suggested in the contract. However, there can be no doubt that the applicant for the annuity was given the right to enlarge that annuity under the same terms and conditions as those to which he originally subscribed. I will read again from an application form on which I see the wording in ink "June 16, 1936," and the address of the agent of the Canadian government annuities branch. It says:

> ... and with the understanding that such an annuity will in any event be granted to me as the total amount paid in by me improved at four per cent compounded yearly will purchase at the rates in effect at the date of this application, the same not to exceed $1,200.

I mention that as tying the government down to the rates, and again I refer to the government publication, printed by the king's

printer, in which these annuities are stated to be free from dominion government taxation. In 1940, however, the matter undoubtedly came to the attention of the income tax department. I think it may have come to its attention before that, because I believe one agent in Winnipeg sold some of these contracts on representations which were not desirable and had a great many people subscribe to them with nominal payments, though the practice probably was not as general as the minister may have believed. So in 1940, when the income tax rates became very high and it might have been possible for certain people who held these contracts for small amounts to enlarge them and thereby obtain a substantial advantage, much greater than they had ever contemplated prior to the war because no one foresaw that within a few short years the income tax rates of this country would be about equal to those in Great Britain, section 5(k) was passed by this house. At the time I drew the attention of the minister to this matter, and I thought I had made a blunt statement, though I did not speak with any fervour at all, when I said the minister had broken the word of the Dominion of Canada. At that time I understood him to agree, as *Hansard* for that day records; I quoted the sentence the other evening. The minister now claims he did not understand it, and even challenges my suggestion that the agents of the Department of Labour had made these representations in regard to annuities being tax free, which undoubtedly was the case. Section 5(k) went on to say:

> ... provided that such exemption shall not extend to that portion of the income which exceeds the amount of the annuity actually specified in the contract before the 25th day of June, 1940 ...

That is to say, if you had subscribed for a $600 annuity, you could not enlarge it to $1,200. Then quoting again from the act:

> ... where such excess amount arises by reason of any option or contractual right to enlarge the annuity income by the payment of additional sums or premiums, unless such additional sums or premiums have actually been paid before the said date;

In order to break the warranty or the contract of the government with the citizens of the country it was necessary that this house actually say, in the budget brought down at that time by the minister, that notwithstanding any option or contractual right we would do so and so. Well, surely if you have a contract to purchase 160 acres for a farm, and have an option to purchase the adjoining 160 acres, the option is as much a part of the contract as is the original purchase; there is no question about that. However, I did not want to make very much of the point at the time. In the first place the country needed the revenue, and in the second place I had no doubt at that time where the equity lay. I thought it lay primarily with the government, because people had taken out annuities for small amounts, and with the great increase in income tax rates there was a tremendous unexpected advantage to the annuity holder. Nevertheless I say as solemnly as I can that it is my belief that the Minister of Finance, or whoever was responsible for it, did break the word of the dominion government in that regard to a great many of our people.

That is the first matter I wish to speak about, having to do with the enlargement of these annuities taken out prior to 1940, which right was taken away and the contract and word of the government broken in 1940. Now, however, I come to a matter which to me has much greater contractual significance, and where the equity lies not with the government but surely with the annuity holder. There were many, I estimate around forty thousand, annuity holders who took out these contracts, let us say, for the maximum of $1,200 prior to 1940, to mature perhaps twenty or thirty years later. Now, or some time in the near future, they wish to mature those contracts by paying in a sufficient amount of capital to enable them to draw their $1,200, which according to the terms of the contract were to be at the same rates, and according to the representations made and well understood by everyone, to some extent so well understood that they are protected as to the amount paid in by the government in its legislation; that is, they were sold on the understanding that the income was to be free from dominion government taxation.

Well, after that legislation came down in 1940 some people had doubts as to whether they would be entirely free of tax in connection with these annuities taken out prior to 1940, even though they had stipulated for $1,200. Letters were written to the annuities branch of the Department of Labour asking whether or not these contracts had been prejudicially affected. The replies came back that the contracts which stipulated for $1,200, taken out prior to 1940, were in no way prejudicially affected. Letters to that effect will be found in the files of the annuities branch; and, if I am correctly informed, at that time an opinion was given by the Department of National Revenue that such annuities which stipulated for the maximum of $1,200 would not be taxed if they were made immediate. Section 5 (k) speaks of "enlargement" and

the question apparently was whether or not making an annuity immediate, the maturing of it, was an enlargement. From what I can understand, the first opinion given was that it was not an enlargement, and that any person holding a $1,200 annuity could pay it up in full. Then apparently there was a change of heart, probably because income tax rates were becoming steeper and apparently necessity knows no law, even when the dominion government is concerned in the case. So we find that the annuities branch issued a ruling in regard to income tax concerning these annuities, under date of July 10, 1944, in which they said:

> However, exemption from income tax, shall not extend to that portion of the income which exceeds the amount of annuity—

I emphasize the word "amount" because it is the point at issue.

> —actually specified in the contract—

There is only one amount specified in the contract, and that is $1,200.

> —before the 25th of June, 1940, where such excess amount of annuity arises by reason of any option or contractual right to enlarge the annuity income by the payment of additional sums or premiums unless such additional sums or premiums have actually been paid before the said date.

That ruling referred to the amount actually specified in the contract. That surely can mean only one thing; that is, as set out on the face of the contract. This announcement by the superintendent of annuities on July 10, 1944, was followed by one from the same branch of government on September 1, 1944, which was changed in wording and which did not make the same reference to the amount stipulated on the face of the contract.

Correspondence has also been had as to the contract, and such statements as these were made:

> The contract may be converted into an immediate annuity to begin at an earlier anniversary date of the contract. Deposits may be made irregularly, and if a sufficient amount is deposited the date of maturity of the contract would be automatically brought forward.

In respect to the whole matter the holder of the annuity gained only one impression, and that was that contracts prior to 1940 were tax tree as to the stipulated amount, and that they could be matured at an earlier date if so desired.

I do not wish to say much more on the matter. The minister did not seem to be too familiar with all the details in connection with annuities when he spoke the other evening. A document which he recommended is, I find, a most interesting one—and I hope he has read it himself. I would refer to the first page of part I of the royal commission on the taxation of annuities and family corporations, 1945. It states:

> The complaints and criticism of a considerable number who had purchased government annuity contracts prior to 25th June, 1940, when the present section 5 (k) of the act came into force, and who had contractual rights therein to increase their annuities as their savings permitted, were strong and severe. They contend that they had no knowledge of the proposed change in time to protect themselves, but a much greater number complained that they purchased their annuities from the crown on the assurance of the department and its salesmen, and upon the statements in literature distributed by the government that the annuities they were invited to purchase would be exempt from all federal taxation.

Mr. NICHOLSON: For all time?

Mr. JACKMAN: Until the annuities expired. They were sold on a distinct basis, and people who bought these bought them instead of other investments. That is why I say the dominion government has broken its bond, that it has broken the word of the Dominion of Canada in this regard. I do not believe there can be any contention to the contrary.

Since I made certain statements the last occasion the matter was before the committee, friends of mine and those with whom I have been associated, who have the utmost confidence in the word and integrity of the Minister of Finance—and perhaps also in my word —cannot believe that both the minister and I can be right in this matter. The responsible minister states on the one hand that the dominion government has not broken its word, while I contend that it has. And yet we find in the report of this royal commission the very proposition I am now putting before the committee.

Let me read the final sentence in the report of the royal commission, which I believe is as strong as any words I could use. That final sentence is this: "They feel that they have been betrayed by their government."

Mr. ILSLEY: But the commission does not say so.

Mr. JACKMAN: I am reading from the summary of the evidence, and I should like to correct any wrong impression I might have created. This is the summary of evidence compiled by the commissioners, the evidence upon which the commission has reported. These are the complaints and criticisms of the holders of the annuities.

Mr. NICHOLSON: Did the commission say that?

Mr. JACKMAN: They have not said anything about it, because it was not within the

sphere of their reference. They say that they took evidence. There are a great many citizens in Canada, for whom I speak at the present time, who feel that their government has betrayed them.

Mr. ILSLEY: Mr. Chairman, I deny, as I did before, that the government has broken its word in this matter. I deny that there has been any betrayal. I can understand that there were certain purchasers of options—because that is really what they were—to increase annuities if they wished. The government was bound, but they were not bound to increase. I can understand that. These purchasers of options, when they found that this would be a very desirable form of investment into which they could put their money, felt that they would take up these options and put their moneys into annuities which would be totally free of taxation. Then they found that there had been a change in the law, so that they could not do that. But surely we carry out our contract with them when we permit them to enlarge their annuities. That was our contract.

Mr. JACKMAN: It is not the same annuity at all.

Mr. ILSLEY: Our contract with them was to sell them an enlarged annuity. The contract had nothing in it about taxation. But surely if a person who is not bound at all, but who merely has an option to put his money into an enlarged annuity, chooses later to enlarge his annuity, he must take that enlarged annuity subject to the taxation prevailing at the time he enlarges it.

Mr. JACKMAN: Whether they were fully paid annuities, or annuities with contractual rights, makes no difference. Surely it makes no difference whether a contract is a contract for a sale of goods, or a contract expressing an option or a right in the future. Both are valid in law. There is no question as to whether one has value and the other has not value. The option has just as much value as any contract in business. Will the minister say that these contracts, or options—call them what you like—were not sold by representatives of the government with the clear understanding that they, and their enlargements, if you wish, would be free from dominion government taxation? Does the minister deny that this is a booklet issued by the dominion government? I point out that it bears the king's printer's imprimatur. They were sold under warranty; there is no question about that.

[Mr. Jackman.]

Mr. NICHOLSON: The hon. member for Rosedale has laboured this point for some time. He did so when the resolutions were before us, and has done it again to-day.

Mr. JACKMAN: And I will labour it again.

Mr. NICHOLSON: If the hon. member were minister and if he were introducing the legislation he is now advocating, would that be his plan? Even though there were salesmen who gave certain undertakings with those who entered into this contract, certainly the government did not assure those persons who made purchases that there never would be any change in the income tax laws. I think the hon. member for Rosedale was right when, during the war, he did not press his point.

The CHAIRMAN: Shall the section carry?

Mr. JACKMAN: No. The minister has not said whether what I have said is or is not true. He said the other night that he would not let me off easily, after I had made my charge. I never expected to be let off easily, and I intend to stick to this matter until justice is done—even if I have to labour it from now until kingdom come. I will call it one o'clock.

Mr. MACKENZIE: The hon. member does not call it one o'clock; the chairman does that.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. JACKMAN: Just before the committee took recess we were discussing the taxation of dominion government annuities. I believe the principle at stake to be a very important one, first because there are so many of our citizens who hold these annuity contracts, something over 100,000, I believe, and second, because the Dominion of Canada has had a record for integrity which is unblemished. As we have seen, the dominion government at this session has gone to considerable lengths to reinstate the credit of one of our provinces which, owing to dire circumstances, had to make an adjustment on its bonds.

The minister still does not admit that there was a breaking of the government's word. Should it be shown that there was a breaking of the government's word, as I have endeavoured to indicate on several occasions by presenting the facts of the case; if the government is free to break its word in regard to contracts of its own making, it is quite free to break contracts in connection with government bonds and arbitrarily lower the rate of interest or otherwise do what it will. If that should come about, or the impression should gain ground that the dominion government is not

to be relied upon, the credit of our country would suffer, and the cost to the country of its financing in the future would be very great.

To bring this matter to a head I would ask the Minister of Finance three simple questions which I think go to the heart of the matter. If he answers them as I think the facts indicate they should be answered, I will rest the case there for the present. Will the minister, having regard to the evidence which I have brought before the committee, admit that in the result these government annuities were bought through misrepresentation by the agents of the dominion government in regard to the future of government taxation?

Mr. ILSLEY: The answer is no.

Mr. JACKMAN: The minister will not admit that, notwithstanding the fact that the government booklet has it in printed evidence, that the annuities branch of the Department of Labour admits that its members went about advertising these annuities as free of tax, and that the contractual element in regard to the option is also as valid in law and as binding on the dominion government as is the main part of the contract itself. The minister apparently does not admit that there was any misrepresentation in the sale of these annuities. I have already placed before the committee the report of the evidence tendered to the royal commission known as the Ives commission.

May I ask the minister a second question? Was there sufficient evidence of the existence of an optional or contractual right on the part of the holders of these annuities or annuity contracts purchased prior to 1940 to make him feel that it was necessary to pass section 5 (1) (k) of the Income War Tax Act of 1940, whereby the rights of annuity holders were done away with, even though the act itself says:

> . . . provided that such exemption shall not extend to that portion of the income which exceeds the amount of the annuity actually specified in the contract before the twenty-fifth day of June, 1940, where such excess amount arises by reason of any option or contractual right to enlarge the annuity income by the payment of additional sums or premiums, unless such additional sums or premiums, have actually been paid before the said date.

It is strange that parliament, exercising its sovereign power to do what it will, found it necessary to say that even though there might have been an optional or contractual right, that right no longer existed so far as this act was concerned.

Mr. ILSLEY: It did not say that.

Mr. JACKMAN: Why was that put in, may I ask?

Mr. ILSLEY: That simply said that if the right to take up the option was exercised after the passing of that act, the option would have to be taken up in the light of the new dominion conditions. It did not deny the right to take it up.

Mr. JACKMAN: No notice was given to the holders of the option or contractual right to take up their option. The minister was just saying that there was an option or contractual right under certain conditions; he said the element of taxation did not apply to it. Yet I have shown him the government's literature in connection with this matter, which clearly shows that the government agents in their own printed matter held out the representation that it is free of tax. The minister still refuses to admit it. I submit the evidence, Mr. Chairman.

The third point is this: Where there are two rulings given by the Department of National Revenue in regard, not to the enlargement of the contract from a smaller amount to the maximum of $1,200 but to the amount of the contract for whatever sum is stated—perhaps six, perhaps twelve hundred dollars. After section 5(1)(k) was passed in 1940 stating that these contracts could be matured at an earlier date than that specified on the face of the contract through the annuitant using his right under the option clause which is embodied in the contract, was there a ruling to the effect that the maturing could not be subject to tax? Then was there later a ruling given that any maturing of the contract beyond the amount stated on the face of the contract would be taxable? If so, have there been two rulings? And what is the position of those who matured their contracts subsequent to June 25, 1940, up to the present time? Some people operated under the first ruling, and now a second ruling of the Department of National Revenue, I understand, has been given. Will the minister clarify that situation?

Mr. McCANN: The answer to the hon. gentleman's question is no. The rulings in the main have been consistent. There may have been some slight adjustment or variation, and it is possible that some official may have written a letter which was not in consonance with the ruling of the department.

Mr. JACKMAN: What the Minister of National Revenue has stated is not quite good enough. I asked a simple question; was there a ruling by the department that the maturing of a contract even subsequent to June 24, 1940 was not taxable, and then at some subsequent time another ruling that

a maturing of such a contract was taxable? There are two questions to which the minister may answer yes or no.

Mr. McCANN: I do not think that I can enlarge on the answer which I have given the hon. gentleman. It would be utterly impossible to examine into letters which have been written by any or every employee of the department. But the answer still holds, that in the main the ruling has not been changed, but it may have been subject to some minor adjustment.

Amendment agreed to.

Section as amended agreed to.

On section 2—Reciprocal shipping and aircraft income tax exemptions.

Mr. FLEMING: With regard to the amendments appearing at the top of page 3, and being a part of section 2, I take it that these have reference to definitions which have not yet been adopted by the house but will be submitted in connection with the bill to amend the National Housing Act. Is that correct? I have in mind paragraphs 3 and 4.

Mr. ILSLEY: That is right. The National Housing Act amendments have not yet been passed. There was an order in council using these terms and making clear exactly what they mean, and the same definitions will be carried into the National Housing Act of 1944.

Section agreed to.

On section 3—Deductions for superannuation or pension fund.

Mr. MACDONNELL (Muskoka-Ontario): I wish to ask the minister a question with regard to the hardship—I think it is a great hardship—wrought by these amendments, if I understand them correctly, with regard to a considerable number of pension funds which have been set up pursuant to the rights reserved in section 5, subsection 1, paragraph (h) of the act. As I understand it, the effect of this is that in a good many pension funds which have been in effect, and where payments have been made, the rights to receive a pension tax-free are now being drastically cut down. I should like the minister to tell me if I am stating the fact correctly, and whether he does not agree that in a large number of funds which have been in operation for a considerable period of time, this drastic cutting down of rights is causing serious injury to the funds. If so, is it in his opinion necessary that this be done?

[Mr. Jackman.]

Mr. ILSLEY: With regard to persons who have been contributing to funds under the existing provisions of the law, their position, at the time when they receive their pensions, is changed by this legislation, in respect of taxation. In some cases it is improved and in some cases it is made worse. I think that the treatment, subject to something which I am about to say with reference to the whole question of apportionment on a cash basis, is perfectly fair. But it would be idle for me to deny that it is changed.

Take the case of a pension fund which elected to receive its investment income free of tax. That is the class of cases under the subsection which the hon. gentleman mentions. The consequences flowing from that in the past have been these. The contributor, the employee, is not entitled to deduct his contributions to the fund from his income for taxation purposes, but when the time comes for him to receive his pension he gets his pension free of income tax. That is being changed. In the future it will not be possible to set up funds like that at all. The income of the fund will be free of tax, but the pensioner, the contributor, in every case will be entitled to deduct his contributions from his income for tax purposes and he will be taxed in full on his pension. That will be the case with regard to pension funds which are set up in the future. With regard to the past there is apportionment, and the question is, on what basis the apportionment should be made. Now, the basis laid down in the act is this. We take the proportion of the total contributions to the fund which were paid in during the period when the contributions were not deductible by the employee, and the proportion which those payments in bear to the total payments in is the proportion which will be applied to the pension for tax purposes. So when the pension comes out, that proportion is applied and part of the pension is free from tax and part is taxable.

Various alternative plans have been suggested. One was to make the apportionment on a time basis rather than on a cash basis. That has much against it. Another plan was to give some weight to interest payments, which would involve actuarial calculations, and that would be the fairest basis. I have prepared a statement to deliver to the committee on these problems, and perhaps I should read it.

The purpose of paragraph (h) under subsection 1 of the section, on page 4 of the bill, is to define "a portion", or more strictly "a proportion" of a pension which shall be tax-free in the hands of the recipient employee

or his dependents, because the employee, in making contributions to the pension scheme, has not been permitted to deduct some or all of his contributions from his income for tax purposes. Such deduction of contributions from income could not be made in the case of pension funds where the trustee or corporation in charge of such funds has elected in the past to have the income from the investment of the funds exempt from taxation. In other words, under paragraph (h) of the act as it has been up to date, there have been some pension funds where the contributor was taxed on the contribution when it went in, and in return was allowed to receive a portion of his pension free from tax.

We are now changing the law in accordance with the recommendations of the royal commission to make all contributions to the pension plan deductible from income for tax purposes and to provide in general that pension payments shall be subject to tax. In order to be equitable, however, it is necessary to make an allowance for pensions which the employees have earned through contributions which could not be deducted from income, and to allow them a corresponding proportion of the pension free from taxation. This paragraph in the bill is intended to do that. The proportion of the pension which is to be free of tax is defined as equal to the proportion which the aggregate of the amounts of the contributions paid by the employee, which he was not entitled to deduct from his income, forms of the total contributions paid by the employee.

This basing of the proportion on the amounts paid under the one system and the other is the same principle which has been in the law for some time in paragraph (h) of subsection 1 of section 5 of the act. It has been necessary for some time to have a principle of this kind to cover cases where the status of contributions is changed by reason of the pension plan coming under the section after some period on the other basis.

My attention has been called to the fact that the principle on which this apportionment has been made and will be made under the law as we propose to amend it, while relatively favourable to older employees, who will be retiring shortly, is relatively unfavourable to younger employees who will have some period under the new system before retiring. The reason for this is that the formula we have been using, and which we propose for the time being to continue to use, includes accumulation of interest on contributions made to the fund and therefore weights all contributions equally in determining the tax-free portion of the pensions; whereas, strictly speaking, the earlier contributions are of more importance in earning the pension rights for the employee, because they accumulate an interest over a considerable period.

It has been suggested that we should offer an alternative formula which would take this factor into account. Such a formula, however, involves the introduction of certain actuarial principles and in its administration would require some actuarial investigations in connection with funds and payments out of them.

I have not been prepared to introduce this alternative system at this stage, but I am prepared to consider an alternative of this kind in the future. I understand that the present proposal would not work unfairly in the immediate future and therefore there will be an opportunity for further consideration of the appropriate formula and preparation for its administration.

I am told I said that the actuarial-calculation method would be the fairest. I do not think I should admit that. It is alleged by some that it would be fairer than the application of the straight apportionment on a cash contribution basis. Certainly it would be preferred by many to the present arrangement. I do not know whether the point the hon. gentleman has in mind is the one I have covered.

There are pensions in connection with which employers have made by far the largest part of the contribution to the fund and where employees have been contributing perhaps for only a year or two. If the trustees of the fund made the election provided for in the law as it is at present, those employees would be entitled to receive their entire pension tax free, provided their contributions were all made after that election.

Mr. MACDONNELL (Muskoka-Ontario): And they pay the taxes.

Mr. ILSLEY: They pay the taxes themselves. If we are talking on the basis of fairness, however, that arrangement is not fair to the crown, because the employer may have made a very large contribution to cover fifteen or twenty years in the past. If the employer is a taxpaper he is allowed to deduct that contribution from his income for his tax purposes and it goes into the fund without any cost to the employee, because the employee did not pay it. That is not a case of the employee making contributions over that period and nevertheless paying income tax on them. After a certain date, all he needs to do under the law as it stands at present is to make one contribution. So long as he makes one contribution he is entitled to draw his pension. If he makes one contri-

bution after the date of election he is entitled to draw a pension for the rest of his life and not pay income tax on it, although he never suffered any deduction except one during his lifetime in respect of his payments in. But he gets that income free of tax on the way out.

My hon. friend will say, Well, that is what the law gives him at the present time, and you must not take away from him anything that the law gives him. But if we cannot alter the expectations of pensioners in respect of those plans, we cannot do any of this. Take the case of a certain bank. I shall not mention any particular one, but the employees of the bank that I have in mind have been paying income tax on the entire amount of their incomes without the deduction. They had the expectation that they would receive their pension tax free. From now on we are going to tax at least part of their pension. That is an alteration of their expectations; it is an alteration of what might be called their rights; it is an alteration of what would be their rights if we did not change the law, but I do not think that we can ever put this on an optional basis.

Mr. HOMUTH: They did not think that the law would be changed.

Mr. ILSLEY: We cannot put this on an optional basis for every employee in Canada. It is a change in the tax system which on the whole is fairer than the old arrangement, and is recommended by the Ives commission as a good thing to do. Take the case that I put a while ago. It is entirely indefensible from the standpoint of the treasury and the taxpayers as a whole.

Mr. MACDONNELL (Muskoka-Ontario): That was exceptional.

Mr. ILSLEY: What has been brought to my attention is the case where there have been about fifteen years of contribution covered by the employer and two years contribution by the employee, resulting in a hundred per cent exemption of tax of the employee in expectation. That expectation is being frustrated by this change, but the employee is being treated perfectly fairly. For the years that he did make a contribution he will get credit during the pension period, but for the years during which he did not make a contribution he will be taxed on his pension.

Mr. HOMUTH: His contribution was in labour.

Mr. ILSLEY: No. If it had been represented in money he would have paid taxation on it. The whole reason why he is tax free on his pension is that he pays taxes on his contribution.

Mr. MACDONNELL (Muskoka-Ontario): If we are considering now what would be fair, as the minister has fairly stated many people will be deprived of what might be called their expectations, or, but he added, "what might be called their rights." That is a fair way to put it.

Mr. ILSLEY: I said, what would, but for this change in the law, have been their rights.

Mr. MACDONNELL (Muskoka-Ontario): I think the minister said, "what might be called their rights." I wrote down what the minister said.

Mr. ILSLEY: The hon. gentleman did not take down the rest of it. I said, "what would be their rights if the law had not been changed.

Mr. MACDONNELL (Muskoka-Ontario): Actually this means a grievous change in the expectations of a substantial number of people. Instead of getting tax free the pension which represents, as the minister has so fairly pointed out, not only their own payments but the payments of the employer, they are going to get only the exemption in respect of their own payments.

Mr. ILSLEY: And the employer's contribution during those years in which they make payment. It must be borne in mind that they get the benefit of that as well.

Mr. MACDONNELL (Muskoka-Ontario): Let us face the facts. So far as these people are concerned there was a firm commitment that is now being taken away. I am not arguing that there must never be a change; I am not arguing that governments must never change their tax system because it is going to hurt people's expectations. But surely you must have regard to the existing situation. I admit that there is a certain regard being had for the proportion which is allowed here, but let us take a case similar to that which the minister mentioned. A pension has been set up for older employees. The firm makes substantial contributions to take care of the past, and the employees begin to put in their own contribution. They pay income taxes on their own contributions and look forward to the time when their pensions fall due, believing that they will be tax free. This makes a drastic change in their set-up and alters the whole picture. In order to accept this new situation, must we work this grievous change

on these people? Can we not accept the situation which has existed and make a sort of easement out?

I am not referring to individual cases; what I have in mind is making such provision that those pension funds which have existed can run on and be eased out in some manner other than the one suggested here. The easement the minister is suggesting is practically no easement at all. There is a hardship. I suppose the minister will argue that when there is a change in the tax system there is always a hardship. I earnestly suggest that here there is a terrific hardship on a large number of people who are coming to the time of retirement, and their whole expectation, their whole future, will be turned upside down. Nothing less than that is happening to them, because a man who is just coming to his retirement age and who has been figuring on getting an income which is probably none too large to begin with, will find himself in a difficult position. He will have to do some close figuring anyway. His pension may be $1,800, $2,000 or $2,500. If that is taxed at the present rate it upsets his whole expectation in the future. The minister has agreed that the expectation is a legitimate one. These men have been working toward it for years. Can the minister say that such a drastic and grievous upset in the expectation cannot be avoided?

Mr. ILSLEY: Certainly there is nothing unfair about the method of taxation that is being imposed, except to the extent that perhaps something other than a cash basis should be considered, what is called an actuarial basis; but that does not meet the point of the hon. member.

Mr. MACDONNELL (Muskoka-Ontario): Surely the minister will agree that when this was set up it was no doubt argued, perhaps even by him, that that arrangement was a fair one, and people have acted on it for many years.

Mr. ILSLEY: I cannot do any more in this bill than I have done. There has been endless discussion about this from everybody who gets worse treatment. The ones who get better treatment as a result of this are not heard from. It is a fair way of treating them, subject to the qualifications I mentioned, that perhaps weighting should be given to the interest. Between now and the next budget I should be willing to give consideration to this. I cannot make any change in this bill.

Mr. MACDONNELL (Muskoka-Ontario): Is the minister saying that he intends to give consideration to putting in the qualifications, which will be comparatively small, or is he saying that he will give consideration to the broader point which I have raised?

Mr. ILSLEY: Divide it on the basis of employer contributions as well as employee contributions.

Mr. MACDONNELL (Muskoka-Ontario): I mean consideration of the fairness of bringing to an end the arrangement whereby the pensions were to be enjoyed tax free. That is what I am suggesting; in other words, 5 (1) (h).

Mr. ILSLEY: Yes, I should be willing to give consideration to that between now and the next budget. I do not know what we can do. I would not offer much hope that we can make any change except in the one respect I have mentioned, but I am willing to give it consideration. I do not see what we can do except go the whole length of giving every employer an option.

Mr. MACDONNELL (Muskoka-Ontario): I appreciate the difficulty. I also appreciate the minister saying that he will give it consideration.

Mr. JACKMAN: Certain companies really do not have a tax bracket; they are merely trustees, as it were, and therefore there is no substantial exemption if they are allowed to make contributions. The minister may know certain classes of companies of that sort, financial companies and so on. If both the employer and the employee make contributions to the fund, and both pay tax on their respective contributions, when the money is drawn out by the beneficiary is it taxable or non-taxable?

Mr. ILSLEY: The employer never pays tax on his contribution, as far as I know.

Mr. JACKMAN: The employee would be the ultimate beneficiary, but the whole fund is built up by contributions from both the employer and the employee on which tax has been paid. Ultimately the employee benefits. Under these resolutions would that be taxable or non-taxable? The fund is created from tax-paid moneys on the part of both contributors.

Mr. ABBOTT: Moneys which have not been claimed as a deduction for tax purposes.

Mr. JACKMAN: Yes.

Mr. ILSLEY: It always is claimed as a deduction by the employer. It is a cost of doing business.

Mr. JACKMAN: It is in connection with an approved plan, but I am thinking of one case in particular. Possibly it is not worth

while claiming the exemption because it is such a small part of the total cost of operation. The fund is built up entirely of tax-paid contributions. When the beneficiary gets the benefit under the retirement plan is the amount taxable or non-taxable?

Mr. ILSLEY: Is the hon. gentleman talking about plans that are not approved?

Mr. JACKMAN: Yes.

Mr. ILSLEY: If it is an approved plan the employee pays on the whole thing; he pays on the whole income without the deduction, or he should. On the other hand the employer could claim it as a deduction, could he not? I should think the employer would make that deduction as a cost of doing business.

Mr. JACKMAN: Suppose he does not care whether or not he gets it. I am only interested in the beneficiary.

Mr. ILSLEY: Then the question is what happens to the pension when it is paid. It is fully taxable, is it not?

Mr. JACKMAN: Suppose he has gone through the formality of obtaining approval from the minister, but without any request for tax deduction on the part of the employer, and certainly none on the part of the employee. Would there be any freedom from taxation on the amount ultimately going to the beneficiary?

Mr. ILSLEY: If he obtained the approval?

Mr. JACKMAN: Yes. I do not know what good the approval would do except to qualify it under some section.

Mr. ILSLEY: The approval has this effect, that the employee may deduct the contributions from his income for tax purposes.

Mr. JACKMAN: But when he gets the money it is taxable?

Mr. ILSLEY: It is taxable in any case, any money he receives, apart from these apportionment cases. You are talking about a fund that starts now, and pensions are all taxable from now on.

Mr. McMASTER: I should like to call the attention of the minister to something which may result in hardship to employees many years from now. A man may have paid in to a pension fund for ten years; he may not get his pension for another thirty years. Unless there is something in the rules and regulations which will enable him to get a statement up to date, he will not know how much was paid in before this new act came into force. It is the employee who will have to deal with the department, and unless he knows what he has paid in up to now he will never be able to make a statement. In the past it has not been important to keep track of what he has paid, but some regulation should be passed now providing that employers will have to give statements as to the contributions to date of the different employees.

Mr. ILSLEY: Surely he could get a statement from the trustees of the fund. The fund has to know how much he has paid in order to know how much to pay him in the way of pension. I do not think there would be any trouble about getting that information.

Mr. PROBE: Assume that an employee has contributed to a regular employees' pension fund for a period of years and then leaves the employment under which he was eligible to contribute that superannuation money; but the terms of the agreement between employer and employee were such that he could continue to pay into that fund. Up to the present his payments have been tax free. Would they continue to be tax free up to the amount of $900?

Mr. ILSLEY: Yes; unless there is something peculiar about the case that I do not understand, that normally would be so. The whole scheme of this new legislation is that the contributions are tax free.

Mr. PROBE: But he is no longer in that employment.

Mr. ILSLEY: I would not like to be too final about that if he does not continue to be an employee. I shall have to give the hon. gentleman an answer later.

Mr. PROBE: He is still eligible to obtain superannuation under that plan.

Mr. ILSLEY: That would be a matter of agreement between the employer and the fund.

Mr. FLEMING: Under section 14 of the bill the increase in the deduction to $900 becomes effective only with the 1946 income and has no relation to the 1945 income. I am thinking of some large pension schemes under which the employee has the right to make greater payments than stipulated, for the purpose of increasing the pension he may receive on retirement. That is a valuable right for older employees who may be not far from the retirement age, especially in connection with pension funds which have been in existence for only a short time. I am thinking of one very good example, the civic pension fund of the city of Toronto. About 2,500 employees are affected by this particular proposal. The principle being sound of increasing the deduc-

tion to $900 per annum, would not the minister consider making this provision effective with say the last quarter of 1945, instead of delaying its effectiveness until the 1946 income?

Mr. ILSLEY: It would mean an apportionment of the year, that an employee could pay in up to $300 a year for the first nine months and $900 for the last three months. I think we are doing pretty well by bringing that in as of January 1, 1946. We are making a big extension of the right of deduction from income here. There are large numbers of these pensioners all over Canada, and it would be a most difficult administrative task to make all these apportionments. I do not think I should like to make a change during the year.

Mr. FLEMING: Could not some formula be worked out for the apportionment without making the calculation too complicated? This affects many employees who are rapidly approaching the age of retirement.

Mr. ILSLEY: I do not think we had better change that.

Mr. FLEMING: Then I should like to direct a question to the minister in regard to the unusual medical expenses section, in connection with which I should like to bring two matters to his attention. The first has to do with the deduction from salary or wages referred to at line 40 on page 4, where it says:

—including the salary or wages paid to one full-time attendant upon the taxpayer, his spouse or any such dependent, who was throughout the whole of the taxation period necessarily confined—

In other words, in respect of a person confined by reason of illness to a wheel chair or bed, the right to deduct wages or salary paid to a full-time attendant applies only where the person is ill throughout the entire taxation period. I take it that that means the calendar year. As for the person who is totally blind, at any time in the taxation period there is permission in the section to deduct the salary or wages paid to one full-time attendant upon the taxpayer. If the principle is sound that the person incapacitated by total blindness at any time during the taxation year shall be entitled to deduct salary or wages of a full-time attendant, why should not the principle be applied also to the person who for reasons other than blindness is incapacitated? I suggest, Mr. Chairman, the principle is sound that expense incurred in respect of the wages or salary of a full-time attendant made necessary by any form of physical or mental incapacitation ought to be included within the scope of the medical expenses to be calculated under this section.

Mr. ILSLEY: At a later time I shall give consideration to the hon. member's suggestion, but I should not like to make an amendment to this bill. Many blind people have incomes, and need attendants with them pretty steadily. On the other hand, if we allowed persons to add to their medical expenses the costs, salaries or wages paid to full-time attendants for, let us say, a month, during an illness, I believe the section would be impossible of administration. Checking would be very difficult. There would be a great opportunity to have an attendant who might be considered unnecessary. On the other hand, if the person is bedridden, or is confined to a wheel chair for a full year, there is not the same opportunity. This was intended to cover cripples, or other persons who might be permanently incapacitated.

Mr. FLEMING: If it is a sound principle to allow a deduction in respect of the wages or salary of a full-time attendant who attends a person incapacitated throughout the year, I suggest the principle should apply equally to incapacitation for part of the year. As to the matter of proof, let me point out there are many other expenses permissible under the section, and its predecessor, which are just as capable of being misused as this one might be, or as a section such as I have suggested might be. I believe methods could be found to establish proof, which would satisfy the administrative requirements of the department. I respectfully urge upon the minister that he give consideration to that matter.

Mr. ILSLEY: Does the hon. member take it that it would apply to the same attendants for the whole year?

Mr. FLEMING: No; it is a matter of incapacitation throughout the whole year. At present the patient must be incapacitated throughout the entire year before the salary or wages of a full-time attendant can be deducted. If that principle be sound, then it ought to apply to incapacitation for part of the year, because the whole purpose of the section would seem to be that of cushioning the burden of unusual medical expenses.

Mr. ILSLEY: Correct.

Mr. FLEMING: It is certainly unusual in respect of persons completely incapacitated for part of the year. That is more unusual than it would be in connection with a preson permanently incapacitated—let us say a paralytic. The principle is recognized as being sound and I suggest it ought not to be confined to the one group. It is recognized in respect of persons incapacitated throughout the whole

year and in respect of those who are blind, whether for part of a year or for a whole year. Should it not apply to those who are completely incapacitated in ways other than by blindness for part of the year?

Mr. ILSLEY: Nursing expenses are allowed.

Mr. FLEMING: Yes; but we know that often full-time attendants are required by families who cannot afford to pay for nurses. Under present rates of pay for nurses it is often necessary to retain the services of a full-time attendant who will work for a rate lower than that paid a nurse.

Let us consider the extreme case of a person who, by reason of an accident, is incapacitated for eleven months of the year, and for that time requires the full-time services of an attendant. Under this section the payment of wages to that full-time attendant would be disallowed. But if the person is incapacitated for twelve months he is allowed the full amount for those twelve months. Putting it in the mildest form, certainly that is an anomalous situation. The principle having been recognized, it ought to be made applicable to incapacitation for shorter periods, subject to proper proof to the need for a full-time attendant. I believe my suggestion is eminently fair, and I would ask the minister to consider it.

Mr. ILSLEY: I shall take note of what the hon. member has said. This section was drawn carefully some years ago. The provision was introduced by myself, and in the beginning we limited the allowances to payments made to registered nurses. We then decided that perhaps that was too narrow an interpretation, and that it should be extended to practical nurses. The question at once arose as to who might be a practical nurse. There are many degrees of nursing. For instance, one might find a domestic servant who could do something in addition to what would be considered pure domestic service, and might to some extent look after a patient. There was so little opportunity to check that that we finally decided the test would be that of having a full-time attendant throughout the entire taxation period, and that that would be a fairly good indication the person in attendance was needed for something equivalent to nursing services.

I believe the provision with respect to blind persons speaks for itself. There can be no doubt that a blind person needs the services of an attendant, and it does not make any difference whether such attendance is for a short or for a long period of time. I cannot remember exactly the considerations which were in our minds at the time, but I do know that the matter was carefully considered. I should not like to make any amendment at this time.

What happens is that hon. members will make suggestions when these matters are being considered, and then when we are preparing the next budget we have them in mind. We will remember what has been so strongly urged by the hon. member for Eglinton, and, after talking it over, we will decide whether or not a change should be made. However I would not care to do so at this time unless the matter were extremely urgent—and I do not think it is. I shall give it consideration before the next budget is brought down.

Mr. FLEMING: I should like to thank the minister. I would draw to his attention another point which arises from the last two lines at the bottom of page 4 of the bill. This permits the inclusion of an amount expended on an artificial limb, a spinal brace, a brace for a limb or an aid to hearing for the taxpayer, his spouse or any such dependent. I draw attention specially to the words "artificial limb, a spinal brace, a brace for a limb, or an aid to hearing", and I would refer briefly to aids to seeing. Under rulings given by the Department of National Revenue, persons purchasing spectacles are allowed to deduct that portion of the amount which they pay to the optometrist which represents his professional services, but nothing is allowed on the glasses which may be prescribed as necessary as a result of his examination. I fail to see why there should be any distinction made in principle between aids to seeing and aids to hearing. If you permit the deduction of the expenditure made by a taxpayer on a hearing aid, why in principle do you deny him the right to deduct what he has paid on an aid to vision?

Mr. ILSLEY: For two reasons—much more unusual and much more expensive.

Mr. FLEMING: Those may be matters that affect administration. But you have this anomalous situation. A man goes to an optometrist for an examination, who prescribes the kind of lens required to correct some defect in vision. The prescription is filled by an optician. The department permits the deduction of that portion of the taxpayer's expenditure which represents the optometrist's fee for his examination, but no deduction is allowed on the cost of the lenses, which would certainly correspond to the purchase of medicine in the case of a person requiring medicine, or an artificial limb or splint.

I do not happen to wear glasses myself, but I see that the minister does, and he has had

more personal experience. I know however from experience that the prices paid for some lenses are very high indeed, and their purchase bears heavily on families who may have inherited some eye weakness necessitating spectacles for perhaps three or four or five children in the family. No deduction is allowed, and my humble submission is that it is not fair to make this distinction which discriminates against those who require to purchase these aids to vision. Will the minister give consideration to that point? I would not raise it if I did not consider it important and a hardship to many people.

Mr. ILSLEY: So many people wear glasses that it is hardly an unusual medical expense at all. Glasses are one of those things that nearly all of us have to buy. The question has been raised many times in this house, and the deduction has never been allowed. I could mention many more articles for which just as good a case could be made out as for glasses. You could egg yourself on step by step until you included nearly everything except food and clothing, and perhaps then it would be urged that some kind of food should be included.

Mr. JACKMAN: May I make a suggestion and perhaps convey some little information to the minister in connection with this relief for unusual medical expenses? I believe that the four per cent is based on the total income before tax. When the section was first passed I remember bringing to the attention of the minister that this might result in hardship because some people with large earning power and not very much capital already have a very difficult situation to meet, particularly if while continuing to earn their large salary, with the embarrassment of income tax, they had severe sickness in the family. I suggest that the four per cent be applied on the net rather than on the gross income. When I brought this question up before, the minister replied that people with substantial incomes had usually something set aside. But I would point out that the heavy income tax and the necessity of maintaining one's way of life has exhausted the little capital which many people had. Would the minister give consideration to a change in departmental administration whereby the four per cent would be applied to the net rather than to the gross income?

Mr. ILSLEY: It could not be changed by departmental regulation.

Mr. JACKMAN: It depends on how you interpret four per cent of the income.

Mr. ILSLEY: Income is income, and I think four per cent is pretty good. It was five per cent, and we have brought it down to four; I think that is low enough.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—Amount refundable.

Mr. ILSLEY: I have an amendment to move, Mr. Chairman, that the word "less" in line 7 on page 8 of the bill be deleted and the word "before" be substituted therefor. The necessity for this is obvious. It is hardly more than the correction of an obvious error.

Mr. MACKENZIE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 8.

Mr. MACDONNELL (Muskoka-Ontario): There are two points I should like to raise in the interest of clarification—I hope it is clarification. I suggest that the word "taxable" be inserted before the word "income" in line 32 of page 8 of the bill. If I understand it aright, the income referred to would be taxable income, but as it reads now, it refers to the income of the company calculated in accordance with this act. That may have no other meaning than taxable income, but if I am right the insertion of the word "taxable" would make it clear. The next paragraph reads:

(ii) the income of the company in each of the said periods that was not liable to taxation under this act.

It has been suggested to me that that might in certain cases include capital gains, and I cannot believe that that was intended. Therefore I suggest that after the word "Act" in line 40 the following words be added: "other than income arising out of the sale or other disposition of a capital asset." That would make it clear. My suggestion is that although that is not taxable income, in certain circumstances it might be deemed income and therefore the addition of these words could only be in the interest of clarification.

Mr. ILSLEY: I shall have to take time to look at this amendment. I could not settle it one way or the other in a minute. Does the hon. gentleman want to let the section stand, and go on?

Mr. MACDONNELL (Muskoka-Ontario): That is quite satisfactory to me.

Mr. ILSLEY: If this is going on again after eight o'clock we can look at it in the meantime. But we had better just let the part headed "94" stand.

Mr. JACKMAN: What is the position with regard to earned surplus before 1917?

Mr. ILSLEY: As we propose it, the earned surplus before 1917 comes out free of tax on a winding up.

Mr. JACKMAN: Under the present law, does it?

Mr. ILSLEY: Under the interpretation of the present law. That is the way it has always been interpreted. Capital surplus of course comes out free on a winding up. Earned income, the surplus accumulated prior to 1917, if it comes out in the form of dividends, is taxable and remains taxable; and the surplus between 1917 and 1939 can come out, under the provisions of the Ives report, at these limited rates of taxation.

Mr. JACKMAN: What type of surplus will come out free on winding up? All surpluses?

Mr. ILSLEY: All capital surplus comes out free on winding up, no matter when it was accumulated.

Mr. JACKMAN: Earned surplus?

Mr. ILSLEY: Earned surplus prior to 1917 comes out free on winding up. All surplus up to date, both capital and income, has been taxable if taken out in the form of dividends. That is, the administration have not gone behind the dividend, to see where it came from; they have just taxed the dividend. Now it is proposed to change that in respect of the period from 1917 to 1939, and that is all it is proposed to do at this stage.

Mr. JACKMAN: It is fair that the surplus prior to 1917, when there were no taxes on income, should come out free on winding up; when the principal proprietor dies we do not want to wind up the company and create unemployment. The whole purpose of this new provision is to make it possible for the chief proprietor to pay his succession duties, or the estate to pay them for him. It may be that the company was largely built up prior to 1917; it may be that new developments in the industry which other competitors did not have had resulted in not very large accumulations since that time. Would it make any difference to the minister if permission at least were given to include the pre-1917 surplus under the provision of the section we are now discussing? If there is any equity attaching to the equitable distribution of post-1917 surpluses, surely it applies *a fortiori* to pre-1917 surpluses. Could the option not be given to the corporation to distribute pre-1917 on the same basis as post-1917?

[Mr. Ilsley.]

Mr. ILSLEY: That is the argument which the hon. gentleman advanced the other night when the resolution was up: and it is hard to answer, there is no doubt about that. But we are meeting a situation, and I do not want to open the door too wide or go too far. This whole problem arose from the fact that, not from the pre-1917 surplus at all, everybody I think was quite willing to wind up and start with a new company or something of the kind if he could get his surplus out tax free. They can always get their pre-1917 out tax free. What they were worrying about was their surpluses after 1917. The surpluses after 1939 are going to present another problem, which is not dealt with in this bill at all. But we are just dealing with one period here, from 1917 to 1939. For the great majority of companies, at any rate, this I think solves their problems.

Mr. JACKMAN: I am trying to collect a little revenue for the minister in this case. If they wind a company up free, the minister goes on record to this effect; he gives them the option, if they agree to do it, to include the pre-1917 surplus. Under the provisions of this act they are going to pay some tax, some extra money to the crown. Has the minister any objection if the opposition tries to swell his revenues and give that option to people? How can any harm come from it?

Mr. MACDONNELL (Muskoka-Ontario): The minister thinks that maybe the hon. member is trying to sell him a pup.

Mr. ILSLEY: I suggested that in the discussions. I was told that nobody would do it. He would not pay taxes on that pre-1917 surplus; he would find that he did not have to. All he has to do is to wind up and get out. I was told that.

Mr. JACKMAN: The question has been asked in a number of cases.

Mr. MACDONNELL (Muskoka-Ontario): It may be just a question of interpretation, but I should like to ask about something on page 9, reading from the old section 95:

> A dividend received from a private company is not taxable under this act if—

So and so. The question arises, if a shareholder should be in an estate or trust, whether it can be argued—I think it would be a close legal point—that the dividend would still be free from tax in the hands of the beneficiary. It seems to me that the tail should go with the hide, but if there is any doubt about it perhaps it could be made clear. It may be that a statement to that effect, if it were made now, would be sufficient.

Mr. ILSLEY: The fear is that on the second transfer it might attract the tax?

Mr. MACDONNELL (Muskoka-Ontario): I was not ingenious enough to think of this myself, but it has been suggested, perhaps because of the great respect in which the ingenuity of the department is held.

Mr. ILSLEY: Well, the departmental officials are here and they say they do not intend to raise that point.

Mr. MACDONNELL (Muskoka-Ontario): All right.

Mr. GREEN: Section 8 of the bill has been allowed to stand until this evening?

The CHAIRMAN: I think it was agreed that just the section numbered 94, subsection 1, under section 8, would stand, but that the remainder of the clause will carry.

Mr. GREEN: I had two questions to ask the minister. They deal with the new section 96 of the Income War Tax Act. Provision is made in subsection 3 of that section for the manner in which the tax is to be paid: (a) provides that the tax shall be paid on or before December 31, 1946 although the right of election to take advantage of the amendment does not expire until the end of 1947, and (b) provides a second way of paying, namely, by four equal annual instalments, commencing December 31, 1947, together with interest at the rate of four per cent per annum on each instalment from the 31st day of December, 1946 to the date of payment. What is the objection to allowing a company that has not paid by December 31, 1946, to come under the alternative plan and prepay? Suppose in 1948 they are in a position to pay everything? Why should they not be allowed to prepay with interest up to the date of prepayment? The way the provision reads, they are absolutely bound to pay in four equal annual instalments, with interest, and I do not see that there is any harm done by giving them the right to prepay with interest up to the date of prepayment.

Mr. ILSLEY: It may be that is the meaning of the section as drawn, that they cannot prepay. But I am informed by the officials that the standard practice in situations of this kind is to accept prepayment with interest up to the date when they are paid, and that is what they will do in this case.

Mr. GREEN: I think that this could be read by an officer of the department, having to meet the situation, in such a way that he could at least demand payment of interest up to the end of the fourth year. I suggest it would be wise to make it clear that there is a right of prepayment. It states that a private company that has elected to pay the tax under this section either "shall"' pay the tax up to December 31, 1946 or "shall" pay in four equal annual instalments. If words were inserted there giving them the right to prepay it would do away with any uncertainty.

Mr. ILSLEY: I have no objection; we can draft something.

Mr. GREEN: There is another point in connection with this section. There is a question whether or not the net amount of surplus available after the tax is paid can be retained by the company as a tax-free fund. The position may be such that the company cannot finance payment out by way of dividend at that particular time and would have to hold the net amount of surplus. Would it be permissible to hold that net amount as a tax-free fund?

Mr. ILSLEY: They can hold that part of the surplus as long as they wish. It is tax-free. They do not have to pay taxes on it again.

Mr. MACDONNELL (Muskoka-Ontario): On the top of page 10 reference is made to regulations. A private company may elect in such manner as may be prescribed by regulations. Can these regulations be got out as soon as possible? It would be a great convenience for those who have to make a decision if they could have the regulations at the earliest possible day.

Mr. ILSLEY: My colleague, the Minister of National Revenue, has duly noted that request.

Mr. JACKMAN: It would save trouble in the future if the committee took a moment or two longer to consider a practical example that has been sent to me. The matter may be simple enough under the regulations, but for the sake of clarity I should like to have the minister's opinion. I quote:

> It should be set forth in the amendment that disbursements made in 1940 and subsequent years shall not be deducted from the surplus balance as at December 1, 1939, unless distributions from 1940 onwards were not earned.

That is satisfactorily answered in the section, I believe, that if deductions from earned surplus were made since December 31, 1939, for various corporate reasons those deductions will not serve to reduce for purposes of this section the total amount of earned surplus at balance December 31, 1939, unless they were earned.

Mr. ILSLEY: Is that clear from the section.

Mr. JACKMAN: I have not had a chance to give it much consideration. It is a long and complicated section and the experts should be able to advise us

Mr. ILSLEY: If the surplus or part of it is gone, it is not there to base an election on.

Mr. JACKMAN: There has been an arbitrary deduction in the corporate accounting from earned surplus but not through the income accounting. Corporate books are not necessarily kept from the income tax people's point of view of earnings or lack of earnings. You do what you like with your own books, but when it comes to income tax there are certain rules which are laid down and which you have to follow in paying your taxes. But you might have had a certain amount of earned surplus on December 31, 1939 and taken a capital of $10,000 and written it off, because you do not want a capital deficit showing on your balance sheet. It is done all the time. If you operate under this section, are you going to be prejudiced because of your own arbitrary action. or is your earned surplus what it was really, the earned surplus of 1939? Perhaps the minister will answer that question.

Mr. ILSLEY: Let me read over 96 (1):

A private company may elect in such manner as may be prescribed by regulations, on or before the 31st day of December, nineteen hundred and forty-seven, to be assessed and pay a tax, computed in the manner set out in subsection two of this section, on an amount equal to its undistributed income on hand at the end of its nineteen hundred and thirty-nine fiscal period or its undistributed income on hand at the end of the fiscal period that terminates nearest the time when it so elects, whichever is the lesser.

If the undistributed income has been reduced after the end of the fiscal period of 1939 then it is the lesser sum and only that which is subject to the election. Is that not correct? I do not quite understand it.

Mr. JACKMAN: I understand the way the minister read it. The point is that the amount of undistributed income may be something entirely different from earned surplus. I put the proposition that there was an arbitrary deduction from the earned surplus allowed for capital deficit in order that the books would look right to the shareholders. The people who want to get their money out under this section should not be prejudicially affected by that arbitrary action on their part. Perhaps consideration might be given to the question and an answer brought down at eight o'clock.

I should like to present another case that was put to me. The earned surplus of this company in January, 1917, was $5,000. I understand that that remains exactly where it stood and cannot be brought in under the operation of this section. The earned profits between 1917 and 1939 were $38,000. Capital losses were realized to the amount of $8,000, and for the purposes of the company itself the earned surpluses show a net of $30,000. Then capital profits of $5,000 were realized. Whether or not they were actually added to earned surplus I do not know; they ought to have been. That gives an amount of $40,000, which could be distributed although not necessarily distributed under this section. The questions asked are these: To operate under the bill would the company be permitted to distribute first $40,000, which is the total of the pre-1917 earned surplus and the surplus arising in between and the result of the capital gains and losses; second, $38,000 being the earned profits between 1917 and 1939, or only $30,000 which represents the actual earnings less capital losses and not the capital gains? We might have an answer to these questions at eight o'clock.

Mr. ILSLEY: This is the same example that was given when the resolution was before us.

Mr. JACKMAN: That is right.

Mr. ILSLEY: The company in question had an earned surplus of $38,000 built up in the period 1917 to 1939. In the same period the company had a capital loss of $8,000. In a subsequent period, presumably after 1939. the company realized a capital profit of $5,000.

Mr. JACKMAN: The time is not stated. Does it make any difference?

Mr. ILSLEY: I took it from what the hon. gentleman said just now that the capital—

Mr. JACKMAN: Perhaps we might have it both ways, if it is not too much trouble.

Mr. ILSLEY: The capital profit was before 1939? I do not see how it could be because there was a capital loss of $8,000 between 1917 and 1939.

Mr. JACKMAN: We will assume it was after.

Mr. ILSLEY: The pre-1917 surplus was $5,000. The question is, what amount would the company pay taxes on? According to the present proposals the company would pay taxes on $30,000; that is, the $38,000 earned in the period 1917 to 1939, less any capital losses in the same period, which in this case were $8,000, leaving $30,000 surplus. The capital profit realized after the period 1917 to 1939 will not be applied in a reduction of the capital losses made in that period.

Mr. JACKMAN: If the capital profit had been realized prior to 1939 the amount dis-

tributable would be $35,000. Then you would be able to add it back to offset the $8,000 capital loss.

Mr. ILSLEY: That is right, $38,000 less $3,000, leaving $35,000.

Mr. JACKMAN: The first letter I read raised the whole question of capital losses being deducted from earned surpluses. That is also involved in this question, although it is not quite the same.

Mr. ILSLEY: Did the hon. gentleman get a full answer?

Mr. JACKMAN: Yes. The answer is that $30,000 are distributable and $5,000 is not allowed to be counted, because it is presumed it is after the deadline date.

Mr. ILSLEY: Yes. The other $5,000 is prior to 1917. That does not come into it either.

Mr. McMASTER: What is the implication of this phrase:

—at the end of its nineteen hundred and thirty-nine fiscal period or its undistributed income on hand at the end of the fiscal period that terminates nearest the time when it so elects.

Does that mean that this company can elect which time it will come under this section, either 1939 or 1945?

Mr. IILSLEY: No. This only applies to the earned surplus during the period 1917 to 1939, and this section makes the termination period the termination of the fiscal period of the company in 1939.

Mr. McMASTER: If the minister had not told me I should not have read it in that way. It does not say so. It says nearest to the year 1939.

Mr. MACDONNELL (Muskoka-Ontario): Line 7 explains it.

Mr. ILSLEY: Yes. That is a case where they have lost some of their surplus after 1939 and they have a lesser sum to distribute.

Mr. McMASTER: What about the profits they have added since then?

Mr. ILSLEY: Profits are not added. That would be surplus accumulated after 1939.

Mr. McMASTER: From the way I read it, it would look as though they could elect either the January, 1939, period or the last period.

Mr. ILSLEY: It is whichever amount is the lesser.

The CHAIRMAN: Do I understand that it is the wish of the committee that section 95 of part XVIII carries, and that sections 94 and 96 stand?

Mr. MACDONNELL (Muskoka-Ontario): May I ask one question to clear up the point raised by the hon. member for High Park? This is an addition to the resolution which was before the committee some time ago? Now that the point has been raised, I am wondering whether it is in accordance with the spirit of the resolution.

Mr. ILSLEY: A resolution is always couched in general language, and there are many refinements—

Mr. MACDONNELL (Muskoka-Ontario): But it was up to 1939?

Mr. ILSLEY: Yes, it was; the earned surplus accumulated by the company from the beginning of its 1917 fiscal period to the end of its 1939 fiscal period.

Mr. MACDONNELL (Muskoka-Ontario): Then this is a substantial change; if there have been any losses since, then you practically say they have to be taken into account. Is that the effect of it?

Mr. ILSLEY: Yes.

Mr. McMASTER: But suppose there were immense profits since then. Apparently a company can take the lesser one, which would be to the end of the year 1939. Are they not supposed to pay taxes on what they have made since then?

Mr. ILSLEY: If they lost money after 1939 they have to take it off their surplus.

Mr. McMASTER: But suppose they had a profit?

Mr. ILSLEY: They do not add it on, because we are not dealing with the disposition of surpluses accumulated after 1939.

Mr. McMASTER: It does not say so here.

Mr. ILSLEY: But we are not dealing with it; that is the whole idea.

Mr. McMASTER: It is this act that will have to be interpreted, not just what is said in this committee. I do not see where it says that it only deals with profits up to that time. If it does say so, I should like the minister to let me know.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to labour the point, but it does seem to me that this is introducing something quite foreign to the Ives report. Am I right in that?

Mr. ILSLEY: No, I do not think so.

Mr. MACDONNELL (Muskoka-Ontario): And it seems to me it is going beyond the resolution. I should like to be clear on that.

Resolution 8 says, "accumulated by the company from the beginning of its 1917 to the end of its 1939 fiscal period."

Mr. ILSLEY: Where are they to get this money to distribute?

Mr. JACKMAN: Don't you worry.

Mr. ILSLEY: I have not enough knowledge of business to understand where they will get it. This is to facilitate the distribution of earned surplus during that period.

Mr. JACKMAN: The surpluses have lost their identity. They are in bricks and mortar and working capital. There is no identity of surpluses in a company.

Mr. ILSLEY: You cannot put your finger on any part of the assets that you can say represents surplus, but you know the amount of the surplus at the end of the 1939 fiscal period. If they have a smaller surplus at the time they elect, that is all there is to distribute as a result of that 1917-39 period.

Mr. JACKMAN: Surpluses are pretty arbitrary things. They have to do largely with taxation, not with the actualities of business.

Mr. MACDONNELL (Muskoka-Ontario): I want to be sure I understand this. We are now in the year 1945. When this measure comes into operation some time subsequent to this a company will elect. As I understood the resolution, we were allowing them to elect to take certain action in respect of the earned surplus accumulated by the company from the beginning of its 1917 fiscal period to the end of its 1939 fiscal period. Now, apparently the result is that if it has had any losses since 1939, then the distributable surplus, which under resolution 8 was a certain sum at the end of 1939, is now a lesser sum.

Mr. ILSLEY: That is right.

Mr. MACDONNELL (Muskoka-Ontario): It is still not clear to me why it was thought necessary, because this is a substantial change in the recommendation of the Ives commission, is it not? It is not clear to me why this is put in.

Mr. ILSLEY: Part of it is gone; that is all.

Mr. McMASTER: I am a new member of the house, and I have no doubt everyone who has spoken on this, except myself, has some knowledge of companies and what is intended. I have not that knowledge, but I have enough imagination to believe that during the years some companies have kept undistributed surpluses on which they have not paid income tax. Now they find that the income taxes are to be very considerable for years to come, and they are trying to get an easy way out to distribute these surpluses. The minister must have knowledge of some of these companies, and I should like his statement that this is a fair amount that is being charged these companies under this section.

Mr. ILSLEY: I am just taking the recommendation of the Ives commission. It is impossible to say whether it is a fair amount; it is just a matter of judgment.

Mr. JACKMAN: The minister will admit that some cases cried out for relief, as he said himself one session.

Mr. ILSLEY: Yes.

Mr. JACKMAN: I put the case to him once and he said I had put it somewhat modestly, because these companies cried to heaven for relief.

Mr. ILSLEY: Something had to be done. I am satisfied that the treasury will gain substantially by passing this legislation, because otherwise these companies will not pay the taxes; they will do something else, sell their shares to the public or something and we shall not get any revenue at all if the tax is too heavy. The combination of succession duty and high income tax was such that it made it impossible in some cases for people to pay the taxes.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to persist further in this, but for the sake of clarity would the minister allow this section to stand over until eight o'clock, and perhaps let us have another word on it then?

Mr. ILSLEY: Yes. I was to answer that question concerning section 96 (1) then.

Mr. MACDONNELL (Muskoka-Ontario): That is right.

Mr. ILSLEY: Then I think the situation is that section 95 is carried and sections 94 and 96 stand.

Section stands.

On section 9—Family allowances.

Mr. McMASTER: Perhaps this might be allowed to stand also, because I should like to speak to some of the minister's officials in regard to it. I have taken some figures at random and made some computations, and it strikes me that the amounts you are taking back under this arbitrary formula do not anywhere approach what should be taken back if it is worked out finely. That is, in some of

the lower brackets you are taking back perhaps too little, but in some of the higher brackets you are not taking back too much. It all arises from the fact that a man may have three children between the ages of eight and sixteen, for whom he would be receiving $8 a month each, while another man with three children under the age of five would receive only $6 a month each. I have worked out figures concerning both extremes, and in no case do they nearly approximate the amount that should be recovered from the taxpayer. In almost every case the difference is against the taxpayer.

Mr. ILSLEY: Against the treasury, do you mean?

Mr. McMASTER: Take the man with an income of $2,790; the amount you will recover from him will be $330 instead of $318.80, if my figures are correct. That is a man with young children. A man with older children will pay $411 when he should pay only $382, if my figures are correct. The man with an income of $2,810 will pay $349.70 when he should pay only $323.60. The man with the older family will pay $441.50; and should pay only $389.20. Of course, as all understand, by fixing an arbitrary amount such as $2,800 to make the breaking point, the man who makes $2,810 will actually lose the $20 he would have earned over and above $2,790 and also something extra. He is contributing more to the treasury.

There is this discrepancy which I have mentioned, and in some cases it amounts to $30 or $40. If I am wrong in this I should like to be corrected.

Mr. ILSLEY: I do not think that is so. There might be a few cases where there is over-recovery. In most cases, however, under these tables—in fact, in practically all cases—there is under-recovery.

Mr. McMASTER: My figures might be wrong. Let us consider the amount of $2,500. The same applies there. A recovery of $254.60 is made, where the tax should be only $228. Then, in respect of the older family there is a recovery of $324 where the tax should be only $282.

Mr. ILSLEY: I should like to let the hon. member have an opportunity to discuss it. However, this is an endless job. Nothing has taken more time, in proportion to the space occupied by the result, than has this. We spent weeks in an effort to have these tables as fair as possible. To get the tax value for each child is a most difficult task, because it varies with the number of dependents over eighteen, as well as with those under eighteen. It is different just over $1,200 from what it is higher up in the scale. This is a highly complicated and baffling task.

Then, of course, the family allowance value of children varies, depending upon the age and to a certain extent upon the size of the family. All those variations have to be taken into consideration, and the table evolved must be as fair as possible. However, both these tables lean heavily to the side of the taxpayer and against the treasury.

Mr. McMASTER: I did not think so, but I am ready to be convinced by one of the officers in the department.

Mr. LESAGE: This whole question in connection with the relationship between the deduction for children and family allowances is most complicated. As a matter of fact, the whole income tax system at the present time is too complicated, and it is hoped that after the dominion-provincial conference has reached an agreement the system will be simplified.

In connection with the matter of deductions for children, may I draw the attention of the committee to the fact that under the present system of deductions from the tax rather than from income the taxpayer with a family is placed in an unfair position. For every married man with children and every married man without children the net non-taxable or non-compressible income is $1,200. This, of course, is true, except for the normal tax.

I submit with respect that the rate of taxation should be imposed only over and above the minimum necessary to each one, according to his family responsibilities or, if we put it in this way, according to the number of dependents for whom he has a right to claim deduction. It is a false principle to set the same non-compressible and non-taxable income of $1,200 for all married men, and then to impose equal rates for what is earned over and above that $1,200, with only an arbitrary deduction of $108 for each dependent.

What is strictly necessary to rear a child should not be taxable. If it is taxable the father of a family must then accept a lower standard of living. After a little calculation, we arrive at the conclusion that the more children a man has, the higher his rate of income tax with respect to the strict necessities of life. For fathers with children in colleges or universities the situation is unbearable. I, for one, would not be here to-day if the present system of deductions had existed before the war. I would not be here, nor would I be a lawyer, because I could not have gone to university. My father received only an average salary, on which he educated five

sons, and it was only after great sacrifice that on his income he was able to give the five of us college and university degrees. But to-day that would be completely impossible.

Has any thought been given to the possibility of going back to the system of deductions from income instead of deductions from the tax?

Mr. ILSLEY: Yes, a great deal of thought has been given to it, and may I say that I agree that that system is more desirable than the present one—with certain modifications. Before bringing down the budget this year, we worked out a new tax structure, and considered carefully the question whether that new structure should be introduced at this session. However, for the reasons I stated when the budget was presented, we thought we should introduce an interim budget having straight percentage deductions.

I think that when a new tax system is introduced that principle, fundamentally, will be adopted, although there will be modifications to take into account the necessary interrelationship between allowances to children and family allowances. However, I know at the present time—and of course I cannot make it public just now—the lines along which I intend to proceed. There will be much difference of opinion as to whether that is the proper one. However, we have had continual trouble with this system of tax credits for children because, time after time, hon. members have argued that the tax credit per child was not sufficient for its support. The answer is that it was never intended to be sufficient to support a child.

The principle enunciated just now by the hon. member for Montmagny-L'Islet is much nearer the proper principle; that is, that the deduction from income which is fixed should be sufficient to support the child. And it has been argued, I believe correctly, that the tax credit we allow is, at the rate of our taxes, greater for most children than a $400 deduction from income. For a good many children that is so. It is hard to get the public to understand why, if you are allowing a tax credit to a parent in respect of a child, you should not allow a tax credit high enough for him to support a child on that tax credit. Of course, when a person looks into it, that is ridiculous. It would mean that if you had a two per cent income tax instead of a forty per cent income tax, the tax credit would perhaps be only ten dollars and yet the parent would be much better off. The principle that was originally incorporated in our Income War Tax Act was an exemption of $400 for each child. Whether the tax rates were high or low that $400 exemption was always there, and people argued about that $400 just as they argue about the $108. The fact was that that $400 was taken from income and the $108 is a deduction from the tax. But I am glad to have the hon. member's observations, and they will be given full consideration when we make changes in our income tax system. At the moment at least, I am disposed to agree with the general principle that deduction from income should be taken as the basis of the allowances for children.

Mr. LESAGE: In the lower income brackets the deduction of $108 from the tax amounts to more than the $400 deduction from income. I have not the exact figures, but I know that around $2,500 and higher incomes the $108 amounts to less than the $400 exemption per child, and I was drawing the attention of the committee to salary incomes of over $2,500, to those fathers of families who are sending their sons to college and university.

Mr. ILSLEY: When I say that I accept the principle I wish to emphasize that it will be with qualifications, because I would not feel like going back to a system under which people with high incomes got an unqualified deduction from their income of so much per child for income tax purposes.

Mr. ZAPLITNY: I should like to reiterate the stand which this group has always taken in connection with income tax exemption levels before the income tax is applied. We believe that the present exemptions are too low. We believe that for married persons the exemption should be at least $2,000 and, for single persons, $1,000. I do not think we need to consider very long to realize the necessity for that. Only this afternoon we had the Prime Minister telling us how necessary it is that members of this house should have their income raised. The rest of the people of the country are in no more fortunate position than we are, and the post-war years will, I think, show our greatest danger to be deflation; that is, sufficient purchasing power may not be in the hands of the people who need it most. One of the surest ways of increasing purchasing power would be to reduce the amount taken away from them in taxation; in other words, to leave more spending power in the hands of the people. Therefore I would urge upon the minister the desirability of raising the exemption levels to at least $2,000 for married people and $1,000 for single.

Mr. ILSLEY: The hon. gentleman's representations will be given consideration. The revenue loss would be simply enormous, as my hon. friend perhaps will appreciate, if we were to do that.

Section agreed to.

Section 10 agreed to.

On section 11—Deductions in respect of 1946 and subsequent years.

Mr. BROOKS: With regard to the refundable portion, does this mean that the situation with reference to mortgages and agreements for sale under 7A of sections 93 and 94 is now cancelled?

Mr. ILSLEY: It is still in the act, but no refundable taxes are collected. Therefore this kind of off-set against taxes is dead.

Mr. BROOKS: So that it simply means nothing? It is in the act but has no effect?

Mr. ILSLEY: That is right.

Section agreed to.

On section 12—Deduction in respect of 1945.

Mr. McMASTER: Has the minister given consideration to the fact that 16⅔ per cent is easier to calculate than 16 per cent, being exactly one-sixth?

Mr. ILSLEY: I cannot agree to that suggestion at all.

Section agreed to.

On section 13—Certain transactions in province of Alberta bonds.

Mr. JACKMAN: This is the first time that we have had incorporated in our taxation system a tax on capital gains. There may have been tax losses in this period on these securities. Does the minister say that the rule works both ways?

Mr. ILSLEY: I know there were none, so that there is no need to make provision for it.

Section agreed to.

On section 14—Application.

Mr. ILSLEY: There is an amendment, Mr. Chairman, that the word "section" in line 16 be deleted and the following substituted therefor, "sections seven and".

Mr. ABBOTT: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

Progress reported.

NATIONAL HOUSING ACT

INCREASE IN APPROPRIATION FOR LOANS AND GUARANTEES

Hon. J. L. ILSLEY (Minister of Finance) moved the second reading of bill No. 239, to amend the National Housing Act, 1944.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—"Cooperative housing project".

Mr. NICHOLSON: Would the minister make some explanation of this section?

Mr. ILSLEY: This is a new definition. Subsection 3 of section 4 of the main act enables loans to be made for the construction of a cooperative housing project on the same terms as loans are made to home owners. Subsection 3 provides that each shareholder of a corporation or beneficiary under a trust deed shall have possession of a housing unit. The subsection does not, however, specify the percentage of the units which must be owned by shareholders or beneficiaries under a trust deed. The new definition covers this omission and provides that at least seventy-five per cent of the units are to be leased to shareholders or beneficiaries, as the case may be.

Mr. BRUCE: I wish to take advantage of this amendment to put in a plea with the minister to assist the university of Toronto to get what is known as the Eglinton Hunt club quarters for housing for student veterans of this war who will enter for the next session, 1946. We are very short of housing in the city of Toronto. If these buildings could be obtained it would relieve living accommodation for other citizens. Therefore I ask the minister if he will use his best efforts to have the air force who are now occupying this building, in part only, give it up for the purposes of the university.

Mr. MacNICOL: That will be for students?

Mr. BRUCE: Yes.

Mr. MACKENZIE: Is the hon. member personally satisfied that the Eglinton club quarters would be all right for the purpose?

Mr. BRUCE: Yes. It has been investigated by the superintendent of buildings of the university who has reported that it would suit admirably for housing a large number of returned veteran students.

Mr. MACKENZIE: How many?

Mr. BRUCE: I think it would take about 400, perhaps 450 who otherwise would have no place to live. A thorough canvas has been made of possible living quarters without success. We have had to take Ajax, as the minister probably knows, and this will be filled to capacity next year. I urge upon the government to vacate this building and make it available for veteran students.

Mr. MacNICOL: Would the students have individual rooms, or would there be large community rooms, dormitories, to accommodate them?

Mr. BRUCE: I think there are both, but it does not matter much. The crying need is accommodation for our students, and this building is near the university where they attend lectures.

Mr. ILSLEY: I will look into that situation. I do not know the terms under which the government has the premises, whether they have a lease—

Mr. MACKENZIE: Yes.

Mr. ILSLEY: —or how long a lease it is.

Mr. BRUCE: My recollection is that it was purchased by the government. The government has control.

Mr. ILSLEY: If the government has purchased it, when the department using it find it no longer necessary for their purposes they declare it surplus, and then War Assets Corporation disposes of it. I was going to say that that was the situation at Ajax, but I am not right about that, because I do not think one of the service departments had that development at Ajax. I think that was an arrangement made by the Department of Munitions and Supply or the Department of Reconstruction with the university of Toronto.

Mr. BRUCE: I hope a similar arrangement may be made with respect to the use of this building as was made by the Minister of Munitions and Supply with the university for the use of the Ajax building near Pickering. There should be no difficulty in that regard. I do not think it would come under the classification to which the minister refers.

Mr. MACKENZIE: At the present time a committee of the various presidents of Canadian universities is studying the very problem which the hon. member has just mentioned, and I am sure that they will make recommendations along these lines to the government.

Mr. FLEMING: I think the committee ought to be aware of the fact that certain answers on this subject were tabled to-day in reply to questions I had asked with regard to the intended disposal of these buildings. I happen to know the situation well, because I live a matter of only half a dozen blocks from this No. 1 I.T.S. property. It is the old Eglinton Hunt club. It was purchased by the government in the early days of the war, and the buildings were gradually extended, particularly the dormitory accommodation; but in the answers tabled to-day the Minister of National Defence for Air made it quite clear that it was the government's intention to retain the buildings and not dispose of any part of them, because they had several uses for them. I have not the answers before me now, but there was not any hope held out there for their disposal.

A number of organizations in North Toronto and elsewhere have been greatly interested in this building because among other things it is highly suitable for a community centre, and there is great need in our city for community centres. I do not believe, even if the government found it surplus, it should be hastily, disposed of. There are a number of people who would be interested in bidding on it for worthy community purposes. In any event, the answers made to-day by the Minister of National Defence for Air did not leave any hope that the buildings or the property would not be required for government use.

Mr. FERGUSON: There are any number of buildings at Camp Borden which are not being used by the air force and are now vacant. They formerly accommodated personnel of the air force, but the troops have moved from there. I would suggest that the government might use those buildings and vacate quite easily the building in Toronto. They would be welcomed back to Camp Borden.

Mrs. STRUM: Before this section is carried there are a few remarks I should like to make about the whole subject of housing. In this country we have not taken advantage of the whole situation in regard to the construction of homes. Other countries have done much better than we have in the field of housing. I refer particularly to New Zealand, where in 1939 I saw houses built by the government. To me it was a most shameful thing that we would allow our lumber to stand in piles in the mills of British Columbia; while the termites were eating our lumber there, we had people unemployed; we had slums; we had stagnation and social decay. Yet in New Zealand they were able to build new homes by the thousand with our timber, and they did so because they really attacked the problem of housing in the manner in which it deserves to be attacked. I sat in the office of the minister of housing, who at that time was Mr. Armstrong, and he told me he was the happiest man in the cabinet because he had more money than he could spend. They had set up a separate department, and the appropriation was so generous that they were able to absorb all the labour available for the building of homes in New Zealand.

At the time I visited there early in 1939 they had just brought over 200 workmen from Australia, because they had exhausted all the

available labour supply for building homes in New Zealand. They had brought these 200 carpenters in to assist in the housing project. I had forgotten a few of the details because it is five or six years since I was there; but consulting with the high commissioner to-day, I found that their money was provided at one and a half per cent. They were given an appropriation from their central bank and their housing corporation undertook the construction of houses. These were not considered to be temporary structures but good for sixty years. Only the best materials were used.

The corporation buys a piece of land and undertakes housing development, and on the basis of town planning these houses are laid out in blocks. There are no two alike in a block. They avoid monotony in design and material, and the houses are planned in relation to the whole development. They consider that they can afford to charge low rentals, because over a period of sixty years these houses will have paid for themselves and replaced the money invested in them.

The houses were a joy to behold from the outside, and on the inside they were very well planned. I found, in discussing the project with the minister, that they had invited all the architects of New Zealand to submit plans and had chosen a number of designs in units of one, two or three bedrooms. At that time they did not undertake anything larger than three-bedroom units, but since then they have undertaken the construction of apartment blocks for single business people and for married couples without children as well as for old age and blind pensioners. They are putting up these apartments for the convenience of people who need limited housing. But they are also, in their larger houses, continuing to build the larger units with the idea of giving a priority to families with children.

There are two fields here where there is a great need. It is criminal that we should penalize the mother with children. It is a dreadful thing that the mother, who is making the biggest contribution of all to her country, should find it so difficult to get a roof under which to shelter her children. Yet one has only to try to find living accommodation to discover to what an extent children are feared and abhorred and what a penalty we put upon the mother with children.

Last year in the city of Regina I started to look for living accommodation. My family had a high school girl, a child already in grade ten. I found that even children in high school are considered a menace if you are looking for a place in which to live. I do not know what would have happened if I had had a child in a perambulator.

In this country we should definitely give priority to all the mothers who have young children. We should definitely build homes and subsidize rentals for widows with children and for old age pensioners. These are two features which will remain part of our economy. We have started to pay pensions and will continue to do so. We have started to pay mother's allowances to take care of widowed mothers who have children to bring up. These are two groups who, because of their lack of income, cannot pay the rentals that will give them decent homes. These are two fields in which we should definitely subsidize rentals, so that those people who are in such an unfavourable bargaining position may have decent homes.

When I was in New Zealand people said to me, "I suppose everyone in Canada has a lovely home?" I wondered why they assumed that we all had lovely homes, and they said, "Well, this is your timber; we are building our homes with your timber." We in this country, who have so much timber, who have metals and all the things that go into the making of plumbing and fixtures, furniture, draperies and floor coverings, we, who can build and equip and furnish homes from our own resources, have no excuse for having so many of our people living under the wretched conditions in which we find them.

I wish we would show the same concern for the living accommodation of others that we show when it comes to our own incomes. I wish I could hear a howl of welcome going up in this house to any suggestion about improving the living conditions of our people comparable with the one we heard this morning over the bill for increasing our own indemnity. I wish we would be as enthusiastic about our mothers and children, about our old age pensioners and about people whose condition is so desperate, as we are in regard to people who have some money to put into annuities. If we did that we would never be content until we had a separate department of housing and a generous appropriation that would enable us to embark upon the construction of homes, using the materials of which we have such a generous supply and the workmen who need employment.

Mr. REID: Will the hon. member be good enough to tell the committee what these houses in New Zealand rent at and what wages are paid to the workmen who build them?

Mrs. STRUM: Yes. May I quote briefly from an address given last night by Mr. Syd Tasker of New Zealand:

New Zealand has "thousands" of houses which are owned by the state and rented at an average of $20 a month, Syd Tasker of the New Zealand War Supply Mission told members of the Gyro Club, Wednesday night.

Mr. REID: But will the hon. member tell us what the size of the house is? When I quote from a newspaper I am challenged. I should like to know the size of the house and the wages.

Mrs. STRUM: I have a report on housing by the department of housing construction, which I would recommend to the hon. member for New Westminster.

Mr. REID: I will recommend some to my hon. friend too.

Mrs. STRUM: This gives a survey of the whole problem. There is something else I was very much interested in, and that was the plan that the New Zealand government has for training returned men in the building trades. In a little booklet called "Korero", on page 23 there appears an outline of a programme for reconstruction and training under which servicemen are paid and trained in the building trades. While they learn their trade, they are paid wages and are building homes for themselves. This booklet gives a survey of the whole undertaking.

Mr. REID: What are the wages paid?

Mrs. STRUM: I quote from page 21:

During training each man is paid £5 5s. a week for the first eight months, and thereafter £5 7s. 6d. a week. A basic kit of tools supplied by the department is paid off by the trainee by small weekly instalments out of his wages over the first period of his training.

It goes into the whole scheme. These people are learning to build houses. They build a completed house during their course of training. At the end of their training period they go into the building industry, join a trade union and go on the standard rate.

Mr. REID: I do not want to enter into this debate, but as one who takes more pride in this country than in any other, I wish to remind the hon. member that the wages paid work out to $50 a month, and when you pay $20 a month rent that is a pretty high rental to pay on such low wages.

Mr. BENTLEY: I should like to remind the hon. minister for New Westminster—

Some hon. MEMBERS: Oh, oh.

Mr. REID: It does not make any difference what I am called.

[Mr. Reid.]

Mr. BENTLEY: That is right. I should like to remind the hon. member for New Westminster that we have passed a measure in this house and have under consideration now certain definite arrangements to pay $50 a month to some people in this country during the process of rehabilitation. These are heroes; some of them will likely wear medals. Therefore I think the hon. member was ill-advised to bring up the question of wages.

Mr. MACKENZIE: May I ask the hon. member one question? Is there one country in the world which pays as much for rehabilitation benefits as we do?

Mr. ROSS (Souris): The hon. member did not want the country to know that.

Mr. BENTLEY: I should like to advise the committee that I was replying to a question of the hon. member—

Mr. MACKENZIE: I ask you another one.

Mr. BENTLEY: Not yet. The hon. member for New Westminster was dealing with wages, and I am pointing out that wages is an important form of income for a lot of people.

Mr. MACKENZIE: May I repeat my question? Does the hon. member know of any country in the world that pays as much for out-of-work benefits or rehabilitation benefits as Canada?

Mr. BENTLEY: I shall answer that question after a while. I have the floor at the present time. The matter of wages does not enter into that. The hon. member for New Westminster asked the hon. member for Qu'Appelle whether the wages over there were over $50 a month. I wish to point out that a large section of our population will be asked to live on and pay rent with that amount of money. That has nothing to do with whether it is comparable or not with what is paid to veterans in other countries and here.

Mrs. STRUM: I should like to say that it is £5. 5s. a week for the first eight months and thereafter £5. 7s. 6d. a week.

Mr. MACKENZIE: In New Zealand currency.

Mrs. STRUM: Yes.

Mr. BENTLEY: That buys bread and butter in New Zealand.

Mrs. STRUM: In comparing the economy of New Zealand there are two or three things that many of us have not yet grasped. New Zealand is about the size of Saskatchewan. It is a country of a million and a half people. They lack minerals; they have not a drop of oil; they must import all of their oil products;

they import their metals; they have very little coal and very little timber. They live on the export market. When you compare the economy of Canada with that of New Zealand you are comparing two things that are not comparable because we have so much more than they have. We should be able to do so much more than they are doing because their economy is necessarily limited by their resources.

Mr. MACKENZIE: I wish to say just one word. As one who is proud to be a Canadian, may I say I am sick and tired of hearing hon. members quoting New Zealand and saying that it has so much more virtue than Canada. As a matter of fact, we are far ahead of New Zealand in many respects. I am reminded of George Canning's famous phrase:

A sturdy patriot of the world, alone friend of every country but his own.

Mrs. STRUM: I do not want to be misunderstood or to give the impression that I think Canada is not a good country.

Mr. MACKENZIE: The very best in the world.

Mrs. STRUM: But I do say this, that in the commonwealth of nations New Zealand has pioneered as a legislative laboratory. New Zealand was the first country in the world to pay old age pensions. New Zealand was the first country to give women the vote—that may or may not have been a good thing. If there is anything that any part of the commonwealth has done that we can profit from we should be big enough to admit that and use its experience to our own advantage. We have so much more here than New Zealand can ever have that I think we would be well advised to use it as they have done.

Mr. REID: My name has been mentioned in the discussion and I think I have the right to reply in order to keep the record straight. My chief reason in rising to ask a question about wages in New Zealand was that if a man pays $20 a month rent for a home and receives only $80 a month in wages, one wonders how he can carry on. My sole reason in asking about wages was to draw a comparison between what they are charged for rent and what they earn.

The CHAIRMAN: May I remind the committee that we are considering a bill to amend the National Housing Act. I have given considerable latitude in discussion, but I think the committee should now confine itself to a discussion of this bill.

Mr. FLEMING: Section 1 of the bill introduces a definition of cooperative housing projects. What I am interested in is, what substantive provisions in the act are contemplated with reference to cooperative housing projects? A new definition is introduced here, and I do not find in the other sections of the bill any detailed provision for what is to happen with regard to cooperative housing projects.

Mr. ILSLEY: Cooperative housing projects qualify, at the present time, for home ownership loans under the National Housing Act. This is just to define what a cooperative housing project is.

Mr. FLEMING: There is no word about it in the other section of this bill, no detailed provision.

Mr. ILSLEY: No; this is an amendment to the housing act.

Mr. FLEMING: That is what I am speaking of.

Mr. ILSLEY: The National Housing Act refers to it. Section 4, subsection 3, of the National Housing Act reads:

Notwithstanding anything contained in the two last preceding subsections, a joint loan may be made by His Majesty and an approved lending institution with which His Majesty has entered into a contract under this section to a trustee or corporation constituted or incorporated for the purpose of constructing and managing a cooperative housing project if—

Certain conditions are complied with. There is no definition of a cooperative housing project. This gives a definition of it.

Mr. FLEMING: There is no other provision in the new bill with reference to a cooperative housing project.

Mr. ILSLEY: No.

Mr. FLEMING: The amendment is simply to define the existing terms of the old act?

Mr. ILSLEY: Yes.

Mr. NICHOLSON: This does not make sense to me. The bill says:

Section 2 of the National Housing Act, 1944, chapter 46 of the statutes of 1944-45, is amended by adding thereto after paragraph 5 the following paragraph.

I cannot see where this fits into the present act.

Mr. ILSLEY: Section 2 is the interpretation section of the National Housing Act. Subsection 5 defines contractor and section 5 (a) will define cooperative housing project. It is put in alphabetical order; that is all.

Mr. NICHOLSON: Can the minister give us any information as to what will happen when this section comes into force? Are we likely to get some action in the field of housing?

Mr. ILSLEY: Cooperative housing projects may borrow under the housing act. They are expected to do so. I am told that one loan has been made, to one project.

Mr. NICHOLSON: Would the minister say where it is?

Mr. ILSLEY: In Ottawa.

Mr. NICHOLSON: Would the minister indicate whether a cooperative farm, for example, wishing to embark on a cooperative housing programme, would be eligible for a loan under the act now that this section has been added?

Mr. ILSLEY: Is this a cooperative farm with a number of houses on it?

Mr. NICHOLSON: We will say there are to be ten houses on the cooperative farm which they wish built as a unit, where they might have central heating and lighting.

Mr. ILSLEY: Yes, that would be eligible.

Mr. NICHOLSON: What would be the procedure; how would they go about securing the loan?

Mr. ILSLEY: They apply to a lending institution, and the national housing administration contributes its share when the plans are passed and the loan is made, the same as with other loans under the act. Instead of lending to an individual, you lend to this group.

Mr. NICHOLSON: Without this section it would not have been possible, would it?

Mr. ILSLEY: Yes, it would have been possible, but this section defines cooperative housing projects. It was already possible under the act to lend to cooperative housing projects, but there was no definition of them.

Mr. NICHOLSON: Did I understand the minister to say that one such loan had been made in the city of Ottawa?

Mr. ILSLEY: That is right.

Mr. GILLIS: Does this measure supersede or interfere with already established provincial acts in the field of housing?

Mr. ILSLEY: It does not interfere with them.

Section agreed to.

On section 2—"Cost of construction."

Mr. FLEMING: This section is designed apparently to put into statutory form one of the amendments provided by P.C. 392. We see introduced the words "and carrying charges", but there is no definition in the amending bill or the present act in regard to carrying charges. It seems to me that in a situation of this kind it is highly desirable that there should be a clear definition of the items which enter into carrying charges.

Mr. ILSLEY: It is generally understood to be the interest on money tied up during the period of construction. I am told that the question of preparing a definition was considered, but it was thought to be unnecessary since the term is so well understood.

Mr. FLEMING: With great respect I think there could be room for considerable disagreement as to what should be included under carrying charges. We all think of interest on borrowed money, but one also thinks of insurance, taxes and so on. Then there is depreciation; and what about amortization and so on? With respect I would suggest that this is one term which should be defined. A number of terms are defined in this act; we are introducing one new definition already, and I would urge that this term be also defined.

Mr. ILSLEY: These are the carrying charges during the period of construction, the charges necessary to complete the housing project. What could they be apart from interest on the money?

Mr. FLEMING: What about taxes? What about insurance?

Mr. ILSLEY: It would include that, I think.

Mr. NICHOLSON: In this section reference is made to farm housing. Could the minister give us some information as to just what the present procedure is in making housing available to farm dwellers under the act? I had an inquiry of this kind last summer; a family had their house destroyed by fire. I took up the matter with the department, who advised the family to secure the loan from the local bank, but the local bank did not have any information and was not interested in negotiating a loan. That was in Saskatchewan. What is the machinery through which farmers will work in securing loans for the construction of housing?

Mr. ILSLEY: Under the National Housing Act?

Mr. NICHOLSON: Yes.

Mr. ILSLEY: Just the same as anyone else building a house; the application is made to a lending institution. There have not been many loans to farmers under the National Housing Act. However, the act is available to them if they wish to make such application.

Mr. NICHOLSON: In Saskatchewan, for example, we have no lending institutions which have been handling national housing loans; at least that is the case in my constituency. What provision have we for farmers in the constituency of Mackenzie, we will say, to negotiate loans? Apparently there are no people nearby to inspect the site or to supervise the construction. Will it be possible for people in those areas to obtain loans for the construction of houses?

Mr. ILSLEY: Up to November 30 ninety-two loans had been made in Saskatchewan.

Mr. NICHOLSON: To farmers?

Mr. ILSLEY: I do not know how many have been made to farmers. The lending has not been large in Saskatchewan, but it is increasing.

Mr. NICHOLSON: Could the minister say whether any loans have been made to farmers?

Mr. ILSLEY: I have not that information.

Mr. ROSS (Souris): Even apart from farmers the situation last fall was that people in villages of a thousand or fifteen hundred people could not come under this legislation. The lending institutions refused to operate outside the large centres. I know people who were keen to act as agents for some of these companies, people who wanted to build homes themselves and who could have obtained materials for the construction of ten or a dozen houses in towns of eight hundred to a thousand people. They interviewed a number of insurance companies and other lending institutions, who all claimed they would not operate outside large centres. Has anything been done in recent weeks to make money available under this scheme in towns or villages, outside the larger centres, quite apart from farm operations?

Mr. ILSLEY: In the past they have operated to some extent outside the large centres, and there are special inducements under the National Housing Act to encourage them to do so. The assumption of risk by the government is greater in such areas. But the situation is susceptible of much improvement; I will put it in that way. This corporation we are setting up, the central housing and mortgage corporation, has as one of its main functions extending the benefits of the National Housing Act to all areas right across the country. If it is not working; if it is too concentrated in these benefits, I will expect this corporation to make recommendations to me for such steps as may be necessary to remedy the situation. When the bill was before the house previously I think I said that in order to make it work—I was going to say for our own satisfaction but certainly for our own peace of mind—we shall see to it that the benefits of the National Housing Act are not too greatly concentrated in cities.

Mr. ROSS (Souris): That is just the point I wished to make, because they simply have not been operating outside the larger centres. That has been the case on the prairies, at any rate, and I was wondering if you were moving to do something about it. I am not blaming anyone because the machinery is not available, but the finance people themselves have refused to operate under it in towns and villages, at least on the prairies, and I am wondering if something could be done to make it available to them.

Mr. ILSLEY: We will do everything we can.

Mr. NICHOLSON: Can the minister tell us how many loans, if any, have been made under the act to farmers in any part of Canada?

Mr. ILSLEY: I will try to get that information; I do not have it here.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—"Low-rental housing project."

Mr. FLEMING: I notice that the words which have been introduced to give the minister power to admit others than families with low incomes to this form of housing do not make any reference to economic rental or lower rental. In other words, in view of the underlined words in the last four lines of this section, apparently it is not open to the minister to rent to veterans' families at anything less than the economic rental. If the minister will refer to the earlier words he will see that the provision calls for leasing to families of low income at the economic rental therefor, or at a lower rental; and then the section goes on to say "or to such other persons", and so on.

Mr. ILSLEY: What was the first provision the hon. member read?

Mr. FLEMING: I am dealing with the underlined words as they appear in the last four lines of section 5, and I am pointing out that at the place they are introduced they follow these words:

at the economic rental therefor, or at a lower rental.

If the minister introduced the new words before those it would have been possible to

rent to families of veterans at less than economic rentals. Is it the purpose of the minister under this section not to permit rentals to veterans at less than economic rates? I believe that is the only interpretation the section bears, in its present form.

Mr. ILSLEY: This is a definition of low rentals. It is a definition of "low-rental housing project". That is, it is a housing project undertaken to provide decent, safe and sanitary housing accommodation, and so on.

Mr. LOCKHART: By a municipality.

Mr. FLEMING: It might be a limited dividend housing corporation.

Mr. ILSLEY: Yes, the section states:

"Low rental housing project" means a housing project undertaken to provide decent, safe and sanitary housing accommodation complying with standards not exceeding those approved by the minister, to be leased to families of low income at the economic rental therefor or at a lower rental or to such other persons as the minister under agreement with the owner may designate, having regard to the existence of a condition of shortage, overcrowding or congestion of housing.

It is to enable him to rent premises to persons not in the low income group, if he considers it necessary to do so. It is designed to enable the leasing to veterans, even though they are not of low income.

Mr. FLEMING: I understand that; but I take it that the purpose of the section is to make it clear that in the case of rentals to veterans' families, they do not qualify as families of low income, as the section now stands.

Mr. ILSLEY: They do not have to be families of low income in order to qualify for these premises.

Mr. FLEMING: All will agree that we want to see every benefit of the act extended to veterans' families. The note makes reference to veterans' families. It may be that the minister intends to pass orders in council or to make regulations which will place that interpretation on the new section. I would point out that if it is intended to make this accommodation available now to veterans' families who are not within the low income group, the statute should make that provision, instead of its being left to become a matter of regulation on the part of the minister. If that is the clear intention, then it should be so expressed.

Mr. ILSLEY: I think that would be too restrictive. It can be provided for in agreements with limited dividend corporations, or other owners. This simply gives the minister some latitude.

Mr. PROBE: It appears to me that the minister, through his holding company, is going to condone a lowering of housing standards, as it is now permitted by progressive municipal bodies. Under such conditions he would permit lower standards of construction?

Mr. ILSLEY: No, that is not so. The object is to see that luxury housing does not qualify for benefits under this section. That is, we say that very heavy loans of dominion government money are to be made, and that the housing cannot be too expensive.

Mr. PROBE: I agree with that explanation. The second point is this: Does the minister foresee a considerable use by the low-rental group of citizens of the housing programme to be facilitated by this measure, or is he making provision that the low-rental group may perhaps be superseded by a moderate income group who could pay the economic rentals of these buildings? Has the minister any statistics respecting rentals under this project?

Mr. ILSLEY: No, I have not. But I may as well say that, under present costs, economic rentals are not low rentals. We hope they will be at a later date, and it is possible that they may be. But at the present time costs are so great that all we can honestly say is that the rents will be kept down as low as costs will justify. I cannot give a figure; but they will not be what are ordinarily known as low rentals.

Mr. MacINNIS: If houses are rented at something lower than an economic rental, then obviously something will have to be made up. Who will make it up?

Mr. ILSLEY: "Economic rental" is a technical term, defined in this way:

"Economic rental of a family housing unit" means a rental at the rate of 12 per centum per annum of the cost of construction of the family housing unit.

With the financial assistance we can give, probably 12 per cent will not be necessary. It will not be economic rental within the meaning of the definition; nevertheless it will be a return on the money.

Section stands.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

INCOME WAR TAX ACT

The house resumed consideration in committee of bill No. 234, to amend the Income War Tax Act—Mr. Ilsley—Mr. Macdonald (Brantford City) in the chair.

On section 8—"Accumulated undistributed income."

Mr. ILSLEY: I suggest that section 94(1)(c)(i) be amended so that it will read: "the income of the company that was liable to taxation under this act." I suggest also that there be no addition to the next subparagraph (ii). The amendment proposed by the hon. member for Muskoka-Ontario was that the words "other than income arising out of the sale or other disposition of a capital asset" be added at the end of the paragraph. That is not income and never has been regarded as income, and it would be unwise to toy with the idea of its being income at all by suggesting an amendment to the act.

Mr. MACDONNELL (Muskoka-Ontario): The only comment I would make is that my suggestion was that, while it is not income liable to taxation it might be deemed to be such, but if the minister is satisfied after consideration that there is no danger of that contingency arising, I am satisfied to let it go as it is.

Mr. ILSLEY: The kinds of income not liable to taxation are listed in the act. Profit on a capital asset is not income at all and we should not admit the possibility of its ever being considered as income. I will ask my colleague to move the amendment to paragraph (i).

Mr. ST. LAURENT: I move, Mr. Chairman:

That the words "calculated in accordance with this act" in lines 31 and 32 on page 8 of the bill be deleted and the following substituted therefor: "that was liable to taxation under this act."

Mr. JACKMAN: Does that refer to paragraphs (i) and (ii)?

Mr. ILSLEY: No; just paragraph (i) is amended. The other remains as it is.

Amendment agreed to.

Mr. ILSLEY: Perhaps we can consider clause 94 carried, Mr. Chairman.

Mr. McLURE: Mr. Chairman, with your permission I should like to make a few general remarks with reference to this clause. I have listened to the arguments pro and con with reference to income tax and other things that we have been discussing all day to-day, and let me say that I do not believe there are any two words in our vocabulary that are more hated than the words "income tax". These words are not despised because men do not want to pay taxes, but because of the regulations and the way the act is enforced. I think I am safe in saying that I have not met a man yet who could make out an income tax return 100 per cent correctly unless it is some man who understands these words, "the discretion of the minister". I know that I myself have paid penalties in interest at excessive rates on revisions going back as far as six years. When one goes over this and pays some of these bills and sees what he has left, he is bound to exclaim, "O Hades; I am working for the government at a dollar a year and finding myself."

The Minister of Finance has conceded from time to time in his remarks that the system of levying personal tax needs revision badly; I think those were his words. I would go one further and say that it needs revision very badly. But he has decided to hold out some hope to us that while it is unwise to tackle the revision at this time we shall have a simplified system, without legislation, in 1946. That is a wonderful hope. What has been attempted this session by the minister is admittedly a makeshift for the present time to offset the harmful effects that taxation is having on private enterprise and thus helping to produce unemployment throughout Canada. However, the minister has said to the burdened taxpayer the old saying, "Live, horse, till the grass grows next summer." Let us hope that we shall have some redress then.

I now want to deal with a few phases of the income tax and the excess profits tax. When I came here in September I sent and got copies of these two acts.

The CHAIRMAN: I would remind the hon. gentleman—

Mr. McLURE: These are just generalities. Mr. Chairman.

The CHAIRMAN: The Excess Profits Tax Act was passed some time ago and it is improper to refer to it now. May I remind the hon. member that we are dealing with section 8, new section 94, which deals with private companies.

Mr. McLURE: Yes. Well, that is what I want to deal with.

The CHAIRMAN: The hon. member will be in order when he is dealing with income tax on private companies; otherwise he will not be in order.

Mr. McLURE: Thank you, Mr. Chairman. I assure you that I shall be in order. Running through these two acts as I perused them, I found these words outstanding, "discretion of the minister", for instance, under the deductions from income not allowed as depreciation—

Mr. LESAGE: On a point of order, I submit that the hon. member is completely out of order.

The CHAIRMAN: If the hon. member is dealing with anything other than income tax on private companies he is out of order. I think it is the wish of the committee at this stage that we should be in order with respect to the various items. There is a rule which I have quoted from time to time, that discussion in committee must be relevant to the clause under consideration. One hon. member says, "Why at this stage?" That rule has been observed through all the sittings of this committee. It has been the custom in the sittings of the committee to have a general discussion under clause 1. We had that discussion on this bill. Of course I am in the hands of the committee, but I understood it was their wish that general discussion should take place under the first clause and that after that all discussion must be relevant to the clause under consideration. I must therefore ask the hon. member to keep his remarks within the meaning of section 8.

Mr. McLURE: Well, Mr. Chairman, you stated that you were in the hands of the committee. All I can say is that I am under your hands; if you thumb me down, I am down. I have some suggestions to offer here, and even if I may not be strictly in order I believe the suggestions are worth considering. In the amendments to the acts last night I noticed on every occasion the words "discretion of the minister" were omitted, and placed therein—

Mr. ILSLEY: Mr. Chairman, I think my hon. friend realizes that he is not in order. I do not like to take advantage of rules of order, but at this stage he should not be making a speech on the general principle of the Income War Tax Act. It is entirely at variance with what we should be doing. We should be examining these sections one by one to see if they can be improved and what further amendments are desired. We are dealing with a highly technical section relating to the taxation of private companies' income which is undistributed, and I feel that hon. members should confine themselves specifically to that section.

Mr. McLURE: I will try to do so.

The CHAIRMAN: I must insist, as it is the wish of the committee, that reference must not be made to the acts which were passed last night. They have been completely passed; they have gone through all the procedure required in this chamber to put them into effect. Therefore they should not be referred to now.

Mr. McLURE: Well, Mr. Chairman, I was referring to them only to show the amendments they had made in leaving out the words "discretion of the minister" and inserting therein "in the opinion of the minister." I could not see any difference. However, I will not deal with that any further. I wish to offer this suggestion with regard to appeals in the case of income tax on private—

Mr. ILSLEY: Mr. Chairman, I am trying to be patient, but I do not like to see an hon. member repeatedly called to order, and, when he is called to order, say, "Mr. Chairman, I will now deal with private companies" and then proceed with his manuscript to make a general speech when he knows he is out of order.

The CHAIRMAN: I am forced to rule that the hon. member is out of order. Does section 8 carry?

Mr. MACDONNELL (Muskoka-Ontario): I wish to ask a further question with regard to this undistributed income. I am sorry to do so, but frankly I am perplexed about this calculation, and I should be glad if the minister would say what is the basis of these tests which are here, and which do not immediately make themselves clear to me. I should like to know whether this is in accordance with the practice which has been followed in the past, whether there is the validity of long practice behind it; and also, I believe, it is based or supposed to be based on certain recommendations made in the Ives report. I was trying to find them but I could not do so. May I have the reference to the Ives report?

Mr. ILSLEY: "Undistributed income" has not been defined in the past, although it is used in the Income War Tax Act. I am not aware that the Ives commission made any recommendation as to definition, but there was evidence before the commission as to what is "undistributed income... on hand". Those are the words. It was considered that the phrase was a little too loose and was susceptible of various interpretations, so that a

definition was drawn up which is in accordance with the practice of the department in the past.

Mr. MACDONNELL (Muskoka-Ontario): Then might we have a short explanation of the additions and the subtractions? There are two additions and six subtractions, and I think it would be better if we could understand the basis.

Mr. ILSLEY: The additions are, all the income of the company which was liable to taxation or was not liable to taxation. You start with that. That is inclusive; it covers all the income of the company.

Mr. JACKMAN: Shall I ask one question now?

Mr. ILSLEY: All right.

Mr. JACKMAN: Just in connection with subparagraph (ii), "the income of the company in each of the said periods that was not liable to taxation under this act:" I assume that "the income of the company" will have a technical definition in the interpretation clause of the act.

Mr. ILSLEY: Yes, it is defined in the act.

Mr. JACKMAN: Just for clarification: it will not include capital profits or capital losses?

Mr. ILSLEY: No.

Mr. JACKMAN: It would include dividends from other Canadian corporations?

Mr. ILSLEY: It would, yes, but those are non-taxable.

Mr. MACDONNELL (Muskoka-Ontario) Would the minister run through the six subtractions too?

Mr. ILSLEY: Well, the subtractions are:

(iii) all operating losses sustained by the company during the said periods,

(iv) the amount by which all capital losses sustained in the said periods by the company exceeds all capital profits of the company in the said periods.

Mr. JACKMAN: May we pause there? The minister said just five minutes ago that the last thing he wanted to do was to import the idea of capital gains or capital losses into our income tax system; yet here is a net deduction from the amount of earned surplus to be available for distribution under the new section which will be lessened by the excess of capital losses over capital gains.

Mr. ILSLEY: This shows the necessity of definition. Capital losses may be used to reduce a surplus, even an income surplus.

Mr. JACKMAN: But no capital gains to increase it?

Mr. ILSLEY: This is the amount by which all capital losses exceed capital profits. The profits do not augment it, but the losses diminish it. You strike a balance between capital losses and capital profits. If the profits are greater they are not added. If the losses are greater they are subtracted.

Mr. JACKMAN: But surely the point is, in order to do substantial justice to the owners of the company, the larger the earned surplus is—in fairness to the crown—the better for them, the more justice is done; and now, under this subparagraph (iv) earned surplus is reduced by the amount of the capital losses. There may have been a capital loss which would wipe away all your earned surplus, and that would mean that there would be much less available for distribution under this relatively favourable section than otherwise. I think I am clear in my thinking on that. It would be unfavourable to the shareholders of the company if that were to be the case. You obviously cannot add capital gains to swell your surplus, and I do not see why you should deduct capital losses to diminish your surplus, from the point of view of taxation. On a balance sheet you might do it for appearances' sake, but that is the arbitrary act of a board of directors and has nothing to do with the taxation. I do not know why you import a capital profit or loss element into this at all. Why not leave it where it was? It may bring up the question we discussed before the dinner recess: if there were capital losses and they were taken off the earned surplus there is not that earned surplus to distribute; but I submit it is just a legal technicality. If you have cash available, or can come to the treasury and borrow it, you can pay off the full earned surplus. It is just a technical accounting figure.

Mr. ILSLEY: I do not understand that argument. I think a surplus is a surplus; I do not think it is a fiction at all; and if a company had an earned surplus of a million dollars over a certain period and a capital loss of five hundred thousand dollars, it has only five hundred thousand dollars left there. Because these income tax rates may appear attractive, we could not let them distribute a million dollars and then get the money by borrowing on future earnings and distributing them on these rates.

Mr. JACKMAN: Not to the extent of impairing capital, but there are three or four ways of dealing with it; for instance, it could be made an earned surplus account, or a

capital surplus account. There need be no impairment of capital at all. If the assets are valued in the market place, even though there may be technically an earned deficit on the balance sheet you may still be able to distribute earned surplus or even part of capital without running into a technical distribution of capital. I do not understand why the minister brings in the capital element at all as a subtraction from earned surplus, because we certainly could not put it in as an addition.

Mr. ILSLEY: It has always been the practice.

Mr. JACKMAN: Well, some of us do not know why. It is, I think, a fair question.

Mr. ILSLEY: Shall I run over the rest of them? The next is:

(v) the dividends paid by the company during the said periods except dividends that were paid exclusively out of a surplus or accumulated profits on hand prior to the first day of January, nineteen hundred and seventeen and that were not taxable as income of the shareholder.

Is there anything wrong with that one?

Mr. JACKMAN: No.

Mr. ILSLEY: The next is:

(vi) all income tax, business profits tax and excess profits tax paid by the company in respect of the said periods.

That is clear is it not? The next is:

(vii) expenses incurred or disbursements made by the company during the said periods but not allowed as a deduction from income under this act.

Mr. JACKMAN: I do not understand that one.

Mr. ILSLEY: There are some expenses which are not allowed as deductions. For instance, if a company were to pay an allied company excessive amounts for some goods or services it might be disallowed; or, charitable contributions in excess of the amount permitted, if that ever happened, and I think it has happened, and so forth. But there are expenses which were actually incurred which are not allowed as deductions. The next is:

(viii) that part of the income of the company for the said fiscal periods that has been taxed in the hands of its shareholders under section twenty-one of this act and has not been paid out by way of dividends during the said periods.

Those are personal corporations.

Mr. JACKMAN: I do not understand why; that is all.

Mr. ILSLEY: It is deemed to be distributed. It has already borne the tax. If it is not in the hands of the shareholder, and you cannot get it in the hands of the shareholder, they have paid the tax on it, and it is deemed to be distributed.

Mr. GREEN: Has the minister given any consideration to the suggestion that subsection 3 of section 96 of the act should be—

Mr. ILSLEY: We are still on section 94. Can we pass 94?

Mr. MACDONNELL (Muskoka-Ontario): I think we are perfectly clear on all except subparagraph (iv), and I do not think we are as clear as we should like to be on that. Will the minister say that that is part of the recognized practice which has been used?

Mr. ILSLEY: The answer is, yes.

The CHAIRMAN: We now revert under section 8 to new section 96.

Mr. ILSLEY: There are two points about section 96. The first is the point raised by the hon. member for Muskoka-Ontario. This section—I am referring now to subsection 1—in my judgment is correct as drafted. The point was raised that the resolution was broader than the section, and perhaps it is. But resolutions are loose things; they are general and lacking in refinement and so on, and the statute is much more precise. But on page 73 of the report of the royal commission on the taxation of annuities and family corporations—the Ives commission—is found this passage:

We recommend that any private company having accumulated undistributed income on hand may, to the extent that such income was earned prior to the end of its 1939 fiscal year, apply for permission to settle the income tax liability that would arise on the distribution of such income to its shareholders.

The rest of it is irrelevant. The meaning of that we took to be—and we think that whatever it meant, this is what we should do—that we take the undistributed income on hand at the date of election, if it was earned prior to the end of the 1939 fiscal year. It is the undistributed income earned between 1917 and 1939 which is on hand at the date of the election, and this clause is clearly based on that.

Mr. MACDONNELL (Muskoka-Ontario): But that is the thing that I questioned. The report covers the income earned between 1917 and 1939. Let us assume that between 1939 and the date of election there has been a loss of income. Let us further assume that before the time for distribution actually comes there might be a turn of affairs and the company would make earnings to recoup itself. Why is there any fairness in saying that the

amount which is on hand in 1939 and which would have been distributed but for the loss intervening since 1939; if that loss is recouped, why should you cut off the company from chance of having an opportunity to distribute the amount which was on hand in 1939? It does seem to me it is pressing those two words in the report "on hand", rather hard. Looking at the fairness of the situation and what I understand to be the intent and scope of the terms of reference of that report, it seems to me that the act steps in and undertakes to alter, by reason of something which happens after 1939, a situation which existed in 1939, and which I understood was the situation with which the Ives report was called upon to deal. I am not assuming that parliament cannot deal differently from the Ives report if it wishes to do so, but the minister is quoting the Ives report, and I think he is pressing much too hard on those words "on hand".

Mr. ILSLEY: I do not know that we can get very much farther by arguing the matter. I do not think it was anybody's intention to take the earnings that the company elects to distribute and allow those earnings to be paid out under this schedule of rates. That is what is being argued for here. Why stop at the date of paying out? Why not go away into the future? It was not the intention to take income that would be earned in 1946, 1947 and 1948 and allow it to be paid out under this favourable schedule of rates.

Mr. MACDONNELL (Muskoka-Ontario): Nor was it the intention to take what was earned in 1939 and to worsen the situation which existed in 1939.

Mr. ILSLEY: We cannot run away into the future. We take the situation at the time they elect. They can elect on their 1939 surplus and they can distribute it.

Mr. JACKMAN: I cannot help feeling that the drafters of this section were frightfully legalistic and not very practical. Undistributed income on hand does not mean that there is so much money or so many liquid resources in the company representing that amount. It may be that the company has assets in the form of cash, in which case its capital and all the surplus balance is an amount of cash. It may be that a company has no cash, that it has only bricks and mortar, and all the capital and all the surplus and capital surplus, or anything else must offset only bricks or mortar. But that does not say that the company cannot get working capital or cannot have earned surplus which is distributable. The words "on hand" used in the Ives report is a loose expression if one gets down to legal terminology. What is your earned surplus on hand at the end of the year? It is simply the amount showing in your balance sheet. Take the earned surplus of a company and the liabilities; there is no identity on the asset side representing the exact amount in the earned surplus on the liability side. It is just on the one side, on the asset side, and as long as the two sides of the sheet balance under the double entry system, it is all right.

I see no significance in the words "on hand." What is likely to happen if a company finds that it had an earned surplus in 1939 which was greater than its earned surplus at the time it elects to operate under this section of the new act? Either the company have been doing so poorly that they have had losses, or they have been doing rather poorly but have paid out more in dividends. If they have paid out more in dividends I think the minister will be satisfied that the government will get its share; that is, if they paid out more in dividends than they earned and thereby reduced the earned surplus. There should be no hesitation on his part to allow the company to take its 1939 earned surplus as the basis for distribution. I do not see that there can be any very favourable position for a company that has reduced its earned surplus, that has had either a loss or has paid out more money than it has earned. The government gets a higher rate of taxation on it, and it could not be prejudicially affected by that action under this section whereby the 1939 earned surplus is reduced.

Mr. ILSLEY: I should just like to hear what my hon. friend would say if the Department of National Revenue exercised its powers under the Income War Tax Act to compel the payment of surplus out in dividends and then refused to permit a deduction of capital loss. I know my hon. friend would say that there was no surplus then to the extent of the capital loss.

Mr. GREEN: What about the other suggestion?

Mr. ILSLEY: The hon. member for Vancouver South, whom I always wish to accommodate, made a suggestion.

Mr. MACDONNELL (Muskoka-Ontario): Why can you not extend that to us?

Mr. ILSLEY: This section 96 (3) (b) is all right as it stands, but there is no reason why these words should not be added, and I will move accordingly:

That the following be added at the end of subparagraph (b) of subsection 3 of section 96 at line 51 on page 10 of the bill:

"Provided that any instalment or part thereof may be paid before the date on which it becomes payable, interest thereon ceasing as from the date of payment."

Amendment agreed to.

Mr. MACDONNELL (Muskoka-Ontario): I wish to make one more last appeal to the flinty heart of the minister, pointing out to him that in the recommendations of the Ives report the following is found:

That capitalization or distribution of surpluses earned prior to the end of the 1939 fiscal year be permitted . . .

There is a definite recommendation in the report.

Mr. ILSLEY: That is merely a summary of the recommendations.

Section as amended agreed to.

Bill reported, read the third time and passed.

NATIONAL HOUSING ACT

INCREASE IN APPROPRIATION FOR LOANS AND GUARANTEES

The house resumed consideration in committee of bill No. 239, to amend the National Housing Act, 1944—Mr. Ilsley—Mr. Macdonald (Brantford City) in the chair.

On section 5—"low-rental housing project."

Mr. NICHOLSON: Would the minister define what he has in mind when reference is made to families of low incomes? What groups would be included?

Mr. ILSLEY: It is not defined.

Mr. NICHOLSON: Although it may not be defined, I think it would be well to have some statement from the minister as to what income ranges might be included. Who could hope to get under the wire?

Mr. ILSLEY: It is defined in a kind of way, but that does not mean much.

Mr. FLEMING: Paragraph (11) of section 2 of the act defines it.

Mr. ILSLEY: Yes, but that does not lead to much. It is defined in this way:

"family of low income" means a family which receives a total family income less than five times the economic rental of a family housing unit required to provide sufficient accommodation for the said family.

[Mr. Macdonnell.]

Mr. NICHOLSON: In the report on reconstruction, dealing with housing and community planning, at pages 110 and 111 we have some interesting paragraphs regarding tenant families in the lower third of the income bracket. It points out that in the twelve metropolitan areas the average family earnings would be $703 a year. On that basis, accepting the definition the minister has given, people living in those areas should pay rent of about $12 a month. In some of these cities the average is a great deal less than $703. In Saint John, New Brunswick, for example, the average annual family earning is $595. In Windsor it is a good deal higher, $943. I understand that about 177,000 families in Canada fall within this range, with an average of $703, and as I have pointed out on previous occasions it is very difficult for people in that income group to find places to live. Those who are being discharged from the services are finding it almost impossible to secure living quarters right across the country, and I think at this session the minister should give some indication as to what the administration has in mind to make housing available for people getting less than $1,000. I do not think the legislation now on the statute books will make it possible for life insurance companies or any builders to provide suitable units that can be rented at $12 a month. I believe some authority, either municipal, provincial or federal, must be prepared to bridge the gap between what these families can afford to pay and what might be regarded as an economic rent; and in my opinion the federal government should take that responsibility. We are all very proud of the performance of the minister during the last several years, when a difficult job had to be undertaken. We were told that if it is physically possible somehow or another it will be made financially posible.

Mr. ILSLEY: But it is not physically possible.

Mr. NICHOLSON: I think it is physically possible to build houses such as they have built in Boston, or Philadelphia, or New York, or Chicago, so that people who are getting less than $1,000 a year can have running water, electric lights and steam heat. It is true they cannot be built next week or next month—

Mr. ILSLEY: That is what I mean.

Mr. NICHOLSON: —but I think we must have legislation that will get the work started immediately. We still have not any legislation that will provide any units of any consequence for people getting less than $1,000 a year.

Again in this report we have a section on Philadelphia. At page 202 we are told that in the low-rental projects in that city a family getting $525 a year rents a one-bedroom apartment at $11.25 a month. A family getting from $526 to $700 will pay $14 for the same accommodation. A family getting from $700 to $900 will pay $17.50, and a family receiving from $900 to $1,200 will pay $22. Hon. members might assume there would be some friction when people living in the same apartment block find that one family is paying twice as much as another, but a good socialist principle has been accepted, that they should give according to their ability, and those who are getting twice the income of the others do not complain because they have to pay twice the rent for exactly the same quarters. If you have a larger family and require four bedrooms, and are getting less than $525 a year, you pay $12.75 for a modern apartment. If in the United States in the ten years before the war they were able to appropriate funds to build houses for their people in these low income brackets, it does seem to me that in the closing hours of 1945 we in Canada at least should be prepared to pass legislation that will provide a bridge between what people in the lower income brackets can pay and what must be paid, so that housing may be made available to this very large group in the dominion.

Mr. ILSLEY: To begin with, the figures of incomes for Canadians are for the year 1941, are they not?

Mr. NICHOLSON: That is true.

Mr. ILSLEY: The average would be much higher at the present time.

Mr. NICHOLSON: I am sure it is, but if we could count on maintaining the 1941 income for the next ten years I think the majority of the Canadian people would consider that we had passed through the period of transition quite successfully. Some of the provisions of this bill would indicate that the minister's own department does not anticipate that we are going to maintain the 1941 income level for the next five years.

Mr. ILSLEY: 1941?

Mr. NICHOLSON: One of the later clauses assumes, I take it, that we are going into a depression, that we are not going to maintain an income level as high as that of 1941.

Mr. ILSLEY: I did not think there was any assumption in the National Housing Act or anywhere else that we were going into a depression.

Mr. NICHOLSON: Later on you provide that the federal government will take up fifteen per cent of the losses. I have not the section before me at the moment, but as I understand it we have not had any losses in the administration of the National Housing Act to date. If for the future we are going to plan on losses of fifteen per cent it will mean that one person out of every six or seven can expect to have his home foreclosed, or to be unable to meet the payments; otherwise I cannot see any sense in making provision for the federal government to assume losses of that proportion. But we will discuss that later on.

Mr. ILSLEY: Because we make such provision does not mean that we expect losses of that kind. We get lower rates of interest, better terms, and so on, if we give a guarantee. The hon. gentleman is urging subsidized housing at the present time, is he not?

Mr. NICHOLSON: Yes; otherwise I do not see any chance of returned soldiers who are coming back and looking for jobs finding anywhere to live, under the legislation we have, or in the houses the life insurance companies are going to build.

I did not have the *Financial Post* with me yesterday, but in the issue of November 3 a front page article states, "$40 to $55 rents for insurance housing seen." Unless there is some subsidized housing, a large group of Canadians will not be able to take advantage of the new houses which have been built.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8—Institutional holding company.

Mr. PROBE: Before we pass section 8 I should like to draw once again to the attention of the minister his statement of August 5, 1944, as reported in *Hansard,* to the effect that the government does not believe that a building programme invoking the assistance of municipal or provincial bodies is necessary, and that this legislation is framed accordingly.

When discussing section 5 before recess the minister indicated that in all probability housing accommodation would be made available to other than those in low income groups. I foresee a situation in which all the housing we will provide under this measure will be made available to people of moderate rather than of low incomes.

The minister has definitely stated that housing corporations sponsored by provincial governments or municipalities are not to be considered in any way under this measure. My home city of Regina has been forced

during the fall and winter to build about a hundred temporary shelters to look after part of the requirements of our citizens. These are certainly no more than shelters, because most of the amenities of living do not exist there. At a cost of something over $100,000 only a roof is supplied, and in two years that money will be wasted. That, it is considered, is the approximate life of the buildings being erected. Certainly these cannot be called homes.

Under present financial arrangements it is possible that the minister will secure a maximum of about 100,000 homes. This number of homes at $4,000 would amount to $400 million, which is to be made available through the use of five per cent of the assets of the insurance companies, plus guarantees by the dominion government. That would provide 100,000 homes or, according to the Curtis report, about one-seventh of our present shortage. In any event, our municipalities or private owners must supplement what the minister is prepared to do, by the terms of the various housing acts. He has said that free enterprise will be permitted to handle this emergency, and yet in answer to the hon. member for Mackenzie he said that it was physically impossible to build these houses.

Mr. ILSLEY: I should have added "in the near future".

Mr. PROBE: I had a communication just this week from the carpenters and joiners union of my city, in which they point out that they have seven carpenters unemployed. That may not seem like a large number, but those seven carpenters are unemployed because there are no materials to work with.

Mr. ILSLEY: That is what I mean.

Mr. PROBE: I point out to the minister that he has not taken positive steps to secure materials. In the first place, we are turning over large sums of government money to the mortgage and investment companies, and, by this measure, we are guaranteeing profits on their commitments to the extent of two and one-half per cent of their invested capital. Then we are not taking adequate steps to make sure that the materials produced in Canada remain here.

Mr. MITCHELL: The hon. member has been talking about keeping materials in Canada. Would he use the same analogy, so far as wheat is concerned? He would have a great time eating all our wheat.

Mr. PROBE: In Canada we have ample wheat for the needs of our people and we are very happy to dispose of our surplus at prices below the world market. The minister has not heard those who represent agricultural communities complaining about the fact that we are selling under the world market. We feel in duty bound to assist world needs to that extent. But when one hears our lumber merchants talking about the price of hemlock—

The ACTING CHAIRMAN (Mr. Golding): We are dealing with housing.

Mr. PROBE: I was trying to answer the Minister of Labour.

Mr. MITCHELL: The hon. member was just trying.

Mr. PROBE: He was drawing a red herring across my argument.

The point is that we are exporting lumber. People in Europe are not eating it, and it is not being exported only to the devastated countries of Europe, as I have pointed out before, from figures provided to me by the Minister of Trade and Commerce. Why does not the minister keep those supplies at home, so that carpenters can go to work? Why does he not give some impetus to apprenticeship, or to a training plan to have more carpenters on the job? We were told a few days ago that money was not the difficulty, and that it would not be a limitation in the building programme. Pour in the money; heaven knows we have been doing it for five years in connection with the war. We did not stint, because we had to get the materials.

We have those materials in Canada. We may need a little more coordination and, for a time, we may have to place an embargo on exports of building materials. We may have to train more builders. Those builders in the prairie provinces who are unemployed during winter months, because materials are not available, under proper planning could be working on housing.

We have the money; we can get the materials; we can train the men. There are all sorts of men still in the services who would be glad to assist in this programme. Why in heaven's name can we not go to work on it? This is a national emergency, and still we are fiddling around, guaranteeing mortgage companies two and one-half per cent on their investments in connection with the building of houses. Then the minister tells us it is likely these will not be low-rental houses anyway, and that they will be taken by those in the middle-income group. The low-income people cannot afford to rent houses costing $4,000.

Mr. ILSLEY: I do not know to how much of what the hon. member has said I should reply. He has made an earnest and sincere appeal to increase the supply of materials.

The chief shortage is not that of lumber. The bottle-neck is in connection with soil pipe and brick.

Mr. MacNICOL: And plumbing fixtures.

Mr. ILSLEY: Plumbing fixtures of some kinds, yes. Those are the chief shortages. The hon. member has asked why in heaven's name we do not keep our lumber in Canada, and suggests that we should not send it to the United States.

Mr. PROBE: Keep enough of it—all of it is likely not needed.

Mr. ILSLEY: That is a pretty delicate matter. We have to keep up a certain flow of lumber to the United States if we are to rely on the flow of articles from the United States which we must have to live. Therefore we cannot tamper unrestrainedly with the flow of lumber to the United States. Lumber is not the bottle-neck anyway. It is these other things.

Mr. PROBE: Could not our trade commissioners arrange for builders supplies, such as plumbing and electrical equipment, which are in plentiful supply in the United States to be sent to this country?

Mr. MITCHELL: They are just as badly off there as we are.

Mr. PROBE: I would ask the minister to reconsider his definition of "approved lending institutions" to make it possible for corporations like my own city to go into this business. They have spent money in the past on temporary shelter and it has just gone down the drain. I should like to see the definition of lending institution amended so that any housing corporation established by a provincial or municipal government or by an otherwise approved lending institution will be given a chance to meet this housing emergency.

Mr. ILSLEY: Suppose I were disposed to do exactly what my hon. friend wants; I think the form that my approval would take would be to approve municipally or provincially owned limited dividend corporations. I think that would be the practical approach within the framework of the act.

Mr. PROBE: Does the act now permit of their doing just that very thing?

Mr. ILSLEY: Yes, it permits it.

Mr. PROBE: And would the minister give it his blessing and make it easier for them to get loans? In my own city, for instance?

Mr. ILSLEY: There has been no suggestion that the municipality of Regina would form a limited dividend corporation and take advantage of the loans on the very favourable terms provided by the act. Some municipalities might. I am not sure. There has been a suggestion or two which would come under that description and one is under consideration at the present time. But for the reasons which the hon. gentleman has stated we are fighting shy of these arrangements under which a junior government puts up a very small sum of money and the federal government puts up 90 per cent of the money because, as I stated at the time, business relations between the federal government and junior governments are sometimes a little difficult, and one can never tell when the difficulty is going to crop up because there is a general feeling that the federal government is fair game; that if you can get what you want out of the federal government, you do. That is one reason.

Another reason is that a great many municipalities are not properly set to give independent and proper management to this business. The time may come, and before very long, when that type of corporation will be approved. Each would be examined on its own merits to see if it qualified. There is nothing in the act which excludes such projects if they are in the form of limited dividend housing corporations. Some municipalities would not wish to undertake that. Housing is an important business with all sorts of difficulties and embarrassments that are not to be lightly undertaken. Some of the municipalities had an unfortunate experience following the war of 1914-18 which they do not wish to repeat.

Mr. PROBE: The experience of continental countries is that public housing is the only solution for the housing situation. I am speaking of capitalist countries too, not only socialist countries. Capitalist Britain had to go into a scheme of housing under public housing authorities, and they put up over one million houses from 1919 to 1939. That scheme was a success. They put up houses which rented for eight shillings a week. That was the average rental for a four to five-roomed house. In answer to the hon. member for New Westminster, who queried the hon. member for Qu'Appelle this afternoon about rentals, let me say that in New Zealand the rentals for accommodation in a four-roomed house averaged $3.60 a week and for a six-roomed house $5 a week. We have to do the thing along these lines sooner or later, and why not now? There is one other restriction which the Minister of Finance might remove if he will give this his blessing. That is, that the municipal housing corporations

are to-day paying too high a rate of interest. I think he will have to lop that rate of interest to encourage them to go into low-rental housing.

Mr. NICHOLSON: In support of what the hon. member for Regina City has said, I might remind the minister that following the housing experiment after the last war we went into a serious depression, but we had the minister's assurance a few minutes ago that we shall not have a depression of that sort.

Mr. ILSLEY: That is right.

Mr. NICHOLSON: We now have the National Housing Act, and having had more experience than we had after the last war I think municipal housing might turn out differently now from what it did then. I would ask the minister, if the government of Saskatchewan desired to negotiate a contract with the federal government, could they expect to get the money on similar terms to those enjoyed by the life insurance companies? I asked the minister for the number of units which have been approved in Saskatchewan. Can he give that information now?

Mr. ILSLEY: For farmers?

Mr. NICHOLSON: For both groups.

Mr. ILSLEY: There have been ninety-two loans under the new housing act in Saskatchewan.

Mr. NICHOLSON: Would it be possible for the government of Saskatchewan to get money for housing under similar terms to those given to the life insurance companies? While there are sometimes differences between Ottawa and the provinces, I understand that the minister had his own way in the seed grain dispute, and I do not think there will be any insurmountable difficulties in connection with housing.

Mr. ILSLEY: There is no provision for guaranteeing the two and a half per cent return except in the case of life insurance companies, and that is done to protect the policy holders and to enable the companies to invest trust funds. Loans could be granted to a limited dividend corporation, and the question whether a limited dividend corporation the shares of which were owned by a provincial government would be approved is one to which I would give consideration. We certainly never contemplated anything like that when we set up the act, but it is a matter that could be given consideration.

Mr. NICHOLSON: Our Saskatchewan citizens have been paying life insurance for a great many years, and these premiums have gone outside the province in the past to Toronto, Montreal and Waterloo. Unfortunately we now find that these companies which we have been supporting generously are not prepared to negotiate loans to encourage housing development in Saskatchewan. That being the case, I think the federal government might consider making federal funds available to a corporation that would be completely publicly owned in Saskatchewan, and in view of the fact that our housing needs are possibly greater in Saskatchewan than in any other province, a particularly good case might be made by taking all the factors into consideration. We have had very few war industries there; many of our service people are going back, and I regard housing as one of the undertakings that might provide a great impetus to business all along the line. That was the experience of Great Britain during the depression years. When the United States and Canada seemed to be severely paralysed industrially, in Great Britain, because they undertook building projects such as the hon. member for Regina City has mentioned, they were able to bring prosperity to the hardware merchants, the plumbers, the tinsmiths and the carpenters. In Saskatchewan we would have a special case to get funds on conditions similar to those on which the insurance companies are getting them in other parts of the province.

Section agreed to.

On section 10—Joint loan losses.

Mr. NICHOLSON: I referred to this section before, and I would ask the minister to explain why he has suggested fifteen per cent in view of the excellent performance of National Housing ever since it was set up. I understand, from one of the minister's recent reports, that we have lost less than $100. I think this should be lower.

Mr. FLEMING: The act has not been used.

Mr. NICHOLSON: Yes; it has been used.

Mr. MacNICOL: If it had been used we would not be in the condition we are in to-day.

Mr. NICHOLSON: I may say to the Progressive Conservatives that it did not get under way while they were in office. We did have a National Housing Act, and on page 327 of this report we have some statistics on the number of housing units built.

Mr. FLEMING: This is a different act to-day.

Mr. NICHOLSON: That was a national housing act. However, the point is that less

than $100 has been lost on the operations of the National Housing Act, 1938. That being so, I should think that five per cent as a guarantee from His Majesty would be a satisfactory arrangement, if we are not going to have another depression.

Mr. ILSLEY: If we are not going to have another depression?

Mr. NICHOLSON: I do not see that any guarantee should be given that one out of every six or seven is not to be foreclosed, or that there are not to be losses, and I say that in view of the past performances of national housing. In view of those performances I do not see why fifteen per cent is suggested.

Mr. ILSLEY: This section 10 is a clarification. Under the act the crown puts up to twenty-five per cent of the housing loan and the lending institution seventy-five per cent. In the first instance, therefore, twenty-five per cent of any loss in respect of a housing loan is assumed by the crown. In addition, this clause authorizes the government to pay losses suffered by a lending institution on its share of the loan up to fifteen per cent of the total investments by the institution. Actually the guarantees vary in accordance with the size of loans and the location of the houses, varying inversely with the size of loan and directly with the remoteness of the locality. In other words, special encouragement is given the building of small homes located in outlying areas in which lending institutions would not ordinarily invest. The hon. gentleman says that fifteen per cent is unnecessarily high having regard to the experiences of the past. But the National Housing Act began to operate about 1935 or 1936; there has been a rising real estate market from that time to this, and it is the most favourable period in the world to take. There naturally would not be any losses when values are getting a little higher all the time. It is not necessary to draw the conclusion that we shall have a depression from the apprehension that perhaps real estate values will not continue to rise from now on. They may even decline somewhat.

An hon. MEMBER: They should not rise.

Mr. ILSLEY: No, I should not think so; but if they declined somewhat, then we are not going to have the same favourable experiences; that is, the lending institutions will not have the same favourable experiences as they have had in the past.

Mr. NICHOLSON: The minister has mentioned one factor that interests me, namely, the activities in the remote areas. If he can give an assurance that the act will be made operative in those areas I withdraw my objection, but previously he did not give any satisfactory answer to indicate that on the frontiers our citizens will be able to take advantage of the privilege. I realize that the cost of administration is a good deal higher as one gets into the northern countries. A great deal has been said about the possibilities in northern Ontario, Quebec and Manitoba. National Housing was not very much interested in going into those northern areas; and if the minister would give the committee some assurance that from now on the operations will be carried on in those remote areas, I can understand that the loss factor might be altered considerably in comparison with operations in the large centres in the older parts of Canada. Can the minister give us that assurance, that operations will be carried on effectively in the remote places?

Mr. ILSLEY: The only assurance I can give is the assurance I gave this afternoon, that we are determined to get a wide distribution of the loans, and I shall certainly rely on this central housing and mortgage corporation to recommend measures and, if necessary, to have legislation that will bring about that result. As I said this afternoon, we recognize the responsibility of seeing that the loans are not concentrated in the big cities.

An hon. MEMBER: They have been.

Mr. ILSLEY: It is said they have been. If we are to make the National Housing Act a real success—it has been a success in the past in the sense that there were a very large number of houses built under it, and it has been a financial success so far as the government is concerned—but if we are to make it a social success and from that point of view a national success, then we have to see that there is a wide distribution of benefits.

Mr. NICHOLSON: Can the minister be more specific than that?

Mr. ILSLEY: I cannot be more specific.

Mr. NICHOLSON: I represent 57,000 people in parliament, and in the past we have not been in a position to take advantage of the housing administration. The life insurance companies have no large offices in that area, certainly not within several hundred miles, and what assurance can we have that houses can be built in an area like Mackenzie, under the legislation we now have on the statute books?

Mr. ILSLEY: Only what I have given; that is all.

Section agreed to.

Sections 11 to 15 inclusive agreed to.

On section 16—Life insurance companies may form institutional holding company or housing corporation.

Mr. FLEMING: In this new subsection 1A at the top of page 6, between clauses (a) and (b) the word "or" appears. I wonder why it is made alternative. Why should it not be an institutional holding company and an institutional housing corporation? Why is it confined to one or the other?

Mr. ILSLEY: I certainly took it to mean both. They may cause to be formed an institutional holding company or an institutional housing corporation. That does not mean that they exhaust their choice, that they have to make a choice between the two. Certainly I did not understand that.

Mr. FLEMING: May I say with respect, I should have thought that clause as it stands means that the company can form either an institutional housing company or an institutional housing corporation, but not both. If it is intended to be both, why not let us use the word "and"?

Mr. ILSLEY: If there is anything in the contention, the defect goes further than the extent which the hon. gentleman has pointed out, because it is intended that they may form more than one of either. The intention was that they might form more than one institutional holding company and more than one institutional housing corporation. Perhaps, therefore, we can amend the section so as to make it clear. I suggest that we let the section stand for the time being and go on to something else. If we use "and", then they have to form one of each.

Mr. FLEMING: Make it "and/or".

Mr. ILSLEY: The justice department will not permit that.

Mr. FLEMING: Get a new department.

Mr. ILSLEY: I shall have to let that stand a little while.

Section stands.

On section 17—Conditions of investments.

Mr. FLEMING: Under section 17 there are phrases used which, taken with part V of the act which relates to community planning, call for some comment. It will be observed that lines 26 to 28 provide that "the project shall in the discretion of the minister be constructed with or in harmony with an official community plan satisfactory to him"; and in a later part of the act we have provision for research into community planning, and the general stipulation that in matters relating to community planning, so far as housing is concerned, under the provisions of the act everything must be satisfactory to the minister. In addition, the planning bureau—I believe it is so called—within the housing administration, at the present time has embarked on a pretty broad scale of consultation with the municipalities across the country. The point I wish to make in this connection is that in efforts to assist in this respect—that is, to assist communities with their planning so far as housing is concerned, and I mean houses that are being built under the provisions of the act—there has been too much interference on the part of the planning bureau, within the housing administration, in the affairs of the local municipalities. I have myself seen evidence of it. These municipalities are not all badly governed. The minister indicated in his remarks a few minutes ago that some municipalities were not to be entrusted with the formation of limiting housing dividend corporations because they would not give efficient management. I urge that many municipalities are efficiently operated and are thoroughly capable of running their own affairs in matters in relation to the planning of their communities, and so far as my observation goes, there has been on the part of the housing administration, in the course of its administration of the act, too much interference with the planning in the local municipalities and the local communities.

Mr. ILSLEY: It is all to the good.

Mr. FLEMING: Instead of help there has very often been downright interference. I do not think the minister wishes that the dominion authority, under the powers given by this act, should begin to manhandle or interfere with the efforts of the local municipalities and communities in the planning of their own communities. There is a great deal of good work being done in the matter of planning in Canada at the present time. I speak with knowledge of what is going on in Ontario. Great impetus has been given to local community planning, but too often the contribution of the housing administration—that is, this federal housing administration—has been one of arbitrary interference and dictation rather than assistance. I call that to the attention of the minister, because I am sure that is not the sort of thing he would wish to see practised under his jurisdiction.

Mr. ILSLEY: The main change is to make the requirement of official community plans permissive rather than mandatory. This will enable projects to be built prior to the adoption of community plans. It is an important

change, but it is considered necessary at the present time. Many municipalities have no community plans and it would take considerable time to prepare them. Because of the emergency of the housing problem, the main emphasis must now be on building houses and nothing must be allowed to stand in the way. It is hoped that within a reasonable time—a year or two—the emergency will have passed and the minister will be able to insist on satisfactory plans being prepared before he gives a guarantee under the section. The hon. member thinks that perhaps we should not insist on that; that the dominion should not interfere in the matter of community planning. But one of his colleagues the other night, when the other bill was up, made a sustained plea for dominion assistance, and upon adequate community planning as a national policy as something that the dominion must insist upon. Otherwise we would have haphazard, unplanned towns and cities and we could not take the position, therefore, that it is none of our business because we are a federal government. The fact is that it is our business. The hon. gentleman says that there has been arbitrary interference by the national housing administration with municipalities. I do not know whether there has been; I am not familiar with the details. But it was all well meant. Administrative insistence on higher rather than on lower standards of planning has been all to the good. It would be news to me to find that the housing administration was relaxing in any way its watchfulness over planning. It must have been in the other direction; otherwise there would not have been complaints about its being arbitrary.

Mr. FLEMING: With respect, the minister has rather misapprehended the point I was making. I should be the last person in the world to say that the administration of this act should be such as to discourage proper community planning. I have been working too long on community planning to take that position. I heartily share the point of view taken by the hon. member to whom the minister refers. It was the hon. member for York West.

Mr. ILSLEY: That is right.

Mr. FLEMING: I entirely agree with him, but my point is that instead of assisting community planning, as I think it should be assisted under this act, there has been, on too many occasions, interference. I can point to cases where intervention of the representatives of the housing administration has not been confined at all to planning with respect to housing. It has been a case of going right in and trying to revamp the community plan in well organized and well operated municipalities where there was no necessity for doing so. These government officials are going in and throwing their weight around. I am sure the minister does not wish that sort of thing to be going on in connection with the housing administration.

Section agreed to.

Sections 18 to 23 inclusive agreed to.

On section 24—Minister may enter into contract.

Mr. PROBE: In answer to a query of mine a few moments ago the minister indicated that certain specialized types of housing material are in very short supply. There are perhaps two ways in which the minister might solve this shortage. I understand that plumbing and electrical supplies in this country are under what almost amounts to cartel control.

Mr. MacNICOL: You are wrong there.

Mr. PROBE: The report of the royal commission on price spreads stated in their report that requests for investigations into the fields of electrical and plumbing supplies were made to the commission in 1936, but considerations of time prevented the commission from acceding to those requests. It may be that the minister may be able to pep up these manufacturers, and I wish he would give us an assurance at this stage that he will do that. During war time when munitions were needed the government set up certain crown companies to build the sinews of war which private manufacturers could not supply. Here is an identical situation facing our own people and the boys coming back from the front. Why not set up a crown company or two and use the buildings which the Minister of Reconstruction will be only too glad to get rid of and produce these plumbing and electrical supplies?

Mr. ILSLEY: I agree that everything should be done that can be done. We are much concerned about the situation and have given it a great deal of attention. Perhaps some special measures will have to be taken.

Mr. FRASER: The minister said that brick is in short supply. During the last year I understand that many brickyards have tried to get priorities for tires for yard wagons and for mechanical shovels. If the minister's office would help in the securing of this equipment, they will do the manufacturing.

Section agreed to.

Sections 25 to 27 inclusive agreed to.

On section 28—If no security.

Mr. FLEMING: This is an amendment to a section in part IV of the act. Has that part of the act been proclaimed? It has been on the statute books for the last year and a half.

Mr. ILSLEY: It has not been proclaimed. It was thought advisable to amend section 32 of the act, which amendment is being proposed a little later in the bill, before we proclaimed that part. There may be a proviso that such proclamation may limit the type of loan to be made under any part or the areas in which such loans may be made.

Mr. FLEMING: Could the minister tell us when part IV of the act is to be proclaimed? This is the part which deals with home extension loans.

Mr. ILSLEY: There has been a good reason for not proclaiming it up to this moment. There was a possibility that materials might be used in home improvements which might better go into new buildings. But the time is coming when home extensions are probably advisable in some places. The main act has been proclaimed, except part IV which is the part dealing with home improvement loans and home extension loans. At this time, when there is an emergency shelter problem and a shortage of building materials and skilled labour in the construction industry, it is not considered desirable to guarantee loans for home improvement purposes. It is desirable, however, to permit loans to be made for home extension purposes, that is, for purposes which will provide more housing accommodation. A later section will permit part IV to be proclaimed and be effective as regards home extension loans.

Mr. FLEMING: I take it that we can expect that part IV will be proclaimed as to home extension loans at an early day?

Mr. ILSLEY: Yes.

Mr. CASE: I cannot just understand why this exception is being made in connection with a one-family dwelling, or does this section provide an advantage to owners of one-family dwellings as compared with owners of multiple dwellings?

Mr. ILSLEY: This is not a new amendment; the section to which my hon. friend has referred has been there right along. I shall try to find out just why the section was drafted in those terms. I find I cannot get the information, but there is a good reason. We are not changing anything.

Mr. CASE: There is no intention to give the owner of a multiple family dwelling a disadvantage in favour of the owner of a single house? It says, "one-family dwelling," and further on in the bill provision is made to encourage the development of multiple housing units.

Section agreed to.

On section 29—Payments out of C.R.F.

Mr. FLEMING: Sections 25, 26 and 29 of the bill are the real meat of the bill; the other sections have to do principally with routine amendments. We have substantial increases in appropriation recommended in these sections; and in view of the fact that the appropriations made available under the original act of 1944 have not been tapped to any great extent I wonder if the minister would give the committee a statement on the plans his department has in view which contemplate putting to work these substantial increases. Under section 25 the aggregate principal amount of investments which may be guaranteed by the minister is raised to $125,000,000. Under section 26 the minister may make loans and pay losses up to $150,000,000. These two provisions are in lieu of the previous provision of $50,000,000 for these combined purposes. Then in section 29 there is provision for an expenditure of $5,000,000 to carry on the functions under part V of the act in connection with housing research and community planning. Would the minister favour the committee with a statement as to what plans his department has in view for putting these substantial amounts of money really to work for the purpose of having houses built.

Mr. ILSLEY: The hon. gentleman has asked for a pretty far-reaching statement in regard to plans and expenditures. These amendments were rendered necessary by the proposed insurance company projects, but I am not prepared to make a statement as to just how we are going to use this money or when we are going to use it. When I introduced the housing act in August, 1944, I made a statement. The amounts have been selected possibly not exactly arbitrarily but by the exercise of judgment rather than by estimating, and all I can say is that we shall try very greatly to improve the administration of the National Housing Act, as I said when I introduced the bill setting up the central housing and mortgage corporation; to get as able a board of directors as we possibly can; to get as able a president, vice-president and other officials as we can, and to try to do what the hon. gentleman urged in one of his speeches, when I think he said that we should "put some drive" into it. If we do so, we shall

need this money sooner or later. It will last us for a while. Apart from that, I am not now prepared to make a comprehensive statement.

Mr. FLEMING: Would the minister indicate to the committee over what period he is planning this programme? A substantial amount of money is involved, $275,000,000 instead of the present $50,000,000, and up to October 5 only $1,500,000 had been actually used out of the $50,000,000 provided. This substantial amount of money has not just been selected from thin air; surely some plans have been prepared.

Mr. ILSLEY: Plans were prepared last spring. After canvassing the material situation we felt there would be enough material and labour to build fifty thousand houses in a year, and that is all; that is as far as we have gone. We are stepping up the production of materials; it is increasing. When we speak of there being a shortage of materials, in most cases more materials are being produced now than for a long, long time. The shortage is in relation to the terrific demand, and we have to concentrate on getting those materials. Until the material situation improves to a marked extent, we cannot make any definite plans as to when we are going to build houses under the National Housing Act, and to what extent. A great many are, of course, now being built.

Mr. FLEMING: The minister did not touch on the last point. Over that period of time is it expected that this $275,000,000 programme is to extend?

Mr. ILSLEY: Does the hon. gentleman say that there is a $275,000,000 programme?

Mr. FLEMING: I was putting the minister's two figures together. It is true one is investment and the other is provision for loans and payment of losses. These are substantial amounts, and one would have thought some plans must have been prepared. There must be some programme that has led the minister to ask the house to appropriate this substantial amount of money.

Mr. ILSLEY: The $125,000,000 is the theoretical limit of the possible life insurance company investments, that is all; it is five per cent of their assets in Canada. That is just put there for that purpose. I do not think they will spend that much; certainly they have not made plans to spend anything like that. The $150,000,000 is the amount of the loans we can make under part II of the act. The hon. gentleman asks within what time we expect to make this $150,000,000 in loans; is that it?

Mr. FLEMING: You are asking for a guarantee against losses and provision for the making of loans up to $150,000,000 under section 26, and provision for principal amount of investments up to $125,000,000 under section 25. There must be some programme back of these amounts that have been asked for.

Mr. ILSLEY: I cannot be definite about it at all.

Mr. ADAMSON: Is there anything in the life insurance act which established five per cent as the limit of their investment in any one type of security?

Mr. ILSLEY: No; that is in the housing act.

Mr. ADAMSON: You just took the five per cent as an empirical figure?

Mr. ILSLEY: That is right; just took five per cent.

Mr. CASE: The National Housing Act now has been in effect for some time, and I should like to ask the minister what has been the general experience in regard to it. That is to say, you have guaranteed certain loans, and so on. Have you had many defaulters, or has the enterprise been generally worth while, in the main? Has it prompted building; are people meeting their obligations, and has the government been called upon to make good any of its guarantees? Could the minister say that?

Mr. ILSLEY: We have lost less than $1,000 since the beginning of operations of the National Housing Act.

Mr. NICHOLSON: We have been short of technical personnel in Canada. Although the act has been in force for some time, I understand that very little has been done in this field. Could the minister state what has been spent under part V, and what are the plans for the future? I think it is unreasonable to expect each of the provinces to supply the necessary technical staff in the field of town planning and housing. However, that is one service the federal government should give, and at this time we should be picking up some people who are leaving the army and, in this way, we could build up a staff in Ottawa.

Mr. ILSLEY: Nothing has been spent because we have not had the appropriation until now.

Mr. FLEMING: How does the minister propose to use it?

Mr. ILSLEY: We shall have to get the recommendations of our corporation. It was

one of the powers given to the central housing and mortgage corporation. It was to carry on this kind of research.

Mr. FLEMING: What programme has the minister under way in connection with planning research, community planning, or housing research?

Mr. ILSLEY: We have not yet a programme for the spending of this money, although there are many purposes for which it can be spent. For instance, I would refer particularly to sections 25 and 26, and particularly section 26 where it is stated that we may enter into contracts for the production or development of materials, equipment, or component parts for houses through the pilot-plant stage of production or development and for the testing of such materials, equipment, or component parts.

That is just one of the purposes, and there are a number of them. If they are gone into at all seriously it will require the expenditure of a considerable amount of money.

Section agreed to.

On section 30—coming into force.

Mr. MacNICOL: I should like to ask the minister a question as the result of an answer he made to the hon. member for Mackenzie. The minister referred to cartels, and I believe the committee got the impression that there must be a combine, or something of that kind in connection with plumbing supplies. In reply the minister intimated that he was aware of certain conditions which perhaps would have to be handled in some way or another.

Mr. ILSLEY: Shortages.

Mr. MacNICOL: The minister had no reference to any misdealings?

Mr. ILSLEY: No.

Mr. MacNICOL: Or misconduct by these companies?

Mr. ILSLEY: No, not at all.

Mr. MacNICOL: No suggestion of any combination from Halifax to Vancouver?

Mr. ILSLEY: No.

Mr. MacNICOL: I am glad to hear that.

Mr. ILSLEY: I did not mean that at all.

Mr. MacNICOL: I thought the minister was falling in line with what had been said by the hon. member for Regina City. Knowing as I do, many of these companies from Halifax to Vancouver I can say that they are not composed of that type of men, or men who would enter into cartels for the prevention of business.

Mr. ILSLEY: Correct.

Mr. GILLIS: I am sure the minister has eased the anxiety of the hon. member for Davenport. With the insurance companies he is doing a good job under the National Housing Act. Might I point out that under the old act there was provision for a home improvement plan. That provision appeared in the new act, but remained inoperative until a couple of months ago. Is it the intention to restore that feature of the National Housing Act?

Mr. ILSLEY: There is provision for it in part IV of the act, but that part has not yet been proclaimed. We intend shortly to proclaim that part of it which relates to home extension. This will give more shelter and more accommodation, but it will not apply to the home improvement feature. That will have to wait awhile, because we consider it does not involve the best use to which materials could be put.

Section agreed to.

On section 16—life insurance companies may form institutional holding company or housing corporation.

Mr. ILSLEY: I have an amendment to this section which I shall ask to have moved.

Mr. MACKENZIE: I move that section 16 be amended by substituting therefor the following:

16. Section 11 of the said act is amended by adding thereto immediately after subsection 1, the following subsection:

"(1A) Notwithstanding any restrictions or limitations on its powers contained in any other statute or law, any life insurance company subject to the jurisdiction of parliament may cause to be formed one or more institutional holding companies and one or more institutional housing corporations and may invest its funds in shares or debentures of the said companies or in shares of the said corporations to an aggregate amount, which, when added to the aggregate amount invested by the said life insurance company under subsection 1 of this section does not exceed five per centum of its total assets in Canada allowed by the superintendent of insurance under section 73 of the Canadian and British Insurance Companies Act, 1932.

Mr. ILSLEY: I do not know just what to do about this amendment. The section as drafted has been shown to the life insurance companies, and the tentative agreement is based on the section exactly as drafted. I do not know whether we are spoiling it by offering this amendment. Perhaps I had better withdraw the amendment and ask the committee to put it through in its original form.

Mr. FLEMING: What objection could there be to the suggested amendment on the part of the insurance companies? The minister is simply broadening their powers and obviously he is carrying out his own understanding of the intent of the section. If the section stands in its original form I consider it means that a life insurance company may cause to be formed either an institutional holding company or an institutional housing corporation, but not both, and not more than one of each. With respect, I do not see what objection there can be to the amendment as proposed by the minister. I believe it meets the needs of the situation, and simply broadens the powers of the life insurance companies. They could have no possible objection to this amendment.

Mr. ILSLEY: Well, I shall leave the amendment, then.

Amendment agreed to.

Section as amended agreed to.

Mr. FLEMING: May I offer a suggestion to the minister, in the hope that he may think it constructive. On October 25, introducing certain legislation in respect of housing, the minister said something about the present freezing of tenancies. We know the freezing is necessary in the present situation, but we also know that the drastic freezing order has had the effect of discouraging many people from renting surplus accommodation. One can find many cases, some even in the city of Ottawa where, to meet the needs of the situation, people would be prepared to rent some of their own housing space, if they did not feel that if they brought someone in they might not be able to get him out, no matter whether he proved difficult or not.

Mr. MacNICOL: There are thousands of cases like that.

Mr. FLEMING: Yes, many of them. It was one thing to freeze existing tenancies, but it is another thing to freeze tenancies of people who become tenants from that time forward. I offer that suggestion to the minister as one that I hope he will find worthy of consideration. I believe that harm rather than good will be done by extending the freezing provisions to tenancies hereafter created. Will the minister give that consideration?

Mr. ILSLEY: I will give consideration to that suggestion.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

SUSPENSION OF ELEVEN O'CLOCK RULE

Mr. MACKENZIE: Mr. Speaker, with the consent of the house may I say that I have had consultations with the leaders of the various parties, and we thought that possibly we might sit for one hour after eleven o'clock. If there is no objection I would move that the house be not adjourned at eleven o'clock p.m. this day.

Mr. BRACKEN: We will offer no objection to sitting until twelve o'clock.

Mr. CASTLEDEN: I should like to have some idea of what the government will try to put through in that extra hour.

Mr. MACKENZIE: Only supply.

Mr. CASTLEDEN: One department only?

Mr. MACKENZIE: It will depend on the progress we are able to make. First of all, justice, then mines and resources, and then fisheries.

Mr. MacNICOL: So long as you do not make a farce of voting supply.

Mr. CASTLEDEN: It seems to me that this motion is an indication of the need for a revision of the conduct of the business of this house. Early in the session we sit for twenty-four hours in the week and have a prolonged debate on the speech from the throne. Then in the dying days of the session important legislation is brought down; millions of dollars of supply has to be voted, and we are asked to sit from eleven o'clock in the morning until twelve o'clock at night and to do that six days in the week. It is just a little bit too much.

Mr. MacNICOL: It is a farce.

Mr. CASTLEDEN: Farce is right. But if the government will indicate that no more than two departments will be taken in supply, and indicate which two departments they will be, so that members who have matters to raise in connection with other departments will not need to remain after eleven o'clock I shall raise no further objection. I agree on the understanding that not more than two departments will be taken up between eleven o'clock and the adjournment.

Mr. MACKENZIE: Might I inform the house that it can only be done by unanimous consent? I got in touch this afternoon with the leader of my hon. friend's group and with the leaders of the other groups and got their

consent. I am following exactly the programme I indicated last night and there will be no departure from the programme as outlined. We are only trying to get through, by cooperation if possible, on Saturday night.

Motion agreed to.

BANKING AND COMMERCE

Seventh report of the standing committee on banking and commerce.—Mr. Cleaver.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF JUSTICE

91. Departmental administration, $170,499.

Mr. KNIGHT: We were on this item the other day when the minister was called away from the chamber while I was on my feet, and I think what I have to say I might say now on this item. I wish to say a word or two about the use of the Royal Canadian Mounted Police on certain occasions. Practically all the members of this group have gone on record at various times in maintaining that the police are too readily used by the government, in the case of the strike, for instance, at Windsor. I object strongly to the use of the Royal Canadian Mounted Police at Windsor and—

Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Chairman, I think the hon. member will have to wait until we reach the vote for the Royal Canadian Mounted Police. While the Minister of Justice is responsible to the house for the administration of the Royal Canadian Mounted Police, the Department of Justice has nothing to do with it. It is something that is quite separate and for which there are separate estimates, which will be called in their turn.

Mr. COTE (Matapedia-Matane): Would the Minister of Justice say why James Franceschini, a wealthy contractor of Toronto, after being interned when Italy became our enemy was released before the end of the war?

Mr. ST. LAURENT: The hon. member informed me that he was going to ask some question about the internment and release of James Franceschini. I think the information has already been made public. I wrote a letter to his solicitor on May 24, 1943, of which copious extracts were published in the Montreal *Daily Star* of June 15, 1943. This letter, as I say, was addressed to the solicitor. He wrote me on May 25 thanking me for the letter, and then wrote me again on May 31, asking me if he would be free to give reasonable publicity to the terms of my letter. I wrote him back that I had his letter of May 31, and that "the letter I wrote you on May 24 was not intended to be a personal communication to you but a letter in the ordinary course of business correspondence addressed to you as Mr. Franceschini's solicitor." After receiving that letter of June 10, the solicitor evidently communicated a portion of the letter of May 24 to the Montreal *Daily Star,* which published it, and the following is an extract:

> In the case of James Franceschini I have no objection to stating to you now that Mr. Justice Hyndman, after full inquiry into all the circumstances which had prompted the intermnent of this man and careful consideration of the case as a whole, had reported he was satisfied and convinced that he (Franceschini) was not disloyal to Canada and would not act in any manner prejudicial to the public safety or the safety of the state, and that it would be quite safe and proper to order his release from internment.
>
> My predecessor . . . still had this report before him for his final decision when he was informed that Mr. James Franceschini had become seriously ill; he then came to the conclusion that, in view of this illness, it was necessary that he make a decision immediately and his decision was that the releasing of Mr. James Franceschini at that time would not be likely to involve any danger to the state, and he therefore ordered his unconditional release.
>
> I have myself examined the files, and I am satisfied that that was a proper conclusion to reach.

That is the opinion I gave the solicitor for Mr. Franceschini after making a personal examination of the file, and I do not think there is anything more that I can add to it.

Mr. MacNICOL: Would he be entitled to compensation for having been interned without any reason?

Mr. ST. LAURENT: Certainly not. He was not interned without any reason. The reason he was interned was that this country was at war with Italy and there were regulations in force which empowered the then minister of justice, my predecessor, to order the internment of such people as he felt might be a danger to the state. He had at that time information of a confidential nature that an organization had been prepared to carry out sabotage in this country, and from the information he had he was not convinced that this man had done anything wrong but he was fearful that he might do something which would be injurious to the safety of the state; and because we were at war, and because, when we are at war, it is necessary to do some things which may be injurious to individuals for the safety of the whole community, he had him interned.

The hon. member has done what I have done on a good many occasions; he has taken an umbrella out in the morning because it looked like rain, and he has not come to the conclusion that he was wrong because it did not rain. This man was interned because, to the then minister of justice, it looked as if he might be dangerous. After the facts were fully investigated he came to the conclusion that he would not be dangerous and ordered his unconditional release.

I do not think that under these conditions there is any reason for compensation. It is unfortunate for the individual, but a very large number have been interned. Internment is not punishment, it is merely a precaution which is taken under extraordinary conditions.

Mr. MacNICOL: I am not rising to defend the gentleman in any way. I do know that after war broke out, in the city in which I live, many Italians were interned, and one of them was the gentleman referred to, whom I had known, I suppose, from twenty to twenty-five years. The late minister of justice of course, had his reasons for interning him. It is not for me to find fault with his judgment, whether in interning him or in releasing him; I merely rise to express my feeling that many Italians whom I have known for years in that end of the city of Toronto, merely because we were at war with Italy, were interned, although they were men who in the previous war had supported our cause, and maybe James Franceschini had in the Great War done his part in supporting the allies. I know some, living where he lived—for quite a long time he resided on Dufferin street, Toronto—who did their part in the first great war, but who, on account of the scare when the recent war broke out and we became involved with Italy, were unjustly interned; and I have often said to myself, if it is now found out that any of them were interned unjustly the least we can do is, perhaps, to apologize to them for having done so. I am not saying for a moment that this man was interned unjustly; I do not know. I have read, of course, that many of our own people were interned in Italy. They, too, may have been interned unjustly, and if we apologize to those Italians here, perhaps our nationals should be apologized to in Italy. All I wish to point out is that many things have been done which should have not been done.

Mr. ST. LAURENT: The hon. member remembers, of course, that what happened during the first great war as to the conduct of Italians would not have any effect upon what they might be likely to do in the second great war. The first time they were on our side.

Mr. FLEMING: What progress, if any, is being made in the department with reference to the matter of petitions of right? It has been such a sore point for so long, and I think the courts and the bar are looking for some leadership in this matter. I know the Minister of Justice has had this matter brought actively before him for a long time. When may we look for some action in the direction of elimination of petitions of right in actions against the crown?

Mr. ST. LAURENT: Not while I am Minister of Justice.

Mr. FLEMING: Does the Minister of Justice not contemplate any relaxation of the present requirements? Is the crown, in an era like this, when the activities of government are expanding farther and farther into almost every realm of business and industry, going just to hide under the protection which it enjoys at the present time?

Mr. ST. LAURENT: No, the crown does not hide under the protection it enjoys at the present time. I do not know of any refusal of a petition of right in the four years that I have been in the department, and I think I have arranged to have the petitions considered with due expedition. They are granted, and when they are granted the case goes to the court. What would be involved in abandoning that position would be an acceptance of the jurisdiction of the provincial courts in claims against the crown.

This matter was seriously considered when the Exchequer Court Act was amended to make the position here better than it is, from the information I have, in the United States or in any other British dominion. We have now stated that the crown is responsible for the acts of its servants and that men in the armed forces are to be regarded as servants of the crown. I do not think you will find that paralleled in any other British dominion. The question whether or not there should be an abandonment of the Exchequer Court Act and acceptance of the jurisdiction of the provincial courts in claims against the crown was considered, and it was decided after full consideration that it would not be done, that it was desirable to have claims against the people of Canada—because the crown, after all, is nothing but the representative of the people of Canada—whether those claims arose in one province or another, decided according to some uniform system and on the same basis, and that it would not be desirable to have motor accidents, for example, dealt with

by the local courts in the several provinces and in the several jurisdictions of each province.

That was gone into fully. A decision was arrived at and I accepted it. I will not raise the question again with my colleagues.

Mr. FLEMING: It ought to be possible to confine jurisdiction in claims against the crown to the exchequer court without maintaining the position of the crown with respect to petition of right. It is one thing to confine jurisdiction to the exchequer court and another matter to insist that claimants against the crown first obtain permission to sue the crown.

Mr. ST. LAURENT: It may be humiliating to claimants to have to ask for permission, but they do get it and go before the court and have their cases tried. That has been going on for a very long time, and I do not see that the fact of having to resort to that form is any serious impediment in the obtaining of justice. It would be otherwise if hon. members were asserting that petitions filed were improperly dealt with, that fiats were improperly withheld, but I do not think any hon. member would suggest that that is being done.

Mr. MacNICOL: Perhaps I am wrong in asking the minister this question but when I was home last, a young man who had been released from a prison in Ontario came to my house. He had been out for two weeks and everywhere he went he would be asked, when he made application for employment, "Were you in the army?" He had not been in the army becase he had been in gaol for two years or more; I do not know how long. I am wondering how society will take care of such a young man, and there are many like him. They had nothing. They will not be able to show a registration card because the card is taken from them when they go to gaol. Now they are out they cannot say they were in the army and they have no card. What will society do for them?

Mr. ST. LAURENT: Their registration cards are returned to them when they are released from penitentiaries. I cannot say what is done in the administration of provincial gaols. If they go to a penitentiary, however, their registration card is returned upon their release. There is nothing that we can do to wash out the fact that they have been convicted and have undergone sentence. It is perhaps unfortunate that there are a good many employers who do not wish to take someone who has been in gaol, but we cannot pass a law to force them to do so. That would not be within the federal jurisdiction.

Mr. MacNICOL: I heartily agree.

Mr. ST. LAURENT: I think that all we can do is to try to foster throughout the country the spirit that those who have had the misfortune to have done something wrong and who may have reformed should be assisted in getting back into the ordinary channels of our social life. That, I think, is a matter of education and moral viewpoint that we should all endeavour to foster, because I believe there are a great many who do fall by the wayside and who can come back. Whenever anyone does something to help such an unfortunate person to come back he is doing a service not only to that person but to society at large.

Mr. MacNICOL: Is there not an association of chiefs of police, or some such body, that tries to provide something for these men? One day I met the chief of police of Toronto, Brigadier-General Draper, in Ottawa, and he told me that he had been to the justice department and had been in consultation with other chiefs of police and departmental officials in an effort to place such young men. Personally I think that is a very good programme, and I have been wondering if such a programme would not come under the new set-up the minister has in his reclamation service.

Mr. ST. LAURENT: I hope it will develop from that, but I must point out to the committee that this would be something along the lines of the Borstal societies that look after those who have had the training of Borstal institutions. It was urged the other day very forcibly that we should institute a Borstal system in Canada; but I am sure the hon. member for Weyburn, who urged that, did so for the purpose of having the matter before the public and not because he felt it could be done here, although he did say he deplored the fact that there was nothing in these estimates for a Borstal system. He wished to see a commission set up clothed with sufficient powers to implement all the recommendations of the Archambault commission. That may be very desirable, but this parliament could not do it. This parliament would not have the jurisdiction to do it. The Archambault report clearly sets out that the Borstal system cannot be worked out under our penitentiary system or with the jurisdiction we at present have. Members of that commission well knew what was the constitutional distribution of powers under our system of provinces and central authority,

and they recommended, at page 354 of their report, centralized control. They state that a Canadian penal system should be centralized under the control of the government of Canada, with the federal authorities taking charge of all the prisons in Canada, the provinces retaining only a sufficient number to provide for offenders against provincial statutes, prisoners on remand and those serving short sentences.

That is a matter which I hope will be developed in the course of this present dominion-provincial conference, but it will require a constitutional amendment. The federal authority has jurisdiction only over penitentiaries, and the commission pointed out expressly on pages 199, 200 and 209, that the Borstal system could not be adopted without centralized control of our penal institutions. I quote from page 199:

> Your commissioners are of the opinion that any satisfactory adaptation of the Borstal system is impossible in penitentiary institutions, either in its essential features or in its principles.

And on page 200 they said:

> Although your commissioners are of the opinion that the English Borstal system cannot successfully be introduced into the penitentiaries or reformatories of Canada, their inspection of institutions for the treatment of young offenders . . .

That caused them to report that it is a very good system. They finally recommended that the necessary changes be made to make it possible to have a system along the lines of the Borstal system. The Borstal system is a system of education, and education is the responsibility of the provinces. It is one of the things which I think the provinces would be reluctant to have subjected to any federal interference. It may be possible to arrive at a line of demarcation between what would be educational and what might be done to relieve them of the responsibility and burden of taking care of offenders who are not condemned to a penitentiary sentence.

That is something that I hope will be gone into at the dominion-provincial conference, although I do not expect that anything final will be decided at once. When the Penitentiary Act was amended the other day I told the house that I hoped to be able to find someone who could take all these recommendations and go about and interview separately the representatives of the provinces and see what could be done to bring about the kind of change which would enable some authority—I am not anxious to have it done by a centralized authority; I am not anxious to have the federal government dealing with things which perhaps can be better dealt with locally—to handle this. It may be that something desirable can be achieved through cooperative action. It may be possible to have the necessary things done, but I do not anticipate that at any early day when the estimates of the Department of Justice are before the committee there will be any substantial sum in them for the administration of a Borstal system. There may be some contribution to some joint action by the federal and provincial authorities along those lines.

I hope that even before that may be achieved there will be a possibility of segregating in the penitentiaries the young offenders from the hardened criminals, but that is not sufficient. It is not so much in the penitentiaries as in the provincial gaols that these contacts take place between young offenders who have received sentences of three or six months and the hardened criminals. That is something which under our system cannot be dealt with by one authority alone; there will have to be cooperative action between the federal and provincial authorities in that regard.

Mr. MacNICOL: I welcome what the minister has said, and this whole committee should support him in whatever he finds necessary to do to bring about the reclamation of our offenders in cooperation with the provinces. I said the other night that I had made quite an investigation into the operation of the Borstal system in the old country, and if anyone else has done the same thing I am sure he will corroborate what I say. It was started in a small place called Borstal, and that is how it got its name. It was instituted, I believe, by Sir Samuel Hoare. I listened to him make an address in the British house, and I then went to Leeds where the school was located.

My hon. friend here spoke about Borstal schools, but as far as I can find out there was just the one at that time, although there may be more now. That was in Wakefield prison, just outside Leeds. They sent me from there to Barlinnie prison outside Glasgow to continue my studies.

I was in that prison for a day so that I could survey the operations of the Borstal programme. The guards and prisoners are dressed alike; no one wears a uniform, not even the warden. They were all dressed just as I am. I went out into the prison with a guard who might have been one of the prisoners for all I knew. I went from one part of the prison to the other to study the different trades that were taught. Contrary to what my hon. friend has said, they had not only first offenders but prisoners who had

been sentenced to death, but not in the same wing. I was taken into a chapel in the prison where I heard a man who had been sentenced to death playing the most beautiful music I have ever heard played on an organ; he was playing "Nearer my God to Thee". The guard or warden, or whoever it was with me said, "That is good music, because he is going to die shortly," I think it would occur after three Sundays had passed. It appeared to me to be good reclamation when they had got him that far in so short a time. I hope the minister will use every effort to introduce into our prisons a system similar to the Borstal system in England.

Mr. DIEFENBAKER: Can the minister say anything further with regard to the remission of the sentences of the navy and army personnel who were convicted as a result of their activities at Halifax?

Mr. ST. LAURENT: I am not in a position to say exactly how many are left. There were several who received relatively long sentences who will be dealt with in the Christmas releases. Those who received short sentences have already been released. Those who had no previous criminal record will have their cases considered in the Christmas releases. I could not tell the hon. member whether or not notifications have gone out, but a distribution has been made as between those who could be dealt with for Christmas and those who could not. Some who had previous criminal records and who were not armed forces personnel were involved in the disturbance, and their records make it appear that they are not deserving of any special consideration. Those regarded as deserving of special consideration have been or will be dealt with in the Christmas releases. As the hon. member knows, at Christmas and Easter the releases are much more numerous than at any other season of the year. I can repeat to the hon. member the assurance I gave previously that they are being dealt with as special cases; and I do not think there will be any who had no criminal records who will not be home for Christmas.

Mr. GILLIS: I wish to ask the Minister of Justice a question and this might be as good a time as any for it. I am glad the Minister of Transport is in his seat, because it also involves his department. It has to do with Canadian nationals serving during the war on British merchant ships registered in the United Kingdom. In this case, which I have tried to iron out with the Minister of Transport, a man lost his life when his ship was torpedoed and he left some small estate consisting of back wages, personal belongings and so forth. It is necessary for the next of kin in Canada to go through a great many legal formalities in the old country, to the extent of hiring a lawyer and so on, and I was wondering if in the legal machinery of the government, which comes within the purview of the Minister of Justice, there is not some way we in this country could settle the estates of Canadian nationals who gave their lives for us, without waiting for a year or two years and spending in legal fees practically the entire amount of the estate in the old country.

I took up the matter with the Minister of Transport, who passed it back to me. He was quite prepared to do anything he could, but evidently within his department there is no legal machinery to handle the matter. This case has been in the slings for more than two years, and is still unsettled. It has gone through the probate court, but the next of kin still has to go to the old country and hire a lawyer in order to settle up the estate, and in doing so the legal fees will almost amount to the value of the estate.

Mr. CHEVRIER: I do not think the case raised by the hon. member is any different from that of a Canadian citizen who died and left property in the United States of America.

Mr. GILLIS: All the difference in the world.

Mr. CHEVRIER: No, there is not all the difference in the world. The merchant shipping act of the United Kingdom says that the estate must be wound up in accordance with the laws of the United Kingdom. The Canada Shipping Act contains a section similar to that in the United Kingdom act, having to do with British seamen in Canada. It is clearly set out in the British act, as it is in the Canadian act, that the estate must be wound up in accordance with the laws of the domicile at the time of death. I presume the case to which the hon. gentleman refers is that of the Reid Pool, and the circumstances are that section 176 of the merchant shipping act of the United Kingdom clearly sets out that when the estate amounts to more than £100, then probate of the estate must be obtained in the British courts. If it is less than £100, probate is not necessary, but some ordinary form of claim must be submitted and subscribed to before a notary.

The Department of Transport will act as intermediary between the British authorities and residents of Canada in order to facilitate matters. We are willing to do that, and we

do it continually; but I have to point out to the hon. gentleman that the position in the United Kingdom is no different from the position in Canada. It is a legal matter. When a person dies in another country his estate must be wound up in accordance with the laws of that country. My hon. friend shakes his head and says, no.

Mr. GILLIS: This man died on the ocean.

Mr. CHEVRIER: That may be.

Mr. GILLIS: He was domiciled in Canada.

Mr. CHEVRIER: He was not domiciled in Canada. He was on a British ship, registered in Britain; and in accordance with the merchant shipping act of the United Kingdom his estate must be wound up in accordance with the law of the United Kingdom. We cannot change that. All we can do in the Department of Transport is to assist the heirs in this country in filing a claim, and that we are prepared to do.

Mr. GILLIS: I am not a lawyer, and I am not going to argue with the minister, who is; but I heard this matter of domicile argued pretty thoroughly in the veterans affairs committee. The case of a man leaving an estate in the United States is not analogous at all to the question we are discussing. This man lived in Canada all his life. He shipped out through a Canadian shipping office. He went on the ship in Canada, and his ship was torpedoed in the Atlantic ocean. The estate under discussion consists merely of the wages and personal belongings of that individual. He was domiciled in this country, according to the definition of "domicile" I heard given by the legal adviser of the Department of Veterans Affairs. He had no domicile in Britain; he lost his life in the Atlantic ocean; he was a Canadian citizen; he signed up through a Canadian shipping office and sailed from a Canadian port. So that the point at issue is that the next of kin in this country have conformed to all the Canadian laws, has gone through Canadian probate, and now finds it necessary to spend practically the amount of the estate for legal fees in the old country. He consulted a lawyer in Canada and was advised to hire another lawyer in the old country, that the solicitor in Canada could not go farther.

I think it is an obligation the Canadian government owes to the next of kin of merchant seamen who gave their lives for this country at least to accept the responsibility of dealing with the British authorities in settling these estates, without expense to the next of kin in this country. I am not blaming the Minister of Transport, who is hemmed in by red tape. I am now asking the Minister of Justice, who presides over the administration of justice in this country, to be kind enough to confer with some of the legal fraternity who surround government departments, to see if he cannot work out some means of settling these matters with the least possible expense and anxiety to the next of kin of those who made the supreme sacrifice during this war. After all, there are only a few of these cases, but an injustice is being done.

Mr. ST. LAURENT: Under ordinary circumstances the Department of Justice would have nothing whatever to do with property and civil rights. It may be that the Department of Transport, because of its control of merchant shipping, under the particular circumstances to which the hon. member refers should assume the responsibility of retaining this English solicitor; but that is quite outside anything the Department of Justice has jurisdiction to deal with. The Department of Transport can attempt to help a merchant seaman, or the Department of External Affairs can attempt to help a Canadian citizen. The Department of Justice has absolutely nothing to do with it. If the hon. member were to ask if the Department of Justice would make some of its officials available to conduct correspondence, such could no doubt be attempted under the special circumstances mentioned by the hon. member. But it would be doing something not at all within our jurisdiction, no more than if I, personally, as a practicing lawyer, attempted to do it as a favour to a fellow Canadian. There should not be the idea—and it does exist quite broadly—that the Minister of Justice should attempt to deal with anything that anybody considers is unjust. Fortunately for the Minister of Justice, that is not the role which has been provided for him by the constitution or by parliament.

Mr. DIEFENBAKER: I believe the hon. member for Cape Breton South has brought up a matter which could be settled in a simple manner. Overseas to-day, so far as the army is concerned, there is an estates branch to which a number of lawyers are attached. Possibly the Minister of Transport could see his way clear to have an order in council passed. I do not think he would be averse to one more. Such order in council could provide that soldiers overseas would look after this matter, in order to assure relatives of men who have given their lives for their country that at least a reasonable share of the estate would be paid to them. That would be a simple matter, and it would be appreciated.

Mr. GILLIS: But you would run into another technicality.

Item agreed to.

95. Annual contribution to the Canadian law library, London, England, $500.

Mr. DIEFENBAKER: What I have to say at this time applies to the judicial committee of the privy council. A judgment has been held back during the period of the war with respect to the question as to whether or not the Canadian parliament has the authority or the legislative capacity to abolish appeals to the privy council. When may that judgment be expected?

Then, I would ask the minister a question arising from a press dispatch by Mr. J. A. Hume, writing for the Ottawa *Citizen*, who, referring to the abolition of appeals to the privy council, said, in part, that certain provinces are desirous of retaining the right of certain types of civil case appeals being taken to the privy council. What provinces are desirous of retaining the right of appeal? I shall not ask the minister what attitude he takes in the matter.

Mr. ST. LAURENT: There was an attempt made this autumn to have the case put on the autumn list. I believe there are three provinces which have appeared in support of the appeal, and they were not ready to proceed. The dominion government is anxious to have the case put on the list for hearing at the earliest possible moment. However, this is one of the matters where we do not wish to force the issue. Counsel for the department, Mr. Aime Geoffrion, has instructions to bring it on as soon as possible, and he has been told by the others that they would be ready for the next summer sitting. I am still hopeful that he may persuade them to have it placed on the Easter list.

Mr. DIEFENBAKER: What are the three provinces which are joining in support of the power of the dominion?

Mr. ST. LAURENT: I should not like to answer that, from memory. The case was dealt with in the supreme court before I became minister. I shall find out the names of the provinces which have filed appearances, but I am not in a position to make the statement at the present time.

Mr. DIEFENBAKER: What provinces are opposed?

Mr. ST. LAURENT: This matter was discussed in very general terms at the last meeting of the coordinating committee of the dominion-provincial conference, attended by the premiers of the provinces; there the statement was made that it would not be looked upon as proper for us to try to force the issue, and that it was hoped that a date could be selected or fixed which would be acceptable to all. There were no views expressed by the premiers generally at that meeting as to their attitude with respect to the issue. The issue is one as to whether parliament alone can abolish appeals, or whether it would require as well the action of the provincial legislatures. One of the premiers stated that his province wished to retain the appeal but, in view of the fact that the meeting was held in camera, I do not think it would be fair to say which province it was.

Mr. FLEMING: The subject of judges' salaries is by no means a new one in this chamber.

The CHAIRMAN: We are considering vote 95, which deals with the annual contribution to the Canadian law library in London.

Mr. FLEMING: The statutory items follow; we have just discussed one of them. I thought this would be the proper time to mention this subject, because it relates to three or four of the statutory items appearing in the minister's estimates.

This morning a first step was taken to provide increased indemnities for those who are serving the public in one important realm, namely parliament. I wonder if the time has not come to extend a similar measure of justice to those who are serving the public in another equally important realm, namely those connected with the administration of justice in the superior courts of our country. I speak not only of the two federal courts, namely the Supreme Court of Canada and the Exchequer Court, but of the superior courts of the provinces.

Notwithstanding the relatively low salaries paid to judges in the superior courts of this country, we have been exceedingly fortunate in attracting able men to the bench. This is a matter, however, which I think requires attention. As I have said, it is not a new question, because I am sure it has been discussed at every session but surely the time has now come for action. When one compares the salaries paid to judges of the superior courts of this country with those paid in the United Kingdom and the United States, the comparison reflects most unfavourably on this country.

The independence of the bench is the most vitally important factor in the administration of justice. Nothing is more important, and in that I believe the Minister of Justice will support me. If we are to attract to the bench

the most capable persons practising at the bar, and if we are to accord to our judges that measure of independence so necessary to the administration of justice, then I urge upon the minister that the time has come when some action should be taken in respect of the scale of salaries paid to members of the superior courts of the dominion and the provinces.

Mr. ST. LAURENT: The hon. member will know that until there has been some indication that the ceiling on salaries and wages can be further loosened or removed, it would be difficult to make any general move toward adjusting salaries in the public service..

Mr. FLEMING: I quite agree.

Mr. ST. LAURENT: I hope to have a bill dealing with that matter at the next session, to come into force at a later day, not upon adoption. I hope to have it for consideration of parliament at the next session, with the proviso in it that it will come into operation on a day that would appear to be a reasonable one to fix, hoping that the ceilings on salaries would by then have been greatly loosened or removed.

Mr. FLEMING: I thank the minister for his statement.

Item agreed to.

99. Payments of gratuities to the widows or other dependents of judges who die while in office, $15,000.

Mr. DIEFENBAKER: Is the minister in a position to say to what extent judges have taken advantage of the legislation passed last session enabling them to assign or transfer one-third of their annuities on retirement to their widows?

Mr. ST. LAURENT: Very generally. There are a few, but very few, who did not take the option within the time that had been fixed. I think that over ninety-five per cent have availed themselves of the provision that parliament made.

Item agreed to.

Penitentiaries branch—
100. Branch administration, $122,344.

Mr. BRYCE: Mr. Chairman, I wished to speak at some length on this item, but to comply with the wishes of the rest of the house I shall take only a few minutes. As I happen to come from a constituency that has a penitentiary and a lot of my constituents are officers in the penitentiary, I am naturally quite interested in this vote.

I would draw the minister's attention to order in council P.C. 8/1751. In the operation of that order it has been found that the guard who had reached his old maximum salary, instead of receiving the new maximum at once, approached it only by annual increases of $60, or $5 a month, so that he reaches the new maximum only at the end of three years, while the officer recently engaged goes in at the new maximum right away.

I would suggest to the minister that all grades of penitentiary officers be granted an increase of $240 per annum. I consider that an increase in salary is justified in order to bring the salaries of penitentiary officers more in line with salaries that are paid to officers employed by other law-enforcement agencies throughout the dominion. The recent increase in salaries granted to penitentiary officers did little to improve their financial position, because the officer who was receiving the old maximum for his position has to wait for a period of years before being eligible to receive the maximum of the new salary range, which he reaches by annual increases, in most cases, of $60 a year. In that connection I should like to quote from the report of the royal commission investigating the penal system of Canada. The commission say in their report:

> It is also imperative that the pay of officers should be raised somewhat comparable to the rates prevailing in other similar services. It is hopeless to expect to get competent penitentiary officers at salaries that are considerably less than the wages paid to street cleaners in the large cities of Canada.

I wish to speak about the housing at Stony Mountain. Stony Mountain is a congested area and the housing is in bad shape. The houses on the reserve, with the exception of two, were condemned years ago. If the staff is to be enlarged, houses will have to be provided. The housing situation should have been remedied long ago. It cannot be expected that the morale of the staff can be maintained at a high level when they are compelled to live in houses that would not be tolerated in any urban centre. To back up that statement I shall quote again from the report of the royal commission investigating the penal system. The commission have this to say at page 317:

> The accommodation for the staff is inadequate. It is unreasonable and unnecessarily humiliating to ask the members of the staff to live under the conditions that now exist in the officers' tenements belonging to the institution. These houses were built fifty years ago; they are without sanitary conveniences, and prisoners themselves are much more comfortably housed in their cells than the officers in the penitentiary tenements.
>
> Your commissioners are of the opinion that this state of affairs is destructive of the morale of the officers and that immediate steps should be taken to provide the staff and their families

with respectable accommodation. In a large metropolitan centre the homes which are provided for the staff would, indeed, be condemned by the medical authorities.

A great many of the penitentiary officers live in Winnipeg because of lack of accommodation at the penitentiary. At Headingley provincial gaol a bus service is provided for the transportation of the officers, and I would ask that a bus service be provided for the officers at Stony Mountain. I think that is a reasonable and feasible suggestion. Because of the deplorable condition of the houses in which they have to live some provision of that kind is an immediate and urgent necessity. It is recognized that security demands that a proportion of the staff reside within call of the institution, so that it would be the wise and economic course to establish a reasonable means of transportation for the officers between the penitentiary and Winnipeg. A bus should be put on to take these men back and forth. That would help to solve the problem until proper housing accommodation is provided.

I have visited Stony Mountain penitentiary and Kingston penitentiary, and I find that at both the officers are allotted according to the number of convicts. There is something wrong with that system because a penitentiary is something like a huge liner, something like the *Queen Elizabeth,* and requires a full crew to operate it efficiently. But by the officers being allotted on a quota basis, so many officers to so many convicts, if one of the officers is taken sick another officer has to work that extra time, and at Stony Mountain it is some time before he gets that time repaid. I do not think any man should be asked to work for more than forty-four hours a week, and if he works overtime he should be allowed time off at some time in the future or be paid overtime, whichever you like, but I know that the government does not like to pay overtime.

At both Stony Mountain and Kingston penitentiaries the officers are compelled to take their food in the prison, food which is cooked by convicts in the cookhouse. I am sure the minister must realize that the whole prison could be put out of commission by the food being poisoned. In the report on penitentiary reform it is recommended that an officer be employed to cook for the officers in the institution. As matters are, you are playing with dynamite. Men going out to work in the fields can pick up poison and bring it in and drop it in the food. It may be that a trusty is doing the cooking and that pressure would be brought to bear on him, with the result that forty or fifty officers may be made very sick.

[Mr. Bryce.]

I also suggest to the minister that vacancies in any penitentiary should be open to staff applicants all over Canada; that is, if there should be a vacancy at Kingston or at Stony Mountain it should be advertised in every penitentiary in the dominion. This would give an opportunity to men experienced in the work to secure transfers to other locations, with advantage not only to themselves but to the system at large.

My final suggestion to the minister is that the rate of superannuation should be based on the average of the last five years of service, not the last ten years.

I had a number of other things to say, but to help things along I will reserve them for some other time.

Mr. ST. LAURENT: The situation with respect to housing at Stony Mountain has been investigated, and plans and specifications have been submitted to the Department of Reconstruction for fifteen new houses there just as soon as the Department of Reconstruction will allow them to be proceeded with.

With respect to the other remarks made by the hon. member, I can assure him that these matters are under active consideration and that it is hoped that, now that the man-power situation in Canada is changing, there will be considerable improvement.

Mr. BRYCE: I thank the minister.

Item agreed to.

Penitentiaries branch—

101. Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies, equipment and live stock; maintenance, discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries, $3,512,683.

Mr. FRASER: I should like to ask the minister about medical examinations of the men in these different penitentiaries. I understand that they have penitentiary physicians who are medical men, but are any specialists in mental diseases or any psychiatrists employed to check on the men in these penitentiaries?

Mr. ST. LAURENT: Psychiatrists are called in as and when required, and at Kingston there is a part-time psychiatrist who is regularly retained and regularly visits the institution.

Mr. FULTON: Could the minister give us some information, perhaps by way of a general statement, to cover the particular points I have in mind which are of interest to those who are concerned with conditions

affecting members of the armed forces serving terms of penal servitude as a result of sentences which have been imposed on them? In particular, could the minister state how many persons in the armed forces are serving in penitentiaries, and whether any are serving in civil penal institutions overseas, in England or on the continent; and, when such persons are discharged, is any distinction made in the terms of their discharge; is there anything they can show when they go back to civil life by way of making a distinction between purely military offences and the civil offences for which other prisoners have served in penitentiaries, so that they can show that their confinement to a penitentiary was the result of their service in the armed forces as distinct from a purely civil offence?

Mr. ST. LAURENT: The Minister of Justice does not in practice advise with respect to sentences imposed by courts martial. That is not something which in the practice of the departments is dealt with by the Minister of Justice or by the Solicitor-General; it is dealt with in the Department of National Defence or in one other of the service departments.

On March 31, 1945, there were about 400 persons who had been convicted while in the service and sentenced to terms in the penitentiaries. They are treated as though they had been ordinary civilians convicted by the ordinary courts of justice, and are dealt with just like any other convict convicted in the ordinary courts of justice.

As to those convicted by courts martial the situation is quite different. I am informed that there are about eighty members of the forces convicted by courts martial overseas who have been returned to Canada and who are serving in penitentiaries the terms imposed on them by these courts.

Mr. FULTON: And no distinction is made when they are discharged or have completed their terms, no document given to them by which they can show that their penitentiary service was the result of some military offence rather than a civil offence? What I have in mind is that certain offences which carry sentences of penal servitude may be purely military.

Mr. ST. LAURENT: I would assume they could easily obtain from the service departments a copy of the sentence imposed by a court martial. All we have is a commitment from the court martial, but I would imagine that it would be possible for them to get some kind of certificate from the warden that they had served the sentence imposed upon them by a court martial on such a date.

Mr. FULTON: Will the minister give consideration to seeing that that will be done as a matter of course?

Mr. ST. LAURENT: Yes, I will see if it would not be possible to arrange that, with respect to those who are confined under commitments issued by courts martial, upon discharge they be given a certificate that they have served such a term as a result of the sentence imposed by that kind of court.

Mr. MacINNIS: May I ask for some information on the details of judges' pensions and the other benefits set out in the details on pages 94 and 95? I notice that under the heading of "judges' pensions" there is the name of the judge and then the name of a woman who appears to be the judge's wife. How does that happen?

Mr. ST. LAURENT: Under an amendment to the Judges' Act made by the last parliament it was provided that a judge might make an option of getting, instead of the pension provided by the act in his favour, two-thirds of it in his own name and one-third in the name of his wife. Most of the judges made that option, so that it now happens that some have retired and have been given in their own name two-thirds of the pension to which they would otherwise have been entitled, the other third being granted to the wife.

Mr. MacINNIS: Does that pension continue for the last survivor?

Mr. ST. LAURENT: They are life pensions.

Mr. DIEFENBAKER: When a judge retires and takes on some other position in the pay of the government, does he continue to receive his pension as well as the salary of the new position?

Mr. ST. LAURENT: No. The Judges' Act provides that if he is in receipt of a salary from the crown the pension shall be abated by the amount of the salary or vice versa. Whichever is the larger is paid and the other is not.

Mr. BROOKS: Are widows of judges entitled to a gratuity as of right, or is a means test applied?

Mr. ST. LAURENT: They are paid under a vote that goes back a great many years. The amount is equal to two months' salary.

Mr. BROOKS: That is, all widows?

Mr. ST. LAURENT: All widows of judges receive two months' salary from the date of the judge's death.

Mr. MacNICOL: Annually?

Mr. ST. LAURENT: No. Once and for all.

Item agreed to.

Royal Canadian Mounted Police—
312. General administration, $264,261.

Mr. DIEFENBAKER: There are a number of questions I should like to ask the minister in regard to the Royal Canadian Mounted Police, and in doing so I know I speak for all hon. members in complimenting the force on the magnificent work done during the war under Commissioner Wood. It has been one of the most creditable records of any department in that no sabotage took place in Canada in that period. What I have in mind particularly has reference to the men who enlisted from the force after their discharge. There was quite a large number of men who, instead of signing on for a further period, decided at the expiry of their terms to join the armed forces. They are now returning from overseas, and they find they are denied an opportunity of joining the mounted police except after medical examination, and subject to not being placed in the same position in which they were at the time of enlistment. I could refer to a number of cases where men who had been in the force for a period of years and had attained the rank of corporal or sergeant decided that their services would be more valuable in the armed forces. They joined up and are now returning, and if they were incapacitated in any way they have no opportunity of joining the mounted police to-day. I suggest in the first place that there should be available to these men clerical positions and the like which they might be able to fill so that their service may be continued; and, second, that, when they rejoin, the period of time they were in the armed forces be taken into account as far as pension is concerned. I consider that there would be no serious disagreement if they were permitted to have the period served in the armed forces reckoned as part of the pension period.

Another point has to do with the question of service stars. My information is that by an amendment to a rule, passed in April of this year and published in the *Canada Gazette*, members of the force are entitled to wear stars only when they have had continuous, unbroken service. In other words, when they are reengaged they are entitled to no stars at all. I have before me the names and records of men who gave distinguished service in the mounted police. If they are now fit for reengagement, they are being reengaged in lower ranks and are denied continuity of pension and also their service rights. These are matters that should be given consideration.

I believe that it would meet with general approval if the necessary changes were made to enable the carrying into effect of the suggestions I have offered in this regard.

Mr. ST. LAURENT: I thank the hon. member for the congratulations he has offered the Royal Canadian Mounted Police on the efficient work they did, which, to say the least, coincides with there having been no sabotage in Canada during the war. I think that is due to the efficient work which they performed. At the outbreak of the war there was a feeling of anxiety and unrest and an appeal was made to the members of the force to stay with the force. It was pointed out to them that their services in the force would be of exceedingly great value to the nation. As to those who wished to go overseas, an opportunity would be afforded them to go as members of the provost corps, which almost at once proceeded with the troops. There were some who preferred at the expiry of their engagement to take positions in the armed forces where there were greater advantages in the ranks or pay or allowances they obtained. Now it is felt that they should not be treated, when they come back, on the same footing as those who heeded the appeal and stayed with the force on conditions that were less favourable to them than they could have obtained by joining the armed forces. It is considered that these men, having exercised their right, terminated their connection with the R.C.M.P. at the expiry of their engagement and should not be on a par with those who heeded the appeal, remained with the force and served with it in Canada or in the provost corps overseas.

That is a matter which has been seriously considered, and the decision has been made by the commissioner and his advisers that it would not be fair to allow those who chose to take the advantages that they were able to have during that period to come back and be on absolute equality with persons who did not do so but stayed with the force.

I think that covers the various matters the hon. member has mentioned. They have been offered reengagement, but they do not get the same seniority rights as those who remained with the force. The matter of whether time spent with the armed forces should count for pension purposes with respect to those who are reengaged is under consideration. This has always been done for time served with some other branch. While the matter has not been settled finally, it is under consideration, and from what has been done in the past I think it is fair to assume that the decision will be that those years will be counted. With respect

to the other matters we consider that we must give preference to those who stayed with us; I do not mean necessarily those who stayed in Canada, but who stayed with the R.C.M.P., either in Canada or with the provost corps that went overseas.

Mr. DIEFENBAKER: While it may have been necessary to have these men, I consider that once their period of service terminated it is unfair to penalize them for having decided to go overseas in the service of their country.

Mr. ST. LAURENT: It is not penalizing them; they could have gone with the provost corps, but they chose to do otherwise.

Mr. DIEFENBAKER: The minister says that they could have gone with the provost corps, but I think of the Prince Albert division where fourteen members applied for enlistment in No. 1 provost corps, but only one was chosen. The others were told that the provost corps could not absorb anything like the number who desired to serve overseas with the corps. Of the thirteen who were not chosen, two or three decided that they must get overseas in the service of their country, and, when their period of enlistment terminated, they went overseas. I know of men in other parts of Saskatchewan, who have had distinguished service for twelve, fifteen or eighteen years. When their periods of service terminated they decided that consistent with their conscience they could not continue on in the mounted police when other men who were desirous of taking their place could carry on the work they had done. They went overseas; they came back and they now find themselves in the position of being denied, I think unfairly, their rights. I am glad to hear from the minister that their pension rights will most likely be preserved for the period they served. I feel that no harm would be done if they were granted the right to their service stars which they so much appreciate and which shows their service to their country. Surely the period that these men served overseas should count when they are reinstated.

Mr. MacINNIS: Perhaps there will be an item in the supplementary estimates, but could the minister state if it is the intention of the R.C.M.P. to take over certain naval ships and aeroplanes?

Mr. ST. LAURENT: There will be a supplementary estimate of $1,300,000 to cover an amount paid by the R.C.M.P. to War Assets Corporation for ships that have been acquired. Payment was provided out of the war appropriations on the understanding that it would be included in the estimates to be reimbursed to war appropriations.

Mr. BROOKS: I was glad to hear the hon. member for Lake Centre pay a tribute to the R.C.M.P., particularly in connection with the work of the provost corps in the different military centres. They carried out a very difficult task. In recruiting for the R.C.M.P. is preference being given to men who have returned from overseas?

Mr. ST. LAURENT: The commissioner informs me that he is recruiting only those who have returned from overseas.

Mr. ROSS (Souris): I should like to support the statement made by the hon. member for Lake Centre, and I must say I was surprised at the statement by the Minister of Justice. Our banks and other institutions have been severely criticized at times, but they have set a good example in the tribute they have paid to their employees who enlisted. When they come back they receive their seniority rights and all increases in pay to which they are entitled. I would think a member of the R.C.M.P. who enlisted should be entitled to the same recognition. I should like to ask about pensions paid by the R.C.M.P. A man who retires is entitled to a pension, but no provision is made for his widow or family. Has any consideration been given to that phase of the matter?

Mr. ST. LAURENT: The matter of pensions to the R.C.M.P. and the military forces has been under consideration for some time by an interdepartmental committee. That committee is preparing a statute which will provide substantially the same system of pensions for the militia and the Royal Canadian Mounted Police. The hon. member made a comparison between the banks and the R.C.M.P. Rightly or wrongly, we consider that the war service of the R.C.M.P. in Canada or in the provost corps was of a different character to service in the banks. It was something that was as essential to the war effort, to the fighting effort of the Canadian people as was service in other branches of the armed forces. It was because the appeal was made along those lines that we feel in duty bound to give some preference now as to seniority to those who heeded the appeal over those who chose to go to another branch of the armed services.

Mr. GREEN: Has consideration been given to providing that men who have retired from the mounted police can obtain treatment in the hospitals of the Department of Veterans Affairs. I know of several of these men in Vancouver, and I believe that at the present time there is no such regulation, that they have no treatment privileges in the hospitals of the other department. I think

it would be a very fair move if some such provision could be made. In any event I would ask that the two ministers give some consideration to providing treatment of that kind.

The second question I should like to ask has to do with the security guards. Quite a few men, getting on in years, were recruited as security guards serving under the mounted police, and I believe they rendered excellent service. Would it be possible to provide that they should get some badge or something to show that they had rendered this service to the country during the war? Perhaps the Minister of National Defence would have to come into this picture, but I believe something should be done to accord these men that recognition. It may be that something has already been done, but as far as I know they are not eligible for any badge or medal or any sort of award.

Mr. ST. LAURENT: They get a certficate of service, and consideration will be given to the suggestion that they be given some form of decoration which they can wear on their tunics or coats.

With respect to treatment in the hospitals of the Department of Veterans Affairs, of course that is available to those who served in the provost corps overseas, but as yet no arrangement has been made to provide for the medical care of personnel discharged after service here in Canada.

Mr. GREEN: It was the latter group to which I was referring.

Mr. ISNOR: I wish to support the views that have been expressed by the hon. member for Vancouver South in regard to the men who served in the security branch of the R.C.M.P. I came in contact with them on the waterfront, and know what they went through. I could make this a long story, but I have placed their case before the Minister of Veterans Affairs with a view to having them enjoy the benefits enjoyed by others who endured hardships, because certainly they carried out their duties in an efficient manner during the war.

Mr. MACKENZIE: That is a question which might well be considered by the committee on veterans affairs when we meet again, I hope at the end of February or early in March.

Mr. GREEN: Thank you very much.

Mr. CASTLEDEN: On the general matter of the mounted police, according to what I see on page 7 of the report notice is given of amendments to the Royal Canadian Mounted Police Act having to do with part IV. Under that act there seems to be a fund for payment of pensions to widows of non-commissioned officers and constables, and I understand that this is a fund which has been established since 1934. The commissioned officers of the mounted police also contribute to a pension fund, but to that fund assistance is given by the government. I quote what appears on page 7 of the annual report:

> The only pensions available for widows of non-commissioned officers and constables at the present time are those provided by part 4 of the Royal Canadian Mounted Police Act, and which are purchased by them on a monthly contributory basis. The fund to which they contribute was opened in 1934, and is on a self-supporting basis. Contributions are compulsory for men who entered the force after the passing of the statute, but those men who were already in the force at that time were given an option in the matter.
>
> In the opinion of the writer, part 4 of the Royal Canadian Mounted Police Act as it stands to-day was only a beginning in the direction indicated, and he sees no valid reason why the non-commissioned officers and constables of this force should not receive assistance from the government in this matter, in the same way as commissioned officers in the force do, and practically all civil servants throughout the country.

There seems to be a bit of discrimination here for which I can see no reason. If the minister will indicate that he intends to bring in an amendment to the act shortly, or intends to take up this matter, I shall be satisfied with that. If not, I should like a statement from him.

Mr. ST. LAURENT: This is one of the things being considered by the interdepartmental committee, which is endeavouring to arrange a pension system that will be somewhat uniform for the R.C.M.P. and the permanent army, navy and air force.

Mr. CASTLEDEN: In the meantime, then, I understand that the fund as far as constables and non-commissioned officers are concerned is entirely contributory and has to be self-supporting, while on the other hand the fund for widows of commissioned officers receives contributions from the government. In other words, widows of commissioned officers will receive special treatment as compared with widows of constables and non-commissioned officers.

Mr. ST. LAURENT: That was one of the things which necessitated the establishment of this interdepartmental committee. It was considered that there were discriminatory features in these superannuation provisions which the federal government makes for its civil servants, and the interdepartmental committee was set up to endeavour to bring about some condition which would not leave anyone feeling that he was being discriminated against

as compared with the treatment accorded to others. It is to try to bring about some degree of uniformity that this interdepartmental committee has been constituted.

Mr. CASTLEDEN: How long has it been functioning?

Mr. ST. LAURENT: For several months now.

Mr. CASTLEDEN: It is not more than a year, then?

Mr. ST. LAURENT: No. It commenced its work some time last summer and has been at it now for several months, investigating the situation with respect to all these various branches, trying to arrive at something which would not be discriminatory as against anyone concerned, and trying to harmonize the whole thing.

Mr. CROLL: Some time ago I asked the minister a question with respect to marriage regulations in the R.C.M.P. and was informed that prior to April of this year a man had to serve for seven years before he was permitted to marry, and that in April this was modified to five years. I wish to thank the minister for modifying that Jacobean principle of having to work for seven years for a wife; but now in view of the fine things that have been said here about what a splendid corps of men they are, and how vigorous and virile they are, is the minister justified in keeping them out of circulation for five years?

Mr. ST. LAURENT: The duties which fall upon the Royal Canadian Mounted Police are such that there must be a certain proportion of the personnel unmarried. I am told that at present sixty-nine per cent of the members are married, and that is considered to be as high as the force can go and remain efficient and sufficiently mobile. There is the necessity of having a substantial portion of the force that can be moved about without regard to domestic obligations, and at present that is as high a proportion as the commissioner considers he can allow it to go and still have an efficient and mobile force.

Mr. DIEFENBAKER: Is free discharge, or discharge by purchase now reinstated?

Mr. ST. LAURENT: Discharge by purchase has been reinstated, but not free discharge, because it was considered that that is contrary to the maintenance of proper discipline.

Mr. DIEFENBAKER: During recent months have there been a large number of applications for discharge by purchase from recruits who joined during war time? What is the position to-day, generally, as far as the Royal Canadian Mounted Police is concerned? Does the minister intend to expand the numbers in order to meet the current crime wave, and what is the shortage that is to be filled by men coming back from overseas?

Mr. ST. LAURENT: The strength is now about 200 below establishment, and it may be necessary to increase the establishment for the development of this coast service, and of the air service contemplated.

Mr. BROOKS: What is the establishment?

Mr. ST. LAURENT: It is 2,500.

Mr. DIEFENBAKER: Is it a fact that there have been quite a large number of applications for discharge by purchase by recruits who joined during the war? I speak particularly about the western provinces. I understand that this is causing a serious situation.

Mr. ST. LAURENT: The commissioner informs me that there has been no greater than average number of applications for discharge by purchase.

Mr. DIEFENBAKER: How many have there been since V-E day?

Mr. ST. LAURENT: I shall have to get that information, but the commissioner tells me that it has not been larger than average.

Mr. ADAMSON: May I speak to a question which I have discussed before? There are large numbers of these highly trained and specially skilled men doing guard duty in dominion government buildings. When I raised the point at the last session the minister said that some consideration might be given to having the guards for dominion government buildings arranged through some service other than from among the highly skilled members of the Royal Canadian Mounted Police. Inasmuch as the force is small, and as the Royal Canadian Mounted Police has tremendous responsibilities, I am wondering whether the minister might consider that some other force could be given the job, one which, while probably not ceremonial, is perhaps routine in nature.

Mr. ST. LAURENT: I do not remember having made that declaration, but I do remember saying that the Royal Canadian Mounted Police had absorbed the dominion police force.

Mr. ADAMSON: The old dominion police?

Mr. ST. LAURENT: Yes, and that it was found it would be convenient to have the two forces under one administration, because it afforded opportunities for employing men who for one reason or another had become

unfit for more strenuous duties. I am not suggesting that many of those who are doing guard work are not fit for more strenuous duties, but it has given some elasticity to the administration of the force, and the commissioner does not feel that it would be desirable to have the administration of those doing guard duty, and others, separated.

Item agreed to.

313. Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $6,984,147.40.

Mr. ZAPLITNY: What are the rates of pay for the various ranks in the Royal Canadian Mounted Police?

Mr. ST. LAURENT: The third-class constable, holding the lowest rank, receives $1,003.75 per annum. The second-class constable receives $1,095; the third-class, $1,277.50. Corporals receive $1,460; sergeants, $1,733.75; staff sergeants and sergeant-majors, from $1,825 to $2,007.50; surgeons, $4,056.25; sub-inspectors, $2,456.25; inspectors, from $2,596 to $2,996; superintendents, from $3,176 to $3,576; assistant commissioners, $4,056.25; deputy commissioners, $4,956.25.

Mr. ZAPLITNY: Does that $1,003.75 for the third-class constable include the cost of living bonus?

Mr. ST. LAURENT: Yes.

Mr. FERGUSON: Is a member of the Royal Canadian Mounted Police permitted to marry when he joins the force?

Mr. MACKENZIE: That was covered half an hour ago.

Item agreed to.

316. Pensions to families of members of the mounted police who have lost their lives while on duty:

Mrs. Mary Bossange, $456.25.
Mrs. Margaret Johnson Brooke, $821.25.
Mrs. Margaret Cox, $410.63.
Mrs. Georgina Harrison, $676.50.
Mrs. Letitia Kennedy, $423.50.
Mrs. Nora Jean Massan, $300.
Mrs. Mary Miller, $667.38.
Mrs. Margaret Nicholson, $547.50.
Mrs. Catherine Mildred Ralls, $675.25.
Mrs. Vera M. Ryder, $907.50.
Mrs. Doris Freda Sampson, $816.
Mrs. Amy Lillian Searle, $406.98.
Mrs. Madelaine Mary Shoebotham, $810.
Mrs. Eunice Wainwright, $602.50.

Mr. BROOKS: I notice that while in 1944-45 the compensation paid to Mrs. Vera M. Ryder was $1,993.01, this year it is reduced to $907.50. This lady is in my constituency. Why has there been this reduction of over $1,000? If the minister has not the information readily available I shall not insist upon holding up the item.

Mr. ST. LAURENT: The former amount voted in the supplementary estimates was from the period January 20, 1943, to March 31, 1945, and the amount voted was $1,993.01. The amount provided this year is $847.50 for Mrs. Ryder and $60 for one child.

Item agreed to.

Mr. MACKENZIE: I wish to thank the committee for its courtesy and graciousness in sitting until twelve o'clock.

Progress reported.

On motion of Mr. Mackenzie the house adjourned at 12.05 a.m.

Friday, December 14, 1945.

The house met at eleven o'clock.

WAR EXPENDITURES

Third and final report of special committee on war expenditures.—Mr. Isnor.

POULTRY

EXPORTS TO THE UNITED KINGDOM AND THE UNITED STATES

On the orders of the day:

Mr. LEWIS MENARY (Wellington North): I should like to direct a question to the Minister of Agriculture; I have given him notice of it. How many pounds of dressed poultry were exported to the United Kingdom in the years 1944 and 1945 and how many pounds were exported to the United States during the same period?

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): May I take that as a notice, and give the answer to-morrow.

SERVICE PERSONNEL

RELEASE FOR WORK ON FARMS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): In view of the urgent need for agricultural production in Canada, will the Minister of National Defence give the house an assurance that soldiers now stationed in military camps throughout the country will be released for bona fide work on farms, particularly those soldiers and veterans returning from overseas?

Hon. DOUGLAS ABBOTT (Minister of National Defence): They always have been. That policy has been in effect for months. Any bona fide farmer applying for leave to work on a farm, if he is not eligible for discharge, is granted leave. I repeat, the policy has been in effect for months.

Mr. CASTLEDEN: It is not working.

Mr. ABBOTT: Oh, yes, it is. Over 15,000 have been let out.

Mr. CASTLEDEN: I will give cases.

SENATE AND HOUSE OF COMMONS

ALLOWANCE OF $2,000 TO MEMBERS OF PARLIAMENT FOR INCIDENTAL EXPENSES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of bill No. 243, to amend the Senate and House of Commons Act.

He said: The principle of this bill is to provide an allowance of $2,000 a year to members of parliament to enable them to defray expenses incidental to their calling as members. It provides that deductions shall be made from this amount on the basis of non-attendance of members. It also provides in the case of ministers of the crown, senators, and the hon. the leader of the opposition, that the allowance shall be regarded as taxable income. That is the extent of the measure.

Mr. ANGUS MacINNIS (Vancouver East): On the resolution stage of this bill yesterday I stated briefly some objections that I had to it. If it is of interest to the members of the house I may say that it does not give me any pleasure to be in disagreement with so many members whom I like and respect. But when deep conviction conflicts with comfort, then in my opinion comfort must give way.

I wish first to refer to some points raised in the brief discussion yesterday. The Prime Minister in his remarks said that it is becoming increasingly difficult to attract the best type of men to public life. I do not think a statement such as that can be made unless we compare the present house with previous parliaments, and in my humble opinion the present house, which was elected when the indemnity was $4,000—and mind you, I never heard of anyone saying that he did not want to come here with that indemnity—

Some hon. MEMBERS: Oh, yes.

Mr. MACKENZIE: Several.

Mr. MacINNIS: The Minister of Veterans Affairs says there were several.

Mr. MACKENZIE: Yes, there were.

Mr. MacINNIS: Well, I am quite sure he himself was not one of them, nor did I hear candidates in British Columbia make that statement.

Mr. MACKENZIE: That doesn't matter.

Mr. MacINNIS: If we compare this house with any house since I came here first in 1930 I think we shall find that this house is away above former ones. If the Prime Minister will allow me to say so, all he has to do is to compare the present cabinet, the members of which came into this house with the indemnity at $4,000 a year, with former cabinets, and he will agree that the present cabinet is the best we have had since I came here first in 1930.

An hon. MEMBER: Take a bow.

Mr. MacINNIS: I am not trying to curry favour with anyone. I realize their ability in large measure and I appreciate in most cases their integrity.

Some hon. MEMBERS: Explain.

An hon. MEMBER: Name them.

Mr. MacINNIS: It is not necessary to name them. All a person needs to do is to speak frankly. I have in my hand the editorial page of the *Monetary Times* for December, 1945, from which I would quote two sentences. The article is under the heading "Federal Affairs," with the subhead, "Higher M.P. I.Q." I quote:

> The new parliament goes on with its work with all the unhurried leisure—

That does not apply to the last few days.

> —that such bodies can display. There is an increasing illustration of the fact that this is a very decided improvement over the other in the intellectual average of its personnel.

The Prime Minister also referred yesterday to the greatness of the institution of parliament and to the necessity of preserving its character as such. I agree with him, and it is because I agree with him that I object to this measure at this time.

Some hon. MEMBERS: Oh, oh.

Mr. MacINNIS: My hon. friends murmur. I have noticed during the last few weeks a consistent demand from that corner of the house that this item should be called, and every time I have heard the murmurings and the poundings of desks for that purpose I have been reminded of a remark that is attributed to the Duke of Wellington when with his army in Spain. He looked them over and said, "I don't know what effect they will have on the enemy, but by God they scare me!" With the present state of world affairs hon. gentlemen opposite scare me.

Another member said that members of parliament should have a higher remuneration because they had to give to bazaars and wreaths and make wedding gifts. That a member of parliament should contribute to such things never, I am satisfied, occurred to my constituents, and so far as I am concerned I think it is not only improper but indecent for a member of parliament to inject himself into the intimate lives of his constituents. When they need him they can call on him, but it is not his business to go round as a father bountiful at the expense of the taxpayers of the country.

The point was made that refusal by the members of the $2,000 would not help the conditions of the poor. That may be a good argument, but in my opinion it is bad logic, because it means that if we cannot help the poor there is no reason why we should not help ourselves.

My objection to the proposed increase is not based solely on the fact that it is particularly unwise at the present moment because of the rising unemployment and distress. My opposition to raising the incomes of members of parliament before the incomes of the low income groups are raised is a basic one and of long standing. I do not believe that a member of parliament should be financially in a position above the average elector in his constituency. I do not believe that a member of parliament can understand the troubles and worries of his constituents unless he has felt these things in his very being.

An hon. MEMBER: And goes on relief.

Mr. MacINNIS: Yes. I have seen members of parliament who came off relief right to this house, and they made excellent members of parliament. I would say that a member of parliament who came off relief would know more about the lives of the people in his constituency than a member of parliament who never experienced those conditions which his constituents meet every day in their lives.

Mr. MACKENZIE: The hon. member has no monopoly on that.

Mr. MacINNIS: I wish to draw attention to—

Mr. LENNARD: Will the hon. member permit a question?

Mr. MacINNIS: Certainly.

Mr. LENNARD: Will he accept the additional $2,000 if it is offered to him?

[Mr. MacInnis.]

Mr. MacINNIS: The $2,000 is not offered to me. If this house approves this bill, then it becomes law—

Mr. LENNARD: Will the hon. member accept it?

Mr. MacINNIS: Then it becomes the law of the land, and I will accept the $2,000—

Mr. ROSS (Souris): Very small argument.

Mr. MacINNIS: —and I can make just as good use of it as can my hon. friends. Remember that I am subject to all the laws that are passed by this house just the same as you are.

Mr. LENNARD: You do not have to take it.

Mr. MacINNIS: All that my hon. friends have to do is to square their conscience with their intellect.

Mr. MACKENZIE: We have as good a conscience as the hon. member.

Mr. MacINNIS: Then let them square their actions with the conditions that prevail in their various constituencies.

In March of last year I received a copy of a letter that was forwarded by a board of trade to the Prime Minister urging that steps be taken to raise the indemnity of members of parliament so as to attract a good type of man to the House of Commons. I want to read to the house the pertinent parts of my letter in reply to that communication. It is dated April 3, 1945. I am taking the same position to-day as I took in this letter, which I never thought would be made public. It reads as follows:

This is a most unusual resolution—

I was referring to the resolution favouring the raising of the indemnity of members of parliament.

—as I believe most people think the members of parliament are already overpaid. The situation has been a little difficult during the past few years because of the high income tax and the necessity of a member having to maintain two homes. If some consideration were given the expenses incurred while in Ottawa personally I do not consider the present indemnity too low.

About seventy-five per cent of the wage earners in Canada receive less than $1,000 per year, so a member of parliament with $4,000 is in the high income bracket. The thing we should set our mind to is to increase the national income so that there could be an increase in the income levels all round. Until that is done, I could not feel justified in arguing for a higher indemnity for members of parliament.

We have asked our young men to make great sacrifices even the sacrifice of life itself during the past few years. I do not believe that

anyone is making a sacrifice who serves his country and receives the remuneration that a member of parliament now receives.

That was my position then; it is my position now. The thing I object to in regard to this increase in members' indemnities is that it is being camouflaged as an allowance, and an allowance that is free from income tax. It is a fifty per cent increase in the indemnities of the members, and nothing less; but worse than that, it is proposed to make it free of income tax while we are still collecting income tax from incomes as low as $660 for a single person and $1,200 for a married person. In effect we are asking these low paid income groups to pay our income tax in addition to their own.

I have here some figures in regard to wages and salaries; they are based on dominion bureau of statistics figures reached by a ten per cent sampling of the 1941 census. It gives the number and percentage of wage and salary earners in various categories. Those receiving over $3,000 a year in Canada numbered 54,600, or 1·9 per cent of the wage and salary earners. A member of parliament receives $4,000 a year, and therefore we would perhaps be in the 1·5 per cent of the higher income receivers. Those receiving $2,500 to $3,000 are even fewer, 1·3 per cent; $2,000 to $2,500, 3·5 per cent; $1,500 to $2,000, 9·4 per cent; $1,250 to $1,500, 6·6 per cent; $1,000 to $1,250, 13·1 per cent; $750 to $1,000, 12·6 per cent; $500 to $750, 15·7 per cent, and under $500, 35·9 per cent. Yet members of parliament feel that they are sacrificing something when they are serving this country at $4,000 a year.

There is another point that I wish to draw to the attention of this house. We have a wage control order in this country under which those who seek increases in their wages must go through the close scrutiny of different boards. Quite recently a board in British Columbia granted a group of workers, among other things, two weeks' holidays with pay. That had to be approved by the national war labour board, to which they sent a delegation representing the employing company and the workers, both of whom agreed with the recommendation of the original board. But when they came down here the national board would not allow the two weeks' holidays with pay. Well, they were just unfortunate. If they were in the position of members of parliament they would simply vote themselves two weeks' holidays with pay and a fifty per cent increase in their wages as well. Why should members of parliament be entitled to throw the wage control order into the ash can when they want to increase their own wages? Will someone please explain that?—not to me, or to this house, but to the people throughout the country who are compelled to travel this road in order to get a meagre increase in their wages. I cannot conceive of a worse time than this for members to raise their own salaries.

Mr. JOHNSTON: You don't have to take it.

Mr. MacINNIS: I don't have to take it, but you will get it. I say I cannot conceive of a worse time than this for members to raise their own salaries, a time when wages are toppling all over the country; a time when persons receiving unemployment insurance benefits are compelled to take jobs in some cases at less than half what they were receiving a few months ago; when old age pensioners are compelled to eke out an existence on $30 a month.

Mr. MITCHELL: My hon. friend stated that workers are compelled to take jobs at fifty per cent less than they received a few months ago. I should like some examples of that. Don't overdo it, but let us have it clarified.

Mr. MacINNIS: All right; I will give my hon. friend the number, the name, the old wage, the wage offered now, and the time on unemployment relief. No. G-45406, Theresa B. Ervin; old rate, $1; new rate offered, 46 cents; duration of unemployment, eight weeks and five days. Greta M. Nelson, A-432523; old rate, 80 cents; new rate offered, 49 cents; duration of unemployment, five weeks. Emma M. Satzborn, No. O-249615; former wage, 80 cents; wage offered, 41 cents; duration of unemployment, five weeks. If my hon. friend wants more I can give them to him, because I have several sheets of names from the unemployment insurance office.

Mr. MITCHELL: My hon. friend used the word "compelled".

Mr. MacINNIS: Well, wait a minute. I have here a report appearing in the Winnipeg *Free Press,* in which was quoted a letter from the deputy minister of labour. I am glad the minister gave me an opportunity to read this, but it does not make pleasant reading; I can tell you that. This is dated December 5, 1945:

> Winnipeg central labour council, O.B.U., at its general meeting Tuesday night, at the Jordan block, strongly condemned the letter issued November 22, 1945, by the federal deputy minister's office on jobs and selected jobs and advertising for 5,000 bushmen for saw logs and pulpwood.
>
> Vigorous protest against it will be forwarded to Prime Minister Mackenzie King by the council and its affiliated units.
>
> The strongest objection in the letter by the delegates who branded it as "fascism of the worst sort," was the following:

"We hear much these days about 'full employment'. That (if it is attainable at all, which we doubt), does not mean work for everybody at the jobs they like, or a home for everybody in the place they like. Full employment means that people must move to jobs, not jobs to people, and that there must be enough people willing to take all the sorts of jobs that are offered. In a collectivist state, towards which we seem to be moving, full employment may even mean that people must work at what they are told to work at, where they are told to work, and at what hours and wages."

That from the Department of Labour.

An hon. MEMBER: That is socialism.

Mr. MacINNIS: Socialism? Well, it is socialism under the Liberal government, which is not necessarily the same thing at all. Yesterday in the house the Prime Minister (Mr. Mackenzie King) said this increase was necessary in order that parliamentary institutions might maintain their high character in the eyes of the people. In my opinion nothing parliament could do would be more damaging to itself than to pass the bill now before us. Let me put the case in this way. When we were children we were told about the conduct expected of the officers of a ship overtaken by disaster at sea. The safety of the women and children, those weakest and most helpless, is considered the first responsibility of the ship's officers and crew. They are helped into the lifeboats first; then, if there is time, the crew, the officers and last of all the captain are saved. How different is the procedure we are asked to adopt here. The captain of the ship of state tells us that it is more important to save the officers than the passengers; more important, in times of rising unemployment and increased living costs, to see to it that members of parliament are put beyond the fear of insecurity and want, than to see that those existing on the miserable pittance of the old age pension or on lower wage scales are put in a position where they can at least keep their heads above water. What would we think of the officers of a ship who scrambled first for the boats? What would the passengers think? How can we expect the people of Canada to have faith in those who look after their own welfare first? I would urge this house not to do this thing, which will bring the great institution of parliament into disrepute.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I rise to express briefly my objections to this bill, though not quite on the same grounds as those put forward by the hon. member for Vancouver East (Mr. MacInnis). The other day I listened quite attentively when the Prime Minister (Mr. Mackenzie King) introduced this measure, and I fully appreciate the difficulties surrounding it. I wish the bill had been drawn in a different form so that I would feel justified in supporting it.

I have given this matter a great deal of consideration, and have talked to a good many of the members of this house. I am fully conscious of the fact that I am a new member and have not had the experience that some hon. members have had with the costs involved in being a federal member. But after that consideration I have come to the conclusion that I cannot support this bill in its present form. Certainly I am of the opinion that a member of parliament requires more than $4,000 a year in order to maintain a satisfactory standard of living and carry out his or her duties efficiently. I would point out, however, that when hon. members accepted the nomination they did so with full knowledge of the indemnity that was being paid. As I understand it, parliamentary indemnities of the past were in the first place intended more as out-of-pocket expenses. The indemnity, as the word implies, was to reimburse people for out-of-pocket expenses. It was not considered a salary. Personally I think that is the ideal approach to the situation; but I do not consider it a sound principle if we are to assure a proper representation of the people in this parliament.

In my opinion the principle upon which payments should be made to members can be easily stated. I hold the view that they should receive sufficient to enable them to serve the nation satisfactorily, so that they shall not at the same time be in want. I am quite sure from investigations I have made that in the past hon. members have often suffered great financial stress. The indemnity should be sufficient to permit any man or any woman to enter parliament regardless of financial circumstances. In my view the member of parliament should receive for himself, or for herself, out-of-pocket expenses; and then after out-of-pocket expenses are paid he or she should receive not more than would be received by the average skilled workman, or the average successful farmer.

I have heard that principle advocated for years from labour platforms, socialist platforms, and from Liberal platforms. I accept it as a sound principle, and upon it I base my argument this morning. On that basis I am quite sure that the present $4,000 indemnity is not enough for a large number of the able men, and the able woman, in the house, or for men and women who may enter the house. Under

present circumstances I am of opinion that the great majority of the Canadian people realize that a member of parliament requires at this time more than the present $4,000 per year indemnity. However, I have strong objections to the form of the bill.

In the first place I object to the $2,000 being considered as an allowance. The suggested allowance of $2,000 a year for expenses is, in my opinion, a device to indemnify members for the taxation of their $4,000 indemnity. To me this looks somewhat like expediency.

I hold the view that, in all fairness, a member of parliament cannot vote tax relief for himself, unless he sees to it that others get the same consideration. They are not getting it at the present time. I suggest the fair plan would be to increase the original indemnity to $6,000 a year. That would be a satisfactory sum, and would be in conformity with the plan I have just outlined.

Let me analyse that statement. The figures I am about to give would concern a member with no other income, and I believe they are not more than five per cent inaccurate. The average member would receive that much exemption through donations to charity, medical expenses, and the like.

With a sessional indemnity of $6,000. under present circumstances a single member would pay an income tax of $1,759.44, leaving a balance of $4,240.56. A married member would pay an income tax of $1,448.52, leaving a balance of $4,551.48. A member with one child would pay an income tax of $1,314.48, leaving a balance of $4,685.52, and a married member with two children would pay an income tax of $1,180.32, leaving a balance of $4,819.68. If we allow, out of the balance $1,800 per year for parliamentary expenses, after deductions for taxation the average member would receive what might be described as take-home pay—and that seems to be the general term—equal to that of the average skilled worker in Canada. That is why I oppose the present bill and offer the suggestion that the $2,000 should be taxable. It is far better that a member of parliament should feel the incidence of taxation on the whole amount of his remuneration. In that way I should think there would be no danger of his losing touch with public sentiment on matters concerning taxation.

There should be no special class of citizens in this country, and I suggest that, in passing the present bill, we are creating a situation under which members of parliament, in present circumstances, become a special class of citizens. I urge that hon. members do not, by supporting the principle of the bill, create a special class for themselves. That is my first objection to the bill.

I have a second objection, and it is this: I cannot support the bill as proposed to pay allowances to members of the other place. I accepted nomination on the basis of the platform drawn up in the Regina manifesto. I pointed it out strongly to the electorate of Kootenay West; and the Regina manifesto stands for the abolition of the other place. On the point it has this to say:

> The Canadian senate, which was originally created to protect provincial rights, but has failed even in this function, has developed into a bulwark of capitalist interests, as is illustrated by the large number of company directorships held by its aged members. In its peculiar composition of a fixed number of members appointed for life it is one of the most reactionary assemblies in the civilized world. It is a standing obstacle to all progressive legislation, and the only permanently satisfactory method of dealing with the constitutional difficulties it creates is to abolish it.

I am not so certain that to remedy the situation it is necessary completely to abolish the other place. Possibly we could learn something from the Soviet system, where they have two houses, one elected from the point of view of geography, the other being a house of nationalities. Those two houses work together and make the legislation of that country.

I have gone before the people of Kootenay West on that platform, as a supporter of the Regina manifesto. Therefore it would be most inconsistent on my part to support a bill which provides for additional allowances for members of an institution of which the platform I have supported advocates the abolition.

I shall not discuss the point further, more than to say this, that sentiment throughout the country favours at least great reforms in the other place. I heard dozens and dozens of people express themselves in similar fashion during my election campaign. As hon. members know, in recent months a prominent former member of this chamber was appointed to the other place, and comment on that appointment was neatly put by one young lady who said to me, "Mr. Herridge, I think it is a most unfortunate thing, a tragic thing, that a fine and capable man such as he is should be embalmed at such an early age."

These are my objections. I object in the first place because the allowance is not taxable and, in the second place because I do not feel I can consistently support extra allowances at this time to members in the other place.

In conclusion I would say this: I trust that when hon. members of this chamber have decided this matter to their satisfaction it will

result in all of us pressing with ever-increasing vigour for increased incomes for the old age pensioners and other low income groups in this country—increased incomes they so sadly require.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, while the hon. member for Vancouver East (Mr. MacInnis) was speaking, I was trying to imagine what his logic would be if suddenly he were to find himself the father of six or more children. I suggest, Mr. Speaker, that that would make a better man of him. And if he were married to a woman who rather than being a brilliant careerist, a member of the British Columbia legislature, was by circumstances—

Mr. MacINNIS: Mr. Speaker—

Some hon. MEMBERS: Sit down.

Mr. MacINNIS: Mr. Speaker—

An hon. MEMBER: You cannot take it.

Mr. MacINNIS: I think that members of this house could have the decency to leave the wives of other members out of their debates. It so happens that my wife is not a member of the British Columbia legislature.

An hon. MEMBER: She was.

Mr. MacINNIS: She was; that is true. If my hon. friend did not marry a woman who had intelligence enough to get into the legislature, that—

Some hon. MEMBERS: Oh, oh.

Mr. LOW: I was not imputing any motives; I indicated I was trying to imagine—and perhaps that is difficult under the circumstances of the hon. member's speech; let us go a little farther—I have tried to imagine just what his logic would be if he found himself representing a constituency like Cariboo, which is represented by the hon. member beside me. If so, he would find that he would have to keep up an automobile and, believe me, that requires something up in that country. It is frontier country with few roads. You cannot just step on a street car and get to any other point in your constituency within fifteen minutes on payment of a nickel. Take my own constituency, that of Peace River. In order to reach one of the more inaccessible parts of that constituency I must get on a boat and travel more than a day. That requires the expenditure of considerable time and money. I have been thinking strongly of uniting my resources with those of the hon. member for Cariboo to purchase a helicopter so that we can get around. I have mentioned only two of the constituencies that might be referred to; I imagine there are a hundred or more in exactly the same position.

I was wondering also what the hon. member's logic would be if he felt that it was his vote that would decide whether this would be paid. He might act just the same, but it would be interesting to know.

Enough of that. I rose to say that I commend the Prime Minister (Mr. Mackenzie King) for keeping his word, and I support him in this move because I feel it is one that has been delayed too long. My judgment is that the members of this house are no less important to Canada than are the congressmen of the United States. I think it is well known that the congressmen of the United States are given an allowance of $10,000, plus an additional amount up to $10,000 for assistance in carrying on their work during the year. I have said on another occasion that one of the disabilities that the ordinary members of this house suffer is that they have little if any secretarial assistance to prepare the voluminous material necessary in studying the various matters that come before this house. They have to dig out the material themselves; they have to spend their own time and often their own money in getting material. If a member does his duty in this house he has very little if any opportunity outside of the period he is in Ottawa to do anything but prepare himself for the work and the duties of this assembly.

Six thousand dollars is not a very handsome sum to people who give their whole attention to the business of such an assembly as this, and who serve their constituencies. In supporting the Prime Minister's motion I have in mind the improvement in the democratic procedure in Canada. I have always taken the position that a member should visit his constituency at least twice a year. He should go to his people before the session to get their instructions. That is the only way in which the people can control the members of this house and get their will. To do that requires considerable money and considerable time. I think it is the duty of every member after a session of the House of Commons to visit his constituency and make a report—not just in one centre, but to go to the people and get their approval, we will say, of the things he has done. During the time I represented people in the legislature of Alberta I made it a point to cover my constituency twice each year. I visited every centre in the constituency and that is what I propose to do in the large Peace River constituency that I now represent. It would be impossible to do that on the indemnity that was set at $4,000.

Just one point further. The hon. member for Kootenay West (Mr. Herridge) contended that the passage of this measure would create a special class of citizen which was not taxed. That is not so. The income tax act of this country makes provision for deduction from taxable income of certain sums of money spent in earning the income as necessary expenses. This applies to travelling salesmen or railroad workers, such as engineers, firemen and brakemen. Many of these men must maintain more than one domicile. They have their family domicile, and at the end of the line where they may have to spend a day or two they have another. They are allowed deductions from their taxable income to cover expenses paid in earning the income. I have taken the position on more than one occasion that this privilege ought to be extended to the members of this house. No one can deny that hon. members certainly spend a large portion of their indemnity of $4,000 in earning it, and they always have done so. Under the circumstances I must deny completely that it would be creating a special class in this country. It is merely extending to the members of parliament a principle that has been extended already to a large number of citizens engaged in other pursuits. Under the circumstances I must give my support to the measure.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I say just one word? Yesterday I placed the position of the majority of this group before the house when I said that we were prepared to support this measure. In doing so I drew attention to the fact that we were not only placing before the house the decision of the majority of my colleagues, but also the opinion of our own national convention. Our movement is based upon the discussion of national problems in local places, small and large, and it having come to this decision by resolution at a representative convention, as the leader of that movement in this house and in the country it is my duty to place that point of view before parliament. It coincides completely with my own view in the circumstances.

Yesterday I had intended, and this is my real reason for rising at this moment, to refer to the inclusion of the honourable gentlemen in the other place. As long as parliament consists of two houses I suppose it is proper that no distinction shall be made between the two houses. I say categorically that if I felt that by withholding this consideration from the other place we were going to shear it of its power I would oppose this resolution. But in my opinion the two questions are distinct and separate. We are dealing now with a resolution having to do with the indemnities or payments to members of parliament, including both houses. I reserve the right at all times to do what lies within my power to reform an institution which I regard as an anachronism in these modern times. I can see no place for a non-elective institution in this modern democracy. I notice that the Prime Minister is bringing in a good many policies which he advocated years ago, and I should like to remind him that one of the policies which still remains to be implemented is the reform of the other place. May we hope that that will be done in due course.

Mr. MacINNIS: It has been "reformed" by increasing its indemnity.

Mr. COLDWELL: I do not want to argue with the hon. member for Vancouver East, but I want to say this to the house, that I have known the hon. member for a good many years, and I hope that no member of the house will impute to him a motive which I know is not his motive; for the hon. member for Vancouver East is one of the most sincere and honourable gentlemen in this house.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, when the Prime Minister (Mr. Mackenzie King) made a statement by way of introducing the second reading of this bill, he outlined briefly what he regarded as its principle. He stated that it was to provide $2,000 to meet the expenses of members of parliament, and that in addition it provided for a deduction from that item for non-attendance at this house, and provided also that that increased indemnity should be taxable when paid to members of the other place, to members of the cabinet, and to the leader of the opposition. I think that is a correct statement of the principle of this measure.

As I see it, the bill before us proposes, first, an increase in the indemnities of private members of the House of Commons of $2,000 that increase not to be taxed; second, an increase in the indemnities of the members of the other place, that increase to be subject to taxation; third, an increase in the indemnity paid to members of the cabinet and the leader of the opposition, that increase to be taxable.

The bill is based on a resolution which superseded a resolution introduced in this house some time ago, and for certain aspects of that change I commend the government. I could not have opposed the proposal to increase the indemnities of the private mem-

bers of this house, but I could not have supported the proposal to increase the indemnities of the cabinet and the leader of the opposition without requiring that they be taxable. So I commend the government for this feature of its change in policy.

The question now before this house is whether the proposal is or is not a good one for this country. I suggest that the answer depends upon the point mentioned by the Prime Minister, namely, whether it is going to improve the contribution which members of parliament can make to this nation from this time forward. I am not going to take time to-day to discuss that. I wish to comment upon one thing, the question of what this measure means. I think there has been a wrong interpretation in several respects of what it does mean.

I understand that the last adjustment of indemnities was some twenty-five years ago. Since that time what has happened? The income of the Canadian people has doubled. The average wage and salary increases in ten of the leading industries of this country amount to one-third. Meanwhile, the time required of members of both houses in the pursuance of their duties has increased.

One thing which I think has always been wrong in connection with this matter is that the expenses of members of both houses have not been allowed as a deductible item in the income tax return. That, it seems to me, is the chief argument in favour of an adjustment of this kind at this time. Business people have it. Members of parliament should not be denied it.

I have had a rough calculation made to try to see exactly what the proposals in this bill mean, because they do not mean a net increase of $2,000 except to the private members of the House of Commons. The calculation I have here was made on the basis of an income tax payer with only one dependent, his wife, and no dependent children. The net income of a member of this house or the other from his indemnity in 1938 after paying income tax was $3,930; in 1944, a typical year during the war, it was $3,036; a reduction of $900.

Mr. REID: Is that for a married man or a single man?

Mr. BRACKEN: A married man with no dependents other than his wife. Should this measure go through, his income after paying the tax would be $5,190, or an increase of $1,260 over his pre-war net income from this source; that is, about a one-third increase. In the case of members of the other place the figures for the first two years are the same —1938, $3,930; 1944, $3,036. If this bill goes through, assuming they have no other income —which perhaps is not a correct assumption— their net income after paying the tax will be $4,475, an increase of $545 over pre-war.

But the interesting thing in this calculation is more with respect to the members of the cabinet and the leader of the opposition. Assuming they have no other income, their net income in 1938 would have been $12,980, and in 1944, $7,741, a reduction of five thousand dollars. That is the burden the members of the cabinet have been carrying during these years, and even with this adjustment now, it will bring their net income to $9,617, which represents a reduction of $3,300 in comparison with pre-war income from this source—a twenty-five per cent reduction even after this increase in indemnity is made.

I am not arguing on one side or the other in this matter at the present time. I have been trying to analyse the situation. I do not mind saying that personally this question is a bit embarrassing to me. I have been wondering what position to take, what position would be proper, and I have come to a conclusion, which I will summarize in a moment. But the question before us is this: What are we going to do? Here is this measure. We must support it or oppose it. I could criticize it in some respects. I could criticize it as being untimely. Members of this house to-day are not worth fifty per cent more than they were a year ago; but they were worth more a year ago than they got.

It may be untimely too in that there are other inequities that have not been corrected in this nation. The member for Vancouver East (Mr. MacInnis) has raised that point and he says he hesitates to approve this measure while other inequities remain uncorrected. For such measures as this government has taken to correct those inequities it deserves credit. For such omissions as it has been guilty of in not having corrected those inequities it must accept censure, and I shall be one—I believe there are many others—who will censure it for those things. But the question is, shall we deny a measure of justice simply because there are other inequities that have not been corrected?

As for myself, and every other member for that matter, we cannot blow hot and cold at the same time on the measure. We have either to accept it or to reject it. Personally I should prefer to have nothing to do with it. I have considered whether we should move an amendment. I have considered whether I should

refuse to accept it myself. Briefly, this is my position. I think I should look like a piker trying to get some measure of public acclaim by opposing a bill which in some quarters will be unpopular. As I have said, the bill gives some degree of justice to private members of this house, even though I think it is untimely, and even though I am sure there are other inequities that call for correction in Canada at this time. Under all the circumstances, Mr. Speaker, this measure will receive no opposition from me, nor, I hope, will it receive opposition from any large section of the house.

Mr. FRED ROSE (Cartier): If I thought for a moment that by not accepting the increase proposed in this bill there would be no unemployment, an increase in wages for all workers in the country, and increased old age pensions, I would, and I believe many other hon. members would, gladly say we would do without it. But that is not the problem before the house. I suggest that we are setting a standard for Canada in the matter of salaries and wages, and that is something that is good for members and good for labour. If I were among the people in the city, addressing a gathering of workers, I would say to them, "Those fellows in Ottawa got themselves an increase and now our case is stronger, because if they can get an increase why can we not get a little more?" That in my opinion is the proper way of looking at the problem.

But there is another side, the practical side, that must be considered. Most members come from eastern Canada; very many of them go home over the week-end, and every trip over the week-end takes a few dollars. Moreover, at every week-end when a member is at home some people come to see him, wanting one thing or another. Members are human, and we cannot simply refuse to accede to any charitable request. We cannot say that we will have nothing to do with it but will leave it to parliament to do something. Anyone who is at all human will certainly give a few dollars here and a few dollars there and some more elsewhere, and if one can do that, why not do it?

Membership in the House of Commons involves other expenses. A member must have an office in his constituency. I do not know how members representing rural constituencies operate, but I know that in the city, if one is not a lawyer with a regular office, one has to have some place where his constituents can come to raise their problems. In short, he must have an office and a secretary, and where is the money to come from? The $4,000 paid until now, which actually meant to us or some of us $3,000, did not provide for an office in the constituency.

Again, for about six months when parliament is not sitting, members like to continue with their regular monthly radio broadcasts to keep the constituents informed on events and explain the special issues involved under all circumstances. That is necessary. There are also leaflets, copies of speeches in Parliament, all involving expenditure of money. When I came into this house for the present session I was $1,000 in debt. If there are members who have other means, other forms of income, they are the more fortunate ones. But for those of us who are less fortunate, who have no other income, this increase will help in making us more efficient in the service of those whom we represent and who need our help. If it has that effect, then the logical thing for us to do is to accept it.

Mr. MACKENZIE KING: In view of the statements we have heard this morning from leaders of the several parties opposite, and in the light of what I said yesterday, I might possibly be expected to allow the matter to rest there. However, I feel that some statements have been made which ought to be considered a little further and I therefore propose to add to what has already been said on this question.

First, may I remind hon. members that there are 245 members in the house and of that number only three private members have spoken on the measure, of whom two have opposed it, the other having supported it. All the leaders of the different parties in the house have supported the measure and have given substantial reasons for doing so, reasons which are all related to the public interest. I wish to thank hon. gentlemen who lead the several parties for joining with me in helping to make clear to the country the reasons which actuate the government and parliament in taking this step at this time.

As regards the suggestion that its introduction at this time is "untimely", I do not agree with that at all. I think its introduction at this session is timely, and very timely. It is never too late to remedy a wrong or an injustice so long as that is possible, and personally I think the time has long since passed when this parliament should have had more consideration for those who are sent here by the people as their representatives to serve the country in the making of its laws and in protecting the financial, human and other resources of the nation. I say that it is better to do something, albeit late, than never at all. The measure is either right in

itself or it is not. If it is right in itself, it is timely, and I for one am quite prepared to say that it is most timely at this particular moment.

That brings me to say a few words to the hon. member for Vancouver East (Mr. MacInnis) who has been, with one exception, the only one that has been critical of this measure. First of all may I say to him and to the house that he and I have known each other for a long time, and that like all who know him I think we will agree as to his sincerity and deep convictions, and I would hope that no one would question those in any particular. But may I say to my hon. friend that he too knows us, that when he talks about convictions he ought to be prepared to attribute to all other hon. members the same motives and the same convictions as he is crediting himself with. That he did not do. I was sorry when I heard him say that when it came to a choice between conviction and comfort that he preferred conviction. I think on reflection my hon. friend will regret that he made that remark. So far as I am concerned I propose to deal with him and with other hon. members in precisely the same way, namely, in the belief that each in his action at this time either in supporting this measure by word openly in the House of Commons, or in giving acquiescence in silence, is acting from honourable motives and profound conviction.

My hon. friend said this morning that I had mentioned yesterday that one of the purposes of the increased allowance to members was to attract the best type of member to parliament. He then looked over the House of Commons and said that he thought we had here the best house that had existed for some time. I agree with him in that. I believe the calibre of members of this house is as high as, if not higher than, that of any House of Commons in any of the other parliament of Canada. But may I say that that does not mean that we might not have had in this parliament to-day many other hon. members who would have been in an exceptional position to give of the benefit of their wide experience to the country at this time if before the last election took place there had been something more in the way of an allowance to members of parliament. I know of my own personal experience that I tried my best, but tried in vain, to have certain members of my own party who had served in parliament and who had had wide experience in public affairs to run again. I could not get them to run, not because they expected they would be defeated—they would have been elected beyond any doubt—but for the reason that they felt, knowing what their expenses had become, what it had cost them in their personal obligations, in their businesses or practice or the like, they could not afford in these circumstances to come back into parliament. I know what I am saying now is also true of the membership of other parties in this house. I know that their leaders have sought to get outstanding men, men of wide experience, to come into parliament, and they have met with exactly the same kind of situation as I was faced with myself.

May I say further that I know that there are members in this house to-day who came in with the belief that there was going to be an increased allowance and who are finding the situation very trying at the present time. Unless they do secure something more in the way of allowance some of them may be tempted to resign, thereby occasioning by-elections in the country. That is known to many hon. members, and it ought to be known to the country.

When my hon. friend says that members here expected to get only the same allowance as was given in the last parliament, he is not stating the situation correctly. I made an important statement in the last parliament, and repeated it during the election campaign, that if the present government were returned I would be among the first to support an increase in the indemnity of members, that if I were not in this House of Commons, I would support it anyway. Many of those who are in this house to-day accepted that statement at its face value, and came into the house expecting when they were here they would not have to serve with the allowance what it was before, but would receive an increased allowance.

Perhaps it might be as well if I were to read at once what I said in the last session of the last parliament so that no hon. member can say that I am overstating what I said or that I have in any way changed my attitude. I believe what I said at the time will go a long way toward answering much of what has been said by the two members who spoke in opposition to this measure this morning. My remarks will be found in *Hansard* of August 14, 1944, at page 6499. As I recall my remarks were made in the morning during the course of a debate on a number of financial matters. I said:

> I cannot say whether I shall be in this House of Commons in another parliament, but if I am I will certainly be prepared to agree with hon. members who deem it advisable that in the interests of the membership of the House of Commons, the indemnity should be regarded strictly as an indemnity and not as a salary, and, therefore, not be liable to taxation.

That statement was before this country in the last election. I was speaking then as a leader of a political party—the Liberal party—and if the people of the country had been opposed to the idea of an allowance to members being regarded as an indemnity and not taxable we would have heard about it on the platforms from one end of this country to the other. An effort would have been made to defeat myself and my party on that ground. I ask any hon. member in this house, did he hear any question of the kind raised by the electors in this country? I did not. I heard no opposition whatever to it, nor did they.

Mr. McIVOR: Just the other way round.

Mr. MACKENZIE KING: I continue:

I believe that the independence of parliament and the independence of the members of the House of Commons is something that we must seek to maintain at all costs. I regard the amount voted as an indemnity as something intended by parliament to help secure that independence. I have before me a copy of the debate in the British House of Commons on August 10, 1911, when a statement was made by the Prime Minister of that day that at the session following the general election he would arrange for members to be paid. I should like to quote what Mr. Lloyd George, who was chancellor of the exchequer at the time, had to say in reference thereto. I shall quote his words later, but in effect he said that he believed that the House of Commons should be as representative as possible of all classes in the community, not representative merely of certain classes. He said that the British House of Commons, as then constituted was made up in a large part of those who came from the learned professions or who were wealthy; he felt that the house should be more broadly representative, that it should have members returned in larger numbers from the working classes, as they are sometimes termed, from the agricultural communities, that there should be as members more persons of talent and ability though in humble circumstances financially.

I feel strongly that at this time of all times—

And may I say there in reference to the timeliness of the present bill that I made this statement last session before the general election. I was not afraid of the timeliness because there were some difficult problems to settle in the country, because some people were not as fortunate as others. I was stating then what I thought was timely at the time, and which I believe is even more timely to-day. I continue:

I feel strongly that at this time of all times we should seek to obtain the best possible representation in the House of Commons of Canada and have it broadened by having as many elements of the community represented as it is possible to have.

I was taking a step then, appealing to the electorate itself, if you wish to put it that way, because that is what it is when a man speaks as a leader in parliament. I was appealing to the people to find ways and means whereby we could get the best type of man in this country to serve in its halls of parliament. Knowing the circumstances of our day, the electors would appreciate very quickly what was involved. I continue:

The other evening I expressed the hope that, in a subsequent parliament, there would be not merely business and professional men, but members chosen from among those who are in the fighting forces to-day as well as a larger representation of labour, a larger rural representation and a larger representation of women, and representatives from no particular class but chosen because of their special gifts, talents and high character. To make that possible in times like the present—

There again is your "timely" reference.

—it will be necessary that those who are chosen as candidates shall feel that they will be in a position to exercise their duties in this House of Commons in a perfectly independent way, without fear and without favour. What was found in Britain when labour began to be represented in the house was that a string was tied to its representation; members came in as members of the labour party, but they were bound in advance to support only certain measures. They were not free agents representing the country as a whole, or even their constituencies as a whole, but representing a class. Nothing could be worse than that we should have in this country a membership composed of those who represent classes, whatever those classes may be. A member of parliament represents the people of the nation at large, all classes. The danger is this, that unless there is an indemnity that is sufficiently large to ensure independence on the part of members we are going to have this House of Commons composed increasingly of those who are so independent in means of their own, or because of their associations with powerful interests, that they will come to constitute, as compared with others, a very large section of the membership of the house. In other words, we shall have a privileged class here at a time when the world is doing the best it can—in perhaps the worst possible way—to get rid of a lot of privilege and to recognize that there is a certain equality in men regardless of the particular class to which they may belong, or their particular calling.

I would recommend those words to the hon. member for Kootenay West (Mr. Herridge), who has spoken about the danger of establishing a privileged class here. If he reads over my remarks I think he will find that I have answered him on the point of creating privilege.

There is another danger, and that is that we shall have men elected to this House of Commons who, through the inability to secure a different type of candidate, would not be able to earn an income outside of parliament comparable with that which would be secured to them by an indemnity, or coming here, may I say, under obligation, some of them, to corporations, others to special interests, but not free agents.

I feel that that is a very dangerous thing for the independence of parliament. I look upon the payment made to members of parliament in the form of an indemnity, as I have said, as something to secure the independence of parliament and the independence of members of parliament, and if part of that is taken away in taxation, then the purpose for which the indemnity exists is to that extent defeated.

Mr. Lloyd George made the following statement:

"But even now, membership of this house is very largely confined to four classes, apart from the other classes I shall point out later on. Men of means who have got an unearned income, and barristers with their practice in the London courts are members.

"Then there are those in well-organized and well-established businesses who have efficient, and, what is even more important accommodating partners. Then there is another class who are 'something in the city.'

"The demand of the democracy is really for a free choice of doctors. Instead of confining as it were, those who were able to remedy their evils and cure them to a small class, they say, 'We want an unlimited choice in picking out the men who will suit us best.' It is the same argument we had last week. This demand can only be met in two ways. The first is by raising funds in connection with some great national agitation, or an agrarian agitation, or a labour agitation, which would enable members connected with the movement to be more or less adequately maintained during the time they are attending to the business of that movement. The second is by the organization of capital and labour whose business is liable to be affected by legislation. These are the only two classes outside the four I have mentioned who offer any source of opening for democratic representation in the house, and both of them, in my opinion, are open to serious objections. One objection is that when the fervour of the agitation dies down, and when you come to humdrum parliamentary work, it is difficult to keep up the funds. Another objection is that I do not think it is desirable—and I agree here with my hon. friend the member for Leicester (Mr. Ramsay Macdonald)—that any man should come here to represent any organization except his own constituency. I do not care whether it is a trade union organization or any other organization.

"A man ought to be here to represent the general interests of his constituents, and it is only the necessities of the case which drive a man as an expedient, as the only alternative, as the only opening, to utilize the other method in order to come here to fight for particular interests, and I do not mean to say that I have not seen some of my hon. friends representing trade unions rather than the general interests of labour. That has been my view. But there is one thing in connection with the payment of members—it makes them not merely trade representatives, but representatives of constituents as a whole."

Then he makes this important statement which I think is correct:

"When we offer £400 a year—"

That was away back in 1911.

"—as payment of members of parliament, it is not a recognition of the magnitude of the service, it is not a remuneration, it is not a recompense, it is not even a salary. It is just an allowance, and I think the minimum allowance, to enable men to come here, the men who would render incalculable service to the state, and who it is an incalculable loss to the state not to have here, but who cannot be here because their means do not allow it. It is purely an allowance to enable us to open the door to great and honourable public service to these men, for whom this country will be all the richer, all the greater, and all the stronger for the unknown vicissitudes which it has to face by having here to aid us by their counsel, by their courage and by their resource."

That is the end of the statement by Mr. Lloyd George. Then I continued, speaking in this house at the end of last session:

I have had some knowledge of this House of Commons for many years, and I wish to say that nothing causes me more anxiety at the moment than the risk which this country is running of losing from this House of Commons many of its present members at the next general election, not that they are going to be defeated, not that they would not be elected if they were to run again, but because they are unwilling again to become candidates and this only because they find that with the indemnity taxed along with the taxation on their incomes they cannot make ends meet; they cannot maintain their independence. I feel it my duty as a citizen of Canada, as a member of this House of Commons and as the leader of the government to say what I feel concerning the necessity of maintaining the independence of members, and how important it is to get into this House of Commons the best class of men and women constituencies can possibly secure as candidates, and to retain for the house what it has in the way of valuable experience on the part of members who have been here over a period of time.

May I just pause here to say that this is a consideration to which I think too much attention cannot be paid. Every member of parliament, as he sits in this house from session to session, gains something in the way of experience, experience and knowledge of public affairs; and that experience grows and grows as the years go by. Now to lose that experience from parliament just because members cannot see their way through inadequate indemnity and personal loss to run again, though they may be in every way the best equipped, is a great misfortune for the country as a whole. I say to hon. members that never was there such need in the world's history as at this time for men with the widest possible experience, men of deep and profound thought, in the parliament of the country. We have been losing some for the reason I have given. Now may I continue with what I said:

I say that regardless of party. What I am saying is as true of members of the parties opposed to the government as it is true of members on the government side.

I have already said that so far as the indemnity of members of this present parliament is concerned I think we have all been only too glad during the period of the war to have been able to make whatever in the way of financial sacrifice we could, realizing that it is small or as nothing compared with the sacrifices that are

being made by those who are fighting the battles of our country at the front. But we shall hope that the war will be over before another parliament assembles. There will be great problems to be faced, much greater than the people of this country begin to realize, by the parliaments of the future. The problems from now on are not going to be local or mainly domestic problems. They are going to be increasingly world problems, and Canada is going to have a very difficult time indeed in doing its part to help solve these problems.

We shall require in parliament all the experience that we can have that is of value from the past. We shall need to have here the best representation that we can get of the men and women who are prepared to present themselves as candidates. And so, in the next parliament, should I continue to be a member of this House of Commons, I shall be glad to join with hon. members of the House of Commons who feel the same way, in recommending to the government of the day, whether I am a member of it or should be sitting opposite, that the indemnity of four thousand dollars should be regarded as a payment made by the country to enable members of parliament to be free from pecuniary embarrassment and to be perfectly independent in the discharge of their duties here, and I will advocate that. If I should not be in parliament but spared to speak my mind, I shall be only too happy to support from without on this matter any administration that will recommend the exemption of the indemnity from taxation as a means of helping to maintain the independence of members and the independence of parliament itself in the next parliament.

I could not give evidence stronger than that of the convictions I have, or of the integrity which prompts me to make this statement at the present time. It is repeating now, after the general election, after the people of this country have returned the present administration, what I said before we began our appeal to the people of Canada: The statement was on record in *Hansard*, and before the people of Canada throughout the campaign to be quoted against myself and the government if any person so desired.

Now may I say just a word about the hon. member for Vancouver East (Mr. MacInnis) —and I do this because I feel he has done himself an injustice in the way in which he spoke. Perhaps he did not realize that he has not been distinguishing between himself as an individual and himself as a representative of the people of this country as a whole. The hon. member used the expression: are we going to do this for ourselves, while other people are having hard and difficult times? He uses the words "for ourselves".

Mr. MACKENZIE: "Help ourselves".

Mr. MACKENZIE KING: Yes, are we going to "help ourselves". What does the hon. member mean by "ourselves"? Does he mean himself as an individual who is looking after himself, looking after his own private and personal interests; or does he mean himself as one who has been sent to parliament to speak for the people of Canada, and that in regard to any matter which may come up? If he wishes to preserve his independent—

Mr. MacINNIS: The Prime Minister is asking me a question and, if he wishes me to answer it, I will do so.

Mr. MACKENZIE KING: Very well, Proceed.

Mr. MacINNIS: I have listened to a great many discussions on this matter.

An hon. MEMBER: Answer, then.

Mr. MacINNIS: But I have never heard it discussed except from the personal point of view of the member. The hon. member for Peace River (Mr. Low) asked a minute ago what my logic would be if I had—

An hon. MEMBER: Don't make a speech.

Some hon. MEMBERS: Oh, oh.

Mr. MacINNIS: Well, that is the answer.

Mr. MACKENZIE KING: The hon. member has only helped to emphasize his position, a position to which I am taking exception. He claims he is speaking as a person, and in relation to his own views as a person, his own affairs. I say every hon. member has to consider himself in two relationships, one as an individual who if he is to live has to earn an income, who has to support a family—if he is fortunate enough to have one—

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: And I say that designedly. I want hon. members to see that I am not thinking about myself at the present time.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: I have very great sympathy for men who have families of sixteen or seventeen, like some of my friends here, but who nevertheless come to serve as members of the House of Commons. And may I say the House of Commons is all the better for having them here, those with large families, because they can speak with added authority on these questions. But the point I was seeking to emphasize is that when we speak of ourselves we have to make clear that distinction. Let me ask hon. members this question: If the men, and the lady, who are in this chamber to-day were thinking only of themselves as individuals, and were not thinking rather of themselves as representatives of the people in parliament, how many of them would be

giving up what they are obliged to give up when they come to the House of Commons, which necessitates their being away from their homes, their businesses and their professions?

In large part the House of Commons is composed of hon. members who have important business interests and connections, who hold important positions in their professions and several avocations—and who, may I say, have not infrequently been chosen by the electorate for that very reason. Do not forget that. Members of the House of Commons are representing people who know them; and it is amongst other reasons because their constituents believe that their member is a person who will be prepared to make sacrifices for the public good, and because they believe he understands public questions that he is sent here. I say if those members stopped and said to themselves, "Would I be richer or better off at the end of the year if I stayed at home and attended to my practice as a physician or my profession as a lawyer, or if I attended to my business or calling, be it what it may, instead of being a member of parliament?" the answer would be that a large percentage of members of the House of Commons would not be here to-day—and the loss would be great to the nation.

This is a distinction I wish to make clear when the hon. member asks about our looking after ourselves. I say to him that in this matter of indemnities we should not be thinking about ourselves at all as individuals who have personal obligations. We should be thinking of ourselves primarily as members of parliament, as trustees of the nation, as persons shouldering the responsibility of spending billions of dollars of the country's money, and as persons who are anxious to place ourselves in a position where, whether we deal with questions affecting the rich, the poor, or any other class, we can speak our minds without fear and without favour.

I now come to another statement the hon. member made, and one which I believe ought to be cleared up. The hon. member said that we are not granting relief to others, and that it was colossal impudence for the government to bring forward this measure at the present time when nothing was being done for those who were in straitened circumstances. I say it is colossal impudence on the part of the hon. member to make a statement of the kind. Not only is it colossal impudence to address the government in those terms, but it is colossal impudence to impute to the House of Commons and to parliament the suggestion that parliament has been doing nothing to relieve distress during the time it has been here.

I ask the hon. member if the greater part of this session has not been devoted to considering ways and means whereby we can prevent—in addition to the necessity of relieving those of whom he has spoken—hundreds of thousands of people from getting into a position where they will require relief at all. The whole effort of parliament in supporting the government's policies has been to maintain a high level of employment, to maintain a national income of larger proportions, in order that we may not have to be seeking ways and means of relieving persons by the thousands, if not by the hundreds of thousands.

When we consider the policies that have been put forward, policies which have helped create in many countries throughout the world a demand for our goods, policies which have been giving employment which would not otherwise have existed; when one thinks of what has been done for families by distributing to every home where there is young children means whereby they will not feel the distress which otherwise they would feel; when one thinks of what parliament has done in preventing inflation; I say that when one considers these policies, apart from many others, one will see at once that the hon. member is wrong in what he says. I am not crediting the government with this; I am saying that that is what the parliament of Canada has done—and it was the parliament of Canada about which my hon. friend was talking when he spoke in terms of "colossal impudence". I say parliament has recognized its great obligation to the nation, and has recognized it in a magnificent way—and I am speaking irrespective of any party in the house, and giving credit to every representative in the two houses of parliament.

Perhaps I have spoken at sufficient length. Let me say this, however: When the hon. member says that this measure is camouflage, then I think he had better give second thought to that expression. I am not camouflaging in the words I am using, but when I saw my hon. friend having to read much of his speech, and look to his notes to give a list of the difficulties that he said people were experiencing, a lack of this and a lack of that, then refer to his papers to see what else he could bring up that would help to raise prejudice in the minds of many in this country, I began to think there was some camouflage in the speech which he had made.

May I say this one word in conclusion. My hon. friend has said that the men who come into this parliament would be better members if they themselves had suffered from privation or poverty. I take no issue with him on that whatever, provided that they come in

with the wisdom that ought to be born of an experience of the kind, without bitterness or prejudice, and prepared thereby to help to make things better for others. But I ask myself: Is the desire to help others the monopoly of the very few? What is the motive that has brought into parliament ninety per cent, if not ninety-nine per cent, of the members that are in this house to-day. There doubtless are exceptions, but I would say that the motive above every other was a desire to help their fellow men and improve conditions for the great body of people in the country. I believe that with most men who go into public life that is the actuating motive, and I do not care whether a member is as well to do as Crœsus, or as poor as a mouse—

An hon. MEMBER: A church mouse.

Mr. MACKENZIE KING: My hon. friend says "church mouse". I do believe that the motive in the hearts of most men here, men whose families have been willing to have them leave their homes to go to serve their country in parliament, is that they may help to improve conditions for others.

Somewhere along the path of life sacrifice has played its part in the making of men. I have been fortunate in having had parents who made sacrifices for me. I would not be here to-day; I would not be in public life to-day except for the sacrifices of others. This has made it possible for me to take the part I have taken in public life. I do not forget that before my parents, there were others of theirs who had experienced terrific hardships in seeking to defend freedom and the liberties of the people and to improve the lot of the great masses of the people. I believe it is true that there is not a member of this house who when he looks back into the past will not find that in his early days he has suffered something in the way of privation or distress or that those before him of his own had not known privation and in whose heart there is not as a consequence a desire to improve things for others. Love for and a readiness to help the poor is not a monopoly of a chosen few. We all come by it in one way or another. My mother's father, who himself had suffered exile and imprisonment for causes in which he believed, once said, speaking of the early experiences of his life:

> Well may I love the poor, greatly may I esteem the humble and the lowly, for poverty and adversity were my nurses, and in youth were want and misery my familiar friends; even now it yields a sweet satisfaction to my soul, that I can claim kindred with the obscure cottar, and the humble labourer, of my native, ever honoured ever loved Scotland.

Those words have gone deeply into my soul, more so than any other words I have ever heard or read. I have tried to be true to the trust they have imposed on me. In them will be found the motive which has kept me in public life and I believe a kindred motive has, to a greater or less extent, helped to bring into public life every man and woman in this house.

Motion agreed to; bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Expense allowance to members of the Senate and the House of Commons.

Mr. MacINNIS: When the hon. member for Peace River was speaking he said he was imagining things; he said he was imagining what my logic would be if I had a family of six children. I doubt if that is a matter of logic, but apparently the assumption is that I do not have responsibilities. I took the responsibility for my parents and brought them from my home in eastern Canada to western Canada when I left there. I assumed those responsibilities and the responsibility for other relatives and I am doing that still. No one has any business to ask what my logic would be under circumstances such as these. This follows up the answer I gave to the question of the Prime Minister a moment ago. The hon. member for Peace River wanted to know what my logic would be if my vote were to decide this measure. A man may have a mind which has come to the level where he considers whether he will cast a vote on the basis of whether a thing is going to carry or not carry, but I never had a mind like that, and I do not know just what to reply.

The leader of this group informed me a long time ago that he had discussed this matter with the Prime Minister. I told him then in no uncertain terms what my position would be. He told me that he had informed the Prime Minister that so far as this group was concerned we were not unanimous in our opinion.

Mr. MACKENZIE: That is true.

Mr. MacINNIS: When men have minds, if you can call them minds, like the hon. member for Peace River, it does not matter.

Some hon. MEMBERS: Order.

Mr. HANSELL: When the resolution was before us I had occasion to talk the matter over with a number of hon. members and I

found they were of the opinion that the increase should be paid on a monthly basis. I notice that this section reads:

This allowance shall be paid at the end of each calendar year—

I was wondering if the government had any particular reason for doing that.

Mr. MACKENZIE KING: We considered that very carefully but we found it would be extremely difficult to make the payments on a monthly basis because we would not know until the end of the session what the attendance of members had been, and attendance on sessional duties is an important factor in payment of the allowance.

Section agreed to.

Section 2 agreed to.

Bill reported.

Mr. MACKENZIE KING moved the third reading of the bill.

Mr. MacINNIS: On division.

Mr. MACKENZIE KING: Two against.

Motion agreed to on division and bill read the third time and passed.

At one o'clock the house took recess.

The house resumed at three o'clock.

SUPPLEMENTARY ESTIMATES, 1945-46

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1946, was presented by Hon. J. L. Ilsley (Minister of Finance) read by Mr. Speaker to the house, and referred to the committee of supply.

NATIONAL EMERGENCY

BILL TO CONFER CERTAIN POWERS ON THE GOVERNOR IN COUNCIL

Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of and concurrence in amendments made by the senate to bill No. 15, to confer certain transitional powers upon the governor in council during the national emergency arising out of the war.

He said: There were two amendments made to the emergency powers bill in the senate. One of them is a decided clarification which will be valuable in the interpretation of the act. It is to add at the end of the act the following:

In this act "war with Germany and Japan" means the war that commenced on the tenth day of September, 1939, against the German reich and subsequently against Italy, Finland, Hungary, Roumania and Japan.

This is for the purpose of making it apparent that when we speak of "the end of the war with Germany and Japan" we mean the end of the war with all those who were allied with them over the past years.

The other amendment, I thought, was not at all necessary but it certainly is not harmful. It is, to insert after the words "orders and regulations" in section 4 and before the words "made under the War Measures Act" the word "lawful". It read before:

the orders and regulations made under the War Measures Act or pursuant to authority created under the said act in force immediately before the day this act comes into force shall . . . continue in full force—

It was felt that there might be some suggestion that this was validating things which had not been lawfully made. My view was that if they had not been lawfully made they were not in force, because when the question goes before the courts, it is not to annul an order but it is to get a declaration that it never was validly made and therefore has no possible legal operation. But the insertion of the word "lawfully" cannot make any embarrassing change. Now it will read "orders and regulations lawfully made under the War Measures Act".

I think that this house could very well accept the amendments which have thus been made.

Mr. JOHN BRACKEN (Leader of the Opposition): We offer no objections to the proposed changes in the bill.

Motion agreed to; amendments read the second time and concurred in.

TRUST COMPANIES ACT

LENDING AND INVESTMENT POWERS

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee on bill No. 231, to amend the Trust Companies Act.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Sections 1 and 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee on bill No. 241, to amend the Canadian and British Insurance Companies Act.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Section 1 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

FOREIGN INSURANCE COMPANIES ACT, 1932

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee on bill No. 242, to amend the Foreign Insurance Companies Act, 1932.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Section 1 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BRETTON WOODS AGREEMENTS

INTERNATIONAL MONETARY FUND—INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee on bill No. 238, for carrying into effect the agreements for an international monetary fund and an international bank for reconstruction and development.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

On section 1—Short title.

Mr. BLACKMORE: I believe there should be more careful investigation into this act than it has already had. Since we were last considering the bill in this house it has been in the hands of the banking and commerce committee where members have been examining two witnesses, namely, Mr. Rasminsky and to some extent Mr. Mackintosh.

A good deal of information was elicited in the committee, as a result of the consideration of which I think we shall probably be able to judge better what attitude we should take with respect to the bill.

One important thing has occurred since we were discussing the matter in the house and in the committee, namely, that the British house has accepted Bretton Woods. Hon. members will recall that I said at one stage in the discussion, in fact at several stages, that the British house was being clubbed into the acceptance of Bretton Woods. More than a few members have taken me to task for having made that statement. I believe that some of the recent pronouncements from Britain will have a bearing on the matter and I wonder therefore if hon. members will bear with me while I read into the record some of the recent utterances on the question.

The radio to-day, I am informed, carries several important statements, for instance:

Churchill asks the Conservatives to refrain from votes, as a heavy vote would hurt British interests in the United States.

This information is contained also in the Ottawa *Journal* of to-day.

May I examine that statement for a moment or two? Churchill asks the Conservatives to refrain from voting. May I ask hon. members if any one of them supposes that Churchill would have done that had he considered the Bretton Woods agreement to be in the interests of Great Britain, or of the British empire, or of the world? Would anyone suspect Winston Churchill, the great war prime minister, of having played politics to the extent of depriving the world of so great a benefit as some of the advocates of Bretton Woods have tried to make us believe is to be derived from the agreement?

There is another important aspect to that statement. Obviously the Conservatives in Great Britain, if they had voted on the measure, would have voted against the acceptance of Bretton Woods; for Mr. Churchill says that a heavy vote would have hurt British interests in the United States. Already there was a heavy enough vote. If this house succeeds in rolling up as heavy an adverse vote as the British house did, fifty voting actively against it, this house will do a good deal better than it has thus far shown signs of intending to do. If this house can have relatively as large a proportion of its members refraining from voting for Bretton Woods as refrained from voting in Britain, the results again will be impressive and much more optimistic for those who oppose Bretton Woods than I feel justified in expecting here.

There is another important implication in the statement, namely, that Churchill seems to suspect that in the United States administration there is an attitude which would cause that administration to take steps that would be retaliatory against Great Britain, adversely

affecting the interests of Britain in the United States. As just one common member of this house trying to think his way through this whole thing, I ask sincerely, in the light of that statement, does anyone suppose that Britain was not clubbed into accepting Bretton Woods?

Right after Mr. Churchill made that remark a foreign minister said that the statement was a libel on the administration of the United States. This remark would tend to indicate that my interpretation of Churchill's statement is correct, namely, that in that statement he definitely implied that a heavy vote would adversely affect Great Britain's interest. By that remark he implied that certain people in the United States administration would take punitive measures against Great Britain's interest in the United States.

Another thing that came over the air greatly impressed me as worthy of the consideration of every member of this committee. In commenting the London papers said that the terms were harsh, but there was no alternative.

Mr. COLDWELL: Terms of what?—the Bretton Woods agreement or the new loan?

Mr. BLACKMORE: If the loan had not been bound up with the Bretton Woods agreement there could hardly have been any harshness in the terms of the loan. You must draw the conclusion that the Bretton Woods agreement, being tied up with the loan, was what constituted the harsh terms. I see no other conclusion.

Mr. COLDWELL: Oh, yes, certainly there is another conclusion.

Mr. BLACKMORE: The member for Rosetown-Biggar has the right to suggest what it is.

Mr. COLDWELL: I have suggested it before.

Mr. BLACKMORE: Suppose he suggest it now for the record, so that I can deal with it.

Mr. COLDWELL: Make your speech.

Mr. BLACKMORE: I expected that would be the answer.

Mr. COLDWELL: Mr. Chairman, I can reply to it, but I am not going to prolong the hon. member's speech.

Mr. BLACKMORE: I expected that would be the rejoinder, too. I am getting so I can forecast the remarks of the hon. member for Rosetown-Biggar.

Mr. COLDWELL: That is good.

Mr. WRIGHT: After they have been made.

[Mr. Blackmore.]

Mr. BLACKMORE: As further information bearing on this whole general question may I read into the record for the benefit of the future, if not for the benefit of any hon. members of the house, a report from London dated December 13, as found on page 2 of the Ottawa *Citizen* of the same date. This is a report by Basil Dean, a special Evening *Citizen* correspondent, and copyrighted by the Southam Press:

> The British parliament this evening will vote approval of the Washington loan agreement. But it will accept it in the grudging manner of a man who knows he is paying too much for something he desperately needs and can get from no other source. This much is clear from the attitude of government spokesmen, labour backbenchers, and Conservative opposition members in the commons debate which is now going on.
>
> The government obviously likes the terms of the agreement no better than anyone else—

That should be interesting to the hon. member for Rosetown-Biggar. I continue:

> —but knows from records of Washington talks that they are the best that can be obtained. The Conservatives are not enamoured of them either, but in the absence of any alternative plan to ease the nation's desperate plight, are abstaining from to-night's division so that they will have their hands free to criticize if need be later on.

In the light of that statement we might conclude that they were going to play politics, but in the light of the statement which I have recently read they were not playing politics so much as would be indicated by this statement. I continue:

> Some labour members are bitterly opposed to the loan because they think it will hog-tie the socialist programme and they are being left to vote according to their consciences.
>
> Only Lord Beaverbrook has a plan all cut and dried. In his newspapers he is urging rejection of the loan so that Britain can retire into empire free trade—

I feel that the idea in mind there is the Bretton Woods proposals. The article goes on:

> —and use the immense internal commerce of the commonwealth as a bargaining weapon to exact liberal trading terms from foreign nations —including the United States.
>
> But Beaverbrook's cause is lost. It is not even getting the support of the Conservative party which negotiated the Ottawa agreements of 1932 and placed Britain's trading on a limited imperial preference basis. It is conceded that the Beaverbrook plan would be the only alternative to the American loan. But no party can bring itself to face the bleak prospect of prolongation and probable tightening of austerity living which must result if the loan is rejected.
>
> So, with a feeling that they are signing part of the nation's birthright away, Britain's legislators to-day are accepting the inevitable.

That hardly leaves any doubt as to whether or not Britain is being clubbed into accepting Bretton Woods. I believe that gives real

reason to hon. members for reconsidering the whole question of Bretton Woods and the bill which is based upon it.

May I refer to two or three things which have occurred in this debate and in the country so that we might more successfully examine the bill and the Bretton Woods proposals now before us. In the minister's speech we were told that the issue involved in Bretton Woods, and presumably in the bill based upon it is this: Shall we have peace? May I read from the minister's remarks as they appear on page 3040 of *Hansard*:

That issue is: are we and other countries to organize and cooperate for peace, or is each nation going to use its strength and resources at the expense of others in a struggle for survival?

We have been told that the principle of this bill, which was given second reading by the house, was international cooperation to prevent us from getting into economic troubles in the future. Just to make sure that I am not misinterpreting, may I read from the words of the Minister of Finance in reply to a statement of the hon. member for Souris, as they appear on page 3218 of *Hansard*:

Yes. The principle would be international cooperation to prevent us from getting into economic troubles in the future.

Well, apparently Britain does not feel very confident that she is going to keep out of economic troubles through signing the thing, but that is the stand of the Minister of Finance, couched in his own words. The government's reason for supporting this bill I think is to be gathered from the white paper issued to the house in April, 1945, by the Minister of Reconstruction, on page 7 of which I find these words:

It would outlaw the discriminatory currency practices which turned trade into economic warfare.

This is the guidance and direction we have up to the present time in our study of the bill and the Bretton Woods proposal.

It seems to me highly desirable that we should define our terms with some accuracy at this point. Just what are the discriminatory practices, and what is economic war? It will be recalled by all hon. members, I believe, that President Wilson made a statement to the effect that military war always resulted from hot commercial rivalry or economic war. Consequently if by any means we could prevent economic war we might hope to rid ourselves of military war. So the statement in the government white paper on the face of it looks rather attractive. Let us see if we can determine for ourselves what economic warfare is and what are these discriminatory practices. May I read from the statement of the Minister of Finance again, because I thought he gave a good definition of these discriminatory practices at page 3041 of *Hansard*, referring to the depression:

The result was the stangulation of world trade and the mutual impoverishment of all countries. The characteristic features of world economic relationships before the war were high and discriminatory tariffs, import quotas, export subsidies, depreciated currencies of uncertain value, discriminatory clearing agreements, multiple currency practices.

It would appear, then, that the reason the government proposes to support Bretton Woods and is so desperately anxious for us to approve it is that it will render all such things as the minister has mentioned illegal, or at least will tend to eliminate them. Just to bolster up the minister's words, to some extent, by another authority, may I refer to the speech of Henry Morgenthau, Junior, delivered before the delegates to Bretton Woods, which appears on page 9 of the proceedings of the united nations monetary and financial conference, which I obtained from the House of Commons library. Referring to Bretton Woods he said:

This is the alternative to the desperate tactics of the past—competitive currency depreciation, excessive tariff barriers, uneconomic barter deals, multiple currency practices and unnecessary exchange restrictions—by which governments vainly sought to maintain employment and uphold living standards. In the final analysis these tactics only succeeded in contributing to world-wide depression and even war. The international fund agreed upon at Bretton Woods will help remedy this situation.

It will be noticed that Mr. Morgenthau's remarks are not quite so positive and far-reaching as the statement in the government white paper, and are probably just about the same as the remarks of the minister, as to certainty. I am desirous of being completely fair, because here I am endeavouring to conduct a cold-blooded, intellectual inquiry into this whole matter, entirely devoid of passion and strong feeling. We have the sort of things that are called trade restrictions. What is economic warfare? May I read to hon. members again the statement in the government white paper, which I fancy is of importance to us because I presume it was written by some of the officials, by Mr. Rasminsky, by Mr. Mackintosh, or perhaps Doctor Clark or perhaps several others. Referring to Bretton Woods it says:

It would outlaw the discriminatory currency practices which turned trade into economic war.

I desire to examine the truthfulness and accuracy of that statement. In order to do so I wish first to get an idea for us to work on as to what economic warfare is and while I do

this I am going to ask hon. members to consider with me the relationships between Canada and the United States to see if we can find out what would constitute economic warfare between these two countries. There must be danger of it. If any hon. member deems that I go astray as I explore this matter I would really appreciate having my attention drawn to the fact. It is well known that Canada has used tariffs for generations. Why does Canada use tariffs against goods coming in from the United States? I think everyone would agree that we use these tariffs for two reasons, first in order to derive revenue therefrom, but perhaps mainly, though I will not be dogmatic on the matter, to keep out of the Canadian market goods from the United States. Canada realizes that if United States shoes, we will say, come into the Canadian market and are sold at a rate below that for which Canadian shoes can be sold, they are the shoes that will be bought and the Canadian product will be left unused; Canadian factories will be in danger of closing and Canadian workmen will be in danger of being thrown out of employment. I wonder if that is right. Then why did Canada raise tariffs against the United States? To protect Canada against United States industrial penetration into Canada. What was that United States industrial penetration? What was the United States doing when she sent goods into Canada to sell for less than the same goods could be produced for here? Was she engaging in economic warfare? If she was not will someone tell me to what extent she was not? If she were allowed to go on sending American goods of all kinds into Canada how long would it be before a vast percentage of the Canadian people would be unemployed, a vast percentage of Canadian wealth would be destroyed, and a vast amount of Canadian revenue would be lost? In other words, economically Canada would be conquered if she did not put up the tariff. May I ask hon. members if any one of them believes that Canada, when she raised the tariff against United States goods coming into Canada, was engaged in economic warfare? Will anyone assert that she was? Hardly. Canada was simply protecting herself against United States economic warfare, was she not?

Let us turn to one of the other trade restrictions, namely, foreign exchange control. As is well known, during the war Canada has used foreign exchange control with great wisdom and with great success. What for? It was to prevent too much of United States goods and services from coming into Canada during the war. If I am wrong, will someone tell me. There was a pressure for United States goods to enter Canada, even during the war, and if we had not used exchange control and tariffs during the war we would have emerged from it with Canadian industry virtually destroyed. In other words, we should have emerged economically conquered by the United States. Will anyone argue that the foreign exchange control which we exercised during the war was a species of economic warfare? Or, again, was it not a measure designed by Canada for protection from economic warfare?

Let me turn to one further point. In the discussions on this important question I have already referred to what Japan did in 1933 and 1934. She was able to sell for about $5.75 or $6 bicycles for which we would have charged $50 in Canada.

An hon. MEMBER: Carried.

Mr. BLACKMORE: No wonder the hon. member feels like calling "carried", after that. It must be getting pretty hard to stand.

Mr. FOURNIER (Maisonneuve-Rosemont): You are right.

Mr. BLACKMORE: Yes, the truth is hard to stand, and especially under these circumstances.

Will anyone argue that Canada should have gone on permitting Japan to sell not only toys and many other things, but bicycles and every other kind of commodity she could produce on a rice standard of living? Would anyone argue that Canada should have allowed those goods to come into this country, thereby displacing Canadian goods and destroying Canadian industry? What did Canada use as a means of preventing any such mishap? She used the quota, did she not, which in effect was an embargo? When Canada used the quota, will anyone argue that she was engaging in economic warfare against Japan? Or was she merely protecting her economy against Japanese economic warfare? I suggest the answer is obvious. She was merely protecting her economy against Japanese economic warfare.

It becomes necessary for Canada from time to time to protect herself against United States economic warfare by means of quotas. There have been times when the United States has endeavoured to dump goods in Canada. I might refer in that connection to my own constituency, and give an example which hon. members will readily recognize. In the southern part of my constituency strawberries and other small fruits are produced. The growers depend upon the Canadian market. United States growers just across the boundary line, about a hundred miles away, are able to produce the same fruits about two weeks

earlier. If we did not do something in the matter United States growers would send their berries into Canada, thereby supplying the Canadian market and filling cellars upon which Canadian producers depend for their market. Obviously that would be a most destructive procedure for Canadian growers. So what do we use? We use anti-dumping laws. What are they? They are a species of quota. Is that economic warfare against the United States?

Mr. ZAPLITNY: Would a Social Credit government impose embargoes against imports of goods? Does the hon. member favour that method of preventing goods from coming in?

Mr. BLACKMORE: I wonder if the hon. member would permit me to answer after I have finished my argument. I shall be happy to answer it, but just now I am examining the soundness of the government's statement in the white paper that trade restrictions turn trade into economic warfare. I am now asking whether an anti-dumping law, which is a species of quota, was a species of economic warfare, or whether it was a protection against economic warfare from another country. I think all must agree that it was a species of protection against economic warfare.

We have now dealt with three of those undesirable restrictions against trade. Is there any hon. member who would say that he would oppose Canada's use of any of these three restrictions as a means of protecting her economy? I doubt it. And yet apparently Bretton Woods, from the statement of Henry Morgenthau, the statement contained in the Canadian white paper, and the implications which can be drawn from the statement of the Minister of Finance as I have quoted it, is designed to render it less possible to use these protective devices against economic warfare. Would anyone vote for a measure which would render it impossible or less possible for Canada to use these trade restrictions?

It is well known to all hon. members that as soon as the trade balance between Canada and the United States becomes adverse to the extent that Canada is in real danger, the Canadian dollar, if allowed to fluctuate naturally in accordance with the law of supply and demand, will go down in relation to the United States dollar. That is, it will fall in value. What is that fall in value? It is currency depreciation, is it not? It is impossible to get the facts in connection with this matter, but I believe I am correct in saying that the government to-day is deliberately and designedly maintaining the Canadian dollar at a value lower than the United States dollar, largely to keep from having too much United States goods coming into Canada, and thereby disturbing the Canadian balance of trade position.

Will anyone argue that we should not be free to allow our dollar to fall in value, as compared with the United States dollar, to protect our economy against United States goods? Will anyone argue against the soundness of currency depreciation as a means of protecting our economy against economic warfare with the United States? I doubt very seriously whether anyone in the committee would do anything that would put Canada in a position in which she could not be free to use currency depreciation, in the event of its being necessary, in order to protect her economy against economic warfare. I do not think any hon. member would venture to say that in allowing that action to be taken Canada would be engaging in economic warfare against the United States. In the light of the four illustrations which I have used, namely, tariffs, foreign exchange control, quotas and currency devaluation; in the light of those four and of the four illustrations, would anyone in this house argue for a moment that Canada in using those four would be engaging in economic warfare?

Take the government's statement in this white paper, which I read once more:

> It would outlaw the discriminatory currency practices which turned trade into economic warfare.

It is true that all that is mentioned there is currency practices, and the devaluation of the dollar is only one of those. As I have read in Morgenthau's remarks, and in the minister's remarks in his introductory speech, other trade restrictions are intended; so perhaps I would be justified in reading that statement from the government paper in some such way as this: It would outlaw the discriminatory currency practices and other trade restrictions which turned trade into economic warfare. If I am doing too much violence to the sense of the statement, the minister will correct me, or Mr. Mackintosh, who I notice is in the chamber ready to assist the minister.

I wish to examine that statement in the light of the facts. Will anyone in the light of what I have said argue that trade restrictions such as tariffs, exchange control, depreciation of currency and quotas would turn trade into economic warfare? Would anyone in this chamber accept that for a moment? Is it not rather true that economic warfare brings on trade restrictions, tariffs, depreciation of currencies, quotas and exchange controls? From what I have said I think it must be clear that the statement made in the government white paper is an absolute eco-

nomic fallacy. Apparently the government's policy with regard to Bretton Woods is based on an economic fallacy. Apparently that was not by accident, because the passage in the minister's speech to which I referred carries the same idea. May I read it again? He said:

> The result was the strangulation of world trade and the mutual impoverishment of all countries. The characteristic features of world economic relationships before the war were high and discriminatory tariffs, import quotas, export subsidies, depreciated currencies of uncertain value, discriminatory clearing agreements, multiple currency practices.

May I read the words following that statement where the minister continues:

> I am certain that in no quarter of the house is there a desire to see the world return to these pre-war practices. But if the nations of the world are left to their own devices and are not bound together in an association of mutual advantage which will set certain standards for its members, they will in my opinion inevitably revert to the practices I have described.

The minister will correct me if I draw a false conclusion. The conclusion I am drawing is that the minister was endeavouring to argue in favour of the adoption of Bretton Woods on the ground that it would prevent these practices. Does anyone in this house wish to see the nations tied to an agreement that will render it impossible for the various nations to use such measures as are at their disposal to protect their economy against economic warfare? We have been told time and again by certain men in this chamber that Canada will derive much benefit from Bretton Woods. I ask hon. members if they think Canada will derive much benefit from an agreement that would render her unable to keep up tariffs to protect her own industries, unable to adopt foreign exchange control in case of need, unable to apply quotas and anti-dumping duties, unable to allow her dollar to fall in relation to her neighbour's dollar; would anyone consider that a measure that prevented her from using those would be a measure in the interest of Canada, that from the application of such a measure Canada would derive any benefit?

Let us leave Canada for a while. Let us remember that Canada is just one of the weaker economies. As a result of her war effort, Britain has become another weaker economy. That is why it is of such desperate seriousness to Britain that the Bretton Woods agreement is forced upon her at the present time. Evidently Britain understands that when Bretton Woods is applied to her it will be impossible for her to use the tariff to keep out United States goods if she wishes to keep them out. impossible for her to use quotas, impossible for her to use foreign exchange control, and impossible for her to use depreciation of currency.

Mr. CLEAVER: Would the hon. member be good enough to read the portions of the Bretton Woods agreements which he claims substantiate his argument?

Mr. BLACKMORE: I can do that.

Mr. CLEAVER: I would say that there are no such provisions in the agreements.

Mr. BLACKMORE: Will the hon. member for Halton tell us why the government's white paper gives as one reason for supporting Bretton Woods the fact that it will do just that thing? Will the hon. member for Halton tell us why Henry Morgenthau advocated the acceptance of Bretton Woods because it would do that very thing? Will anyone tell me why the Minister of Finance in his speech opening the debate implied that the main reason for adopting Bretton Woods was that it would do that very thing?

Mr. CLEAVER: Does the hon. member wish me to answer?

Mr. BLACKMORE: Yes. We are here to get information.

Mr. CLEAVER: I do not want the hon. member to take offence at my answer, but he has asked so many questions on premises which he himself asserts but which in reality are not facts that I do not feel free to answer any of them.

Mr. BLACKMORE: Will the hon. member for Halton say that Henry Morgenthau did not say, in the passage I read from his speech to the delegates at Bretton Woods, that Bretton Woods would prevent or help to prevent these trade restrictions?

Mr. CLEAVER: The hon. member will have to put his own interpretation on that.

Mr. BLACKMORE: The hon. member is putting his interpretation on it and the hon. member for Halton finds it impossible to dispute his words.

Mr. CLEAVER: I thought it was quite a reasonable request, and I did not make it with the idea of stirring up any contentious discussion. I simply asked a plain question—if the hon. member would be good enough to read any term of the Bretton Woods agreements which would support the argument he has made to the committee.

Mr. BLACKMORE: The hon. member has asked me to read from Bretton Woods. Will the hon. member tell the committee that the

Bretton Woods agreement is not designed to prevent these trade restrictions?

Mr. CLEAVER: I will say this, and say it quite frankly to my hon. friend: I have read the agreements carefully. Will the members of the Social Credit party point to any term of either of these agreements which would lead to such a conclusion? I have yet to hear any member of the party point to any provision in either of these agreements as substantiating the charges he has now made.

Mr. BLACKMORE: Then I suppose hon. members of all parties, except perhaps the Liberals, and probably half of them, realize that the hon. member for Halton's statement has convicted the Minister of Finance of misrepresenting Bretton Woods, and he has also convicted Henry Morgenthau of misrepresenting Bretton Woods, and further he has convicted the government white paper of misrepresenting Bretton Woods. You see what the government white paper says.

Mr. CLEAVER: But you do not answer the question.

Mr. KUHL: Neither do you.

Mr. BLACKMORE: The argument is so overwhelming that any ordinary man must see it.

Mr. CLEAVER: The hon. member has not answered me, because he cannot point to any item in the agreements which will lead to that conclusion.

Mr. BLACKMORE: If there is no term in the agreement—I am not saying whether there is or is not, but I have a reason for bringing this point out—it must be quite obvious to all hon. members that there is not a doubt in the world that the Minister of Finance endeavoured to convey to the members of this house the impression that Bretton Woods would tend to remove these trade restrictions.

Mr. CLEAVER: By mutual consultation between the nations, and the like.

Mr. HANSELL: What do you need the act for, then?

Mr. HLYNKA: Don't let him get you off the track.

Mr. BLACKMORE: He is not getting me off the track; the only person getting off the track is the hon. member for Halton himself. He will never succeed; he has tried that before. Let me read once more what is said in the government white paper, which was the first official government pronouncement after Bretton Woods:

> Having regard to the widespread character of our trade, the government attaches special importance also to the reconstitution of multilateral trade on a firm basis and arrangements under which the proceeds of our exports may be spent wherever we desire to obtain our imports.

I am reading these words so that no one will suppose I am taking the statement out of its context.

> It is with these objects in mind that the government has participated in the development of the plans for the international monetary fund and the united nations bank of reconstruction and development on which agreement among experts was reached at Bretton Woods in July last.
>
> The monetary fund plan would assure comparative stability of exchange rates and, where change was desirable, would substitute for competitive depreciation of exchanges an orderly process of change following international consultation. It would outlaw the discriminatory currency practices which turned trade into economic warfare. When it was fully in operation, it would assure the convertibility of the proceeds of our sales abroad into whatever currencies we required for our current needs.

I think I need read no more. Certainly the idea is definitely conveyed there that Bretton Woods would "outlaw" certain practices. I wonder if an agreement which is made by a number of people meeting together with their feet under the table can be called "outlawing". The word outlaw is a very strong word to use there. It refers to the kind of thing that a king may do when he is dealing with a citizen. We do not use the word commonly nowadays. I think the hon. member for Halton will have to confess that if there is not in the Bretton Woods agreement a stipulation or a collection of stipulations or an arrangement of stipulations, all through this highly complex and highly complicated affair, which would enable us to prevent these trade restrictions, then both Henry Morgenthau and the Minister of Finance have misrepresented Bretton Woods.

Mr. CLEAVER: That is not true.

Mr. BLACKMORE: I think all hon. members can quite clearly see that the administration is in a pretty awkward position if all these gentlemen who have advocated Bretton Woods—

The CHAIRMAN: Order. I must remind the hon. member that his time has expired.

Mr. HANSELL: Mr. Chairman, I did not rise to speak upon this matter, but to make an observation only. The hon. member for Halton is, if I am not mistaken, a lawyer. I think he is in danger of looking at this agreement as though he were sitting on the bench, as though the agreement were in force and he had to make a decision. The difference between that attitude and that of parliament is this: when you are passing a bill you must

look at it from a certain point of view; you must regard it in the light of all its possible results. So when we are considering a matter of this kind we are compelled to say: Now, if this measure passes will it have this result, or will it have some other result? This is exactly what we are doing; and we are contending that it will have certain results. Whether a thing is stipulated in a certain clause or not is not the point; and I think the hon. member's question is a very poor one indeed.

Mr. FRASER: As a member of the banking and commerce committee which studied these proposals I should like to say a few words. This committee sat in the railway room of the House of Commons, during what was zero weather outside and nearly zero inside. The committee sat about seven hours a day and really did good work trying to understand these proposals. But I do not think it had sufficient time to study them thoroughly and to examine enough witnesses, because we were told that this measure had to pass parliament before December 31. We called two witnesses; they were very good witnesses, but I believe we should have had more, and I am not satisfied that the committee got all the information that it should have had.

One thing which we were told in the committee and which, I think, we have to bear in mind when we are dealing with these proposals, is that their main object is to provide a healthier framework for better trading relations. That is a condition which we must have in this world if we are to have peace, and I hope and pray that we shall have peace for some years to come.

At the present time it looks as though Canada and other countries might have a depression, or perhaps a condition of unemployment, owing to the fact that it requires time to change over from war to peace. What is necessary is not only reconversion of industry but reconversion of our employees and readjustment of the plans that private industry has in Canada at the present time, with the throwing off of many of the controls which have been holding down industry during the war years. There is every possibility that within the next five years industry in Canada will spend at least $3,000 million of new money in expanding industries and establishing new ones, and I feel that these Bretton Woods agreements may assist in enabling Canada to dispose of the goods which these industries will produce.

After reading the final act and the bill which we have before us, I am going to be quite honest and say that I am still foggy on some of the articles of the bill and of the final act. I am quite sure, as I said yesterday morning in the banking and commerce committee, that there are probably not more than half a dozen members of this parliament who thoroughly understand these agreements and proposals. I also said that even if they said they did, I doubted it. We had two witnesses before the committee, both expert financial men, who gave excellent evidence. They knew their stuff. Even those witnesses had to be prompted a few times; one would have to inform the other on certain things. Nevertheless they were good, and they answered any questions that were put to them, or volunteered to get the information. The member for Lethbridge asked questions; the witnesses said they would get the information and hand it in, and I imagine they looked it up in the office. I asked questions, and one of the witnesses kindly passed them on to the chairman of the committee. The chairman, I may say, did a really good job; he never squeezed us out if we wanted to get information. But these experts, financial wizards I suppose one should call them, were not quite sure of themselves on some questions. I feel that even the Minister of Finance would not know all the answers to questions we could ask him.

Mr. ILSLEY: Do you think so?

Mr. FRASER: I do think so. At the same time I wish to give these witnesses the highest praise. They did a good job. The Bretton Woods agreement will help Canada. There is no doubt about that.

Mr. BLACKMORE: How?

Mr. FRASER: "How" and "why" are words we all use, and we like to get an answer when we use them. I feel that while the Bretton Woods agreement may not be a cure-all—

Mr. BLACKMORE: It does not cure anything.

Mr. FRASER: —there is not a man in this house who is not willing to accept it. There is not a man here who is not willing to go out and buy a ticket to help some society. He takes a chance on this, that, and the other thing, and here we have to take a chance too. Canada must take a chance on this.

An hon. MEMBER: It takes the rap on it.

Mr. FRASER: No. It is not taking the rap, but it has to take a chance.

Mr. BLACKMORE: It is a pig in a poke.

Mr. FRASER: It is not a pig in a poke, because there is something solid behind it. It is the very best that the experts of all the countries had to offer.

Mr. BLACKMORE: Pretty bad best.

Mr. FRASER: Well, there is no alternative. We must try these things. Members should vote for it.

Mr. BLACKMORE: Sight unseen.

Mr. FRASER: Members of parliament had a chance to read the agreement and try to understand the different phases of it, and to understand the bank. I did not interrupt the hon. gentleman—

Mr. BLACKMORE: I beg, the hon. member's pardon.

Mr. FRASER: —and I will add that he contributed a good deal to the discussion. I did not agree with everything he said, though there were many things he said that appealed to me. This afternoon again he has said many things with which I agree and others I do not agree with. And I am hard to convince; the chairman of the committee knows that. Last night there was one little phase of a question that I was trying to get straight in my mind, and the witness, Mr. Rasminsky, was kind enough to enlighten me.

I am going to vote for this measure because I see no alternative. I think it will help Canada. It appears to me to be partly on the gold standard, and if it is, it certainly will help the country. Anything that will help Canada I am for. Therefore, Mr. Chairman, I am going to vote for it.

Mr. CASE: My contribution will be more in the form of an inquiry. We have not all had the advantage of listening to the experts in the committee, but I presume the matter was fully threshed out there and no one will expect me to have at my command a working knowledge of the subject. I notice that Canada's contribution to the fund will amount in the aggregate to $700 million. Is that $350 million to one part of the plan and $350 million to another?

Mr. ILSLEY: There is $325 million to the bank and $300 million to the fund in American dollars.

Mr. CASE: That possibly answers the question I had in mind as to what the form of the deposit was, how we would provide our deposit fund, and whether we would put up a substantial sum in gold.

Mr. ILSLEY: That was all explained. It is all in the agreement.

Mr. MACDONNELL (Muskoka-Ontario): I wish to make a brief comment in rising to support the bill. We had an excellent explanation before the banking and commerce committee, and I think the situation is quite clear. No one tried to pretend that Bretton Woods was a magic, that it would do impossible things and solve all problems. On the other hand it was represented to us that it embodied the work of able men who had devoted much thought to the subject, and it is put forward now as the only means we have at the moment of trying to avert what might easily turn into financial chaos and the prevention of trade between countries.

The expert who gave most evidence referred to it as a breathing spell, and I was grateful to him for not having attempted to exaggerate.

What is the position? We have this agreement before us at the moment. It might have been improved, perhaps, and maybe if the experts sat down to-day they could improve it. But if we cast it aside, what do we do? We cast everything again into jeopardy, and it may be many months before another agreement can be arrived at, because it is not easy for forty-four experts to come to an understanding. It is hard enough for forty-four ordinary men to agree on any question, and all the harder for forty-four experts.

The whole thing is summed up in my mind in an illustration that I hope will not be regarded as trivial. Certainly it will come home to a great many men who lived during the first great war, which is a little outmoded now. One almost blushes to refer to it, but it did take place. Some of you will probably remember a cartoon that appeared at that time depicting two men in a shell hole, the shells bursting all round them. They were feeling quite unhappy, and evidently had been having a strenuous argument as to what to do. The legend below the picture was: "If you knows of a better 'ole, go to it!"

I hope, as I said, this will not be regarded as a trivial illustration, but if it is, then I offer another that will certainly not be received in that light. Whatever else it may be, it certainly is not trivial. I suggest that this is an act of faith. We are living in a dangerous world where we can live only by faith. Holy Writ tells us that the just shall live by faith, but in these days we must all live by faith, whether we are just or unjust. Indeed, in this dangerous world, I do not know that we have much else to live by.

Someone has pointed out, very truly, I think, that in the year from June, 1940, when the other nations collapsed, to June,

1941, when Russia came in, there was just no reason for us to believe that we were going to win the war; yet we did believe that we would win. I say therefore that this agreement before us represents an act of faith on our part. What do I mean? I mean that it is a beginning. But if we can begin in this way, other things will follow. If we can begin by some kind of financial cooperation, it will be a help. It is only a beginning; an understanding in trade is necessary. But we can begin with this act of faith, next summer we may have another act of faith. When trade arrangements are made they will be an act of faith for the moment too.

If the terms that have been granted to England are harsh to-day, let us work together, and have faith that they will be revised. If we can work together for a year or two years, then we can have faith that we shall strengthen our capacity to work together, and that we shall go on and on. That is why I say that it is an act of faith which I think we can all support.

Mr. LOW: I should like to sum up briefly the position which the Social Credit group takes with respect to this whole matter before section 1 is passed. I shall not take very much of the time of the committee, but I feel that I am duty bound to summarize our arguments in this way.

I listened carefully to every word that was said in this house, as well as in the banking and commerce committee, with respect to Bretton Woods. I have read everything that I could get my hands on that had anything to say for or against Bretton Woods. I listened with great care to the evidence that was given in the committee by Mr. Rasminsky and Doctor Mackintosh. I have not missed one single minute of the whole of the discussions that have taken place with respect to this measure.

In the banking and commerce committee I believe I listened to the finest discussion that I have ever heard on any subject, a debate in which mind met mind in a fair and comprehensive manner. I say without any equivocation that I enjoyed that discussion immensely, and only wish with all my heart that it could be carried on with other witnesses under examination—because in the committee we had only the witnesses who were involved in the building up of the Bretton Woods agreement for the government and not any others; therefore we had no opportunity whatever to listen to the other side of the question.

As a result of all that I have been able to read and hear, I feel that the contentions of the Social Credit group have been successfully maintained; that our major criticisms of Bretton Woods have been proved. At no stage of the procedure from the day the resolution was introduced into the house until now have I heard anything that would in any way argue successfully against these contentions.

In the first place it is still our sincere belief that the Bretton Woods agreement has a distinct pro-creditor-nation bias. Mr. Rasminsky's evidence showed conclusively that nowhere in the whole agreement is there any provision which will assure that creditor nations will receive imports of goods in payment for their exports to those debtor nations, which is the only way in which debtor nations may be able to avoid piling up huge burdens of interest-bearing and unpayable debt. On the other hand, sir, the Bretton Woods agreement does impose upon debtor nations the responsibility of abolishing the means by which they might protect themselves against economic invasion and warfare waged by the big industrial creditor nations. Therefore in our minds the scheme stands condemned because of this fundamental weakness.

In the second place the Social Credit claim that Bretton Woods establishes a form of gold standard has been successfully substantiated—not the gold standard of 1914 or 1925; nevertheless a form of gold standard as admitted by Mr. Rasminsky in his evidence, a form of gold standard in some ways worse than any hitherto used, in that it succeeds in removing from debtor nations their means of protection against economic warfare without in any way removing the causes of that war.

In the third place there has been no satisfactory attempt to refute the Social Credit claim that article XI of the agreement provides a boycott that can and must be invoked by member nations against non-member nations. Therefore in this respect our claim must stand as maintained.

In the fourth place it was the consensus of all who spoke, and of the witnesses heard in the committee, that it would require a change of heart within each nation if Bretton Woods were ever to be made to work successfully. Our contention is, and always has been, that if a change of heart occurs amongst the nations and within the nations, there will be no need for a Bretton Woods.

It has been argued here to-day, sir, that there is no alternative, that there is no "better 'ole". In our speeches and in our arguments on a number of occasions we have put forward what is a successful and a scientific alternative to Bretton Woods, and does not contain the weaknesses or the dangers of Bretton Woods. By that I mean the London chamber of commerce proposals, the Twentieth Century Economic System. I am satisfied

that that is a better arrangement than Bretton Woods. I feel sure, Mr. Chairman, that if we had time we could prove that it is a satisfactory alternative to Bretton Woods. I am only sorry that there has been such evidence of indecent haste in trying to get this measure through, because I should like to have been able to present that alternative point by point. I understand, of course, that it would entail the necessity of convincing other nations; but, sir, that is no reason why we should not take time to examine the whole of any alternative proposal that is brought forward in the hope that we might be able to induce some of the other nations whose heart might change, as has been said, to adopt that alternative and not attach all of its faith to Bretton Woods.

My colleagues and I successfully have maintained that the whole of Bretton Woods is based upon fraudulent claims, and therefore it is not to be thought of as any mechanism for curing the world's ills.

It has been argued by some hon. members that we must live by faith. That is quite true; but I cannot look upon Bretton Woods as any act of faith. I do not like to feel that I am pinning my faith upon the same old system, the same old financial machinery that before this war brought us misery, destitution, breadlines, business stagnation, unemployment problems and all the suffering to humanity that it did. How in the name of common sense anybody can pin his faith upon that same old system under another face is beyond me. If they think, Mr. Chairman, that this will in any way change the complexion of things in the years to come, then their faith is certainly being pinned upon a shadow.

After weighing all the evidence and hearing all the arguments, my judgment is that our position has been adequately maintained, and therefore we can do no more than say we have served the interests of the people to the best of our ability. We have maintained our position right through, in spite of all efforts to hurry this up and cut us off. We have received wires and telephone calls from people all across this country asking us to continue to wage our battle, asking us to keep up the fight; they have numbered into the dozens during the course of an afternoon. But, sir, there is a limit to the endurance both of the members of this group and of this house, and I say to you that I feel we have discharged our responsibilities to the limit of our capabilities. For that reason I am going to close the case with this warning. The next few years will vindicate our judgment, and one day the Social Credit group in this house will be credited with having done something during this past week that might eventually save the British commonwealth of nations. I hope it will. However, in all seriousness I say to you, Mr. Chairman, that we had better look to these things which are around us; we had better examine them inside and out; we had better spare no effort in finding out exactly what we are doing. The next time any important measures like this comes up, I would suggest to the government that they get the measure into the house in plenty of time so that we may examine it thoroughly; and, having done so, make up our minds on the basis of the facts adduced and the evidence brought forward. The Social Credit members stand united in their opposition to Bretton Woods.

Mr. CLEAVER: I rise to offer a few remarks on this measure in the hope that I may be able to create just a little doubt in the minds of my Social Credit friends as to their fears, which I think are based largely upon misunderstanding and misgivings which have no reality in fact. I do not want to weary the committee in dealing with this subject. It would take many times forty minutes to attempt to outline to the committee what the agreements contain, to say nothing of how it is hoped they will operate.

The Bretton Woods agreements have to do with international exchange rates and international credits. For the moment I shall content myself with simply reading briefly the main object that is hoped to be attained through each agreement. I refer now to article I of the agreement with respect to the international monetary fund, which states that the object this fund hopes to attain is to promote international monetary cooperation through a permanent institution which will provide the machinery for consultation and collaboration on international monetary problems. The capital involved is $8,800 million; and just here I may say that in all these figures I am about to mention the dollars are given in relation to United States funds. Canada's contribution to the fund is $300 million, of which we are to furnish twenty-five per cent in gold and the balance in Canadian currency. So that Canada's quota works out to 3·41 per cent of the fund. Then, in regard to the bank the main object, according to article I of the agreement, is:

To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes. . .

The authorized capital is $10,000 million and Canada's contribution is $325 million, of which only two per cent is to be paid in gold

and eighteen per cent in Canadian currency, the remainder being subject to call. In this case our total contribution, if calls were made to the full extent provided for in the act, would be 3·5 per cent of the authorized capital.

Those who oppose this measure do so on the following grounds; I may not state them in exactly the language used by individual members, but I think I can fairly sum up the objections to the Bretton Woods agreements that we have heard from the Social Credit party. Their first criticism is that Canada has not given to these agreements the time and attention which the importance of the subject demands. The next objection is that we have acquired no substantial benefits, and that at the same time we have shackled ourselves in regard to future actions. As far as the agreements themselves are concerned their complaints are two-fold. They state the agreements will result in a return to the gold standard, and further that creditor nations are not compelled to accept payment in goods from debtor nations. I have carefully listened to all the discussion both in this house and in committee with regard to the agreements, and I believe that the objections and arguments I have just outlined are a fair resume of the position taken by the Social Credit party in opposition to these agreements. If I have erred in any way I shall thank any hon. member of that party to correct me, because I feel that if we are to get anywhere in any discussion we must at least be fair in outlining the position of our opponents.

Mr. LOW: That is fair enough.

Mr. CLEAVER: With respect to the first criticism, that Canada has rushed into these agreements and has not taken sufficient time to consider them, I wish to say that Canada did not rush into the agreements. As far back as 1943, and prior to that, the same financial experts who performed such a wonderful job for this country in financing our war effort were studying these post-war problems; and as early as 1943 they reduced to writing suggestions they had to make in regard to the approach to this problem of international exchange and international credits. Those recommendations or suggestions were reduced to writing and submitted to the experts of other countries for consideration long before the Bretton Woods conference. Then, when the conference came, Canada sent to it a distinguished delegation, composed of the best brains in this country in regard to financial and other matters, if I may be permitted to say so.

[Mr. Cleaver.]

Mr. HANSELL: We will not permit you to say so.

Mr. CLEAVER: Well, I do not hesitate to say that my hon. friend would have a great deal of difficulty in choosing a stronger delegation to attend that conference. Included in the delegation was our Minister of Finance, our Minister of Justice, the governor of the Bank of Canada, the deputy minister of finance, the chairman of the foreing exchange control board, and many other competent gentlemen. These men met with the delegates of more than forty other countries at that conference; and as a result of the conference we have the Bretton Woods agreement now before the house.

Mr. BLACKMORE: In twenty-one days.

Mr. CLEAVER: No, not twenty-one days ago. These agreements were printed in white-paper form in 1944. They were circulated among the members of the house, and if hon. members did not read, study and ponder them, whose fault is it? Is it the fault of the government?

Mr. BLACKMORE: Not the Bretton Woods agreement?

Mr. CLEAVER: Most assuredly. I hold in my hand a white paper printed by the king's printer under a date in 1944, giving the full text of the agreement, and considerable other material.

Mr. QUELCH: But no chance was provided for debate.

Mr. CLEAVER: That is a point I shall be glad to deal with. But I do say this, that so far as the government is concerned, the fullest possible information was made available to every hon. member. I received my copy months ago. I do not know when the hon. member for Lethbridge received his, but I believe he received it about the same time.

Mr. BLACKMORE: I think the hon. member did not grasp the significance of what I said. I pointed out that these experts from forty-four nations arrived at their remarkable conclusions after twenty-one days of conference.

Mr. CLEAVER: That is true.

Mr. BLACKMORE: A wonderful thing!

Mr. CLEAVER: But I suggest to the hon. member that while the Bretton Woods conference lasted only from July 1 to July 22, 1944, the delegates who attended spent days, months and years in preparatory study, exchanging information back and forth, and in that way getting ready for the conference.

Bless you, you would not expect such a conference to be called without having all the spade-work and preparatory work done in advance.

Another hon. member has suggested that there has not been sufficient opportunity for debate in this matter, and that we did not have sufficient time in the committee on banking and commerce to discuss the measure. I should like to say a word or two in that connection.

In the committee on banking and commerce the hon. member for Lethbridge took the trouble to carry down to the committee room his copy of the proceedings of the banking and commerce committee which sat a year ago, in connection with the revision of the Bank Act. That is a revision which takes place only once in ten years, and in that instance it was long overdue. We spent day after day canvassing the advisability and wisdom of certain proposed revisions. I do not want hon. members to take offence, but I think we wasted a little time in that inquiry. I have a recollection of a few days, at least, when in my opinion we did not accomplish much.

I suggest to the hon. member that it is not fair to measure the time required in the banking and commerce committee for the study of the Bretton Woods agreement with the yardstick he proposes to use. In connection with Bretton Woods we had before us an agreement negotiated by experts, after years of study, an agreement which we had no power either to amend or to vary in any way.

Mr. BLACKMORE: We had power to reject it.

Mr. CLEAVER: Our sole task was to call before us expert witnesses so that we would, as far as it might be possible for laymen so to do, fully understand the contents of the agreement.

Mr. JAQUES: It was an ultimatum.

Mr. CLEAVER: As a result we called two men who attended the conference.

Mr. BLACKMORE: You called one.

Mr. CLEAVER: And every member on the committee had the fullest opportunity to question those men. I did not, as chairman, shut off any of the questions, so that there was the fullest opportunity to question those men.

Mr. LOW: Only one of them.

Mr. CLEAVER: The complaint has been made that we should have called witnesses who were opposed to the Bretton Woods agreement. I cannot understand that type of argument. We had before us an agreement which we had either to accept or to reject. Hon. members may have noticed a press release which appears in to-day's newspapers under a Washington date, which contains the announcement that it is now apparent that just over sixty-six per cent of the subscribed membership will take place with respect to the Bretton Woods agreement by the deadline date.

Mr. LOW: That is what is expected.

Mr. CLEAVER: And included among those accepting nations is Great Britain. Is Canada to be placed in a position where we decline to support Great Britain, and where we turn down the agreement and call in experts for the purpose of securing sufficient excuse to turn them down? If Canada's 3·17 per cent is taken from the available sixty-six per cent, the necessary subscription to the agreement will not take place by the deadline date.

Mr. HANSELL: Does the hon. member believe that a court should hear only witnesses for the defence?

Mr. CLEAVER: There you go! That shows the attitude of the Social Credit party. I do not want them to take offence, but I must say that if we are to acomplish anything we at least must be frank with each other.

Mr. HANSELL: And that is what I am doing.

Mr. CLEAVER: Who is the defence, and who is the prosecution in connection with the Bretton Woods agreement?

Mr. HANSELL: But the committee heard only one side of the question.

Mr. CLEAVER: Why does my hon. friend refer to the "defence"? It just shows the attitude.

Mr. HANSELL: Because the witnesses who came before the committee were defending their action.

Mr. CLEAVER: Not at all. But it does show clearly the suspicious frame of mind under which, I am sorry to say, my hon. friends are labouring in connection with this agreement.

Mr. QUELCH: In the past when certain bills have been referred to committees, has it not been customary to call witnesses who might be opposed to the passage of such bills? It has been done in every committee on which I have served.

Mr. HANSELL: That is the purpose of the committee.

Mr. CLEAVER: I would say this to my hon. friends, that if we had had two or three months to study this problem—

Some hon. MEMBERS: Oh, oh.

Mr. QUELCH: Why hadn't we?

Mr. CLEAVER: —and if we had not been forced by the pressure of events—

Some hon. MEMBERS: Oh, oh.

Mr. CLEAVER: —it might well be—

Mr. QUELCH: We met in September.

Mr. CLEAVER: Please permit me to answer the question. It might well be that, even though the committee considered it unnecessary, rather than appear to act in any undemocratic fashion, my hon. friends would have been permitted to call witnesses, no matter how fantastic their evidence might have been.

Mr. QUELCH: Would you consider the evidence of Paul Einzig fantastic? That is one of the gentlemen we advocated calling.

Mr. CLEAVER: I come now to the next objection which my friends have raised. They argue that no substantial benefits will accrue to the members from this agreement and that if Canada joins we shall be shackled in our future actions. Such words as "blockade" and other words of that kind were used.

Mr. BLACKMORE: "Blockade" was never used.

Mr. CLEAVER: If any one expects that the millennium will come as a result of the Bretton Woods agreements, the Minister of Finance has indicated clearly that he has no such hope. I have not heard any one seriously suggest that the Bretton Woods agreements are intended to deal with more than just one segment of the post-world problem. True, it is an important part of the problem and, while world recovery cannot take place unless this part of the problem is adequately dealt with, it is equally true that the over-all success depends upon many other factors. If the world is to become contented and prosperous there are many other matters in addition to international exchange and international credit facilities to be dealt with. Those who believe that no substantial benefits will accrue to Canada and the world as a result of the operation of the new international monetary fund and the new international bank, I consider pessimists. I suggest to my opponents that they entirely underrate the importance of international cooperation. There are some individuals in the world who still believe that compulsion is the only way to get anything done. Happily for the world they can be wrong. In the majority, people do not like to be coerced. The operation of Bretton Woods is a cooperative approach as compared with dictatorship and compulsion. While the financial arrangements and facilities which are to become available through the operation of this fund may in the main appear to my hon. friend to be inadequate, I suggest that he and his colleagues have overlooked one feature which is quite important. Under these agreements, we are setting up an international forum to which nations with grievances can appeal. This conciliation board, as I would call it, will be of great advantage in further improving cooperative relations among the nations.

As to the argument that Canada is shackling herself by entering into this agreement, the agreement provides that any member can withdraw from the fund and from the bank on request.

Mr. QUELCH: Read article XI.

Mr. CLEAVER: The only thing which binds members to membership in this agreement are the mutual benefits which they will get as a result of that membership. Is there anything in that which shackles Canada? Personally I cannot find anything. My hon. friend asked me to read article XI. I have read article XI dozens of times to try to read into it the things which he suggests. I cannot read into article XI anything more than what it says. I ask hon. members to read it for themselves because it is a long article.

Mr. QUELCH: Explain what it means.

Mr. CLEAVER: The operative part is this:

Each member undertakes:

(i) not to engage in, nor to permit any of its fiscal agencies referred to in article V, section 1, to engage in any transactions with a non-member or with persons in a non-member's territory which would be contrary to the provisions of this agreement;

(ii) not to cooperate with a non-member . . . in practices which would be contrary to the provisions of this agreement . . .

Mr. QUELCH: The hon. member is not quoting it correctly; he left out the words "or the purposes of the fund".

Mr. CLEAVER: If I had the time I would be glad to read the whole article. I know the hon. member has read it and I know every hon. member of the committee has this document. I will leave it at that. I do not want to hold up this measure any longer, but I should like to suggest this one feature. Under these two measures Canada is obligated to a total expenditure of $625,000,000 to promote better cooperation internationally on exchanges and in regard to foreign credits.

When one considers the millions that we poured into winning this war, the millions we have given to UNRRA and the millions we have voted to finance export credits, would any member dare hesitate to support a measure, the total liability under which is only $625,000,000, to further international good will and international cooperation in regard to foreign exchange and international debts?

Mr. IRVINE: I do not suppose that much more light can be shed on this great subject. I notice that the representatives of the parties who were represented on the banking and commerce committee have had something to say on the bill and the provisions of the agreements, and I just wanted to take a few moments of the time of the committee to indicate that I am supporting this bill as a member of the committee. I should like at least to give an idea of why I am doing that. I think the bill has some meaning, and I think the agreement has a definite meaning and has possibilities of playing a part in the future economy of the world. I hope that the prophecy of my hon. friend to my left will be absolutely untrue. I hope he can be made to believe in the possibility that he may be wrong. I consider I have as great hopes for the future of this agreement as my hon. friends have grounds for believing in its complete failure.

Perhaps I should say here that the investigations in the committee were on a very high plane. The hon. gentlemen who opposed this bill in the resolution stage and on second reading and so forth did make a contribution to the discussion and to the inquiry. The hon. member for Acadia made an outstanding contribution. Many of the questions which he raised I wanted to raise myself, and I was glad to hear the discussion which was based on them. However, I think there is an undercurrent of suspicion on the part of these hon. gentlemen which in my opinion is hardly justified. My memory of the answers of the witnesses to the questions and to the fears which were expressed leads me to believe that those fears are groundless and that the dire effects which those hon. members anticipate as a possibility do not seem to have any basis in fact.

Someone has suggested that, in addition to being perhaps a little over-suspicious, my hon. friends to the left have not offered an alternative proposal.

Mr. LOW: We have not had the chance.

Mr. IRVINE: I am just going to say that. It is not clear how any group in this house could make an alternative proposal to an international agreement. That is one of the factors of this whole discussion which we ought to keep in view. This is an international agreement which, as the chairman of the banking and commerce committee has just explained, was carefully gone into and prepared for long in advance. It cannot be amended here, we cannot propose an alternative to it here. The only way we could have an alternative to an agreement of this kind is to go out and make another international agreement, which would take quite some time, and we do not have enough time to do that, so that is quite impossible. However, since that is so, and since we cannot amend the terms of the agreement or, at this session, create an alternative, I think it is only fair that those who oppose the agreement as it is should be able to set forth the general principles upon which it might be possible to arrive at a better agreement. I believe my hon. friends think they have done that. Some of us disagree; but I do not want to argue that point here; we shall have to differ on that point, for the moment at least, without taking time to go into the details of the difference.

I think, however, my hon. friends on the left should agree on this point. They have pointed out, more often and perhaps more effectively than most of us, the influence of international finance on international policy. If we are to prevent the evil influences of international finance, and if we are to obtain democratic control of the instruments of finance international, surely we must follow the projects of international finance into the international field. There is no possibility of preventing an international undertaking by any kind of national action, and if you are to have democratic control of international finance it can be had only by the creation of an international body to do the controlling. This agreement, with all the faults it may have—and I am quite prepared to say that from my point of view it has some faults—is, in my opinion, an outstanding agreement in this particular, that an international organization is about to make an experiment, and a very important one, in international financing. Provision is made in this agreement whereby at least some financing can be done without one having to go cap in hand to the international bankers. Although the finances which have been provided in this agreement may properly be regarded by hon. members as inadequate for what it may be called upon to do, and this may very well prove to be true, it is a beginning, and to the extent that it is the beginning of an international organization which provides funds for the use of

nations without putting them at the mercy of international bankers, I think it is to be commended.

May I quote a passage or two from an article by Mr. Hugh Gaitskell, M.P. for South Leeds, and formerly lecturer in economics at London university. He is writing in the London *Daily Herald* of December 10, and his article is devoted entirely to the Bretton Woods plan. I might point out that he shows it to be what it really is, more or less of a middle-of-the-way plan between a proposal which was put forth originally by Britain, and the counterpart of it which was put forward by the United States of America; that when the conference met, the representatives of the forty-four nations present had an opportunity to go over the whole field, and this was the agreement which resulted. Speaking of the fund in its stabilization characteristics, he says:

> This free conversion of currencies does not, however, apply to capital transactions, which will continue to be rigidly controlled.
>
> On certain conditions members may obtain foreign currencies from the fund in exchange for their own. Thus, if we could not pay for our imports with the proceeds of our exports, we could go to the fund and get what really amounts to a loan.
>
> We should have to pay interest on it, and the amount which can be borrowed is limited—in our case—

That is to say, in the case of Great Britain.

> —to £83,000,000 a year and £330,000,000 in all. But it is a useful extra bit of credit.
>
> Suppose, however, a country—say America—exports more than it imports and does not lend the difference.
>
> Then fewer dollars would be offered than were wanted, and everybody would go to the fund to try to get them.
>
> But the fund itself would have only limited supplies and might not be able to meet the demand. In that case it would declare the currency in question "scarce."
>
> Other countries may then impose full exchange control over this particular currency—dollars. The result would be to cut off the demand for the surplus American exports.

I want the committee to notice this:

> There could hardly be a more drastic method of making a country realize that it cannot export more than it imports unless it lends the balance.

Mr. LOW: Or gives it away.

Mr. IRVINE: Or gives it away, yes. I think that phase of the agreement should be an excellent lesson in international economics; and I would say that in the practice of this, nations that have large surpluses to export and are tardy about permitting exchange of goods for their surpluses, will learn a great lesson.

May I say just a word or two in summing up some of the advantages, and then I shall have finished.

In the first place, I have emphasized the importance of the international effort. It is an international organization tackling a problem which is international in character and which no individual government could possibly solve. Second, one of its tasks is to stabilize exchange rates, and to make available for that purpose a fund which will be accessible to the nations that happen to get into difficulty; and this, without having to be at the mercy of international bankers.

Another feature of the bill or of the agreement is, of course, the international bank. That too, with its ten billions of capital, will be an important factor in the future economy of the world, and has great possibilities of extension. There are vast territories in the world which are backward and undeveloped; and if we are to increase our standard of living here and throughout the world, then those backward countries must be helped to develop their resources, so that they too, can raise their standards of living in order to consume more of our goods in exchange for those which they have to send to us. If private enterprise does not want to go into these countries alone for fear of losing something, we have an international fund which will be guaranteed by the country that does the borrowing which makes it possible to furnish investment capital in backward parts of the world, which may well play an important part in the postponing at least of the worst phases of a depression which may be upon us at any time.

The claim that this is the gold basis is both true and untrue—I was going to say false, and I do not know whether untrue is the same thing. What I mean is this. The witness, Mr. Rasminsky, said that it was a phase of the gold standard; that is to say, that the gold standard is used merely as a measuring stick, and it is just as good a measuring stick, he argues, as an index figure. I do not know whether that is true or not. I would rather have an index figure myself. I am not very much interested in gold measuring sticks. But it is used only as a means of making up trade balances between nations and the feature of the gold standard which most of us object to most strenuously means that you can, because of the gold standard, limit the currency and credit of your nation to such an extent as to practically starve your people in the midst of abundance. That has been very largely true in some instances. That feature of it is not

in practice in this international agreement, so that it is really not true to say that we have the gold standard which figured in our contentions years ago.

The next point is that the agreement does not mean that Canada or any other country which ratifies the agreement must go on the gold basis. Canada is not on the gold basis, thank heaven, and I do not suppose it wants to be; and if it ever tries to be on that basis I for one will do my best to keep it off.

Here is the last point. If creditor nations do not accept goods in payment for their exports; if under this agreement they do not wish to do so, we shall be no worse off than we are now, not the slightest bit in the world. That is what they do now and what they have always done. On the other hand, the whole object of the agreement is to encourage those nations which adopt it to do just that; that is to say, to accept goods in exchange for their favourable balances.

May I call the attention of the committee to the proposal made between the United States government and the government of the United Kingdom for the expansion of world trade and employment. Here we have what might be said to be a necessary corollary of the agreement we are discussing, that if these trade agreements are not effected after this agreement, then of course it will prevent the Bretton Woods agreement from accomplishing its purpose.

I believe there are great possibilities in this agreement. If it fails, as my hon. friend thinks it will, I shall not be surprised but I shall be greatly disappointed. I am hoping that this undertaking, which we have started with such little enthusiasm, which seems to have no friends anywhere, may turn out to be the beginning of that world government which I believe is essential if we are to save the human race.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

On Section 5—Payment of subscriptions out of Consolidated Revenue fund.

The CHAIRMAN: This section has been amended by the committee by striking out the word "pay" in line twenty-one and inserting in place thereof the words "provide for payment of", so that the first line of section five will now read: "The Minister of Finance may provide for payment of the subscriptions".

Amendment agreed to.

Setion as amended agreed to.

Section 6 agreed to.

The CHAIRMAN: A new section 7 has been added. Shall the section carry?

Section agreed to.

Bill reported on division.

Mr. ILSLEY moved the third reading of the bill.

The house divided on the question, which was agreed to on the following division:

YEAS

Messrs.:

Abbott
Adamson
Argue
Baker
Beaudoin
Belzile
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Bertrand (Terrebonne)
Black (Chateauguay-Huntingdon)
Black (Cumberland)
Blair
Blanchette
Boivin
Bonnier
Boucher
Bourget
Bowerman
Bracken
Bradette
Bradshaw
Bridges
Brooks
Brown
Bruce
Bryce
Burton
Campbell
Cardiff
Case
Casselman
Castleden
Charlton
Chevrier
Claxton
Cleaver
Cloutier
Coldwell
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Croll
Dechene
Denis
Desmond
Diefenbaker
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Drope
Dubois
Emmerson
Ferguson
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fraser
Fulton
Gagnon
Gardiner
Gariépy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gillis
Gladstone
Glen
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Green
Harris (Grey-Bruce)
Hazen
Herridge
Hodgson
Howe
Ilsley
Irvine
Isnor
Jackman
Jaenicke
Jean
Jutras
Kidd
Kirk
Knight
LaCroix
Lafontaine
Langlois
Laurendeau
Leger
Lennard
Lesage
Little
McCann
McCuaig
McCubbin
Macdonald (Brantford City)
Macdonald (Halifax)
McDonald (Parry Sound)
McDonald (Pontiac)
Macdonnell (Muskoka-Ontario)
McGarry
McIlraith
MacInnis
McIvor
McKay
Mackenzie
MacKinnon
MacLean
McLure
McMaster

McNaught
MacNicol
Maloney
Marier
Martin
Matthews (Brandon)
Matthews (Kootenay East)
Maybank
Menary
Michaud
Mitchell
Moore
Mullins
Mutch
Nicholson
Nixon
Pinard
Power
Probe
Raymond (Wright)
Reid
Richard (Ottawa East)
Robinson (Bruce)
Robinson (Simcoe East)
Rose
Ross (St. Paul's)
Ross (Souris)
St. Laurent
Senn
Sinclair (Ontario)
Sinnott
Skey
Smith (York North)
Stanfield
Stephenson
Stewart (Winnipeg North)
Stuart (Charlotte)
Stirling
Stokes
Strum, Mrs.
Townley-Smith
Tremblay
Tucker
Tustin
Viau
Warren
Webb
Weir
White (Hastings-Peterborough)
White (Middlesex East)
Whitman
Winters
Wright
Zaplitny—169.

NAYS

Messrs.:

Blackmore
Fair
Hansell
Hlynka
Jaques
Johnston
Kuhl
Low
Quelch—9.

Bill read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF MINES AND RESOURCES

Indian affairs branch—
165. Indian agencies, $898,266.

Mr. CASTLEDEN: I wish to say with regard to this matter generally that we in the C.C.F. party have protested yearly against living conditions among the Indians, the want that has existed there, and in many cases the attitude of the government. We have protested also against injustices committed by the Indian affairs branch, in that many of the treaties signed with these people have apparently been broken. It is encouraging, then, to find that since the present minister has taken over the affairs of this department there has been a change in attitude, and that some of the reforms and changes we advocated in the past are apparently in process of being attended to.

One can scarcely be charged with speaking politically when he refers to Indian affairs, when it is remembered that the Indians have no vote. In my view one of the chief defects in the department has been that the Indians have had no way in which their voice could be heard by the federal authorities.

We note with a good deal of pleasure the fact that the government is apparently undertaking some revision of the Indian Act. Although thus far no action has been taken to place amendments before the house, I would expect that before his estimates are completed the minister would give us some information on the point and at that time possibly he would tell us when those changes might be expected to take the form of legislation.

Within the past year the Indians of Canada have undertaken to organize themselves in each of the provinces. They have gathered together in convention, and have been successful in sending delegates from all parts of Canada. Last September one of those conventions was held in Ottawa, at which time there were presented to the government briefs in which were set out certain complaints they had in connection with the administration of Indian affairs.

One of the suggestions had to do with a proposed amendment to the Indian Act, so as to give Indians some voice in the administration of their affairs. The Indian considers that he is treated too much as a child, and in my view the time has come when we should look upon the Indian population as humans, with rights to citizenship. They need not be treated entirely as wards. The policy under the Indian Act has been to keep them subdued to such an extent that their capacity and ability have been smothered. Surely this is not good.

New Zealand is one of the countries which in this connection has taken a forward step. The Maoris have been granted rights of citizenship to the extent that they now have representation in that part of the New Zealand system of government which would correspond to our House of Commons. Their representatives sit in that legislative body, and act in connection with the administration of Maori affairs.

Surely the time has come when a similar step should be taken in Canada so that an opportunity would be given to those thousands of Indians within our boundaries who might wish to have representation in the affairs of the country, and more particularly some voice in the administration of their own affairs.

I believe the minister will agree that the Indian organizations in Canada have shown that they have capacity and ability. Their attitude has been one of willingness and they have shown an anxiety to cooperate. I believe any assistance the government could give to

help them organize would be appreciated, because they operate with only limited means. It is my understanding that the minister has seen fit to assist them to the extent of providing travelling expenses to their conventions. That is a new procedure, and one which is much appreciated by the Indian population. I believe they have written several letters to the minister expressing their appreciation of his attitude.

I suggest that in the revision of the act the government should consider the fact that until the Indians of Canada have representation in the Indian affairs branch, to which they must appeal for the settlement of their grievances, they will feel that they have not had proper representation, or proper opportunity for the redress of their grievances.

I note that this year there is an increase of about $1 million in expenditures for the health and welfare of Indians across Canada. This increase, which represents about sixteen per cent of the total, is all to the good, and is a step toward wiping out some of the prevailing wrongs. Conditions among many of the Indians are deplorable; I have never seen suffering such as I have seen in some of the Indian reserves.

The Indians have expressed a desire to have an over-all inquiry into their conditions across Canada, so that a study may be made of those conditions from which evils arise, with a view to effecting remedies. I believe the department has not seen its way clear to grant the request for an inquiry, but is considering changes in the act, without such an inquiry having been made. An inquiry of the kind suggested could do much good.

Within the past two weeks the executive of the North American Indian brotherhood met in Ottawa and, in the absence of an inquiry, they have made suggestions to the government respecting revisions to certain sections in the Indian Act. They direct attention first to section 18, which deals with the entitlement of a band to receive benefits. There is the feeling that their own Indian councils have the capacity to decide who should and who should not come within the band. Section 18 now reads.

> The superintendent general (minister) may, from time to time, upon the report of an officer, or other person specially appointed by him to make an inquiry, determine who is or who is not a member of any band of Indians entitled to share in the property and annuities of the band.
>
> 2. The decision of the superintendent general (minister) in any such matter shall be final and conclusive, subject to an appeal to the governor in council.

Then section 40 states:

> No person shall buy or otherwise acquire from any band or irregular band of Indians or from any Indian and no Indian shall sell or otherwise dispose of to any one other than a member of the band, any cattle or other animals of any kind from any reserve in the province of Manitoba, Saskatchewan or Alberta or the Territories without the written consent of the Indian agent.

The band still feels that the Indian agent in this respect has been granted too much power. I believe that some years ago this section had merit, but to-day the Indians are in a position to give proper judgment as to who should sell cattle and materials off the reserves. In the early days there were occasions when drovers and other unscrupulous persons used to come to the reserves and practically steal cattle from the Indians. At that time this section was a proper safeguard. However, to-day I believe that the band should make decisions of this kind, and that under the present system the Indian should be given a full report of the sale price of his cattle, to whom they were sold and the date upon which they were sold.

Then, section 52 has to do with the power of the governor in council to remove any Indian band from the place in which it is at present situated. This gives absolute power to the minister, or the officials at his department, to move a band, if in the opinion of those officials the band is situated too close to a town or city. The Indian band has no say in the matter at all.

Section 93 contains particular powers. It reads:

> The governor in council may, with the consent of a band, authorize and direct the expenditure of any capital moneys standing at the credit of such band in the purchase of land as a reserve for the band or as an addition to its reserve, or the possessory rights of a member of the band in respect of any particular parcel of land on the reserve, or in the purchase of cattle, implements or machinery for the band, or in the construction of permanent improvements upon the reserve of the band, or such works thereon or in connection therewith as, in his opinion, will be of permanent value to the band, or will, when completed, properly represent capital, or in the making of loans to members of the band to promote progress, no such loan, however, to exceed in amount one-half of the appraised value of the interest of the borrower in the lands held by him.
>
> In the event of a band refusing a consent to the expenditure of such capital moneys as the superintendent general (minister) may consider advisable for any of the purposes mentioned in subsection one of this section, and it appearing to the superintendent general (minister) that such refusal is detrimental to the progress or welfare of the band, the governor in council may, without the consent of the band, authorize and direct the expenditure of such capital for such of the said purposes as may be considered reasonable and proper.

Recently there was passed by this house under the minister's guidance a bill taking away from an Indian reserve, I think it was the Stony Indian band in Alberta, certain water power rights. The minister stated that the arrangements with regard to that sale were carried on without the consent of the band. In view of the rights of these Indians, in view of the fact that this is their property, I think the band should have been consulted about the matter so that they would know what was being done. Section 99A gives considerable power to the agent. It reads:

> At meetings of the council the agent for the reserve, or his deputy appointed for the purpose with the consent of the superintendent general (minister), shall
>
> (a) preside, and record the proceedings;
>
> (b) control and regulate all matters of procedure and form, and adjourn the meeting to a time named or sine die.

Is it not time that the Indian band themselves were permitted to carry on their own business at these band meetings? They could go to the agent for advice instead of being constantly placed under the control of these persons.

Section 102 deals with taxation. The Indian considers that he is not getting the rights and privileges of his white brothers. Since he does not share in the benefits of taxation, he feels that there are certain taxes to which he should not be subject. The Indians have shown a willingness to cooperate with the government and I believe that if there were proper discussion between the officials of the department and the representatives of the North American Indian brotherhood executive an understanding could be reached.

I do not think they object to paying taxes on income earned off the reserve; but in some cases, Quebec for example, these Indians have homes on the reserve. Some of them have electricity in their houses and they must pay a special tax on that. They feel that being on a reserve they should not have to pay that. They consider that a single person should not be taxed on income less than $1,000 a year and that if married, he should be exempt up to $2,000. There are matters like this which require the consideration of the department and which should be modified.

The Indians have shown a tremendous willingness to cooperate. They appreciate what the minister has done, and they are willing to go all the way with him in an effort to have what they consider wrongs redressed. If the government will do these things I am sure it will have the support of all hon. members. A few weeks ago we had a discussion on a resolution which would have given the Indians the right to old age pensions. Hon. members on all sides and of every party supported that. Unfortunately some hon. members talked so long, whether deliberately or not I do not know, and it was impossible to have a vote. Surely the expressions of opinion given in this house are sufficient to let the minister know just how the representatives of the people of Canada feel in regard to this matter. If there is any possibility at all of carrying out the suggestions that have been made and giving these people who were first in our midst, the real Canadians, an opportunity to make a contribution to the Dominion of Canada, it should be done. We are voting millions for the welfare of the Indians, but let us give them an opportunity and they will take care of themselves. These people can take care of themselves; they can fend for themselves if given an opportunity.

The educational system for the Indian is wrong is several particulars. According to the latest report of the department, the number of Indians in Canada between the ages of seven and sixteen years is 26,000. The average attendance of Indians in schools, residential and day and others, is 13,257. Only one-half of the Indian children in Canada are receiving training. I realize that there is something to be said about the difficulties encountered in the far north with these people moving about, but the matter of education should receive special consideration in view of the fact that these people are not yet living under the same standards as the white people.

Go to some of these schools and you will find them teaching Indian girls how to cook on an electric plate or how to run an electric washing machine. When they go back to the reserve they are just discontented. These people have capacities as fishermen, as hunters and as woodsmen. I wish to compliment the department upon what they have done in the way of fur farming. These people have a great capacity to work and provide for themselves and they could make a contribution to our country. Early in life we should discover what capacities they have and then train them along those lines. If we do that we shall soon have doctors, nurses and missionaries who will go out among these people and help to lift them up. If the government will continue with this policy I am sure it will have the support of every party in this house. I have offered these few suggestions in the hope that the government will do something along these lines. I can assure the minister that he will receive the cooperation of every one here.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MacNICOL: I am not going to be long, because of the late stage of the session at which these estimates have come before the committee, and also because we know we must get them through promptly since the minister has an important engagement in the far west which it is imperative that he keep. But I wish to make one or two suggestions, particularly because he is a new minister in an old department. I am sure that all hon. members who have any experience as regards Indian affairs want to help him in his great task. I personally have strong hopes that he will do a fine job when he gets thoroughly accustomed to the work of the department.

First, I suggest that in his own good time he consider setting up a parliamentary committee, a special committee or otherwise, consisting of members of this house and of the senate, to inquire thoroughly into the whole problem of Indian affairs. It is quite a long time since this was last done, and I feel sure that everyone will admit that the time has come, owing to the real advance which the Indians have made, when new regulations could be prepared which would have much more beneficial consequences to them and to the country generally.

I further suggest to the minister that he urge on the government, contrary to the practice, to have his departmental estimates brought in early. During the sixteen years I have been here they have been introduced almost at the very last living hour of the session. My good friend the hon. member for Vancouver Centre puts estimates through rapidly. I am not finding any fault about that, but I recall that at the time he sat on this side of the house the estimates did not go through so fast. However, I give him credit for getting departmental estimates through; I am sure he would have made a good business manager.

In the discussion which would probably arise in such a committee as I have suggested, the matter of having Indian representatives in the house might well have a place. As the minister probably knows, the natives of South Africa, the Kaffir peoples, have either four or five representatives in the South African parliament. So, too, in New Zealand, the original native race is represented in the legislature as referred to by a previous hon. member. The native races of these dominions are no better than our own, and I am of opinion that the proposal would be well worth considering, although I have no definite suggestions as to how this should be put into effect. In South Africa the Kaffirs select their representatives in the house; whether they are represented by Kaffirs or whites I am unable to say at the moment, but in any event they are there, watching the interests of the millions of Kaffirs who live in South Africa. The problem of Indian representation is, I am sure, worth considering.

I myself have visited many reservations, perhaps twenty-five, and some in remote areas. I question whether any hon. member other than my leader has visited the two reservations on the Saskatchewan river, Chemahawin and Moose Lake. Probably he has visited both of them; they are remote and seldom visited by the white man. On lake Nipigon are three reserves. My suggestion to the minister is: when you visit them, go alone if you can, or take your secretary with you; you do not need anyone to tell you about this or that; when you get in a reservation there will be plenty of people to tell you all about it, and your conclusions will be your own, not what the agent or some other official tells you. I have made many surveys and I have seen a lot of reserves, but I am not going to take time to talk about them to-night.

A number of the reserves have fairs. One is the reservation of western Ontario, of the Delaware tribe, of which I am proud to be an honorary chief. They call themselves the grandfathers of Indian tribes. As the minister knows, their name is derived from Lord De la Warre, who settled on the Delaware river. They have a fair every year. A day or two ago I had a letter from their chief, Fred Stonefish, suggesting that I put up some prizes—which I am going to do—for the best-dressed folks in Indian regalia at the fair. I believe the time has come to encourage them to take pride in their past. If you do that they will have more pride in the country to which they now belong. There should also be an effort to encourage them to exhibit at their fairs those things they make which are the distinctive product of their culture, and steps should be taken to help them to dispose of these products.

When the minister again goes to northern Manitoba I suggest that he visit Moose lake. If he will notify Thomas Lamb, Mr. Lamb will bring his diesel engined boat to The Pas and take him down river. I urge him to go down the Saskatchewan river and have a chat with Mr. Lamb about fur production. He is the real father of the development of the fur business in the Saskatchewan delta. He spent his own money bringing in pumps from the United States and pumping the water into the dried-out marshes. I know that the government of Manitoba—and this government also

—is now assisting in the production of furs in the Saskatchewan delta. But let the minister talk to the man who knows. I know Mr. Lamb intimately; he is the father of that business. I suggest to the minister, consult with him and talk to the officials after that, and you will get a new slant on the whole fur-production business.

A word or two more. The Indian educational system can be vastly improved. One day some estimates came in here relating to three reserves on lake Nipigon; and after what came out here I determined to go and see for myself. I engaged a diesel engine boat and went down the river from Willett. I visited the three reservations in that district, and I am bound to say that one of the schools was rather backward. I will not say which one, but there I saw a young girl teaching, a very nice and comely girl, but without the qualifications of a teacher. I found no child beyond the part second book in a school of twenty-eight. I will not elaborate on the question of Indian education except to say that in the Indian school on the Moravian reservation in Kent county the children have attained a high standard for a common school. The Indian schools are not all backward by any means, but some are not what they should be.

I am going to close with this comment. In Kent county on the reservation of the Moravian band of Indians it is proposed to have an international commemoration service in 1950 to which a good many eminent persons will be invited. The minister knows, or if he does not know personally he will have read in the history of western Ontario and particularly of Kent county, that the Delaware tribe came there in 1792, one of the largest branches of the whole Delaware Indian tribe in America to-day. They came with a missionary, the Reverend David Zeisberger, who was accompanied by a famous assistant Senseman. It is proposed to make 1950 an important year not only in the history of the Indians themselves but as commemorating the 137th anniversary of the death of the last and greatest of the Indian chiefs of those days, Tecumseh, who did so much to preserve Ontario as part of the British domain. To that international commemoration service we hope to invite the President of the United States, because one of his predecessors, General Harrison, was in command of the American army at the battle of the Thames, later becoming President of the United States. Several of the governors of states also commanded forces at that battle. We hope to have present at the commemoration the governors of Michigan, Kentucky, Ohio, Pennsylvania, states all represented at the Battle of the Thames. Later on, I will take the matter up with the minister.

[Mr. MacNicol.]

Mr. BRYCE: I will not detain the committee, but I simply want to concur in what my colleague said. I will not repeat it, but I can assure you, Mr. Chairman, that I am more hopeful of the Indian situation than I was a year ago and I wish to congratulate the minister. It may seem strange to congratulate ministers, hon. gentlemen sitting on that side—

Mr. MACKENZIE: Brother Scots.

Mr. BRYCE: I am reluctant to do so, but where praise is deserved I will not withhold it. I wish to congratulate also Mr. Hoey and Mr. Allan of the department, with whom I have been constantly in touch. On this occasion I have no grievances to bring before the committee, having already discussed matters with the department. I must say that they gave me wonderful cooperation.

There is one matter that my colleague omitted to bring before the minister. The residential schools are not up to the number they should be this year, for the reason that it pays the Indian better to keep his children at home and get the family allowance instead of sending them to school. That is a problem which will have to be solved in the near future. We may find it necessary to turn the residential schools into vocational schools, building little schools, and let the children stay at home.

I hope that in his negotiations with the provincial governments the minister will see to it that the Indians are protected. I would draw his attention to the situation in St. Peter's reserve. If the land is handed over to the provincial government it will be necessary to protect the rights of the Indians as far as their hay claim is concerned. The Indians with whom I come in contact on the reserve in my constituency insist upon the appointment of a royal commission, but perhaps if the department continues to move at the rate it is going now we may not need that royal commission. The extra money that has been voted for hospitals and the care of the sick is a step in the right direction. I would ask the minister to make some provision for the Indians at Norway House in the way of a muskrat conservation scheme. I have talked the matter over with his officials and I hope it will be given serious consideration.

Mr. GLEN: I should like to say a few words on this vote in view of the remarks made by hon. members. It is gratifying indeed to note the tone of the discussion on the

Indian estimates, and it was also gratifying to me to find expressions of opinion of the type we heard when we were discussing old age pensions for Indians.

I think it can be said with a good deal of truth that at no time in many years have the affairs of Indians been so focused in the minds of the people of this country as they are to-day. I believe that members are expressing views which are being expressed throughout the whole country, that the affairs of the Indians must be attended to in a manner in which they have not hitherto been considered, and the aspirations and hopes of the Indians must be to some extent fulfilled.

I have had the pleasure of meeting the brotherhood of which the hon. member for Yorkton spoke, first in September when I addressed them and then again this week. They have made many proposals to which the hon. member himself has referred and of which I have a note. It was impressed upon me that they represent a particular part of the country and that that part of the country had its own particular problems, which they were expressing.

It may be that we shall find after investigation that these problems affecting individual bands are not general throughout the country, but I am convinced that, in order that Indian affairs should be properly conducted and, as it were, a charter prepared for Indians, something further will have to be done. I did indicate, when speaking in the debate on old age pensions, that we had under consideration a policy for dealing with Indian affairs, and I mentioned then the question of a royal commission. Ever since then I have regretted having referred to the subject, because I have had so many representations as to persons who might wish to act on the commission.

A suggestion was made by the hon. member for Davenport with regard to a special committee of the house to be constituted along with members of the senate. The suggestion is that we might be able to arrive at a conclusion whereby we could deal as far as possible with the problems of the Indians. I am satisfied that unless we get some united representation of the Indians throughout the country we shall not be very successful. I believe that the isolated expressions of opinion coming from the bands or groups of individual Indians will not meet the situation, and I have made the suggestion to those with whom I have been discussing the matter —this band of Indians and the brotherhood— that there should be provincial organization. In fact, I believe it was first indicated by one of the members of the delegation that, in his view, the only way in which these matters could be focused and brought forward in a more representative and concrete form would be by means of provincial organizations throughout the dominion.

In the course of the discussion it was illustrated that throughout Canada many organizations have started in the provincial field and could broaden out into the federal field. If it could be broadcast among the Indians that if they were to form, within each of the provinces, their own organizations composed of officers and men of integrity in whom they have confidence, in the evolution of time they may arrive at that date which the hon. member for Davenport spoke about when he said there might be Indians on the floor of this house representing that body of people in the Dominion of Canada. I am satisfied that we must have an expression of opinion from the Indians throughout the whole of the Indian population. It seems to me the best way in which it can be done, although I may change my mind after due consideration, is to have a special committee set up to which the Indians can make representation. I am satisfied that a body of men such as we have here, and a committee such as could be formed from members of this house who are deeply interested in the affairs of the Indians, would be able to arrive at an act which would largely embody the desires of the Indians.

I do not fail to recognize the great magnitude of the undertaking. Along with that charter for the Indians, as one may call it, there must also be intelligent administration. Upon the administration of an act depends its success. For that reason I am hopeful that at the next session of parliament we shall be able to introduce a draft bill, the details of which shall be subject to discussion, and to which I shall invite the best attention and consideration of the wisdom of the members of this house.

Item agreed to.

Indian affairs branch—medical—

167. Indian hospitals and general care of Indians, $2,425,000.

Mr. MacINNIS: We all know that the incidence of tuberculosis is extremely high among the Indians. It is not only high as compared with the white population, but it is very high in itself. I believe that about a year ago a committee was set up to make some investigations into this problem. Has that committee made any investigation or report, and what is the nature of the report?

Mr. GLEN: As the hon. member has said, an advisory committee was set up. They have

made a report but have not yet completed their inquiries with regard to it. This vote is to provide more adequate treatment for Indians in the light of what the hon. member has said. There has been a general increase in the charges for hospitalization of Indians in non-department hospitals. The department has recently taken over two hospitals from the armed services, one near Prince Rupert and the other at the Pas in Manitoba. One of these hospitals is now in operation, and it is planned to put the other in operation within the next few months, and these estimates include the running expenses of these institutions. It is also planned to increase the nursing services and so forth. Another hospital has been taken over at Fort Norman, to which certain repairs are necessary to put it on an efficient operational basis. I may say that the matter is being considered very carefully by the department.

Item agreed to.

Indian affairs branch—

173. Grant to provide additional services to Indians of British Columbia, $100,000.

Mr. McMASTER: What is the particular reason for providing this $100,000 for the Indians who live in British Columbia?

Mr. GLEN: They never got treaty money; that was the reason why.

Before this item is passed, may I say a few words about fur conservation? The leader of the opposition probably knows more about one of the projects than I do. I do not wish to detain the committee with any lengthy statement, but I have a factual statement of the efforts that are being made with regard to fur conservation, and the great benefits that have been obtained by the Indians through that conservation. To save time, perhaps the committee will permit me to put it on *Hansard*. I think it would be of great interest to the committee.

Mr. MacNICOL: Does it cover northern Manitoba?

Mr. GLEN: Yes.

It will be recalled that the first real start was made in Manitoba about eight years ago when the dominion granted assistance to the province to develop certain marsh lands in the northern part of the province near The Pas, known as the Summerberry-Two Island muskrat rehabilitation project. A year later the dominion developed an adjoining area, and subsequently the two were joined together and were placed under provincial control subject to the advice of a special fur committee composed of one dominion and two provincial representatives.

It is interesting to note that while the total cost of the joint development did not exceed $350,000, to date more than $1,800,000 worth of fur has been taken off it. The actual value of the crop in 1944 was $469,000 and in 1945 the crop exceeded $500,000.

The following statement shows the manner in which the proceeds from this project were distributed:

Statement re Muskrat Pelts Taken from Summerberry-Two Island Project and Sold by Auction Since Trapping Began in 1940

Year and Project	No. of Pelts Sold	No. of Trappers Engaged	Avge. Price Obt'd. per pelt
			$
1940	122,483	414	1 32
1941	191,562	757	1 88
1942	38,899	235	2 06
1943	2,248	(Hired)	2 80
*1944	204,779	780	2 29
†1944	17,161	46	1 94
1945	242,517	971	2 98
Totals	819,649	3,203	....

	Gross Amount Realized	Auction Fees Paid	Royalty Collected
	$	$	$
1940	161,909 79	6,476 39	6,124 15
1941	361,179 43	14,447 18	9,578 10
1942	80,325 19	3,213 00	1,944 95
1943	6,302 68	252 11	112 40
*1944	469,268 10	16,424 38	10,238 95
†1944	32,168 78	1,125 91	1,716 10
1945	723,256 31	25,313 97	24,251 70
Totals	1,834,410 28	67,252 94	(1) 53,966 35

	Revenue Collected	Amt. paid Merchants and/or Land Owners	Amount Payable to Trappers
	$	$	$
1940	29,861 85	12,015 85	107,431 55
1941	64,852 20	25,497 28	246,804 67
1942	11,431 60	6,283 61	57,452 03
1943	1,187 62	2,026 27	2,724 28
*1944	86,424 40	52,504 38	303,675 99
†1944	5,865 35	1,309 80	22,151 62
1945	131,399 08	65,874 66	476,416 90
Totals	331,022 10 (2)	165,511 85 (3)	1,216,657 04

* Spring.

† Fall.

(1) 5 cents per pelt until 1940 when 10 cents per pelt was collected.

(2) The province retains from the gross amount realized 20 per cent to cover development costs and management costs.

(3) This covers advances to trappers for transportation and purchase of equipment, traps, etc. This sum and the amount shown in the next column represent the total revenue received by the trappers.

In this project, the whole Indian community at the Pas, approximately 1,000 people, have substantially benefited.

In 1944, 248 Indian heads of families participated to the extent of $450.19 each for three weeks' actual work, which under the plan of management adopted was paid to them $85 in cash and the balance in monthly instalments of $25 for approximately fifteen months. As a result maintenance costs for these Indians have disappeared. With a proper steady diet, general health conditions have improved and hospitalization costs to the department have been reduced. Generally, the economic independence of this group of Indians has been largely restored to them. While the Indian benefits have been specially stressed, 542 half-breed and white families were also employed with similar benefits. In short, the project in 1944 gave 780 heads of families a monthly subsistence backlog of $25 for fifteen months from one crop. In 1945, 972 trappers—one-third of them Indian, participated and benefited likewise.

In cooperation with the province another area consisting of 520,000 acres is being developed at Fisher River at a cost to the dominion of $50,000. While its development contemplated an unproductive period of five years, its progress was so rapid that a small crop of $25,000 has been harvested already. The project is definitely a success and will be increasingly beneficial as the fur bearers increase in numbers. It might be mentioned that up to the time the development started it had not produced a fur crop of any consequence for over twenty years.

To complete the story in Manitoba, I am glad to be able to inform the Committee that an agreement was entered into with the provincial government to establish in the northern part of that province fourteen fur administrative units which take in practically all the northern part of Manitoba. In this way it is proposed to assist the province in the organization and the development of their fur resources as the Indians, whose welfare is a federal responsibility, will be the primary and chief beneficiaries. There are at present 6,000 resident Indians in northern Manitoba who will benefit from this conservative development programme. The plan contemplates an expenditure of $50,000 a year for ten years, a total of $500,000, of which the dominion's contribution will be approximately $300,000.

In Saskatchewan a board known as the northern Saskatchewan conservation board was created in 1939 and an agreement was entered into with the provincial government for the carrying out of a cooperative arrangement to restore the fur industry as a principal means of livelihood to the Indian and half-breed population. A number of small projects were carried out by the board and as well many other investigations were made. Unfortunately, the stress of war restricted the activities of the board and the programme of joint development was curtailed. I should mention, however, that the dominion is now developing one large area of over 500,000 acres in the north eastern part of the province which it secured under lease. The initial stages of the development have been completed at a cost of about $50,000 and the remainder of the work will be carried out in the next few years. I am informed that this is a very good area for muskrat development and it is hoped when completed that it will compare very favourably with the Summerberry-Two Island area at the Pas. Already the value of the crop of muskrats taken from it during the last two years has exceeded the expenditures to date.

In the province of Alberta our efforts have been directed along the lines of securing traplines for treaty Indians under the provincial trapline system. With the very generous cooperation of the provincial government we have obtained to date 1,000 registered traplines and many more applications are now being considered. The department is assuming for the Indian the yearly cost of the trapline until the fur catch is sufficient for the Indian to pay this cost himself. Negotiations are also under way with the province for the development of a substantial area for muskrats in the Athabaska river delta. This will be a joint project similar to the one in Manitoba and it is hoped that a start will be made in the construction of the works next spring.

In the provinces of Ontario and Quebec the development has been centred upon establishing a number of beaver and other fur preserves. The provincial governments have cooperated with us very generously. In the province of Quebec we now have under development the following areas:

Nottaway preserve. This is an area of approximately 8,000 square miles located at the southeast tip of James Bay. The area was secured under lease from the province in 1938 at which time the known beaver population was 255. This has now increased to 7,035 beaver. It is proposed that a crop of 970 beaver will be taken during the present season. This at present price levels will provide a cash revenue of nearly $39,000 to the Indians, and as well over 29,000 pounds of beaver meat. During the seven years which the area has been under protection it has cost the Department $3,000 annually in management costs.

Most of this money was paid to the Indians in wages. It will be noted that the first year's catch greatly exceeds the total expenditures.

Abitibi preserve. This has an area of 6,000 square miles located in the county of the same name in northwestern Quebec. It was established in 1943, having at that time an initial population of 2,012 beaver. This number has increased to 5,445 beaver. It is proposed to take this season an initial crop of 840 beaver with a market value of $33,600 at present price levels. The annual management costs have never exceeded $3,000.

Grand Lake Victoria hunting reserve. This is an area of 6,300 square miles located in the counties of Pontiac, Temiskaming, Abitibi and St. Maurice. While it has been under partial protection since 1928, it was brought under closer control in 1942. It now has a beaver population of 5,000 and produces 1,000 pelts annually.

Old Factory preserve. This is an area of 14,600 square miles located on the east coast of James bay and is designed to serve the needs of the 1,400 Indians at East Main, Factory River and Fort George. It was brought under management in 1942 when the initial count of beaver was 500. The beaver population is now 1,646.

Peribonca preserve. This is an area of approximately 12,600 square miles located in the lake St. John north shore section of Quebec and was established in 1941 for the benefit of the 1,400 Indians of the Bersimis and Pointe Bleue bands. The count in beaver in 1941 was 195 and this has now increased to 1,050 beaver.

In addition to the five projects mentioned, which are directly under the supervision of our department, we are cooperating with the provincial authorities in the creation of a system of trapline registrations. At present the system is in effect only in the Abitibi counties. Already sixty-nine Indians have been located on their own lines.

In the province of Ontario two substantial beaver preserves have been secured from the provincial government. Both are located in the James bay area. The Kesagami preserve, an area of 6,000 square miles, was first put under management in 1942 at which time the population of beaver was 560. This has increased to 2,950. The Albany preserve is an area of 7,600 square miles. It was placed under management in 1943 with a count of 55 beaver. The population has now increased to 735. In connection with these two preserves, it should be mentioned that we have agreed with the provincial government to restock the area with a certain number of live beaver. Up to date we have transplanted 210 live beaver into these two areas which will hasten the time when they can be brought into production.

It is interesting to note that the annual management costs for the seven beaver preserves to which I have referred have not in any year exceeded $3,000 a preserve, this sum including as well all administrative expenses. The most of this money is paid to the Indian talleymen who are selected to protect the preserve during the period of conservation, which, of course, reduces the expenditures for relief that we would otherwise have to make. I should mention that the Indians are cooperating wholeheartedly in the development of these areas and guard them very jealously.

I am sure the members of the committee will have been interested in the progress that has been made in our programme. Muskrat farming and the development of areas for beaver on a large scale is an industry of tremendous possibilities. There are millions of acres susceptible to this form of development. To search them out and develop them is a challenge that will be met. We have in mind a very considerable enlargement of our programme in the post-war years. Our experience of public development of rat and beaver projects in Canada has been along a road leading to the goal of material assistance and a better way of life to the humbler cross-section of our Canadian social order. While yet in their infancy, the developments have already brought higher incomes, an improved standard of living, and an added feeling of self-respect and self-reliance to many hundreds of Indian and half-breed families. They have been furnished an opportunity to engage in a vocation which they love and at which they are more adept than their white neighbours. These people have found themselves again and now have an entirely new outlook for the future of their families. We believe we are now on the way toward a goal where from her fur resources alone Canada can make the trapping Indian and his half-breed cousin wholly self-supporting and independent.

Mr. CASTLEDEN: What is the policy of the department with regard to family allowances paid to Indians? Does the Indian agent get the family allowance cheque and administer it? Then, with regard to the Indians where there are residential schools, are the family allowances paid over to the schools for the Indian children who are attending the schools or do they go directly to the parents?

Mr. GLEN: We have appointed an officer, a returned soldier, who is dealing with that matter alone. In many cases payments are

made direct, but a great many payments are made in kind, because we are endeavouring to see that there is no abuse of the money. Where the officer is satisfied that abuses might take place he is arranging for payments to be made in kind, and at the present time that obtains over the whole system.

Mr. CAMPBELL: I understand that in maternity cases Indians are not allowed to stay in hospital for more than five days. Is that so?

Mr. GLEN: I would imagine that would depend very much on the seriousness of the case. I cannot imagine that anyone who needed hospitalization for more than five days would not receive it, because it would be inhuman to do otherwise.

Mr. CAMPBELL: I understand that is what is happening.

Mr. GLEN: If the hon. member knows of any cases I should be very glad indeed to have the particulars of them and investigate them, because nothing could be more inhuman.

Mr. BRACKEN: The minister referred to the question of fur conservation and asked for the consent of the committee to put on the record the story of what has been done in that respect. I imagine he had reference to work that had been done in northern Manitoba. In that connection I wish to say a word as one who for many years had something to do with public life of that province. I want to thank the Department of Mines and Resources of the dominion government for the cooperation it has extended in one of the finest pieces of pioneering development work that I know of anywhere in Canada. I shall therefore look forward with interest to reading the statement the minister is putting on *Hansard*.

I should like to say that as a result of cooperation between the provincial government and this department of the federal government one great potential resource which was giving practically no return to the people of that province has, by the application of common sense and the use of a little money, been turned into a very great resource. Through that cooperation the province was able to take many people off the unemployment rolls where they were costing the state a great deal of money. Many of those affected have since become self-supporting and have brought a large source of revenue to the community. I am sorry that the minister did not have an opportunity to outline that project. I suggest therefore, that those who are seeking work for governments to do which will be self-liquidating will not find anything more interesting in any of the developments of Canada's natural resources than that little fur project in northern Manitoba.

I will not take time now to go farther with this matter, but I did wish to say that this is a splendid example of the result of cooperation between a provincial government and a department of the federal government.

Mr. McIVOR: All I desire to say is that the chapter on the socialization of the muskrat is a thrilling chapter, and well worth reading.

Mr. BRACKEN: I was not here part of the time when the minister was dealing with other items of his estimates, and I asked that one might be left on which I could ask a question in connection with road construction. Might I have permission to refer to that matter now?

The ACTING CHAIRMAN (Mr. Golding): There will be supplementaries.

Mr. BRACKEN: It will not take any longer now, Mr. Chairman, than it would then, and I understood that we might raise these matters now without objection.

Mr. GLEN: Certainly.

Mr. BRACKEN: I should like to ask the minister whether his department is now concerned with road construction to pioneer mining areas and to Canada's national parks, or whether that work is now being dealt with by some other department of the government. A few years ago this department did aid in constructing roads to certain of the pioneer mining areas of this country. If it still deals with that matter I should like to ask a question.

Mr. GLEN: That is being discussed now between the Department of Mines and Resources and the Department of Reconstruction, and of course the projects will be worked out between those departments having in view the policy of the reconstruction department. Of course as the hon. gentleman knows, this department has always been trying to construct roads to make the national parks readily accessible, and we do not propose to relinquish that part of our duties in future, because we realize as well as anyone that the roads must be kept attractive to the tourists who wish to go to our parks, and we want as many tourists as we can get.

Mr. BRACKEN: From what the minister has said I know now he can answer my question. The dominion government cooperated with the province of Manitoba in building a road from the Pas in the direction of Flin Flon in the northwestern section of the prov-

ince. That road was partly built. At one time early in the war the question came up of making use of the Japanese to help finish it. At that time there was an opportunity to have it finished, but for some reason it was thought unwise to have these men near the large mining project at Flin Flon. That is a little aside from the question at the moment. What I should like to ask now is whether the department has any plans for aiding the province in completing that road from the Pas to Flin Elon.

Mr. GLEN: The practice has been in the past and will continue to be in future that the recommendations of the provinces in regard to where roads are to be located will be given first consideration by the Department of Mines and Resources. As far as that particular road is concerned, at the moment I could not say just what will be done, or when.

Mr. BRACKEN: Is the department doing anything in the way of following up its previous policy of aiding in the construction of roads to pioneer mining areas?

Mr. GLEN: Yes, we have an extensive programme of roads in connection with reconstruction.

Mr. BRACKEN: Then I wish to put in a word with the department to provide funds to complete that road, which is now partly built. As it is now, Flin Flon has no highway connection with the outside. Unless this road is completed the money already spent will be largely wasted. I am referring to the road from the Pas to Flin Flon, Manitoba.

Since I am on that subject I should like to refer to another item. In dealing with the estimates concerning national parks, did the minister outline the policy of the department with respect to the establishment of new parks? Is the department proposing to do anything in the way of establishing new national parks?

Mr. GLEN: At the moment we have in mind several projects in different parts of the dominion. As the hon. gentleman knows, the first step is to have the province obtain the land. We have two or three projects just now in connection with which we are dealing with the respective provincial governments, who will provide the land, and when that time comes we shall be glad to cooperate in establishing national parks, for we believe in them.

Mr. BRACKEN: Has the minister under consideration the establishment of a national park at lake Athapupuskow in northwestern Manitoba?

[Mr. Bracken.]

Mr. GLEN: No, I have no word of that at all.

Mr. BRACKEN: Then I suggest that is one place the minister might have in mind for the establishment of a park. I know of no more acceptable natural site for a national park than that area, and I am surprised that the authorities of the progressive province of Manitoba have not brought it to the attention of the minister. I promise to stir them up and see that they do so.

Mr. GLEN: They will now, I am sure.

Mr. ARCHIBALD: I should like to direct the attention of the minister to a matter concerning Indians, and I do not know whether or not I am in order in doing so. The Indians are wards of the government. When they leave the reservation to work, say for a fish packing concern, what supervision does the government maintain over them? I am thinking of the Skeena river and the awful conditions under which the Indians have to live when working there. They have fairly large families; the rooms in which they live are about ten by ten, and the sanitary conditions are such as to ruin their health. In the final analysis that comes back as an expense to this government. At the present time sanitary inspection is in the hands of the provincial government, and not very much is done about it. Could the Indian affairs branch not bring some pressure on these companies to have them supply decent houses for the Indians working in the fish packing plants?

Mr. GLEN: We have had no representations recently in regard to the conditions of which the hon. member speaks, but we shall be very glad indeed to cooperate with the companies concerned. I will make a note of the suggestion and see what can be done.

Mr. ROSS (St. Paul's): The other evening when we were on these estimates I asked the minister, and I think my leader also asked, what was the estimated annual fire loss, insect loss and cutting loss in our forests.

The ACTING CHAIRMAN (Mr. Golding): Order. This item has to do with grants to provide additional services to the Indians of British Columbia.

Mr. ROSS (St. Paul's): The only point is that the minister said that he would put those figures on record, and I should like to know if he has them ready now, before we finish his estimates.

Mr. GLEN: The question of the hon. member was noted; I think it was in con-

junction with one asked by the leader of the opposition. We are now preparing a statement which will be sent to the hon. member as soon as it is completed, but it has taken some time to search out the information.

Mr. ROSS (St. Paul's): Shall we have that before parliament prorogues?

Mr. GLEN: I would hope so.

Item agreed to.

IMMIGRATION BRANCH

174. Administration of the Immigration Act and the Chinese Immigration Act, $182,524.

Mr. CROLL: In speaking to the question of immigration, I realize that the only immigration the Canadian people are interested in at the present time is the return of the service men and women from overseas as quickly as possible. When they are back in suitable jobs, again leading normal lives, this country can turn its attention to immigration. That seems a little closer at hand than would first appear, from the statement made, I think yesterday, by the Minister of National Defence, who gave us some information as to how quickly they are coming home. I am sorry he is not in his seat at the moment, because I want not only to thank him for what he was doing, but to let him know that a great number of people in this country, particularly the young women and the mothers, are not only glad that he is bringing the boys back home alive, but that he is bringing them home alone, too.

My particular purpose in rising—and I believe this is an important question—is to bring to the attention of the committee the needs of the country with respect to immigration, so that the question can be not only surveyed but studied, and assessments made in the light of our attributes, facilities and possibilities. I say that not only because this is a country of security, but because it is one of opportunity. We have now the time to plan what we are going to do to-morrow. We have perhaps six months, or possibly a little longer than that, so that we can carefully and ambitiously make our plans.

Those plans have to follow a view different from that formerly held in this country, because in former years the great source of immigrants has been the British isles. But anyone who knows anything about the British isles—and I could quote authorities to support me in this—knows that they will be able to absorb all their own man-power for the next five or ten years, and that they will have to keep everybody in Great Britain. We know, too, that Great Britain is suffering from a declining birthrate.

It is true that some of the Royal Air Force personnel who trained in this country will be anxious to return here, and that they will be welcomed. Some of them may be permitted to come to this country. But the great well which we formerly had in the British isles will be dried up for many years to come.

When we turn to the Scandinavian countries, none of us would for a moment suggest that Finland, Norway, or Sweden would be a source of immigrants for some considerable time in the future.

Turning once again to continental Europe, we must realize that, too, is of a doubtful nature, because Europe to-day is going through not only a sorting but also a settling process. They need all available man-power in Europe, first to keep what to some minds for the present seems to be a doubtful peace, and, second, to rebuild destroyed Europe. Many hon. members who were over there will know that when I say "destroyed" I mean just exactly that. That is going to be a long-time and a full-time job, we can depend upon it.

There has come about recently in this country a new realization, a new perspective and a new understanding on the question of immigation, and it has come from some rather unexpected places. I hold in my hand a report of the Imperial Bank of Canada, whose president, Mr. R. S. Waldie, says:

> It should be noted that the reduction of the general overhead expenses of our economy depend in large measure on an increase in the density of our population which lessens especially the transportation and administration charges per unit of production.

Then, Mr. McGowan, director of the Canadian National Railways, said on November 30:

> The admission of more people would increase Canada's prosperity and assist in its development. When the dominion's population is doubled, it will raise the standards of living.

I quote again from the Toronto *Globe and Mail* of December 5, in which Mr. J. S. Duncan, president of the Massey-Harris Company Limited, is reported to have said in a Montreal speech:

> Canada has to be realistic about the future economic position of the country and the necessity of expanding export trade as well as the home market for Canadian goods. He recommended adoption of a selective immigration policy to increase the population.

The general tenor of these press comments from different sources is that there is a need for more people in this country, and the approach is such that plans must be realistic, intelligent, and rational. From the economic point of view it will be said that we need purchasing power, and we need those with

whom we may divide the national debt—unless someone will devise some method of getting rid of it otherwise.

I do not want to proceed further without expressing a word of thanks to the government of Canada which, in the midst of the war, offered not only sanctuary but a haven and hospitality to great numbers of people who were refugees, who came to this country from all nations, and who helped in our war effort. The government realized that, and in due time gave them permanent landing in Canada. In view of those landings, and in view of the services they have rendered the country, in due time they have earned the right to be joined by whatever remnants there may be of their families still remaining in continental Europe; and I hope the minister will put this high on his priority list.

Last week in the committee on veterans affairs some startling figures were revealed, and I believe they will prove of interest to hon. members. We have about 17,000 returned men training for various jobs, but of that number only 1,600 are training for the building trades. At the time these figures were revealed, I said that I thought it was a tragedy to find that we have not a larger number who are joining what might be described as the aristocrats of labour. Canadians are not soft; we proved that in this war, and even before the war. Our standard of living is fairly high, and we are striving to improve it.

Hon. members may interpret these figures as they wish, but it strikes me that we have about reached the stage in this country where we need some hired help on our farms. We need some others who will do the heavy work. In my short experience in public life I have had something to do with unemployment, and I know something of the hardships unemployed people have suffered. But in all my experience the people who, somehow, were always able to make a living were the carpenters, the bricklayers and the plumbers. We have always looked upon those trades as offering honourable and fine ways of earning a living. I think there is something sad when one considers the fact that young men are not entering these trades which offer good prospects in the immediate future, particularly for the next ten years.

My suggestion is that the government have both a short-term and a long-term policy. I would say that its short-term policy should be based first upon humanitarian principles. All that many citizens in this country have left is to be found somewhere in continental Europe, and I suggest that they should be given the first opportunity to come to this country. Next, not only must we open our doors, but we must open our hearts to the orphans of Europe—and there are thousands of them over there—who in the future will pay such great dividends. I do not know whether we have made any commitments during the war, but if we have we would in due course honour them.

Then, I think we should have a long-term policy. We must be able to assess our future needs, and our ability to absorb, because the post-war immigration problem will be a very heavy one. I think all hon. members agree with me when I say that we need people, and that we have to do something about it.

My suggestion to the minister is that he divorce immigration from agriculture and set up as quickly as possible after we come back next year an immigration committee to make a special study of this particular problem, to hear evidence, to make a survey and then to make recommendations. For instance, for a long time and up until quite recently labour has had a fear of immigration. I do not think they are of that view now, but they have held that view for too long. I think industry should be heard, and business, the church, veterans, economists, scientists, professional men and anyone who can contribute to the cause, so that the committee could form a broad plan for the general welfare of Canada. The committee could study the question of assimilation, so that we can bring in people who believe in our way of life. It could give consideration to the part that people had played in this war, to their physical attributes, to their character, skills, training, trades, commercial experience, business attributes and agricultural experience.

If we set up this committee we could have a plan ready long before the beginning of the following year. Not only could we have men in the field; we could be ready to take in whoever we could absorb. In the past our policy has been based on pressure by special groups. That method is now outmoded and outworn; the time for that has long passed. It does not fit into the present world. All our thoughts and all our legislation in the past were pointed toward exclusion and restriction; I think we have come to the time when we have not only to admit but to welcome people to our country. I am not suggesting an open door; I am not suggesting a closed door; I think the time has come for the door to be left ajar.

While I am on my feet I cannot help saying to the minister that we have on our statute books at the present time a great deal of racial nonsense. It is time to get it off the books. Racism is bad whether it comes from

Canadians or Germans. The exponents of racism are now attending the Nuernberg rally and they do not like it. We are glad they do not like it. It is not our business to emulate them in any way at all.

We must plan our immigration policy of the future and we must not be afraid of planning. There is nothing wrong about democratic planning. We have to assess our needs and know our ability to absorb. We should budget for people the same way as we budget for everything else. We have reached that stage. Men and women in this country plan their families and sometimes they make mistakes. We may make mistakes too, but it is time that we started to plan our Canadian family.

Sometimes I wonder, with the world fighting for liebestraum, if we have a moral right to sit on half a continent which has the largest amount of arable land in all the continent and close the door to the rest of the peoples. I submit that we have arrived at a time when we can formulate a policy that will stand up. We can no longer afford to deal with immigration on the basis of expediency and prejudice. Our economy is undergoing a serious change and we have to change with it. We are no longer a frontier land; we are on the top of the heap of the middle powers. We have obligations and responsibilities and we must live up to them.

I suggest to the minister that he lose no time after we come back to set up an immigration committee to study and plan so that we can do something intelligent about it. I am not going to say anything about his department for the last four, five or six years. Let us agree that it was dormant; there was a war on, but there is no excuse for not doing anything now, because we have time on our hands. It will be April or May before we have everybody back in this country, although I hope it will be sooner. We should lay our plans and get our policy ready. We should have our agents where they are needed and be ready to take people into this country; we should have all the necessary machinery ready.

I said a few moments ago that the people of Europe will not be available. Do not be mistaken; the people of Europe want to come here but their governments will not permit them because they need them at home. The Minister of Fisheries will remember when we had to put up signs in Europe in Dutch or French, meaning immigration impossible. Otherwise those people kept bothering us. They were all anxious to leave the country, but the governments need them at home. I know very well that the Dutch government has its plans for its colonies, and so has the Belgian government. They have neglected their colonies for too long and so they have trouble on their hands. If there are to be people to export, they will send them out there. It seemed to be the desire of every boy I met to leave those countries. It will not be just as easy as it seems. We must be careful and make sure to have our plans ready. If we plan well we can make much of it.

Mr. WINTERS: The previous speaker, my sometimes seatmate, the hon. member for Spadina, has covered the general question of immigration, and very well indeed. I agree with what he has said, but just for a moment I would direct the attention of the committee to one specific phase of immigration. I refer to people who are already in Canada and who are a most desirable type of citizen. I could speak generally on that point, but for just a moment I should like to deal specifically with Norwegians.

In my constituency there is a sizable colony of Norwegians, and I understand there is a number of them in other constituencies across Canada. These Norwegians came to us under the trying conditions of warfare in Europe. Many of them were on the high seas when Norway fell, and many others escaped from under the very eyes of the Germans and reached Canada under conditions of the most extreme hardship. They have since played an important part in Canadian life. They have entered into community affairs, and they have taken an important part in Canada's war effort, both in the armed services and as civilians. They have shown themselves to be temperamentally equipped to be Canadian citizens.

In many cases these Norwegians have married Canadian girls and have children. It is quite understandable that both they and their families want to stay in Canada and I think we should want them to stay here. As I understand it, until recently the attitude of the department toward these Norwegians was not very clear, and there were grave doubts in their minds as to just what that attitude was. I have had many letters from these Norwegians and from their sympathizers, who are many, asking that every possible action be taken to see that they are encouraged to stay in Canada. I have referred these letters to the minister, and I must say that in every instance they have been given sympathetic consideration. These people are grateful for this cooperation. As I understand it, the present policy is that if a Norwegian is

temporarily in Canada and has married a Canadian girl he is entitled to remain. The cases of the single men are judged on their individual merits. I believe that is correct; is that not so?

Mr. GLEN: Yes.

Mr. WINTERS: There is, as I say, this uncertainty in their minds. My desire to-night is to urge on the government that they show these Norwegians every encouragement. They have proved that they are desirable citizens, and the government should lose no time in making its attitude clear to them so that they will know exactly where they stand and that they are welcome here in Canada.

Mr. HLYNKA: It is quite obvious that the committee will not have much time to discuss Canada's immigration policy at any length in the remaining two days of this session.

Some hon. MEMBERS: One day.

Mr. HLYNKA: But this extremely important and urgent problem should receive proper consideration at the earliest opportunity during the next session. I should like to make one or two general references on the subject before dealing briefly with a specific aspect of immigration.

First, let me read one or two passages and observations of the Edmonton chamber of commerce report dated October 15, 1945, which indicates their stand on the subject of immigration, and with a good number of whose recommendations I agree. The report states:

> Your committee is definitely in favour of a national immigration policy designed to increase the population of Canada . . . It believes that an increase in population through immigration would improve Canada's position and influence in world affairs and would strengthen also the power of the British commonwealth of nations. It would enable this country particularly to adjust her domestic economy by providing more diversified and larger home markets, and it would also reduce the per capita expenses of the many government and other services which a modern nation is expected to provide for her citizens.
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> Canada has tremendous assets in its resources of raw materials, in the strong foundation which has been established for an elaborate system of transportation, in its productive and industrial equipment, which has become increasingly strengthened during the war, and in the quality of its present population. This country has maintained its democratic institutions and has shown that it believes in a policy of voluntary cooperation, having regard and respect for a policy that individual freedom and personal initiative should be retained within the framework of a scheme of collective action and security.

[Mr. Winters.]

I should like to mention one or two other points raised in this report. I believe that they are presented in a most vivid and clear manner:

> That machinery should be set up immediately with a view to the formation of a policy designed to attract to Canada those elements in the population of Europe, and possibly of certain other countries who would best contribute to the economic stability and cultural growth of this dominion without imperilling the free institutions . . .

I agree wholeheartedly with the remark made to-night by the hon. member for Spadina that we should undertake to study this problem closely and carefully at the next session, and I believe that the question should be referred to a committee of this house and properly investigated and studied so that we may arrive at logical conclusions.

I find that the Saskatoon *Star-Phoenix* of November 10, 1945, in discussing editorially the order in council of October 26, 1945, granting official admission to refugees who entered Canada during the war—and at this time I should like to compliment the minister and the government upon passing that order in council; I think it was the only stand they could properly take and I am glad they did take it—points out:

> In these circumstances the Canadian government has taken the wise course of permitting these people to remain indefinitely in Canada. No doubt arrangements will be made whereby those who desire to do so may acquire Canadian citizenship and proceed to build new lives in this country . . . But the point of the new regulation permitting these people to stay which will appeal to most Canadians is the recognition it takes of a serious human problem. Aside from any consideration of economic interests, Canada owes a duty to the unfortunates of Europe and should share its good things with as many as possible of these unfortunate people.

I agree wholeheartedly with that view; and to-night I should like to make reference to one specific phase of immigration policy which I believe the government should adopt.

I appeal to the minister to give first consideration to stateless or displaced persons who find themselves to-day in Europe. Regardless of racial origin, these groups of people, should, I believe, have priority over all others. Of course I understand that in the first place we should bring back the men of our armed forces and their families. But following these two group, the government, in my opinion, has a moral and a Christian obligation to these unfortunate people of Europe who to-day find themselves scattered in practically every country in the old land, without homes, without food, without shelter, and without hope. I want to make as strong a plea as I possibly can on behalf of these

tormented and unfortunate people, who perhaps have during the war sacrificed much more for us then we would sacrifice for them.

May I point out that this group comprises the democratically-minded people who had to move on into western Europe when totalitarianism was advancing. I find that in the Edmonton chamber of commerce report the fear is expressed that it may be impossible for us, or perhaps too late, to get some of these people to come to Canada. The report continues:

> It is obvious therefore that, if we wish a national increment in population through immigration to Canada, the federal government, collaborating with the provincial governments and industry, labour and agriculture, must make plans at once before it becomes too late.

The Edmonton chamber of commerce, after studying this problem carefully, have come to the conclusion that it may not be so easy to get these people to come to Canada as we may think.

I should like to make one or two other references to the arguments that are being advanced by some government officials and other individuals against admitting people into Canada at this time. In the first place, they argue that there is no passenger accommodation on ships and that therefore this problem cannot be considered at the present time. In the second place, they argue that no immigration should be encouraged until our returned men are reestablished in peace-time occupations. I agree that that is the view which we should take. At the same time, however, I would point out that the immigrants who would come to Canada would not for the most part know the English language and therefore could not displace our returned men. In the third place—at least I gather this from some of the correspondence which I have received, as well as correspondence which has been handed to me by others—the government does not feel that immigration should be allowed until our economic system is adjusted. But, Mr. Chairman, some of these people in Europe will be dead by that time. They cannot wait until we adjust our economic system; and besides, the individuals who are interested in bringing these people to Canada are ready to guarantee and to provide a livelihood for their relatives. The fourth argument used is of course a weak one, that nothing can be done "at the present time". That argument does not answer any question; it is no argument. And the last argument that is used was that these people would have to present their passports before being allowed to come in.

May I point out that during this war hundreds of thousands of people were trying to save their very lives and had no chance of saving or of obtaining passports. I was glad to find that the British government took the only logical and humanitarian stand on the question. In spite of our desire to rush through our estimates and finish this session, I think I ought to put on the record an announcement which appeared in the *Times* of London, England, on November 14, 1945. The reason I wish to put it on the record is simply to show that the British isles, which are so crowded, where they have not even sufficient food for their own people and no housing accommodation, decided that anyone residing in Britain might bring in relatives, and not later on but now.

Perhaps I should not weary the committee by putting this on the record, but the essence of the point I wish to make is simply this. Despite the fact that they have no room for more immigration, that the returned men are not rehabilitated as yet, that their economic position is not stabilized, the British government is allowing these people to come in. I am happy to say that in spite of the fact that the government in Britain has changed recently, the people of Britain have not changed in their humanitarian attitude toward this problem.

I was disappointed that Canada was not the first nation to make that move. Canada should have been the country to make the announcement, to say. "We have these open spaces; we have natural wealth with which that of no other nation is comparable. Why, therefore, should we not welcome as many of these people as we can?" I know the argument is that there were no ships. But as the member for Spadina pointed out, our men will be brought back by the spring at the latest, and their families shortly after that. Surely it would take several months to issue permits of admission to these people. Why not undertake now to issue those permits and have them post-dated? The only request I make to-night on behalf of these displaced persons in particular is this—because the broader aspect of the immigration problem will be discussed at the next session, whether we desire an increase in our population—that we help these people by announcing that we are ready to accept a certain quota of them now and that we shall issue to them post-dated permits of admission. If this were done, those who are in Britain, or France, or in parts of Germany and elsewhere would know that there was something to look forward to. Surely we can do that.

May I make one or two other observations. I notice that in one of the orders in council passed in recent years there is a strict require-

ment of medical inspection. In a general immigration policy I agree that proper health safeguards should be maintained, but I hold that it is not reasonable to demand robust health of those who have undergone the suffering, privation and hunger and all the hardships that these people have experienced. We cannot expect any high standard of health from these displaced persons. That is hardly the thing for us to do. What we should do is to try to save some of these lives. We must remember that many of these people find themselves where they are to-day because they fought the battle on the battlefield. They are the ones who went through the privations and horrors of war, while we in Canada enjoyed perhaps the highest standard of living we ever had. There was not a single acre of land scorched in this country; there was not a single home bombed out at night; there was not a single family that did not have a roof over their heads; therefore I consider that we should consider this problem purely from the Christian and humanitarian viewpoint. I appeal to the minister and to the government to give most sympathetic consideration to the suggestions I have made.

Mr. SKEY: I had intended to speak for some time on this subject, but it has been so ably covered by the hon. member for Vegreville (Mr. Hlynka) that I feel I can make my remarks very brief. I should like to support him in what he has said to-night and to add my word to the need for planning, the need for a committee on immigration, and to emphasize our moral duty to stateless and displaced persons.

I consider that our greatest need to-day is a committee on immigration. There are so many intricate problems coming up with regard to nationals of many countries that unless they can be brought before a committee to be discussed privately and the difficulties ironed out, I feel that in the next session the minister will have a tremendous task before him. I think we are all aware of the problems and difficulties that are facing the government to-day with respect to immigration and the problem of dealing fairly with the nationals of many countries. We know there are transportation difficulties in repatriating our soldiers, war brides, and their children. We know there is a critical shortage of housing, an unemployment problem and many other problems. But we have such tremendous resources in this country that we can absorb a moderate number of people and discharge this moral duty within the next few years.

I am one who is most anxious to do everything I can to further that great work. I should like to make one reference to the work of an eminent historian, Mr. Griffiths Taylor. I do not altogether share his opinion for in this work he analyses Canada's position and outlines the number of people who might be settled here. He says that Manitoba could support 63,000,000 people, that eastern Canada could support 96,000,000 people and that adjoining regions could support 30,000,000 people. That makes a total of 189,000,000. That is not my opinion but that of Mr. Griffiths Taylor, an eminent geographer and historian.

Mr. MACKENZIE: Where is he?

Mr. SKEY: University of Melbourne, Australia.

Mr. MARTIN: Professor Hurd of McMaster university has made a different analysis.

Mr. SKEY: Perhaps the Secretary of State is right. I have had other forecasts that go up to 100 million for Canada or fifty million for Ontario, and so on. I am only endeavouring to prove that there are estimations that this country has the land and supplies to support a much larger number of people than we have at the present time. At least we could support double our present population.

Mr. MACKENZIE: How long was he in Canada?

Mr. SKEY: I am sorry, but in the preface he does not give any indication.

I can give the committee another figure which may interest it. For the whole North American continent he estimates a total of 702 million; the eastern United States, 298 millions. That is based on natural resources; coal, iron, fertility, rainfall, electric power and many other things. It is an analytical treatise, not a work of fiction.

However, I shall not delay the committee any longer than to put on record a resolution recently passed in Toronto which shows how the citizens of that city feel toward the present situation in Europe. The first point is that the right of asylum should be granted to displaced persons in western Europe; second, that the displaced people should be provided with lodgings, food, clothing and medical care for such time until a way can be found to reestablish them permanently; third, that every effort should be made to reestablish displaced people in a country where they can live out their lives peaceably without fear of want or persecution. These are the resolutions of one committee. I have also a special request from

one section of the community, which is in the form of a letter to the Prime Minister. It refers to the Polish people and says:

> As the Prime Minister of a mighty and most respected nation, and as one in whose power lies the granting of our wish . . . we beg you to admit into Canada discharged servicemen of the Polish forces who wish to settle here and give them the opportunity to love the freedom and heritage of a noble and democratic power, just as we value it beyond worldly expression.

These are just two quotations from the letters and resolutions which have come into my hands.

May I conclude my remarks with a word to the department. In my dealings with them I have been met with extreme courtesy and helpfulness. I know they have been tremendously overworked by the problems that have been thrust upon them. I am glad to see that there is some increase in their estimates to help them deal with the problems that are before them. I hope that in the future able men will not be so closely bound by a rigid Immigration Act which gives us practically no power to select and very little opportunity to bring good and loyal fighting men and their families to this country. I have served with a number of these men to whom I am referring, namely, Polish airmen. I know the tremendous loyalty, courage and powers of endurance which they possess. I know they would be good citizens; I know it is the feeling of the men in the armed forces of this country that they would like to welcome them to Canada and to have them as citizens. In the past we have accepted new Canadians, as they are called in many communities, without any attempt to nationalize them. I know the Secretary of State will be interested in the suggestion that when we bring new people to this country we do not cast them on the mercy of a community or make it necessary for a few friends or relatives to care for them. When we bring them to this country we should bring them into a nationalization centre where they can learn something of our institutions and the growth of a democratic state, where they can learn to appreciate the way of life which we live, and learn to love our country as we love it.

Mr. ROSE: What I wish to speak about now is not mass immigration, because we all agree that our first responsibility is to the men overseas. Until they are back and settled in jobs, and we know exactly what Canada's economic position will be, it would be very hard for anyone to say that we should open our doors wide and let everyone come in. I want to speak more specifically about the people who suffered most as a result of Hitler's barbarism; that is, the Jewish people. I do not believe any hon. member can speak with more feeling about this matter, because I was born in a city in Poland, and I know the exact spot where a million and a half Jews were murdered by the nazis; that is, at the Maidanek camp in Lublin. Therefore I feel much more strongly about this matter than most hon. members, who have only read about it.

The Ottawa *Citizen* of this evening, telling about the Nuernberg trial of the twenty-one top leaders of Hitler's gang, states that six million Jews were ruthlessly slaughtered in the nazi campaign of extermination, according to the figures of the German secret police. Some Jews saved themselves in almost miraculous ways. They escaped from the camps; they hid their identity; they were saved by non-Jews. In these ways some of them managed to remain alive. They are not in the best of health; as a matter of fact they are very weak, having gone through hell, and I cannot find any more polite word to describe it. Some are still kept in concentration camps in the American and British zones. The other day we heard Mrs. Lorna Wingate, the widow of General Orde Wingate of Wingate's raiders, who made a very strong plea on behalf of the Jewish people to about one hundred members of this house. She also spoke in the city of Toronto where, in referring to the Jews in camps in western Europe, she said:

> These Jews are living ghosts . . . They have gone through hell and have come out the other side. Their home is a concentration camp where the bones of their brothers and sisters lie buried in a few feet of earth. They are fenced in as they were when the Germans were their masters. Their food allotment is less than the Germans who stare at them from outside the fence.

I am not asking that we bring to Canada all those left alive in Europe, but I am appealing particularly on behalf of those who have in this country relatives who are willing to bring them here and look after them, without taking a single job away from anyone. I have here some appeals coming from such people in western Europe. Here is a letter from one who was a lieutenant in the Polish army. He was taken prisoner by the Germans in 1939 and liberated by the Americans. His parents live in Montreal and are citizens of this country. He writes to them in English, as follows:

> Six years captivity may achieve very, very much! I have got used to many things; above all to endure every injury, to submit to all decrees of fate, and to persevere in patience. But day goes after day, and the years are fleeting. . . . The most irritating and painful problem now is the open question—what to do, whither to go?

He concludes by appealing to his parents to bring him to Canada. A permit was issued to this man allowing him to come to this country in 1928, but now he is told that he may not come. He had a wife and child in Warsaw. They are dead. He has no one but his parents and other relatives who are in Montreal, but he cannot come here because the department tells us that there are no ships. I insist, however, that Portuguese ships would bring these people here if their relatives were permitted to arrange passage for them. Here is a letter from a girl eighteen years old, written through the Red Cross. She says:

I was five years in a concentration camp in Auschwitz—

And Auschwitz camp, according to the evidence reported from Nuernberg to-day, is the place where a million and a half people were murdered.

—and have nobody in the world only my uncle. I beg you very much for an answer.

Well, she can get no answer because under present conditions there is a strict ruling in effect even against these people who have lost their families in Europe and have relatives only in Canada. None of them ever helped Hitler; they were always his greatest opponents; they have suffered most at his hands; yet to-day they cannot come to this country.

I wish to make an appeal on their behalf. Even before the next session of this parliament something must be done to give a spark of hope to people who cannot think of returning to the places where their relatives lie dead as a result of barbarous treatment and murder. Our humanity should be such that we would give these people an affirmative answer and say, "You can come to Canada. We will do at least this much to make up for the suffering you have gone through."

Mrs. STRUM: I wish to say just a few words on behalf of a specialized group of those who have suffered from the dislocation of Europe. I believe some very fine ideas have been advanced to-night, but I also believe there are a few things which are quickly forgotten in connection with this whole situation. We have just finished a dreadful war. While that war was in progress we said to those people, "This is your war and ours, and it will be your victory and ours." Then the shooting stopped; the papers were signed, and we came to the parting of the ways. They went on to hunger, exposure and disease; we returned to warmth and prosperity. But I submit, Mr. Chairman, that this is our peace; this is our joint victory and our joint responsibility. We who are more prosperous now than we have ever been, because of war, cannot disown these brothers in arms who gave their lives, their children, their homes and everything they had in the cause we supported. These people who joined underground movements and deliberately destroyed their bridges, their shipping, their railways, their factories and their resources, believed that when peace came we would restore these things which they so cheerfully sacrificed. We whose national income was tripled during the war now grudgingly vote them one per cent of it. I think our contribution to UNRRA is shamefully small; and I believe that the attitude we have adopted so far in regard to the victims of this struggle is unworthy of this great country.

One group deserves special consideration, and for a moment I am going to talk about the children of Europe. Recently I had the pleasure of talking to several persons who came a short time ago from that unhappy continent. They tell us that there are various groups who need to be sorted out, before we shall know exactly how many there are. Then there are the orphans of Europe, those whose parents died in concentration camps, in slave labour camps, and those children who have been orphaned because their parents were actively engaged in the underground movement. Those children have given everything.

Then there are the unhappy children who are the result of the dislocation of war. A very fine Quaker lady told us a week or so ago that in Norway, alone, there are thousands of children born of German fathers, who are considered to be a blot and a reproach. They are the unwanted children, the result of the invasion, and Norway now would like someone to take them off their hands. These are the unhappy by-products flowing from the dislocation and upheaval of war. We cannot ignore them. We who gained so much cannot say now that the war is over, "this is Canada; this is our country, and we have no further obligation." We cannot do that sort of thing.

I am pleased that there are those in every group in the house who are prepared to rise in their places and say that they will not be a party to any action of that kind. The children of Europe to whom we could give shelter would not compete in our labour market, nor would they be a charge on the government. In a radio broadcast I delivered a few weeks ago I spoke to the people of my constituency, and the people in the surrounding area. This was a speech delivered in the "Report From Parliament Hill" series. In my broadcast I asked those people to write to me letting me know whether they knew German families who would take German children,

Polish families who would take Polish children, or people from other European countries who had come to Canada, who are now Canadians and who would be willing to accept children from various parts of Europe. I was delighted with the response. I have received letters every day from people who are only too anxious to help, and who are waiting for us to open the doors so that these children may be let in. I have here a letter from a young doctor and his wife, who is Scottish. They have a child of their own, and they ask now for a Polish child, because they say that the Polish people suffered more than any others.

Then, I have figures here to show what Great Britain has done. Let us remember that Great Britain has always been overcrowded, that it is one of the most heavily populated countries in the world, and that a third of her homes were either damaged or destroyed. But in the midst of scarcity, privation and overcrowding, this is what Britain did, as described in a speech by Mr. Anthony Eden in the British House of Commons in December, 1943:

> As regards our own country since May, 1940, all of it a difficult period for us, we have taken some 60,000 non-British refugees and they are still coming in at the rate of about 800 a month. Great Britain is continuing to give accommodation to displaced persons.

As was stated recently by the hon. member for Vegreville, they are allowing non-British people who are now resident in Great Britain to accept their relatives, and to give them homes in that country. I hope we shall not wait for the next session of parliament to set up a committee. I hope that we who are so comfortable, so callous and so smug will open our hearts and begin to make preparations, so that when these children are sorted out and are made available we shall be in a position gladly to accept thousands of them. Our Canadian homes are waiting to take them in.

Mr. JAQUES: I wish to make only two or three remarks. It seems to me there are two ways of looking at this question of immigration. One, of course, is from the point of view of relieving the distressed in Europe, and the other way is that of looking at the question from the point of view of benefiting Canada. I am not one who believes that merely by bringing in immigrants Canada automatically will be benefited. We have had a lesson of that in the past. If Canada is to benefit from bringing in more immigrants, then I feel that we shall have to make conditions in Canada such that the immigrants will be glad and willing to stay after they get here.

That cannot be said of the past. I have been in Canada since 1901. I do not know the number of people who have come here during that time—it would run into the millions, I suppose—but I do know that in the same time very nearly as many people have left Canada because they thought the United States and other countries offered greater opportunities.

Therefore it seems to me that apart altogether from the humanitarian point of view, if Canada is to benefit by having more immigrants, then we certainly shall have to see to it that after they get here they will be able to find opportunities and to maintain a standard of living which will induce them to stay here, and which will not encourage them to look abroad for somewhere else to go, as they have done in the past.

Mr. ZAPLITNY: I do not wish to speak at length, but this is a matter of great importance and I should like to say a few words about it.

I want it to be clear that in approaching this question of immigration I am not unmindful of the fact that Canadian service personnel and war brides should receive first priority in the matter of entrance to this country. We do not ignore that necessity.

However, when that situation has been relieved to the point where some people can be allowed into Canada, may I point out that there are a few things requiring consideration. There are immediate problems, and long-range problems and policies.

The immediate problem seems to be that of finding ways and means of helping those millions of people in Europe who have been roaming up and down from one country to another, and who are classified as displaced and sometimes as stateless people.

About a week ago I attended a lecture in Ottawa addressed by Mr. Edward Cahill of Boston, Massachusetts. This gentleman was in Europe not long ago, and he had seen at first hand something of the problem of displaced persons. I am sure that any other hon. members who heard him must have felt much the same way as I did. Some of the experiences he described were sufficient to give one the creeps. Among other things he said that there were anywhere from 20,000,000 to 30,000,000 people in Europe to-day who could be classified as displaced. They find themselves in the position where they do not know how they are going to live through the winter. In fact, he predicted that unless something unforseen and almost miraculous is done there will be hundreds of thousands and perhaps several million who will not see the spring.

He pointed out also that malnutrition has advanced so far that there are hundreds of thousands of people in Europe who, even though they are fed the best of food for the rest of the winter, will still die of starvation. I am told by my medical friends that when malnutrition reaches a certain stage it becomes a sort of disease which mere food will not cure. In other words, there are thousands of people who are already doomed to death.

What about those who can still be saved? I believe we should be able to receive a certain number of these displaced persons or refugees. I say that because of what other speakers have said about Great Britain. We have a lesson to learn there. If a country like Great Britain, which has suffered far beyond anything that we can imagine, is still able to extend her hand to her neighbours and welcome them, surely we in this country who are so well off in proportion should be able to do a great deal more.

Let us not be afraid of accepting refugees. There has been a great deal of speculation in this country about that question. Let me refer again to Great Britain. One reason why Britain became great is the fact that she was always tolerant and broad-minded when it came to political refugees. She has always been ready to open her doors and allow freedom of expression for those from other countries. The Flemish weavers and the Huguenots and others brought new skills and a new outlook that helped to build Great Britain to what she is to-day. I believe there is room in Canada for new skills and new aptitudes and perhaps new points of view.

I wish to make this clear, because unfortunately I have been accused lately by certain people of advocating the bringing into this country of nazi collaborationists. Anyone who has heard what I have said in this chamber can say that is not true. Let me make it perfectly clear that I am not advocating and never have advocated the bringing into this country of nazi collaborationists. I am one of those who denounced Hitler and Mussolini publicly many years before the war, at a time when some of these accusers of mine thought they were pretty fine fellows. I wish to make it perfectly clear that I do not want nazi collaborators in this country. I make that statement definitely, emphatically and without reservation. I hope that will be clear enough.

I want to see people in this country, regardless of where they come from or what their nationality is, who believe in the principles of democratic freedom. I believe we shall find among the refugees of Europe some of the best democrats in the world. The fact that they have found it necessary to become refugees, to get away from totalitarian rule, proves that they have the principles of democracy and freedom so deeply in their hearts that they were willing to suffer privation in order to preserve them. So much for the immediate problem.

Then a word as to the long-range policy. I should like to point out that there definitely is room for expansion in this country, and I should like to give a few figures to illustrate what I mean. In 1851 there were in this country 2,312,919 people; in 1941 there were 11,506,665 people, an increase of about 9,000,000. Of that number, over 6,000,000 were immigrants. Roughly speaking, two-thirds of the increase between those two dates was made up of immigrants. I do not know what the target should be for the future; I do not know what we should aim at or what we want our population to be at any given date, but from those figures we can see that there is certainly room to carry on if we are to have an expansionist attitude in this country.

The attitude of labour and of the veterans on this question is quite clear. I wish to put that on the record, because it is important to make it clear that anything I may say to-night or at any time is not intended to clash with the views of organized labour. We in this group have always tried to look after the interests of labour. I should like to put on record the attitude of the Trades and Labour Congress and the Canadian Congress of Labour toward immigration. First, I should like to read a resolution adopted by the Trades and Labour Congress of Canada at their 1944 convention, reading as follows:

Whereas there is a demand in some quarters for a softening of the restrictions on immigration to this country;

And whereas the war in Europe has created a terrific refugee problem in connection with the mass flight of hundreds of thousands of innocent victims of the nazis;

Therefore be it resolved—that Canada's Immigration Act be revised to make it possible for Canada to do her share in granting refuge to her full quota of refugees;

And be it further resolved—that a policy of accepting immigrants into this country be pursued so long as such policy in no way adversely affects living standards or the welfare of our present Canadian population.

The following is a resolution passed by the Canadian Congress of Labour at its convention held in 1944:

Be it resolved that the Canadian Congress of Labour in convention assembled request the dominion government to institute a concrete plan of immigration during the post-war period, without any danger of displacement of present labour, and along the following plan:

(1) The selection of immigrants whose personal training and qualifications will permit them to be used in the development of the sections of Canada that are not being fully utilized, as well as in new developments of industry for which they are fitted.

(2) The acceptance of only those immigrants who are able to pass a reasonable health examination.

(3) Every possible assistance to be given them in developing and maintaining a standard of living comparable to that existing in the dominion at the time of their arrival.

I should like to place on the record the attitude of the veterans as outlined in the publication *Canadian Veterans*. This article reads:

One thing is certain: that no intelligent Canadian can possibly expect that the open spaces of this dominion are going to go unpopulated long in a world where people are starving for want of arable soil—a world in which all sections are neighbours within a day's journey of each other.

Sooner or later those spaces are going to be filled. It is up to us, just as soon as our veterans are settled, to eschew any dog-in-the-manger attitude that may exist, and to spread out arms —judiciously—to immigration.

The attitude of those three organizations is fairly similar; they are in favour of an immigration and expansionist policy as long as proper safeguards are taken to make sure that the interests of organized labour and the discharged veterans are not affected. That is the attitude I am taking to-night and that is the attitude of our group.

I agree with what the hon. members for Spadina and Trinity said about the necessity of having a committee on immigration. I should like to add to what they said by suggesting that when this committee is set up it should receive advice from representatives of labour and agriculture, and from the professional groups, so that it will receive the representations of all the different classifications and occupations in Canada.

I was interested in hearing what the hon. member for Wetaskiwin had to say about immigrants coming to Canada but not remaining here. That is true. I have figures here from the Canada Year Book which show that six out of ten persons who came to Canada as immigrants left for some other country, the greater part of them going to the United States. The reason for that is fairly obvious. If the people who come here cannot find what they are seeking; if they cannot find occupations that will give them a good standard of living, naturally they will go where they can find what they want. I believe that in that connection our immigration will be tied up with our economic system. If we adopt an economic system based on a policy of expansion, of making the greatest possible use of our natural resources, it will be possible for us not only to keep up a high standard of living for our people at present in Canada but also to admit thousands more. If, on the other hand, we adopt a policy of contraction; that is, if we allow ourselves to drift back to the system in the years of the dark thirties, then it will be a question not of immigration into this country, but of emigration to somewhere else.

Mr. GAUTHIER (Portneuf) (Translation): Mr. Chairman, I shall be brief in the remarks I have to make. May I say, at the outset, that the note I shall strike to-night will not be in complete harmony with the concert you have just heard in support of immigration.

Some hon. members advocate a fairly massive immigration, others would favour a less extensive immigration, and others still merely want this country to look with compassion upon those who have most suffered in all countries of Europe.

I must state at once that if sometimes certain members of this house are compelled to take a stand that appears somewhat radical on some matters, they do not do so because they hold radical views but quite often in order to oppose a theory implying the promotion of various projects which are not in keeping with our needs and especially with existing conditions.

As I said, if I am striking to-night a note which is not quite in harmony with those you have heard so far, it is not because I wish to ostracize any nation or race. Far from it. I have enough Christian feelings to sympathize with any people in their hardships, but my Canadian spirit is also sufficiently deep to prevent me from forgetting the plight, —if that word is not too strong—of my own country while commiserating with other unfortunate people.

It is true that in other countries hardships have been suffered, that children were massacred and that a number of men and women have spent months and years in concentration camps, but it is also true that Canada has done her share to alleviate all those hardships. It is true that hundreds of thousands of our soldiers have left Canada, whether in the air force, the army or the navy, in order to join in the fight against ideologies that were too wide-spread, not only in Europe but in many other countries, and which had become deeply-rooted in the minds of some people. It must be remembered, however, that Canada has sent overseas a large number of troops in addition to the billions which we have sent to the continent to help the people of those European countries. Further that we continue, through UNRRA, to help relieving the sufferings of those countries.

I understand that some families may wish to adopt young children who have suffered while they were in Europe, but we must remember that in our own country there are children who also have suffered and who are still suffering; some fathers have left their families to go to war and they have not returned, and their children are now orphans. Others went overseas and have returned seriously wounded or crippled for life; thus, their families, although they may not be in dire need, cannot live in the comfort which they had the right to expect.

We must not forget that we are also faced with the problem of our returned men. I was a member of the committee on veterans' affairs, and I have seen members of all the groups in this house take part in all the discussions and study, in a practical and intelligent manner, the problem of the Canadian veterans. And until this problem has been settled, and as long as our law makers refer to repatriation, relief for our veterans, land settlement, there can be no thought of adopting an immigration policy which would but add to our difficult and urgent problems and would complicate conditions in our country.

Hence, Mr. Chairman, even if I may appear somewhat radical—I have already been referred to as such, but this does not worry me—it is because I believe that any government, or any country whatsoever, must be possessed of a nationalist feeling, even if this word may shock some of the hon. members present, and I mean that we must think of our own country first.

I do not think that anyone could say that Canada has been guilty of selfishness during the war. I do not think we should open our doors wide to immigration for we already have enough important, urgent and difficult problems to solve.

An hon. member has suggested a committee on immigration. I would like to be a member of it so as to make a thorough, intelligent and appropriate study of the matter.

Those who are here to-night and who have studied world history, know that it is impossible to prevent, in any part of the world, the migration of populations from one country to another. This fact is generally recognized. However, no member of a legislature, whoever he may be, whatever group he may belong to, whatever school of thought he may follow, may abstain from requesting the government he supports or opposes, to be very careful in the selection of immigrants. The immigration officers can never be too strict, for it is only after an immigrant has lived in his adopted country, that it is possible to judge him on his merits.

[Mr. P. Gauthier.]

It may well be claimed, it is true, that the young refugees we may bring into our homes by thousands or hundreds of thousands, will not immediately become public charges. No immigrant, moving from one country to another is exempt, on his entry into his adopted country, from the supervision prescribed by the law of the land and from a special attention on the part of the authorities; by this fact, he plays a part in the shaping of social measures which become ever more numerous and more important.

This is the reason why I rise to my feet to-night. It is not that I wish to sound a false note in this debate, not that I wish the people of Canada to believe that I am irremediably opposed to any immigration policy, but rather that I wish to point out, before we throw our doors wide open to immigration, that we should give some thought to our own interests and to the settlement of our domestic problems, for we must prevent the recurrence of extensive unemployment, which might indeed well prevail after the war.

I therefore hold the view that we should first think of our young children, of our incapacitated soldiers and veterans. Once their case is settled, there will be nothing to prevent us from surveying the situation and implementing a policy not of the open-door but of restricted immigration, insisting on the most careful selection of the immigrants which are to be allowed to enter our beautiful Canada.

(Text)

Mr. STEWART (Winnipeg North): How many refuges have been admitted to Canada since January 1, 1940?

Mr. GLEN: I cannot furnish the exact figures as refugees are not classified as such in immigration statistical compilations.

Mr. STEWART (Winnipeg North): I am sorry, too, that I cannot get the information. I think that if we did get it I would find myself in disagreement with the hon. member for Spadina who congratulated the government on its large-heartedness and benevolence in bringing refugees to this country. I suspect that our record in that regard has been shameful. We did an extraordinarily poor job and not one which redounds to the credit of Canada. I have made my views on the immigration department known in the past and I will not reiterate them here. I have said that on the admission of the department itself immigration into this country was on the basis of race. I said then, and I repeat now, that that is a fascist conception, and at Nuernberg to-day we are trying men for their lives for practising those very things

which we have practised in the past. I should like to have some assurance from the minister that this vicious system will stop and that whatever immigration there is into Canada will not be on the basis of the phobias of people but on the merits of those who desire to come into the country. I should like very much to get an assurance from the minister in that respect.

Mr. GLEN: The hon. member asks me to declare what may be the policy of the government with regard to immigration. There can be no announcement at this time of any long-range immigration policy. As has been stated by several hon. members, the first duty of the government is the repatriation of our service personnel with their dependents as well as their reestablishment. Whatever policy is evolved, I can assure the hon. member that the same will be subject to discussion in this house and the hon. member will have an opportunity then of expressing his point of view with regard to the same.

Mr. STEWART (Winnipeg North): I am glad to have the minister's assurance that any rules and regulations which may be drawn up later will be discussed in the house. I should like him to understand that I do not hold him responsible or culpable for what has happened in the past. I simply wish to impress upon him that, on the admission of the department, entry into Canada has been on the basis of race, which I consider scandalous. I am not asking for a declaration of government policy when I ask a minister of the crown to say that such a wretched situation will not prevail in the future. This is a principle of democracy which must be preserved.

Item agreed to.

Indian Affairs Branch

178. Fur conservation and development of native crafts, and to authorize, subject to the approval of the governor in council, the appointment of such extra temporary officers, clerks and employees as may be necessary for the purpose of this item, $150,000.

Mr. McLURE: What is the extent of fur conservation?

Mr. GLEN: I have placed on *Hansard* a factual statement with regard to fur conservation throughout the country.

Item agreed to.

Mr. GLEN: There are supplementary estimates which have been distributed, and there are no new principles involved in them. They are simply amplifications of votes already discussed in the house. The votes were calculated during war time and since then have been amplified. With the consent of the committee we will go ahead with them.

Mines and Geology Branch

486. Bureau of geology and topography administration and miscellaneous services—further amount required, $2,400.

Mr. BRACKEN: I wonder if it is fair to ask us to deal with supplementary estimates now when they have just been tabled. Is there not ample opportunity to deal with other estimates, so that we may have a chance to look at these?

Mr. MACKENZIE: We are dealing now only with those of the Minister of Mines and Resources. He is leaving to-morrow for the west.

Mr. BRACKEN: I withdraw the objection.

Item agreed to.

Indian Affairs Branch

508. Grants to agricultural exhibitions and Indian fairs, in the amount detailed in the estimates—further amount required, $400.

Mr. BRACKEN: Can the minister explain this?

Mr. GLEN: There is an annual vote for a number of agricultural exhibitions, and this is one fair which was not included in these votes. This is for prize money given at that fair for Indian children.

Item agreed to.

DEPARTMENT OF TRANSPORT

549. Departmental administration, $434,101.

Hon. LIONEL CHEVRIER (Minister of Transport): There are several questions which were asked some days ago when my estimates were up. The hon. member for Lake Centre asked one or two, and there were others asked by some other hon. gentlemen. With the permission of the committee I will put the replies on *Hansard*. The hon. member for Lake Centre asked: How many permanent and temporary employees in the Department of Transport receive war duties supplements? The answer is, 708, including air services division. Another question was: How many employees were seconded by other departments to the Department of Transport? The answer is, four. Another question was: How many reclassifications have been made and what is the increase resulting therefrom? There was a total number of reclassifications of 1,327. The total cost per annum was $227,700, and the average annual increase to each employee was $171.

The hon. member then asked: What was the basis upon which decisions were made as to who shall be entitled to war duties supplements and reclassifications. War duties supplements in my department are paid to those employees who have assumed substantially increased duties and responsibilities directly related to the war effort and to those who assumed the full duties of higher classified employees on military leave.

To arrive at the amount of the supplement, the department reassesses the position in the light of the additional duties, and the amount of the supplement recommended is the difference between the employee's existing salary and the minimum salary rate of the class to which reclassification would normally be made. The recommendation with ministerial concurrence is then submitted to treasury board.

In the Department of Transport, including air services, a total of 708 employees were granted war duties supplements. Forty-nine recommendations were not approved.

Reclassifications in the Department of Transport fall into the following two categories:

1. Employees in classes of grade 1 or lower —office boys, clerks, typists, et cetera—when their names were reached on the civil service commission eligible lists as a result of competitive examinations, were recommended for reclassification to the next higher grade if their duties warranted same.

2. Employees in divisions of the department designated as war units by treasury board. Units so designated are merchant seamen manning pool, controller of transport, and war-time construction division of air services branch. These new divisions were subject to constant and rapid expansion and, as from time to time employees assumed duties greatly in excess of their original classification, they were recommended for higher classification.

The hon. member for Peterborough West asked a question about weeds in the Trent canal. The reply is that the department removes weeds in the main channel, but not opposite approaches to private docks.

Mr. BRACKEN: May I just say one word with respect to the estimates of the Department of Transport. I do not think we shall have to ask for much in the way of information, but in view of the absence of some of our members I would suggest that the first item be allowed to stand.

Mr. GREEN: There is one matter that I should like to bring to the attention of the minister. It has to do with the port of Vancouver. As the minister knows, the port is operated by the national harbours board. There seems to be some question in the city about the operation of the port. Of course it is on the Pacific and therefore presents problems quite different from those of the Atlantic ports. The suggestion is made that the interest on the bonds is too high. The minister will correct me if I am wrong, but I believe it is five per cent.

Mr. CHEVRIER: That is right.

Mr. GREEN: Another suggestion is that arrangements could be made to have the bonds refunded locally at a much lower rate, so that the port would not be paying such a high rate of interest. It is also suggested that the capitalization is too high, and that the cargo rates which are levied, I believe, on all tonnage passing through the harbour are a drawback, at least at their present amount.

When these ports were taken over by the national harbours board some of us felt that there was a danger of getting too centralized control; that the ports would get away from the initiative and the great interest that would follow from some form of local supervision. I believe that we have now come to the time when the weaknesses in this centralized policy are beginning to appear. I would remind the minister that in 1931-32 a survey was made of the ports of Canada by Sir Alexander Gibb. With regard to having some local share in the operation of the port Sir Alexander Gibb had this to say, which is found at page 31 of his report:

> It is essential to avoid emasculating the local administration, since no centralized control can replace an efficient and active local administration, or the special knowledge and initiative of the local business community, both of which are vital to a port's prosperity. For this latter reason I strongly advocate a local advisory council.

So far as I am aware that recommendation was never carried out in any of the ports. I continue:

> There are very many aspects of port working which such a council can properly care for, such as the representation of the interests of private wharf owners, of local merchants and distributors, of local consignees and exporters, of the labour view and of the attitude of boards of trade, chambers of commerce, corn exchanges and other such trade organizations in addition to shipping.
>
> It serves very usefully to identify the community with the port; and to secure the support and interest of local members of parliament, the city council, or provincial government in schemes, and so anticipate and meet criticisms from any such quarters, or action that might be prejudicial to the port.
>
> It is invaluable in exploring the possibilities of local markets, in carrying out advertisement and propaganda and in cooperation with interests likely to promote industrial develop-

ments. Finally, a local council provides a useful check on the tendency of more or less permanent officials to become stereotyped or arbitrary.

The port manager would be ex-officio chairman of the council, which would meet regularly and be consulted on all such matters as proposed developments, alterations in rates, important changes in operation. The members of the council should have the right of initiating discussions on matters of policy affecting the port, on any complaints raised by users of the port, and on questions of rates, charges, et cetera; but not on any purely executive matters, and they would have no executive duties or powers.

The advisory council's proceedings and recommendations would be submitted to the central authority, and they should have the right of direct access to the central authority, but not to any other department of government.

There was no point in raising any of these questions while the war was on, but we are now facing a period of expansion, a period when there must be more interest taken in our ports. The fact that Vancouver is a port is the greatest asset of that city. It is the main Canadian port on the Pacific. There will be an immense trade across to the orient and to Australia and New Zealand if proper policies are followed. I suggest that within the next few months consideration should be given to the question of whether or not the port of Vancouver, and perhaps the other ports in Canada, are being handled in the most efficient and modern way.

The national harbours board have done good work; they have a very difficult job. But I suggest that the time has come to look over the whole situation and to stream-line the operation of our great ports. Would it be possible to have an investigation made with regard to the port of Vancouver? I suggest that the minister should go out there at the first opportunity. He has not been west since his appointment. Perhaps he could do so between the end of this session and the opening of the next.

Mr. CHEVRIER: The hon. gentleman has raised four questions. I shall deal with them briefly. The first had to do with the rate of interest on the debenture debt. I am not prepared to disagree with him on the rate. I may tell him that the national harbours board is considering the revision of it. No decision has been arrived at, but as soon as it has been reached, it will be announced.

With reference to capitalization, that is another problem which is continually receiving the attention of the board. I am not in a position to make any announcement on that.

With reference to cargo rates, they are being studied at the moment, and they may or may not be revised in accordance with whether there is a reduction in the interest rate of the debenture debt. Sometimes it is the policy of the board and of the government to refund a series of debentures which come due at a certain date by borrowing the money on certificates of indebtedness and reducing the rate. Whether or not that will be done I am not in a position to say.

With reference to more local share in the operation of the port, I should say to the hon. gentleman that in large part that is the work of the port manager. Generally speaking, the port manager is a man who is taken from the community. He knows the circumstances; he is in contact with boards of trade, chambers of commerce and city councils. He has a local knowledge of the situation, and the national harbours board works with him. I am not prepared to say that what is suggested in the Gibb report is not a better conclusion, but at the moment that is the policy of the board. As far as a visit to Vancouver is concerned, I shall be happy to make one at the first possible opportunity.

Mr. GREEN: The minister perhaps has not recently studied the recommendations made by Sir Alexander Gibb—

Mr. CHEVRIER: I have read the report.

Mr. GREEN: —with regard to local advisory councils. We have a very good port manager in Vancouver; I am not for a moment complaining about his work; but Sir Alexander suggested that councils should be set up which would take a direct responsibility in the administration of the ports. It is not a matter of the port manager meeting people; he does that now, and is very good at it. It is a matter of giving some responsibility to the various groups who are interested in the operations of the port. I would suggest that between now and the opening of next session the minister give consideration to making provision for the setting up of some sort of local advisory council. I think it would result in more efficient and particularly more up-to-date and keener administration of the port. Local issues are coming up all the time and, particularly with a port as far removed from Ottawa as Vancouver, the men here cannot be expected to keep in touch with such developments. I suggest that there should be some local men who would have a direct responsibility for seeing that our port is used to the best advantage.

Mr. MACDONALD (Halifax): I had not thought we would come to the national harbours board until later, but inasmuch as the hon. member for Vancouver South has brought up the question of our national ports I should like to say a few words. In the first place, I

would invite the minister to come to Halifax and see a great port. He has been there before, I know, but not since becoming Minister of Transport, I was in Vancouver two or three weeks ago, and I told the hon. member for Vancouver South that I was very much impressed with the facilities I found out there and also with the development at Esquimalt. Recently in Halifax we had a visit from the chairman and another member of the national harbours board. The chairman had been there a few months previously, and at that time he told us that the work of the port of Halifax in war time had been outstanding and beyond the most optimistic hopes of the members of his board. He informed us that no less than 56,780 ships had entered and cleared the port during the war, which represented an average of twenty-six a day.

No doubt the members of the board have had their thoughts and energies directed to war activities, and for that reason during the war years very little was done in the way of modernizing or developing the port facilities at Halifax. This whole question was recently brought to the attention of the Canadian people when the owners of the *Queen Elizabeth* objected to Halifax and, instead, sent the ship to New York. Their objection was that an element of danger existed in wintertime if a southeasterly gale developed while the ship was lying at her dock in the harbour. Captain Bissett, the master of the ship, is a highly qualified master mariner, familiar for many years with conditions in the port of Halifax. It is true that the Canadian government made strenuous efforts to have the *Queen Elizabeth* go to Halifax, but the owners decided to accept the views of her master. Of course she is an exceptional ship; exceptional in size and draft and also in the very large area necessarily exposed to the wind. The owners decided to follow the advice of their experts. But experts give opinions, while facts are facts. Sometimes experts are wrong, and it would be very difficult to convince the people of Halifax that the experts were right in this case. They would be inclined to agree with the officials of the Department of Transport, who expressed the opinion that Halifax was quite a safe port for the ship to enter and dock. However, the British ministry of transport decided to accept the decision of the owners, and this decision has, I think, served a useful purpose in bringing to the attention of the people of Canada the necessity of modernizing the facilities of the port of Halifax, or perhaps I should say the necessity of creating the most modern facilities at that port, for I doubt if to-day it is sufficient to modernize facilities which were developed there at a time when no one contemplated ships the size of the *Queen Elizabeth*. It is not a case of constructing a new breakwater or extending an existing breakwater. I do not attempt to say what should be done, but Halifax must be a port where the largest British ship can lie in safety, and where no marine expert will be able to question the adequacy of the facilities.

The situation to-day is that, apart altogether from any developments made necessary by the action of the owners of the *Queen Elizabeth*, many other facilities have to be provided in order that Halifax will be able to compete on even terms with the great Atlantic ports of the United States. A few moments ago the hon. member for Vancouver South mentioned the Gibb report. It is true that this report contained a recommendation that advisory committees be set up at the national ports, and that this recommendation was never implemented by the government. Twenty years ago we had a famous report made on maritime rights, the Duncan report. The commission headed by Sir Andrew Duncan recognized that the development of a port was as much a matter of mechanical and technical equipment as was the development of any extensive manufacturing or industrial business; and in their report they recommended that port facilities at Halifax and Saint John should be developed on such a scale as to create channels through which trade could expand both winter and summer. They recognized that such developments were necessary if our maritime ports were to be able to compete on anything like equal terms with the ports of the United States.

I must say that central control of our national ports has not been wholly a success. One result of central management is that a national port such as Halifax is not able to go out after business in competition with another national port. That being so, I submit that it is the responsibility of the board and the government to see that business is directed to our national ports in something like fair proportions.

There is another consideration that should be kept in mind. In the house we have supported and approved proposals that our government extend credit to allied nations to enable them to purchase food and commodities in this country. We cannot control the movement of foreign ships, but I submit that we can at least insist that all goods shipped out of Canada for the relief of allied nations, or goods purchased in this country on the credit of Canada should go to our Atlantic national ports.

I do not wish to take up further time this evening, because the committee is anxious

to finish the estimates. However I suggest that in respect of our national ports there are two considerations which should be kept in mind by the national harbours board and the government. One is that all Canadian products which are bound for Europe should be shipped in the wintertime, through our own Canadian ports, if they can be taken care of by those ports. The second is that full use should be made of the facilities of our maritime national ports in the summertime as well as in the winter. The government has the means as well as the obligation to see that these suggestions are carried out and this transitional period is the time to resolve that it will be done and to plan accordingly.

Mr. MACKENZIE: With the permission of the committee, and if there is no objection, with Mr. Speaker in the chair, I intend to ask consent of the house to do as we did last night; that is, to sit for an hour or so after eleven o'clock.

Mr. MacNICOL: From eleven o'clock to twelve o'clock.

Mr. COLDWELL: Until twelve o'clock.

Mr. MACKENZIE: Whatever the house feels like doing.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

SUSPENSION OF ELEVEN O'CLOCK RULE

Mr. MACKENZIE: Mr. Speaker, with the consent of the house I move:

That the house be not adjourned at eleven o'clock this day.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF TRANSPORT

Mr. TOWNLEY-SMITH: Reference has already been made by the hon. member for the Battlefords and other hon. members from the northwestern part of the dominion to the fact that there are two incomplete railways, one from Cold Lake to St. Walburg, and the other from Heinsburg to Frenchman Butte in Saskatchewan. Since these incompleted parts or gaps are both in my constituency, I feel I should add my voice to their request for consideration for the completion of these lines. Apart from the uneconomic condition of having these incomplete railways, and the complete absurdity of railways with gaps in the centre of them, it becomes evident at this time of the year that when people in that country run into difficulties on account of accidents or ill health, and have to drive anywhere from forty to sixty miles to a railway, that the need for completion is most evident. I would ask the minister to give favourable consideration to the completion of these lines as soon as possible.

Mr. CHEVRIER: Might I point out that I dealt with this subject at some length when my estimates were under discussion some days ago, and I do not think it is necessary for me to repeat to-night what I said at that time, namely, that consideration was being given, and that a committee had been set up by the Canadian National Railways to review this situation. A report has not yet been received.

The hon. member for Halifax spoke about the difficulty in connection with the *Queen Elizabeth*. May I assure him that officers of the Department of Transport, as well as those of the national harbours board were strongly of the view that the *Queen Elizabeth* could dock safely at Halifax.

He, and the hon. member for Vancouver South, spoke about advisory committees. When the national harbours board was set up it was not thought necessary at that time to give consideration to advisory committees. There may come a time when that will be necessary, but thus far it has not been thought advisable. When that time comes consideration will be given to what has been said.

The hon. member for Halifax referred to two further matters, the first of which was that all Canadian products be shipped in winter through the port of Halifax or the port of Saint John. At the present time everything possible is being shipped in the winter months through those two ports. Consideration is being given to the second matter raised by him.

Mr. MacNICOL: In addition to what has been said, may I point out the importance of connecting up those two railway lines. It is that of having a through line from Prince Albert to Edmonton. At present, if one wishes to go to Edmonton from Prince Albert, he has to go to Saskatoon, board the train there, and go through to Edmonton. It is important that at least one of these lines be connected through at the earliest possible moment, so that a passenger can go straight through from Prince Albert to Edmonton.

Mr. CHEVRIER: I agree.

Mr. MacINNIS: There is a matter I should like to mention to the committee. I

do not know if it comes under this item, but if the minister would hear it now I shall not take up his time on another occasion. I have before me copies of letters written to the minister by representatives of the British Colmbia seamen's union in regard to a large number of arrests of sailors on Park steamship boats on their arrival in Vancouver. I notice in one reply under date of November 6 the minister states that he has ordered an investigation to be made. Has that investigation been made and, if so, what is the result? Many of the sentences imposed have been severe, and the seamen's organization point to the fact that most of the arrests have been on ships with British masters, that very few have occurred on ships with Canadian masters. If the minister has any knowledge of that factor I should like to hear what he has to say. Before I sit down I wish to say that I cooperate with the hon. member for Vancouver South in his extension of an invitation to the minister to visit Vancouver.

Mr. CHEVRIER: I may be able to give the hon. member a reply in a few minutes.

Mr. MACDONNELL (Muskoka-Ontario): There seems to be a general impression abroad, which may or may not be right, that since railway construction has ceased, the duties of the board of transport commissioners have been lessening rather than increasing. I confess that I am surprised at the size of the staff and at the increase, although it is slight in this case. I should like to have a brief answer as to whether the duties of this board are increasing or whether we have a situation where an organization has been built up when it had many duties to discharge and then just sticks at that level.

Mr. CHEVRIER: If the duties of the board of transport commissioners have lessened in any way it would be because of orders passed under the War Measures Act. Order 92 of the wartime prices and trade board has to do with rates and the like, and to some extent it has curtailed the activities of the board. On the other hand, the board's activities have increased in other ways. During the war years the board has dealt with all sorts of applications and complaints with reference to rates, but always of necessity subject to wartime orders and regulations. It has been working in close harmony and cooperation with the transport controller because of the ancillary powers which the transport controller had during the war years. It has had duties in connection with the regulation and supervision of the carriage of dangerous munitions and explosives, and it has had jurisdiction over railways, canals, shipping, telegraphs and telephones just as it normally had. Ninety per cent of the applications and complaints are disposed of without hearings; the other ten per cent are dealt with by hearings held in various parts of the country. While its activities may have been curtailed by the war orders, I think the duties of the board have been as important and as necessary in war time as they were in peace time.

Mr. MACDONNELL (Muskoka-Ontario): I notice there is a director of traffic, two assistant directors of traffic and a director of operations. Would it be correct to infer that when the war-time controls come off their duties will lessen?

Mr. CHEVRIER: I would think their duties will increase rather than lessen.

Mr. MacNICOL: Is this the board to which would be presented the claims of the importers and mines in the Northwest Territories?

Mr. CHEVRIER: Yes.

Mr. MacNICOL: Since this matter was brought up in the house, I, and perhaps the minister and other hon. members, have been swamped with communications from gold mines and importers in the Mackenzie river valley. They are looking to the board for relief from the outrageous freight rates now being inflicted on the people trying to build up that country. Everybody there writes in complaining bitterly of what they have been up against. I would recommend to the minister that he instruct the transport commissioners to investigate this matter speedily. According to the Yellowknife *Blade* they are organizing up there and threatening more or less to set up their own government, which will see to it that they get fair play which they feel they are not getting now. As the minister himself stated a while ago, there is a freight rate of $30 a ton on oil. That is an outrageous rate, and even $20 a ton would be too much. Do not delay with this matter. There is no use in raising these people to a pitch where they cannot be calmed down easily. Some effort should be made to see that they are relieved of this condition so that this country can get along.

Item agreed to.

Marine Service—

356. Marine service administration, $15,542.

Mr. MacNICOL: There does not appear to be one item here to improve transportation facilities into the north country. I am in agreement with all these items, but I contend that the shipping facilities in the north should be improved.

Mr. CHEVRIER: I do not want to be too sure of this, but I think there is an item in the supplementary estimates, or, in fact, two items, dealing with improvements, replacements and repairs in the Northwest Territories.

Mr. MacNICOL: What are the numbers?

Mr. CHEVRIER: I am informed now that what I said a moment ago has to do with the regular estimates also. In both the main estimates and the supplementary estimates are items having to do with the expenditure of money in the Northwest Territories.

Mr. MacNICOL: On the Mackenzie river and the Athabaska river and the Slave river?

Mr. CHEVRIER: I am informed so, yes.

Mr. MacNICOL: Where? I am looking and I cannot find them anywhere. I might say I have been importuned by many up there to speak for them, seeing that they have no representative here.

Mr. CHEVRIER: In vote 360, aids to navigation.

Mr. MacNICOL: Yes. Now, where is there anything there pertaining to the Northwest Territories?

Mr. CHEVRIER: There is a substantial amount having to do with construction, maintenance and supervision of aids to navigation, including salaries and allowance to lighthouse keepers. That sum of money is broken down under administration, improvements, replacements and repairs, operation and maintenance. Under replacements and repairs there is the sum of $15,000 to be spent in the Northwest Territories and $4,000 to be spent in the Prince Rupert area; and under operation and maintenance, two other amounts, one for Prince Rupert, of $63,900, and the other in the Northwest Territories, of $7,388.

Mr. MacNICOL: I must inform the minister, first, that Prince Rupert is on the Pacific ocean and perhaps is not less than 700, perhaps 800 miles west.

Mr. CHEVRIER: I mentioned also the Northwest Territories.

Mr. MacNICOL: And secondly—I say this kindly; I am not finding any fault with the minister—the Northwest Territories start at parallel 60. One-half of the Slave river is south of parallel 60, South of Fort Smith, and the Athabaska river is wholly south of the Northwest Territories. I should like to know whereabouts in the Northwest Territories the minister has reference to. The item must refer to the Slave river north of parallel 60 and the Mackenzie river from northwest of Great Slave lake. Now, just where? I am sorry to be persistent, but I am swamped with letters from up there asking me please to try to do something for them. I want to help the minister; I do not want the people of that section of the country to come down on his head.

Mr. CHEVRIER: I cannot give the hon. gentleman the information now. I will try to get it in a moment or two.

Mr. BONNIER (Translation): Mr. Chairman, there is needed in my constituency an improvement which I have requested for a long time. When I was elected in 1938 the promise was made that a bridge spanning the Lachine canal would be replaced by a tunnel. The plans of that tunnel were even ready. The estimates had been prepared and they were voted for two years in succession, in 1938 and 1939. Then war came and the work was stopped. Now that the war is over, I hope that the government will bring relief to that population of over 100,000 who are trapped, as it were, and find it quite difficult on many occasions to cross the canal.

That bridge is the most difficult to cross of all those that span the Lachine canal, on account of the near-by locks.

When still at a distance of 300 or 400 feet boats signal for the opening of the bridge. The gates are then closed and traffic is quite often stopped for fifteen or twenty minutes. On one occasion, we even had to wait three or four days before being able to cross the bridge. It had been opened, but could not be closed because a boat had stopped alongside. Ice flows down in the canal from Lachine when the locks are opened. There is in the centre a pier that blocks the bridge, and the boat had stopped there. On that occasion we could not cross the bridge for three or four days.

It was because of those conditions that the government decided in 1938 to undertake that work. Mention has been made of another bridge, the Atwater bridge, where the traffic is, I admit, heavier than over our own bridge, but that bridge does not remain open as long as ours. There is no lock in the vicinity of the bridge; boats proceed at a good speed at that place and the traffic is not so congested as at Côte St. Paul.

I hope the minister will take all those facts into consideration.

We have even prepared a table showing the traffic on the bridge of Côte St. Paul. We have noted the number of vehicles, trucks, motor cars, pedestrians, bicycles which use that bridge. That was in 1938 and to-day the traffic is twice as heavy. That table shows the traffic from nine o'clock in the morning to

four o'clock in the afternoon. It does not take into account the time when the traffic is quite heavy, as in the morning at eight o'clock and even at seven, and in the afternoon after four o'clock, when it is still heavier.

Here is that table:

Traffic survey—Côte St. Paul Bridge
May, 1938

	Going North	Going South	Total
25 Automobiles	1,299	1,266	2,565
Trucks	674	671	1,345
Horse-drawn vehicles	62	50	112
Street cars	113	118	231
Motorcycles	16	15	31
Bicycles	224	227	451
Pedestrians	593	609	1,002
28 Automobiles	1,624	1,514	3,238
Trucks	855	809	1,664
Horse-drawn vehicles	46	30	76
Street cars	128	127	255
Motorcycles	30	18	48
Bicycles	302	327	629
Pedestrians	812	831	1,643

A number of motor-busses also travel over this bridge.

The construction of this tunnel would bring a great deal of relief to one-third of the population of Verdun who would use it. There are also a large number of vehicles coming from the south shore via Mercier bridge and St. Patrick street, which cross over this bridge, and which greatly increase traffic. The construction of this tunnel would greatly improve conditions and would put an end to the congestion which takes place at this spot.

I hope that some means will be found to carry out this work. Plans had been prepared and tenders were to be called for when war broke out. We were told: "It is impossible to undertake this work now on account of the war." The people have understood but now that the war is over the electors of my constituency are desirous of having this improvement carried out. I hope that the department will find some means of relieving this part of my constituency where this tunnel is so badly needed.

I have here a letter which I forwarded to the minister last month. In order not to delay the debate, in view of the late hour, I am willing to place this letter on *Hansard* with the consent of the house.

Some hon. MEMBERS: Very well, go ahead.

Mr. BONNIER: This letter reads as follows:

Ottawa, November 5, 1945.

The Honourable Lionel Chevrier, P.C., K.C., M.P.,
Minister of Transport,
Ottawa.

[Mr. Bonnier.]

My Dear Minister,

Re: Tunnel of Côte St. Paul, Lachine Canal, Que.

Plans for the construction of a tunnel under Lachine canal, between the locks and the Côte St. Paul bridge, were prepared and completed in 1939. As I stated in my letter of September 12 last, this bridge is the worst located of all those crossing Lachine canal, because of the locks which are only four or five hundred feet from the bridge. When ships are a thousand or fifteen hundred feet from the bridge, they whistle to have the bridge opened. The gates come down, the bridge opens and traffic stops; automobiles, trucks, motorcycles, bicycles and pedestrians are forced to wait on either side of the bridge for fifteen to twenty minutes and sometimes longer. Ships proceed very slowly and the same thing is repeated when they come out of the lock. Sometimes two ships meet near the lock and then traffic is at a standstill for half an hour. Frequently there are over 125 automobiles and other vehicles, as mentioned above, in addition to pedestrians, waiting to cross.

Attached please find the report of a traffic survey held in May, 1938, between eight in the morning and four in the afternoon. From four to six in the evening, it has been impossible to keep up the work, for during that period, there is a general confusion. It must not be forgotten that this survey was made in 1938 when unemployment was still extensive. You are aware that traffic has doubled in the course of the last six years.

On each side of this bridge, there are two permanent railway lines, that of the C.N.R., on the north, and that of the C.P.R., on the south. At this point, the Canadian Pacific has a large yard, starting at Church street, which runs from the entrance to St. Paul bridge in an easterly direction. East of the bridge are the switches over which both passenger and freight trains are made up and switched to the various sidings. Every time a train is transferred from one siding to another, the traffic is stopped on the bridge, a condition which prevails through the whole year.

Moreover, although I cannot be sure of the year, but it was in the fall of either 1935 or 1936, early in December, the bridge was completely closed to traffic for a period of four days. The ice that had jammed under the bridge prevented the passage of ships, six or seven of them being moored in the vicinity. Tugboats worked for three days, during which the bridge was open to traffic for only a few minutes. After all the ships had gone through, the ice was driven against the locks. We are threatened with the same condition each fall when the cold weather sets in and the ice begins to drift; then the bridge often remains open for half hours and sometimes longer, the ships stop facing the bridge and they have to be towed away.

The city of Montreal, as agreed, is still willing to give away the land necessary for the building of the tunnel.

I am convinced fifty per cent of the people of Verdun will be benefited by such a tunnel. Even a tramway line uses the bridge in its circuit from Verdun to the city. Another line goes through to Ville Emard.

At the last elections, Côte St. Paul and Ville Emard had 19,000 voters; if you multiply that number by four, representing the average family, you have a total population of 76,000. There is more: the traffic for Ville LaSalle, at the exit

of Mercier bridge, is still routed by Côte St. Paul bridge, which increases congestion to a greater degree and is a further argument for the building of the tunnel which has been under consideration for about thirty years.

I could supply other detail, but I know you have them in your files concerning the proposed tunnel. As projects have been promised for the post-war period, I feel that none would be more essential than the building of the Côte St. Paul tunnel.

I will see my two colleagues of the House of Commons who are interested in the building of the Côte St. Paul tunnel and I am sure they will support my request by letters they will send you.

I hope, dear sir, that you will give my request the best possible consideration and that a favourable decision on this matter will be taken before the end of the present session.

Your devoted servant,

J. A. Bonnier,
Member of parliament for Montreal-St. Henry.

N.B. This tunnel was promised in 1938 and part of the money required was voted during the session of that year and re-voted in 1939.

J. A. B.

(Text)

Mr. BLACK (Cumberland): Is the minister prepared now to make a statement in regard to the Canso causeway or bridge, and the improvement of the grades and alignment on the railway? I will not discuss the matter at length because it was dealt with fairly fully at a previous sitting. The minister said that he was not prepared to answer at that time but would do so later in the session. If it is convenient to him I should like to have the statement now.

Mr. CHEVRIER: Before I reply to the hon. gentleman, there are two or three questions which I wish to answer. The hon. member for Vancouver East asked a question about the arrest of sailors on certain Park steamships in Vancouver. He said that most of the ships had British masters. I am informed that the men were charged under the Canada Shipping Act with offences against certain sections of the act having to do with refusal of duty and other serious breaches of discipline. The nationality of the captain had absolutely nothing to do with the charges that were laid. The seamen were members of the Westbank Park, Bridgeland Park and Cromwell Park. So far as the sentences are concerned, they would not be under the jurisdiction of the Department of Transport. They are subject, I presume, to the ordinary jurisdiction of the magistrate or the police court that tried them, and I would have nothing to do with that.

With regard to the question asked by the hon. member for Davenport, there are two amounts in the estimates covering expenditures for the Northwest Territories: $22,388 in the main estimates and $29,700 in the supplementaries all having to do with aids to navigation in that area. I have the details, but they are lengthy.

Mr. MacNICOL: Do they pertain to dredging?

Mr. CHEVRIER: Transport has absolutely nothing to do with dredging; that comes under Public Works. We provide the funds for aids to navigation, buoys and assistance to navigation, but we do not deepen or dredge the channel. I have no objection to giving the details but, as I say, they are lengthy.

Mr. MacNICOL: It is only a small amount in any event and it pertains to lights or buoys in the river.

Mr. CHEVRIER: It pertains to lights, channel buoys, flag markers, bell buoys and shore beacons and it concerns those in Great Bear lake, Mackenzie delta, east channel and Port Brabant, in the Mackenzie river, and in lake Athabaska and Great Slave lake. There is also part of the estimate that has to do with the purchase of a buoy boat at Fort Smith.

Mr. MacNICOL: I may inform the minister that these items do not amount to one, two or three as far as improvements are concerned. All the things he has mentioned are used every year. Every year they have to have buoys in the river and I have seen them myself.

Mr. CHEVRIER: There is far more in the estimates this year than in 1944.

Mr. MacNICOL: Does the minister understand the significance of the items he has mentioned? You could not go down the river without the buoys and markers. I know what they are. But is there anything in the item for the improvement of the channel in the rivers?

Mr. CHEVRIER: No. As I have told the hon. gentleman, the improvement of the channel is a matter for the public works department. Transport has nothing to do with it. This department deals with aids to navigation, and this money is spent for betterments in connection with those aids.

Mr. MacNICOL: Then I suppose the only thing is to ask at the next session of parliament to have these two departments put together. It does not sound feasible that the Department of Transport is unable to recommend to the Department of Public Works what has to be done. What does the Department of Transport do? The Department of Public Works will have to wake up; in fact both departments will have to wake up. Let

me read to the minister something from the Yellowknife *Blade* of November 20, written by John Murray McMeekan, a writer who is going to be heard from:

> Ottawa Fiddles. We, in the Northwest Territories in the Yellowknife district, . . . and scattered throughout the district of Mackenzie and through all that vast imperial domain of more than a million square miles in extent which lies north of the provinces—

That is, north of the 60th parallel, which is the northern boundary of Alberta and Saskatchewan.

> —are in a state of suppression comparable to that which aroused the fighting ire of the colonists of North America.

I can tell the minister that there are ten to twelve thousand people in that country, including vigorous young men who will not stand for the neglect that is going on there. They demand rapid transit. The Minister of Transport should see that they get it. I give him my own kindly and humble advice. I say to him: As Minister of Transport, look into this matter and see to it that, whatever the department does, these men get a square deal in the matter of transportation.

Mr. CHEVRIER: The hon. member for Cumberland asked a question with regard to Canso, and I would preface my reply with this statement. In the estimate which is given here, any amount of money given is only an estimate, because the plans and the surveys are not yet complete and will not be complete for some time. Following discussion in the reconstruction committee of the House of Commons in 1944, the Minister of Reconstruction and the Premier of Nova Scotia arranged for an investigation of the existing situation. Mr. D. W. McLachlan, engineer of design and capital construction of my department, and Mr. L. H. Wheaton, engineer of the Department of Highways of Nova Scotia, were appointed to investigate and report on the same.

This report will not be completed until next year, one difficulty being inability to make a satisfactory arrangement with any contractor to undertake the work of borings in the strait of Canso. It is a difficult and expensive job, the water being 160 feet deep. A contractor has now been secured, but the work cannot be done until next spring.

I would have preferred not to make any pronouncement in the matter until the engineer's reports are in and the economic factors have been considered but, in view of the interest taken, I will make the following general statement as to the present situation based on the facts already developed.

[Mr. MacNicol.]

The present Canso ferry is far from adequate, and the grades on the railway lines between Truro and Mulgrave are severe, while those on the line between Tupper and Sydney are fair.

Four solutions of the problem have presented themselves and we are developing accurate plans and estimates of these proposals:

1. Bridge. The building of a low grade railway line from Sunnybrae to connect with the Antigonish-Mulgrave line, relocation of part of the Mulgrave line around the north coast from Lynwood and a bridge across the straits of Canso. Preliminary estimated cost, $26,000,000.

2. Causeway and lock. Build a low grade railway line from Sunnybrae to connect with the Antigonish-Mulgrave line, relocate part of the Mulgrave line around the north coast from Lynwood to Archie Cove on the gut of Canso and build a causeway across the strait of Canso. Preliminary estimated cost, $19,000,000.

3. New ferry. Build the same low grade railway line from Sunnybrae and relocate the Mulgrave line around the north coast to cape Porcupine on the gut of Canso, a tunnel between that point and Keaton point and establish new ferry terminals in that locality and build a large modern car ferry; also a corresponding new terminal on the opposite side of the strait. Preliminary estimated cost, $10,000,000.

4. Complete the Sunnybrae-Guysboro line and extend it around the south coast to Steep Creek on the strait of Canso, with a new terminal at Steep Creek and one on the opposite north shore. Preliminary estimated cost, $12,000,000.

The Department of Transport and the government are prepared to do anything within reason in the area. It realizes that something must be done both with reference to the railway and to the crossing. I have mentioned four possibilities. Before the department has complete data on these proposals, it is impossible to say which one will be adopted. All I can say at the moment is that whichever one of these is found by the engineers of the department to be economically sound will be recommended to the government.

Mr. BLACK (Cumberland): What is meant by "preliminary estimates"? How are they made up? Are they casual guesses, or are they based upon some calculation as to the quantities, and so on?

Mr. CHEVRIER: They are not guesses; rather they are based on quantities estimated by the engineers. These preliminary estimates were made by the engineer of design and

capital construction of the department in conjunction with the engineer of the department of highways of Nova Scotia.

Mr. BLACK (Cumberland): The minister said that the engineers are still making surveys for estimates and that they will not be completed until next year. Will they be available early in 1946? I understand that they have been working on it for some considerable time.

Mr. CHEVRIER: It is impossible to get a complete report until the borings in the strait have been made; and I am informed that it cannot be done at this time of the year.

Mr. MacNICOL: What are they boring for?

Mr. CHEVRIER: To find out what the bottom is like, whether clay, sand or rock.

Mr. MacNICOL: Do they propose to put piers on either side of the strait?

Mr. CHEVRIER: That would depend, of course, on the project that would be adopted; if it were a bridge or a causeway, yes.

Mr. MacNICOL: A bridge would require piers?

Mr. CHEVRIER: Yes.

Mr. MacNICOL: Does the minister know the depth of the water?

Mr. CHEVRIER: Yes, 200 feet deep, and the tide—

Mr. MacNICOL: Near the shore?

Mr. CHEVRIER: No; it is 200 feet deep in about the middle of the gut.

Mr. MacNICOL: That would have nothing to do with the bridge. What is it near the shore?

Mr. CHEVRIER: It is 100 feet near the shore, and in the gut the tide runs at five knots an hour.

Mr. MacNICOL: In other words, if a pier were erected on each side of the strait, as is done for the Quebec bridge, it would be 100 feet deep. That is not out of the way, as long as the pier rests on a solid base. Is it a rock foundation?

Mr. CHEVRIER: That is what we do not know as yet. So far as the Quebec bridge is concerned, I am informed by the engineers that it would be impossible to build a structure of the nature of the Quebec bridge in the gut of Canso.

Mr. MACDONALD (Halifax): During the war a munitions ship caught fire and was sunk by shell fire in Halifax harbour. The following year the cargo was removed, but the vessel herself is still lying in navigable waters, practically in mid-channel and is now a menace to navigation, particularly during storms when vessels may drag their anchors. She is a submerged wreck and her position is marked by two wreck buoys. The wreck should be removed because it is lying in good anchorage ground and, if damage to another ship were occasioned, it might prejudicially affect the port. I would ask the minister to have the proper officials of his department look into this matter.

Mr. CHEVRIER: Is my hon. friend referring to the *Trongate*?

Mr. MACDONALD (Halifax): Yes.

Mr. CHEVRIER: That matter is being investigated at the moment.

Mr. HARRIS (Danforth): A situation similar to that mentioned by the minister obtained in Tasmania, which is at the lower tip of Australia. Perhaps the tide does not run at five knots an hour there, but there is a strong tide. I cannot say as to the distance of the transverse down there. The minister is considering four points of view. In Tasmania they found a depth of water of 130 feet at the shoreline. The centre of the gap which had to be transversed was a mile and a quarter. The depth ran beyond 200 feet, and it was necessary to transverse this area. The estimate which the minister gave strikes me as being extremely high. In the particular area to which I am referring they gave up the project, but a young Tasmanian engineer conceived the idea of building large concrete pontoons and floating them into position. That obviated the necessity of putting a bridge structure down to that great depth. They floated those pontoons into position against the current. The convex side of the pontoon was placed against the tide, and when the tide turned it held them in position. Then, by means of extremely heavy steel cables some eight inches in diameter and a mile and a quarter long, they floated these pontoons into position. Recesses were put in the top and bottom of these pontoons and on either side. By this means they constructed a structure at about one-fifth of the original cost. Even if Lloyds of London would not underwrite the structure in regard to the hazards it might undergo, the state of Tasmania took the responsibility and the structure has been completed. It is in use now, and has met with great success. The area which has to be traversed by navigation as well was overcome by taking the shallowest end in the 100 feet and putting in a lift bridge, which

permitted navigation to go back and forth. Perhaps it is my duty to mention this, although no doubt the engineers of the department know of it since it is one of the world's great achievements. I should like this on record for the consideration of the department, in view of the fact that millions are included in these estimates and spent just like so much water. Frankly, this is an extremely expensive chore that has to be undertaken by the department.

Mr. MATTHEWS (Kootenay East): I am not sure whether the question I wish to ask comes under this particular item, but I have looked rather carefully through the estimates of the Department of Transport as well as those of the Department of Public Works, and I do not see any reference at all to money being expended for the removal of Ripple Rock.

Mr. CHEVRIER: That comes under Public Works.

Mr. MATTHEWS (Kootenay East): And it can still be dealt with?

Mr. CHEVRIER: Yes.

Mr. HAZEN: I had intended to speak this evening on the advantages that would be derived from the construction of a canal across the isthmus of Chignecto connecting Northumberland strait with the bay of Fundy, but in view of the lateness of the hour and the amount of work still before the house I will reserve my remarks for another occasion. However, I should like to ask the minister if any consideration has been given by the government to the construction of this canal, whether any investigations are being made and any reports have been prepared.

Mr. CHEVRIER: No investigation has been made by my department other than that referred to in the report of the Chignecto canal commission in July, 1931. The gist of that report can be summarized briefly in this quotation from it:

> Having regard to transportation facilities already available in the maritime area as a whole, we cannot see where any interest would suffer were the Chignecto canal project to be permitted to stand in abeyance until it can be further examined in the light of future developments in Canada's economic situation.

Since that time it has not been further examined.

Mr. BLACK (Cumberland): May I ask the minister what he has been reading from?

Mr. CHEVRIER: I have been reading from the report of the Chignecto canal commission dated July, 1931, set up by order in council P.C. 1686.

[Mr. J. H. Harris.]

Mr. BLACK (Cumberland): I wish to support what has been said by the hon. member for Saint John-Albert. This is an important subject and I think it should be thoroughly discussed. I want to point out the possibility of a great hydro tidal power scheme in connection with the construction of this canal. The tide rises to a height of fifty-two feet in the bay of Fundy and to a maximum of about nine feet in bay Verte. This means that on the bay of Fundy side the mean sea level is about twenty-six feet below high tide, and on the bay Verte side on Northumberland strait the maximum would be about 4½ feet, which would give a difference of 21½ feet. On the bay of Fundy side the tide should not be confined by dams to that height, since it would flood the marshland. It should be reduced six feet anyway, which would be about the level of the marshlands below extreme high tide. That gives a great potential tidal power scheme that could be developed in connection with the Chignecto canal. It would also present the possibility of draining the marshlands into bay Verte rather than the bay of Fundy. The level of the marshlands would be about six feet below extreme high tide; that is about the maximum height of the dykes. That would mean about twenty feet above mean sea level on the bay Verte side, which would provide for ample drainage into bay Verte; and possibly this might be much more effective than the present system of draining into the bay of Fundy against the high tides which prevail there.

I am not going to discuss this further to-night, but it is an important matter as a commercial undertaking as well as from the point of view of the defence of this country. It is of interest to both Canada and the United States. It would have given greater protection in the war just ended as well as in the first great war, since it would have permitted ships to avoid going around Nova Scotia, and consequently avoid the danger of submarines. The loss of the Charlottetown ferry on the southwest coast of Nova Scotia would have been averted if this canal had been constructed, as it should have been, years ago. That ferry would have passed through the canal to Saint John for overnaul; it would not have been lost; Prince Edward Island would not have suffered in the intervening years because of interference with the movement of its traffic, and it would not have been necessary at this time to spend millions of dollars for the construction of a new ferry.

I do not wish to take up more of the time of the committee now, but this subject is worthy of general discussion and consideration by this house.

Mr. HAZEN: The minister stated that no investigations were being conducted by his department at the present time. I would ask him to give the matter further consideration, and to have further investigations made. I believe further study should be given this important proposal.

Item agreed to.

Marine service—
359. Marine service steamers, including icebreakers—maintenance, operation and repairs, $1,648,500.

Mr. MOORE: I should like to direct two questions to the minister in connection with this item, since I see it deals with icebreakers. Will it be the intention of the department to maintain an icebreaker in future for use at Port Churchill, with a view to extending the shipping season there? I have a letter from several residents of Churchill in which they stated that the ocean-going tug the *Ocean Eagle,* which was originally built for use in Churchill harbour, was removed during the war and taken to the east coast. I understand that insurance rates are dependent upon the presence of the tug at the port. Will the minister do what he can in the near future to have that tug returned to Churchill? I do not wish to discuss the item further, because I understand that most of the money has already been spent.

Mr. CHEVRIER: I am informed that there is an icebreaker which goes to Hudson bay every season to open navigation. Then, so far as the tug is concerned, any ship entering the harbour is provided with a tug.

Mr. MacNICOL: Where does the icebreaker come from?

Mr. CHEVRIER: It is the *N. B. McLean.* It comes from Quebec, and the east coast.

Mr. McLURE: Is the ferry system between Borden and Tormentine included in this vote? Does this include the expense of operating an icebreaking steamer between those points?

Mr. CHEVRIER: No; there is a special vote for that.

Mr. FERGUSON: Is it the intention of the present government to run the water up-hill from Newmarket to lake Ontario.

Mr. COLDWELL: I read the other day where one of our ships had been equipped with radar. What is contemplated by the department in this connection? How will radar assist in meeting the problems which arise in connection with navigation, for the avoidance of ice, and so on. This would have a considerable bearing on a route such as the Hudson bay route, or on navigation in the strait of Belle Isle.

Mr. CHEVRIER: We are experimenting with radar on departmental ships at the present time. We have that equipment on the *Grenville,* one of the supply vessels which operate in the St. Lawrence. That is the only departmental ship equipped with radar at the present time. However, we are continuing our experiments, and they have been most satisfactory. I am also informed that when the *McLean* goes to Hudson bay next year she will be equipped with radar.

Mr. MOORE: I understand that along the Hudson bay route the department is establishing several aids to navigation. Is it the intention to place land-based radar at some of those points for the direction of ships?

Mr. CHEVRIER: No.

Item agreed to.

Marine service—
360. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $2,043,400.

Mr. BRYCE: I received a telegram to-day respecting the light at Downing reef on Lake Winnipeg. What does the minister propose to do about this matter? Is it to be repaired and reestablished? I understand it has been demolished, and the people are anxious about it.

Mr. CHEVRIER: I am not in a position to give the hon. member a reply on that. However, I shall inquire and give a reply either to-night or to-morrow.

Mr. BRYCE: Then, can the minister give me any information about the work done at Warrens Landing?

Mr. CHEVRIER: No; I would have to make inquiries about it.

Mr. BRYCE: Will the minister give me his assurance that he will take up these matters?

Mr. CHEVRIER: Yes, and I will give the hon. member a reply.

Item agreed to.

Marine service—
365. Life saving service, including rewards for saving life, $44,250.

Mr. HARRIS (Danforth): Perhaps on this item I might also speak respecting the subject matter in item 369, because there seems to be some relation between the two. Hon. members will recall the tragedy which took place last summer when fire broke out on one of the

passenger steamers, one of the luxury vessels on lake Huron. I would refer particularly to life saving service, and to the inspection which would be covered by item 369.

In this connection may I put this observation on record? Since the advent of war very little has been done to keep this equipment in first-class condition. Some ten years ago it was my privilege to discuss this matter in the house, and to point out that there were not nearly enough safety appliances, especially on our passenger steamers on the great lakes, right from the Saguenay and the St. Lawrence through to Fort William. I repeat that tonight.

The advent of war in the meantime has not helped the situation. I note that in the coming year we are to spend $248,410 for steamship inspection, and that we are spending something more than $44,000 for life saving services. It will be my hope that with the two votes the department will realize that it has a tremendous responsibility to carry out life saving services and the inspection of craft that are dilapidated and old, and some of which are unseaworthy, and which will be expected to cater to the tremendous traffic we may expect to have in the coming year from those who will be seeking pleasure. Many people will have money to spend, which in days gone by they did not have. They will be crowding these out-moded services operating on the great lakes, from the mouth of the St. Lawrence right through the system.

It would well behoove the minister to advise the officials of his department who are charged with responsibility for these inspection services to see to it that when they accept in the coming year almost a quarter of a million dollars they do a job, even if it becomes necessary to restrict travel on unseaworthy craft, which will be catering to the trade in the next year.

Please, do not let us have more tragedies on our great lakes. Tell your inspectors, and those charged with the responsibility to carry out their duties in this day and generation when so many of our Canadian citizens are anxious to enjoy themselves and, if necessary, to spend large amounts of money in doing so.

Mr. JACKMAN: Does the department still give medals for life saving? They used to give watches, too.

Mr. CHEVRIER: We do give awards. Sometimes they are made in cash, and sometimes medals are given.

Mr. JACKMAN: Have any been given in recent years? Is the practice still current?

Mr. CHEVRIER: Yes, I have a list here.

[Mr. J. H. Harris.]

Mr. JACKMAN: The practice is still current.

M. CHEVRIER: Yes.

Item agreed to.

Marine service—

369. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $248,410.

Mr. MacINNIS: We ratified a convention in the house the other day having to do with the inspection of ships' tackle for loading and unloading. The committee on external affairs made a study of this convention and submitted certain recommendations for an increase in the number of tackle inspectors and an improvement in their remuneration. Will there be anything in the supplementary estimates for that, because I notice there is provision for only four tackle inspectors at a remuneration of $1,440 a year? We were told in the committee that there were only two in British Columbia, one at Vancouver and one at Port Alberni. There is a sizable port at Prince Rupert, another at New Westminster and another at Victoria. How are ships coming into those ports to be inspected? I should like to have something from the minister to indicate that conditions will be improved now that we have ratified the convention.

Mr. CHEVRIER: These estimates were prepared many months ago, and there could not possibly be any provision for additional inspectors of tackle, resulting from the signing of the convention, nor could there be such provision in the supplementary estimates which were prepared some weeks ago before the committee reported. I am informed that under the "temporary assistance" item there are three more inspectors of tackle than there were previously.

Mr. MacINNIS: Whether we ratified this convention or not, our obligation would still be as great to see that every safety was provided. Now that we have ratified the convention, there should be some improvement, not only here but in other countries which have also ratified the convention. At the moment I will take the word of the minister in regard to the temporaries that are provided for. We received the supplementary estimates only this morning. When the Minister of Finance was questioned about them the other day by the leader of the opposition he said that they were in preparation and that he expected to have them ready this week.

Mr. CHEVRIER: That is right, but before they reach the hands of the Minister of Fin-

ance they must go through the department, and it takes some time to prepare them in the department.

Item agreed to.

Marine service—

371. River St. Lawrence ship channel—contract dredging in the St. Lawrence river and Montreal harbour, including cost of administration—capital, $989,500.

Mr. MacNICOL: I notice that the levels in Montreal harbour are higher than they have been for some time. Has the diversion from the Ogoki and Kenogami rivers which pour into lake Superior amounting to about 6,000 cubic feet per second had anything to do with the water level of Montreal harbour?

Mr. CHEVRIER: I am informed that the level of the whole great lakes system has increased.

Mr. MacNICOL: I was asking if the diversion of 6,000 cubic feet per second from these rivers had any direct effect on Montreal harbour?

Mr. CHEVRIER: I could not say.

Mr. MacNICOL: Does the minister know whether Chicago is taking more water through the drainage canal than previously?

Mr. CHEVRIER: My officers have no information.

Item agreed to.

Railway service—

374. Hudson Bay railway—construction and improvements—capital, $20,000.

Mr. McCUAIG: Has any consideration been given to the completion of the railroad between Mankota and Valmarie on the Canadian Pacific? There is a gap here of about thirty-seven miles. I understand that resolutions and petitions have been sent to the minister in connection with this matter by R.M.'s 18, 45, 46 and 72 and the villages of Climax, Orkney, Masefield and Valmarie. I wrote to the minister in connection with this, but I have not had a reply.

Mr. CHEVRIER: I have received the petitions, and I shall be glad to give my hon. friend a reply in due course.

Railway service—

375. Hudson Bay railway—To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operations during the year ending March 31, 1946, not exceeding $500,000.

Mr. PROBE: I notice that the expenditures to provide for the deficits on the operation of the Hudson Bay railway are increased in this year's estimates by about $192,000. That might be accounted for in one of two ways; either the amount of the revenue is less, or the services have been considerably increased. I should like to have a statement as to the present status of the service being given during the current year. I notice that the figures on page Z-25 of the public accounts of last year show the operating expenditures for 1943-44 as $1,008,025, and the operating revenues as $660,000, giving a deficit of $347,872. The present deficit is considerably higher.

Mr. CHEVRIER: The manager of the railway appeared before the railways and shipping committee and gave evidence for some considerable time. The operating expenses for 1944-45 are $811,169.14; the revenue was $246,229.12, giving a net operating deficit of $564,940.02 as compared with $347,872.90. I have not the details here and I hesitate to go into it more fully. The manager gave these at great length before the committee, and I doubt whether this committee will want me to go over the matter again.

Mr. PROBE: I had not read the report of the committee, but I was interested in knowing why there was an increased deficit.

Mr. COLDWELL: Could this item stand until to-morrow? It is twelve o'clock.

Mr. MACKENZIE: I think my hon. friend the leader of the C.C.F. made a reservation regarding twelve o'clock when he consented, and to sit after eleven o'clock is possible only by consent of the house. Therefore, Mr. Chairman, I would move that the committee rise, report progress, and ask leave to sit again.

Item stands.

Progress reported.

PRIVILEGE—Mr. ADAMSON

REFERENCE TO REPORT IN TORONTO "DAILY STAR"

Mr. A. R. ADAMSON (York West): Mr. Speaker, I wish to rise on a question of privilege. Quite by chance I came into possession of a copy of the Toronto *Daily Star,* which reports this morning's proceedings with the following headlines:

Takes house five minutes to pass $2,000 M.P. raise.

I suggest to you, Mr. Speaker, that this is symptomatic of the general distortion practised by this newspaper.

Mr. MARTIN: Oh, that is a good newspaper.

Mr. ADAMSON: I hope the Secretary of State was in the house this morning.

Mr. MARTIN: The Secretary of State is always in the house.

Mr. ADAMSON: I am delighted. Then he must have been listening to his leader, or perhaps he did not? The question of privilege I wish to raise is that the debate took the entire morning sitting of this house, not the five minutes as distorted by this newspaper, which seems to be jointly owned by Hearst and Stalin.

Mr. PROBE: The type slipped, I think.

On motion of Mr. Mackenzie the house adjourned at 12.05 a.m.

Saturday, December 15, 1945.

The house met at eleven o'clock.

ARMY EXERCISES

EXPEDITION TO THE CANADIAN ARCTIC—"EXERCISE MUSK-OX"

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I wish to direct a question to the Minister of National Defence, of which I have given him notice. In view of certain newspaper comments regarding the military aspects of the proposed Canadian army expedition to the Canadian Arctic known, I understand, as "Exercise Musk-ox", will the minister be good enough to make some explanation to the house this morning.

Hon. DOUGLAS ABBOTT (Minister of National Defence): Yes. I am glad to do that because there has been some misunderstanding as to the nature and extent of these exercises. This is the fourth and last of the exercises. The first, known as Eskimo, took place in the winter of 1943-44 and it followed a request we received from the British government to train the Lovatt scouts for projected winter operations in Norway. At that time it was of course very secret but plans were being made for a broad scale invasion of Norway and we in Canada were asked to provide facilities for training the Lovatt scouts in this country for winter warfare and also to develop types of motor vehicles for operation under winter conditions. A battalion of the Lovatt scouts came and trained in northern Saskatchewan and in British Columbia.

Mr. MACKENZIE: Jasper.

[Mr. Martin.]

Mr. ABBOTT: Jasper, the Minister of Veterans Affairs reminds me. The first exercise, Eskimo, took place in the winter of 1943-44; the second, known as Polar Bear, took place in the same year; the third, known as Lemming, operated north through Churchill in the winter of 1944-45; and this is the final exercise to be known as Musk-ox. I do not know whether, if we kept them on long enough, we would run out of names of arctic animals. In any event, this one has been known as Musk-ox.

Mr. COLDWELL: You could use Canada Goose.

Mr. ABBOTT: The reason for these names is that at the time the exercises were initiated they were secret and reference had to be made to them by code. This particular expedition will cover very much greater territory than the preceding ones, which were only two or three hundred miles in each case. This will cover a total arc of 3,200 miles, starting from Churchill on February 14 and proceeding via Baker lake, Cambridge bay, over the top and down by Norman Wells, Nelson, and ending at Edmonton on May 5, all being well.

The house will appreciate that this will afford an opportunity of testing out these vehicles under extreme winter conditions and through the spring break-up, and that is one of the reasons for continuing it during that period of time. It will be carried out in conjunction with the Royal Canadian Air Force. The force will be supplied with gasoline, food and the like by the air force, and those supplies will be dropped from planes, not landed on air strips, because there are no air fields in the greater part of the area through which the force will pass. The force is not a large one. The moving party will consist of only forty-five all ranks, carried in twelve of these snowmobiles. The snowmobiles have been developed in Canada from an American type of vehicle. They are a full-track vehicle, and have proved very successful in previous operations. In this expedition they will be enclosed, and it is expected that they will provide interesting experimental data on how this type of vehicle will operate under severe weather conditions and in the course of the spring break-up.

There is nothing secret about this expedition; it is a very small one. For that reason, among others, no invitations have been issued to military representatives of other countries to go along on the expedition. I do not know whether they would want to take a long trip of the kind under those weather conditions. In any event they will be invited to go up

to Churchill to examine the vehicles and see the start of the expedition if they want to do so, and the finish at Edmonton on May 5. I do want to emphasize the fact that there is nothing secret about the expedition. The benefits derived from it may well be of greater civilian value than military value, although it is hoped that they will be both. Technical and meteorological experts are going along. Briefly that is a picture of this exercise Musk-ox.

LABOUR CONDITIONS

WINNIPEG STRIKE OF 1919—PENSION RIGHTS

On the orders of the day:

Mr. ALISTAIR STEWART (Winnipeg North): May I direct a question to the Minister of Labour, of which I have already given him notice? Has the officer of the Department of Labour reported yet on his investigation into the matter of the pension rights of Canadian Pacific employees who were involved in the general strike at Winnipeg in 1919? If not, when does the minister expect to receive the report?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, the report of the officers of the department has just been received and at this moment is receiving the necessary study by the industrial relations branch of the department.

POULTRY

EXPORTS TO THE UNITED KINGDOM AND THE UNITED STATES

On the orders of the day:

Hon. J. G. GARDINER (Minister of Agriculture): Yesterday on the orders of the day the hon. member for Wellington North (Mr. Menary) asked a question with regard to the shipment of poultry products to the United States and the United Kingdom. The answer is as follows:

Poultry Products Shipped to British Ministry of Food

	1944	1945
Dried egg powder 27,575,763 lb.	$33,970,555	
Dressed poultry 1,973,089 lb.	774,007	
Dried egg powder to Dec. 1/45 14,846,837 lb.		$16,916,842
Shell eggs "fresh" 27,635,670 doz.		10,689,787
Shell eggs storage 12,953,790 doz.		6,037,109
	$34,744,562	$33,643,738

Poultry Products Shipped to the United States

	1944	1945
Dressed poultry 24,233,418	$7,754,693	
Live poultry 3,000,000	750,000	
Dressed poultry 11,473,879 lb.		$3,671,641
Live poultry 2,000,000 lb.		500,000
Hatching eggs, 1,200,000 doz.		720,000
	$8,504,693	$4,891,641

To December 1, 1945.

TRADE AND EMPLOYMENT

CANADIAN REPRESENTATION AT INTERNATIONAL CONFERENCE IN 1946

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Two days ago I directed a question to the Prime Minister or the Minister of Veterans Affairs. It had to do with the proposed international trade conference next summer. The question was whether an invitation had been received from the United States, and if so would the government give favourable consideration to the sending of a non-partisan delegation. May we have an answer to that question?

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): May I be permitted to have an answer made at three o'clock this afternoon?

Mr. BRACKEN: Yes.

VETERANS AFFAIRS

ALLOWANCES FOR TEMPORARILY UNEMPLOYED —CONCURRENCE IN SENATE AMENDMENTS

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved the second reading of and concurrence in amendments made by the senate to bill No. 240, to provide rehabilitation allowances for veterans.

He said: If hon. gentlemen will look at page 490 of the *Votes and Proceedings* they will find the amendments. They are purely matters of clarification, and I think an improvement on the phraseology adopted by this house.

Motion agreed to; amendments read the second time and concurred in.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF VETERANS AFFAIRS

398. Departmental administration, $835,856.

Mr. BROOKS: I had intended making extended remarks on the estimates of Veter-

ans Affairs, but realizing the lateness of the session I am going to content myself with asking a number of questions.

May I say at the outset that I consider it unfortunate that the estimates of veterans affairs, which to my mind are the most important that the house has to consider, are brought down in the dying hours of the session. Not only in this session but in previous sessions the estimates of veterans affairs have been left to the last. It is not fair to those who are interested in the welfare of veterans, and that includes all hon. members of the house and the great majority of the people of the country. In future I hope that the minister will see that his estimates are brought down earlier. At the beginning of the sessions we spend a lot of our time discussing what to me are more or less unimportant matters, and at the end of the sessions these very important matters are given scant attention.

My first question is with reference to the old veterans, the members of the veterans guard, men who served in the two wars. We all know these men are getting well along in years. They average between fifty-five and sixty years of age. Anyone who saw the parade on Armistice day and the men of the last war who were parading realizes that today these men are too old to be thrown out into the labour markets of this country to compete with younger men.

It is true that we have what is known as the dual service pension plan, but it allows single men only $30 and married men $60 a month. Before these men receive any consideration they must be in more or less necessitous circumstances. I believe that upon demobilization these men should be granted a straight pension with no conditions whatever attached. A veteran should be allowed to seek employment without let or hindrance. As hon. members know, we have what is called the means test. That is, a man is allowed $125 casual earnings and $25 interest on bonds; if more than that, a deduction is made from his allowance. I think the means test should be done away with and these veterans should be granted a straight pension and permitted to earn as much as it is possible for them to earn My first question to the minister, then, is: what does the department intend to do in reference to these veterans?

I should like the minister to say also what he intends to do in regard to providing veterans' homes for the older men. We know that Canada is more or less a new country so far as wars are concerned, and up to the present it has not been necessary to establish veterans' homes in any part of this country.

[Mr. Brooks.]

In the United States they have had veterans' homes for years, because they are an older country and have been engaged in more wars. England, of course, has had veterans' homes for a great many years. In Canada we have not felt the necessity of such homes until the present time, when the veterans of the last war are getting on in years. I know also that in this country many benevolent citizens have donated property for veterans' homes, but as yet no definite policy has been established by the government in this connection. My second question to the minister is: what is the intention of the government with reference to establishing veterans homes?

I come now to the third matter with which I wish to deal, and as I stated a few moments ago I am just mentioning the bare facts with regard to these problems. Over a long period of years imperial veterans in this country have been seeking recognition, but there has been an unreasonable prejudice against them. Why that should be I do not know. The case of the imperial veterans has been brought up time and time again at meetings of the Canadian Legion. Resolutions have been passed at dominion conventions of the legion in favour of the extension of the war veterans' allowance to imperial ex-service men after a reasonable period of residence in Canada. I might quote a resolution which was passed at the legion convention in Winnipeg in 1942:

> That we urge upon the dominion government the expediency and necessity of making prompt, adequate provision for ex-service men of the imperial forces by the extension of war veterans allowance under the same conditions as to Canadian veterans, other than on the question of pre-war domicile, providing such imperial ex-service men were resident in Canada on September 1, 1930, and have since resided in Canada.

These imperial veterans fought side by side with Canadian troops during the first great war. Many of them have served in world war II. They came to this country; they have been paying taxes here for a great many years; they have brought up their families here; they have shared all the burdens of Canadian citizens, and in the war that is just over their sons served in our armed forces. I am asking the minister that the obnoxious domicile clause, which at present governs these matters so far as imperial veterans are concerned, be removed from the War Veterans Allowance Act, and that these imperial veterans be treated just as our own veterans are treated. That is the third matter I wish to bring to the attention of the minister. I could dwell on it for a considerable length of time, but I do not think that is necessary this morning.

To-day we are told that the cost of living has gone up about twenty per cent. That may be so on the average, Mr. Chairman, but I believe anyone who has to go out and buy food and clothing and pay rent in this country will agree that the cost of the necessities of life has increased more than twenty per cent. I want to point out to the minister that pensions have not kept pace with the increase in the cost of living. Throughout these long years of war the men receiving pensions have borne the extra expense of living pretty well in silence. They have received no increase, no cost of living bonus. I would ask the minister what is his intention in regard to increasing pensions so that they may measure up to the present cost of living.

Another class of pensioners who I consider are not receiving their just due are the widows of those who lost their lives overseas. Our service men are coming back by the thousands to be greeted by their loved ones. We are all happy to see them come back, but the dependents of other thousands of men are not welcoming them back; they lost their lives overseas and now lie in silent graves far away. Just what is our department doing for these dependents? Well, take the case of the widows of all ranks up to and including lieutenant. A widow receives $60 a month, and if she has one child she gets an additional $15, making a total of $75. In other words the widow of the man who gave his life overseas is asked to maintain a home, educate her child and bring it up as it should be brought up on $75 a month. I would point out to the minister that this is entirely inadequate, and would ask him to tell this committee just what his intention is concerning this very important matter.

I had intended to speak at some length on the insurance principle, but I shall content myself with asking the minister if it would not be possible again to place the insurance principle in the act to cover all cases. We have it now as far as overseas men are concerned, and it also meets certain cases of those who served in Canada, but there are other cases it does not meet. I think in fairness to all men who joined the army the insurance principle again should be incorporated in the Pension Act. I might call the minister's attention to a resolution which was passed at the legion convention reading as follows:

> Resolved that this convention endorse the insurance principle for pension entitlement in the case of all men and women voluntarily entering the armed forces of Canada, irrespective of whether or not they may serve in a theatre of actual war, and urge upon the government of Canada to restore this equitable principle to the Pension Act in the case of those who voluntarily enlist.

Perhaps the minister will make some pronouncement on this matter. I presume all these questions will be discussed by the veterans committee next session, but we do not want to wait that long before learning the intentions of the government. We are receiving letters continually asking just what is to be done.

The pre-enlistment condition always has been a bone of contention in the awarding of pensions in this country. We have had trouble from that source for the past twenty-five or thirty years, and I think it is time something was done so that these men, and there are many hundreds of them, might receive the measure of justice to which they are entitled. From my own experience in the army during this war I know there should be no question of a man's preenlistment condition. When he comes in for basic training he is examined by three or four doctors. He is not there two weeks before he is given another medical examination. When he leaves basic training for advanced training he has another medical examination. When he leaves advanced training for further training he also has a medical examination. Medical examinations of these men are going on all the time. If our medical profession has not discovered some inherent weakness in this man, with all these medical examinations, then the man must be considered to be what they say he is, namely in A-1 condition. And when he is out of the army, if he applies for pension for some disability it should be accepted as a matter of fact that he was in good physical condition when he joined the army and his present disability is due to his service.

Then, there is the matter of hospitalization. I shall not deal with this in detail, because I know there are other hon. members better qualified than I am to do so. However there is one phase of the matter I should like to discuss for a few moments, and that has to do with mental cases. The minister has told us that they are looking after mental cases from the last war and this one. Well, they have been looking after these cases, but they have not been receiving the attention they should receive. In some of the provinces the men are being cared for in provincial institutions, a condition which applies in my own province. I contend that separate mental institutions should be set apart for veterans of the last war and this one.

I know of a young flier stationed at Goose Bay, a boy eighteen years of age, who drank one night some lemon extract, became tem-

porarily insane and tried to commit suicide. That boy was placed in a mental institution in Saint John, with other patients who were chronically insane. Instead of making improvement he gradually became worse. What was true in that case has been true in many others. It is not fair or right that those men who served overseas and who became temporarily demented because of the terrible hardships through which they lived should be placed among chronically insane people in institutions throughout the country. This is a matter to which I suggest the minister should give his most careful attention.

It is unfortunate that more time has not been left for the discussion of these matters, but I hope that even under these circumstances the minister will give us a clear picture of veterans affairs, and that he will state what he intends to do, not only with regard to the points I have raised, but with regard to other matters affecting veterans throughout the country.

Mr. MACKENZIE: Mr. Chairman, let me say at once that I find no fault whatsoever with the observations of the hon. member for Royal. I believe his suggestions have been helpful and constructive. There was, however, a touch of criticism in his first observations to the effect that the estimates of this department had been deferred until a late hour in the session. Let me remind the hon. member and the committee that no single department of government has received more consideration from the House of Commons and the members thereof, and no other department has received as much attention during this session of parliament as has the Department of Veterans Affairs. Not only that, sir; but we have an able committee on which the hon. member for Royal was a most distinguished member, a committee which considered all aspects of legislation affecting the soldiers, for the past, the present and the future. We have submitted to the unfettered judgment of the house three major measures, the discussion of which occupied several hours, and all of which were passed unanimously by the house. So I do not think his criticism respecting the limited time for the discussion of the estimates of this department is justified. I should have liked to bring them down earlier but, as he knows, there were reasons why that was not possible. So far as I am concerned, certainly I am not going to suggest any curtailment of debate or discussion of the estimates.

May I refer briefly to the several points the hon. member has made, the first of which was a reference to the old veterans. I find myself very much in sympathy with what he said, but may I say to him that that question will be before the committee next February or March, when parliament meets again, and both the means test under the Veterans Allowance Act and the matters affecting the imperials will be discussed at that time.

I am well aware of the sentiment contained in the arguments adduced and forwarded by veterans organizations in connection with the claims of imperial veterans in Canada. I happen to be one of the few members of the House of Commons who was born in the old land, and naturally to a great extent my sympathies flow in that direction. But as a Canadian I say to the committee, I say to parliament and to its committee on veterans affairs: look after the claims of the 78,000 Canadian soldiers who served only in the United Kingdom. Unless these pensioners are entitled to benefits under the Veterans Allowance Act, then I do not think the claims of imperial veterans should have precedence over those of our own Canadians who should be entitled to benefits.

The hon. member made the suggestion that we have not veterans homes in Canada. Surely he knows better than that.

Mr. BROOKS: I did not say there were no homes. I realize there are a few.

Mr. MACKENZIE: I accept the correction.

Mr. BROOKS: But I said they were not sufficient, and that in most cases they have been donated by the citizens of this country.

Mr. MACKENZIE: I agree entirely with the hon. member's observations in that regard. But we are going to have veterans homes in every province. I have been through some of those already completed, and I can say that those grand old soldiers, homeless men, will have the most wonderful homes that can possibly be provided, the best medical attention, and the most humane nursing service. They will have that.

Every single problem referred to by the hon. member will come before that splendid committee of the house which will meet at the next session, because the heart of this parliament has always beat true in regard to the problems of those who have served their country in two wars and who helped to save the freedom of the world. In this matter there have been no political considerations, and I believe there never will be. I am sure that is the judgment of parliament in connection with the problems of our ex-service men of both wars.

The hon. member referred to the rate of pension of $75 a month. Again this is a

matter that can be considered by the committee. However, the fact is that the cost of living index was higher when the present rate of pension was established in Canada than it is even at the present time. This amount was the judgment of the parliament of that day; these are the rates fixed.

The hon. member referred to the insurance principle. This matter was thoroughly and ably debated in the pension committee of 1941. No country in the world to-day has accepted the insurance principle—not one. Canada, combining her present pensions system of administration with the additional elements set out in section 11 (3) of the act, has gone farther than any other country in the recognition of disabilities. If parliament, however, wishes to go farther, that will be a matter for its consideration at the session next year, and a matter to which the committee which will sit at that time can give careful consideration.

The hon. member referred to preenlistment disability, the most difficult question in the whole administration of veterans affairs. I have gone carefully into the reasons both for and against, and I find that no country in the world has given recognition to what might be described as the automatic operation of the non-recognition of preenlistment disability. It is a difficult question; it is a highly technical question; it is a medical question. What we shall recommend in this house will be a matter for this committee to determine in future days.

I want to thank the hon. member for his moderate, reasonable and constructive suggestions. I have no doubt that when the committee meets again it will traverse the entire gamut of his observations and make adequate, reasonable and sympathetic suggestions to this house.

Mr. CROLL: Mr. Chairman, what the minister has said about the veterans affairs committee is altogether too true. We did go over things with a fine comb. The members were most cooperative and most helpful and a great deal was accomplished. I think the house recognized that when it agreed to pass the bills with so very little discussion. But there was something we did not have time to deal with, a matter which may become difficult before we come back again.

When we reached the peace emergency with the sudden ending of the war there was considerable dislocation. There are some warnings showing up, now that a large number of veterans are out of work, particularly in Vancouver, Montreal and Windsor, and the signs are not as healthy as they would appear. Although the situation may not be grave at the moment, that is due I think to the wisdom of parliaments in the past, and this parliament particularly, because a cushion has been built up for the men.

A private in the Canadian army had a certain amount of money held back as deferred pay. In almost all instances that was invested in victory bonds, and most of these men had $400 to $500 when the war finished. In addition there were the gratuities which were augmented since the last war, the rehabilitation grants which permit the soldiers to purchase furniture and household utensils; there is the Veterans' Land Act, the small holdings, wartime housing, out of work benefits, unemployment insurance, technical and educational facilities. When all these matters are considered it will be realized that this parliament has taken more than ordinary precautions. In addition to that, what brought joy to most of us was the statement of the department that if changes had to be made, they were willing to make them, and on short notice.

As I say, there are some warning signals. The boat is being rocked. First, I should like to refer to an article which appeared in the Ottawa *Journal* of November 28. This is under a Vancouver date line and refers to Major General B. M. Hoffmeister, who was to have led the Canadian troops in the Pacific. He is reported to have said:

> Men who dug slit trenches for their lives in Europe do not want to dig ditches for their livelihood in Vancouver.

And again:

> If men saw fit to place their lives in my hands overseas, the least I can do is try to find an answer to their problems here.
>
> There are those fortunate enough to have stayed home and enjoyed good jobs and better living conditions. They are the ones who should be digging ditches.

Then I should like to refer to an article which appeared in the *Globe and Mail* of December 6, also under a Vancouver date line. It reads:

> Lewis McDonald, representing the Vancouver command of the Canadian legion, criticized trades unions for not giving full cooperation in veterans rehabilitation. He said veterans have been refused jobs because "the unions' own men were on the list ahead of them . . . and they (veterans) have no seniority."

The Ottawa *Citizen* of November 28 refers to a statement by Mr. J. C. G. Herwig, national legion secretary, who said:

> The legion feels that it is high time the dominion and provincial governments got together with a view to giving active, constructive leadership and direction to management and labour alike in order to avoid a repetition of the shocking conditions with which Canada's fighting men were faced at the conclusion of the first great war.

May I say that General Hoffmeister is a splendid gentleman and what I have to say is not applicable to him at all, nor is it applicable to the men of the legion. Perhaps they do not fully realize what those words may mean. I should like to quote from the Windsor *Star* of December 12, which contained the following under a Vancouver date line:

> Members of local 249, international packing-house workers (C.I.L.) have gone on record in favour of reducing their hours from forty-five to forty hours per week in order to give employment to veterans, William Symington, business agent of the union said yesterday.
>
> The local is composed of 300 employees of Burns and company in Vancouver. The reduction in hours would provide jobs for thirty-three veterans, he said.
>
> "This would mean a direct loss in wages for the members who voted in favour of reduction of hours," said Mr. Symington, "but they did it because there has been so much talk of veterans not getting a square deal from unionists."

I do not belong to the school that thinks that everything is going to be all right tomorrow. I am pointing out these things as a tip-off. I think it is some indication of how the wind is blowing. If there are people in this country who are dreaming of using the veteran in order to weaken and destroy the labour union, they are building castles in the air and I do not think they are pretty ones at that. I am not suggesting for one moment that any of these people are doing that, but I do think that anyone who attempts to divide the veteran and the worker is an enemy of the state.

I am glad both the Minister of Labour and the Minister of Veterans Affairs are in the chamber because it will not be necessary for hon. members to have to listen to me again when the labour estimates are up for consideration. In this country the seniority of the worker has become a property right in his job. My suggestion is that the government sit down around the table with organized labour and the legion to try to draw up a clause acceptable to everyone which would be a standard clause to be inserted in all collective bargaining agreements. We will have a great number of them in this country in the days to come.

The seniority of the veteran who was employed before he went into the forces is naturally recognized. That seniority includes accumulated time, the right to be rehired, pay increases, promotions, transfers from one department to another and guarantee against the disability of lay-offs. But there is one field that has not been covered, the veteran who was not employed before he joined the army because he was too young or the veteran who came back to find that his job no longer existed. In this round table discussion that type of veteran should be provided with a synthetic seniority. I would suggest that within six months or a year after he has been discharged, or within six months after he has completed his training, he should be given seniority on the same basis as though he had been employed in that shop.

Then there is the disabled veteran who by reason of his disability is unable to do the same job he had before. That veteran ought to have some right to any job in the plant that he can fill. I urge upon the two ministers that if that can be done it is most desirable, and if we do not do it we shall find that a lot of demagogues in this country will be having a holiday at the expense of the veterans and the workers. I have reason to believe that the legion and the unions are anxious to come to some agreement and to meet the problem, but I think that it has to be met at a very much higher level, and unless we reach some agreement in that respect we will find that the problem will break upon us and engulf us before we have fully appreciated it. It requires bold action; it requires something to be done before this house is in session again, and that is why I bring it up now.

I want to make it very clear again, lest I be misunderstood, that these agreements should be reached by consultation round the table. I think that they are all men of good will; I think that they are all anxious to solve the problem; and I ask the two ministers, who have done some preliminary work on the problem, as the house should know and I think does know, to continue with that work in the interval so that this situation may be well in hand before we come back here next session.

Mr. MITCHELL: I agree with my hon. friend in every detail of what he said on the question of seniority rights. We must remember that seniority means more to the average industrial worker than wages, and prior to the war—I am not speaking of since the war—more time was spent in negotiating the seniority clause contained in most industrial agreements than any other clause. That is a fact, and you cannot get around it.

In anticipation of what would develop at the conclusion of the war a committee was set up by the Department of Labour and the Department of Veterans Affairs to study the very matter to which my hon. friend has referred, but I think he will agree with me that it is far better to get agreement than for the government to give direction. I agree with him also that by no official action what-

ever should the trades unions and the veterans organizations in this country be pitted against each other. I think that wisdom must be exercised in that regard. I say with all the emphasis at my command that anyone in this nation, whether he be a member of the House of Commons or outside, would not be rendering a service to the Canadian people who advocated policies that might bring about disagreement between these two great forces within the four corners of this nation.

Might I say in a broad way with respect to the disabled veterans working in our industrial and commercial structure, a special division of the employment service of Canada has already been set up to deal with that matter. It has been found from our experience with workmen's compensation laws in this country that on the average a person with a disability has a better earning power after the disability than they had before. That is a matter of statistical record. I can say this to my hon. friend and to the committee, that no nation is better prepared than the Dominion of Canada to meet the problems of the post-war period, as we have built our organization on the experience of the past. After all is said and done, the man with a test tube is better than the man with a book, and we have had practical experience with demobilization following the last war. I think it can truthfully be said that building up that experience we have organized a machine which in the main should function with a degree of perfection that possibly cannot be imagined to-day.

I have said these one or two things, Mr. Chairman, just to indicate to the house and the country that the two matters which my hon. friend has raised have been and were being dealt with prior to his making what I consider very helpful suggestions.

Mr. CROLL: May I just say a word arising out of what the minister has said. I should not like the house to get the impression that I advocated compulsion. I never suggested that at all. I suggested that there should be consultation around the table.

Mr. MITCHELL: That is correct.

Mr. BRUCE: Mr. Chairman, as a member of the committee on veterans affairs I am conscious of the hard and painstaking work done by that committee to make sure that the interests of the veterans to whom we owe so much would be carefully safeguarded in the bill the provisions of which have already been approved by the house.

I wish to join the hon. member for Royal in regretting that the estimates of this important department have been opened so late; in fact, on what we hope will be the last day of the session, which means that we shall not have the advantage of having a free discussion participated in by a large number of the members of this house. I hope that next session the minister may find it possible to bring down his estimates at a much earlier stage.

Knowing that many of the provisions for our returning men who are now students were carefully considered by the committee, therefore I hesitate to refer to any of them here because I know that the members of the committee did the very best they could to provide adequate funds for students attending universities. In spite of that I am receiving many communications asking that the amount be increased because of the high cost of living, which makes it difficult for many students to eke out an existence on the amount that is paid to them.

May I call the minister's attention to the fact that single fare on the railways was provided for a period of thirty days to these men when they were in the armed forces during the war. Surely this concession should be extended to them now, and I ask the minister if he will take the matter up with the railways and try to get them to do it.

Although I approved entirely of the setting up of the Department of Veterans Affairs, I have always been of the opinion that the medical care and treatment of veterans could be better taken care of by the medical services already in existence. During the war we have had three distinct medical services connected with the three branches of the armed forces, as well as the medical services of the health department as well as those required for the civilian population. If this had been done the medical and surgical care of veterans could have been handled in such a way as to have ensured better care and at the same time have saved the taxpayer a great deal of money. I am supported in this opinion by the action of the Canadian Medical Association, which sent a letter to the Prime Minister on May 29, 1944, from which I should like to quote a few paragraphs. May I say that during the war the Canadian Medical Association supplied five of its ablest physicians to assist on a board known as the Canadian medical procurement and assignment board, which was set up by order in council in July, 1942. In their letter to the Prime Minister they made the following suggestions, which will be found at page 3824 of volume 4 of *Hansard*, 1944.

10. A great national plan for health care is being devised, and it may be assumed that when

and if it comes into operation a large number of our people, consisting of the veterans who, with their dependents, will constitute twelve to fifteen per cent of our population, might reasonably expect to have access to these services.

11. Again, most respectfully, we would urge that in the interests of sound administration, careful consideration be given to placing all government health services in time of peace within one department.

The next paragraph is perhaps the most important and relevant to the position that I myself take in this matter.

12. In order to concentrate the expenditure for veterans' care within one department, the Department of Veterans Affairs could arrange to purchase the "medical care,"—using the term broadly—for this group of people from the department of national health.

13. We believe that if the health services were so organized, there would be a notable conservation of medical and technical personnel and equipment and that there would be provided a finer type of service to this very important group.

14. (b) That all federal health activities be incorporated in the Department of National Health, including the health and care of veterans.

With these opinions I am in hearty accord. I will not amplify this at the moment, seeing that my time is limited, but I would call the attention of the committee to an act put on the British statutes on March 1, 1944, known as the Disabled Persons (Employment) Act. The main purposes of the Tomlinson report were incorporated into this act, which makes rehabilitation and resettlement of the disabled after the war part of the nations social services. The state accepts its obligation towards the man or woman suffering any type of disability to recondition him mentally and physically as far as possible and to train him for a new occupation where necessary, to care for his family through his period of training, and to resettle him in suitable employment.

Another important provision requires all employers of twenty or more workers to employ a quota of registered disabled persons, the quota for each employer being a percentage of his total employees as decided after consultation between workers and employers organizations. The employer with less than his quota may not take on a non-registered person without a special ministerial permit, and a registered disabled person may not be discharged from his employment without reasonable cause if the discharge would bring the employer below his quota.

Moreover, certain occupations specially suitable for disabled persons may be earmarked so that vacancies occurring in them may be filled only by registered disabled. I think we might very well emulate the example of Great Britain in this regard. It will be interesting also to note that following the 1914-18 war Germany made it obligatory for all its industries to engage a certain quota of persons disabled by the war.

May I now refer to a change that has come about in the treatment of patients as a consequence of certain new developments in this war, namely, the use of sulpha drugs and penicillin where, because of their use, old infections in bones known as osteomyelitis no longer recur, and as a consequence the frequent operations for the removal of necrosed bone at intervals over months and years will no longer be necessary. We can therefore hope that we shall not require active surgical treatment hospitals for a very long period after all our veterans are home. In fact, as soon as all the cases returning from overseas have had the necessary operations performed in neurosurgery, orthopedics and plastic work as well as in nerve repair work they will be dismissed from hospitals and will not, I hope, have to return except of course for emergency work that might arise from time to time. It means, therefore, that we do not require to provide a large permanent building in which to do active treatment surgery.

I believe that three centres have been established in different parts of Canada for the care of these special cases to which I have referred, namely, first, the neurosurgical cases, secondly the orthopedic cases and thirdly those requiring plastic surgery. May I ask the minister where these centres are and whether they are connected with general hospitals or with hospitals under his own administration. I presume the determining factor in reaching decisions as to the location of these centres would be their accessibility to trained specialist personnel in the large centres.

This brings me to the point of asking the minister whether very soon it may not be well to consider what use he shall make of the large active treatment addition to the Sunnybrook hospital, the corner stone of which was laid in November last, and which will not be completed for another year. I suggest that when it is completed it might not be needed for the purpose for which it is being built. I have no doubt that it can be used for other purposes. If my suggestion has merit then the country might be saved the large amount of money which will be expended in providing numbers of operating rooms, pathological laboratories, X-ray rooms and other facilities which are needed in an active treatment hospital of that size. It might be well for the minister to ask a small committee,

on which should sit one of the leading civilian surgeons of Toronto, along with some representatives from his own department, to look into the matter, to see whether something might be devised to meet the situation which will arise if what I believe turns out to be true, namely, that before this building is completed all the cases returning home will have been dealt with, except a few fragmentary ones, for which other accommodation will be accessible.

I do not intend to refer to-day to what I said a year ago, because anybody who wishes to read the record in regard to Christie street hospital can look back to *Hansard*. It would serve no useful purpose for me to refer to it again. Over one million dollars was spent on improvements and alterations to that hospital. I have not now, nor have I had at any time, any criticism to offer in regard to the splendid work that was done at Christie street and is being done there now in the medical, surgical and neurological departments.

Perhaps it is too late to make any change now, but if we have another war, and nobody can be sure that it may not come some day, a better way of providing accommodation for our returned men would be to build annexes to civilian hospitals already existing throughout Canada. In the large centres and in some of the smaller centres from coast to coast, where staffs are already available, and where these men will be assured of receiving the very best care and attention. Some hon. members will recall that this was refused Doctor Penfield when he asked that an addition be made to the Montreal Neurological institute, so that his staff of skilled personnel could be made available. When all of these cases are disposed of a few months after the end of the war the additional buildings would be useful as civilian hospitals. The committee will recall that at one time it was proposed that an addition be made to the Winnipeg civilian hospital, where the medical faculty of the Manitoba medical school of skilled specialists would be available. When the war is over and the cases are disposed of, this hospital would have additional accommodation to meet the civilian need, but instead of doing this Deer Lodge hospital was built outside Winnipeg. I am told that Winnipeg General hospital has a waiting list of over two hundred, which condition is duplicated all over Canada. I know that the same situation exists in Toronto. I want to commend the minister for the arrangements he made with the East General hospital to use the new wing, which was nearly completed at the time, for the care of some of these returned men. I believe they have taken care of some 250 returned men there and I am sure that he will be satisfied with the services which that hospital has rendered.

Mr. MACKENZIE: Simply excellent.

Mr. BRUCE: I wish to make it quite clear that in my opinion this method of handling our returned cases would be very much better than the method which was followed during this war, and which was perhaps a hangover from the last war. On a former occasion I made a plea for federal help for civilian hospitals throughout Canada, and I should like to repeat that plea to-day. Without that assistance and the assistance of the provincial governments the municipalities will not be able to provide adequate care for our civilian population. The federal government should give that assistance because through taxation they are taking away the sources of revenue of these hospitals.

Mr. MACKENZIE: May I say at once that I am grateful to the hon. member for Parkdale for his remarks. Naturally he speaks with more high authority in regard to these medical problems than I could ever assume or aspire to reach.

The first observation my hon. friend made was in regard to the transportation of those who are taking educational courses. That matter was dealt with the other day by the Minister of Transport; his statement may be found at page 3210 of *Hansard*. Cogent reasons were advanced at that time as to why it would not be possible.

The second observation made by my hon. friend was in regard to the submission of the Canadian Medical Association with reference to the placing of the care of veterans under national health or some other organization. May I remind my hon. friend he is very well aware of this—that after the last war an attempt was made to have the services of national defence extended for the after-care of veterans. That policy was abandoned in about six or nine months' time. The Department of Veterans Affairs was created by a committee of this house largely so that all the services, including the medical services pertaining to veterans, would be under one department. I can assure my hon. friend that it would relieve me of much anxiety if these services were placed under another department, but I do know very definitely that the organized ex-service men of Canada want the medical after-care of service men to be under the Department of Veterans Affairs. That is the definite recommendation of the legion, the Canadian corps and all the major organizations in Canada.

Mr. BRUCE: I am well aware of that, but in spite of that fact, as a medical man I still hold the opinion which I have expressed.

Mr. MACKENZIE: I have a great deal of respect for the advice and opinions of my hon. friend. He asked me about the neurological centres. There is one in Montreal, one in Toronto, one in Halifax, one in Winnipeg, one in Edmonton and one in Vancouver. We have also built wings on civic hospitals at Port Arthur, Edmonton—at the university hospital—Regina, Ottawa, Kingston, and now we are doing that in Prince Edward Island.

Mr. BRUCE: Are those in separate hospitals, or in connection with civic hospitals?

Mr. MACKENZIE: Those I mentioned last are in connection with civic hospitals. My hon. friend offered a suggestion in regard to the possible future uses of Sunnybrook hospital. It is a matter of some comfort to me, considering the angry comments of a year or two years ago, that I am now asked not further to increase the hospital accommodation for our men but to see what uses can be made of this accommodation for civilian purposes. The first use of Sunnybrook hospital will be, as my hon. friend advocated with a great deal of sincerity and eloquence two or three years ago, to move our patients there from Christie street; and I think the whole committee will agree that this should be done. But apart from all this acrimony, contention and controversy, we should be grateful to Providence that in the near future we are going to be overhospitalized, I think, as far as ex-service men are concerned.

There is one point, however, on which I do not agree with my hon. friend. He said the active treatment accommodation might be lessened. That was not the experience after the last war. Active treatment, recurring cases, increased up to 1939, and we might have the same experience now. But it is my honest opinion that we are going to have more accommodation than we will require, and I shall be glad indeed to take into very careful consideration the suggestion of my hon. friend in regard to a committee to consider the possibilities of future use, because Canada is definitely underhospitalized; no one knows that better than the hon. member for Parkdale. Proper hospital accommodation in Canada will be a great problem of the future, but I am sure with the active inspiration and keen direction of my hon. friend the Minister of National Health and Welfare the problem will not be neglected.

[Mr. Mackenzie.]

Mr. BRUCE: I think the minister misunderstood me. I am very happy to learn that he is moving the patients from Christie street to Sunnybrook. My comment was only in regard to the active treatment wing at Sunnybrook, where they are providing accommodation for doing a large amount of surgery. I gave reasons earlier why I thought much of this surgery would not be necessary when this wing is finished.

Mr. MACKENZIE: Thank you.

Mr. GILLIS: We had not intended to carry on any discussion concerning these estimates, for the simple reason that a committee of this house considered these matters during thirty-six meetings of two hours each since the opening of the session, and I thought veterans affairs had been pretty thoroughly discussed. In addition to bringing in some definite recommendations which were put in the form of bills, in our final report we also recognized that we did not have an opportunity in the committee to discuss many things because of the time factor. I also understood, however, that in the final report we provided that all the matters we had not time to deal with would be dealt with between now and the next session under the emergency powers given the government under bill 15, and that an interdepartmental committee would be set up to study actively everything we did not have time to study, with a suggestion from the committee that the government use its power through orders in council to extend benefits in all the cases with which we did not deal.

Having that in mind, and also having in mind that practically all the discussion we have heard this morning also took place in the committee, which in addition heard representation from outside bodies, I think the interdepartmental committee will be in a better position, after studying the evidence and the suggestions offered in that committee, as well as the opinions of the members of the committee, to deal more effectively with these matters than we could deal with them at this stage of the game, when everyone wants to get away. However, I should like to make one or two observations arising out of this discussion. I would not be on my feet now if no one else had risen, but every time someone gets up and gives a little talk, someone else gets about fifteen different ideas about which he wants to say something.

Mr. CASSELMAN: Can you not restrain yourself?

Mr. GILLIS: I have no intention of doing so. Personally I objected very strenuously

to the removal of the insurance principle from the act in 1941, and would advocate its return if and when we have a government sympathetic on that point. We removed something else from the act in 1941 which I should like to bring to the attention of the minister. From the termination of the last war until 1941 one of the most objectionable features of the Canadian Pension Act was the right of the commission to decide that in its opinion a disability was of congenital origin. That provision opened the way to all sorts of abuses, and all kinds of interpretations were given under it. In 1941 the committee removed that section from the act, but in my opinion the commission got into the habit of deciding that a man's disability was inherited, under the congenital origin provision and their long experience in administering it, and I believe that has given rise to all the difficulties we are experiencing to-day in connection with preenlistment and post-discharge disabilities. That is something into which I believe the department should go thoroughly. We have a great many nervous cases; I believe some twenty-five per cent of all discharges from the service are because of nervous disability, and these men are not being pensioned. I am going to mention just one case on the point. A boy enlists, goes overseas, serves thirty-six months in Italy, goes all through the fighting, comes back to Canada and is discharged. He receives no disability; he is said to be just nervous and imagining things. That boy must have been A-1 to go through thirty-six months of combat service, but he has no right to anything to-day, no pension, no treatment or anything else, and he cannot work.

I am going to leave this suggestion with the minister, and I have given it to the commission on a good many occasions. I doubt very much whether many of the neurological centres that have been set up have adequate equipment and competent personnel to exactly determine the condition of these men.

In every case where there is a doubt, the man should be taken to a central clinic and given a thorough examination. There should be no doubt on that point. The centres being set up in the different provinces are new, and it will be some time before they find their feet and have proper equipment. Even so, there should be no doubt on that point. The present treatment of neurotic cases leaves much to be desired.

There is one further thought I should like to leave with the minister; I have spoken about it before on many occasions. The practice of having part-time medical representatives in these institutions should be abolished. I had the privilege of visiting Camp Hill hospital in Halifax in June of this year, and I found that in that hospital they were following and are still following the practice which had been in effect between the two wars. They had only two of a medical staff on full time, and one of those was crippled in both legs. He could not move from behind his desk. I talked to twelve service personnel who had come from the military district for eye, ear and throat examination before discharge. These men had their breakfast at seven o'clock in the morning. I was talking to them at five o'clock in the evening, and they told me that they had sat on a bench from nine o'clock until five o'clock waiting for a medical doctor to give them examination, and that they had had no lunch. That was the third day they had repeated the performance of waiting for an outside medical man.

If a medical representative is necessary, whether he be a specialist or a general practitioner, he should be in attendance on the staff full time, and should give full-time service to service personnel he is supposed to be looking after. One of the worst features of the departmental hospital set-up, is this practice of having a part-time medical representative. He is the man who rushes in for about fifteen minutes in the evening only to tell someone who has been waiting all day that he will have to come back the next day.

Mr. MacNICOL: And then rushes out.

Mr. GILLIS: Yes. May I say only a few words about the matter discussed by the hon. member for Spadina, that of seniority. Seniority is provided for the boy who had a job when he went into the armed services. There is no problem in that respect. There is no question of seniority for the boy who did not have a job before joining the services and who upon discharge has not secured a job. This is a straight unemployment problem. He did not have a job when he went in, and he has none when he comes out. There are some who believe that the man who served four or five years overseas should upon his return have the right to enter an industry and replace someone who has been working there for those four or five years. I say that if there are those who want to apply that principle to the industrial set-up of Canada, and who wish to change seniority and trade union agreements in that respect, they will have to extend the principle to bank managers, heads of companies, and those who are connected with every organization functioning in the country. If they are prepared to do that, I believe they will have

no difficulty with the trade union movement when a request is made for a revision in agreements.

The fact of the matter is that employment in this country is not adequately planned. If a large percentage of our returning service personnel are unable to secure employment upon return, then there are just two questions we should ask ourselves. We must ask if we do not need anything. If we do not, and if production is at its highest peak, then the thing to do is to reduce the hours of labour. On the other hand, if that is not the situation —and certainly it is not—and if we require increased production in every field, the thing to do is to take hold of the problem and to put our people to work, producing those necessary commodities required. That is what we shall have to do.

We are faced with a further situation, which arises in the period of transition when retooling is being carried out, and when the men cannot be put to work as quickly as we would like. Provision must be made for that. As I have said on many occasions, displaced industrial workers and returning service personnel who have not jobs should be treated in this way: We should lay down a basic rate of at least $25 a week so that they will have purchasing power.

Mr. MacNICOL: Until they do get jobs.

Mr. GILLIS: Yes; until they are employed, that is the thing to do. I do not want the hon. member for Spadina or any other hon. member to have the opinion that the established trade unions in this country that have seniority rates written into their agreements are denying ex-service men seniority privileges. That is not being denied the man who goes back to his job and who is given credit for the time he spent in the armed services. The man who did not have a job, who went into the services, and who returns to civilian life without a job, is the responsibility of the state, and the state must look after him. Those who wish to extend trade union agreements on that point must extend it so that it will apply to everyone in the country. That must be the condition, if we are to set up a preferred class and drive a wedge between ordinary citizens and service personnel.

The attitude of returning service men in Nova Scotia is that they will not come back and try to wedge their way into industry, thereby displacing someone. Workers in that part of the country are unionized, and if a service man is asked to take a job and thereby replace someone else, his answer is: I am not a scab; that man has a job. The state owes me a job. I fought for it for five years. I have vocational training, out-of-work benefits, and things of that kind, so I am not going to throw someone out of employment on that basis.

I agree with what was said by the hon. member for Spadina, and regret deeply the statements made by the general whose words he quoted. Anyone who takes that attitude is sowing seeds of dissension and is an enemy of the state. Any man who has any understanding of the situation must realize that there can be no proper rehabilitation of our service personnel unless the whole economy of the country is utilized. It is not possible to segregate ex-service personnel and give them employment and a decent standard of living if we are to have on relief rolls a million and a half workers who produced the sinews of war.

There has to be a job for everyone, and that must be carried out all along the line. The whole economy must be made healthy. The man who says that the civilian population should dig ditches while the soldier is put to work is doing the soldier a disservice. The soldier did not dig ditches in Italy only to come back to Canada to put the civilian population at digging ditches. That is a throwback to 1939. Every last man who donned a uniform and left this country believed he was fighting fascism and to preserve liberty and democracy, and did not believe that he would come back to this country to establish fascism here, where everyone has a right to work, a right to live, a right to live a life worth living, and on a decent standard. He did not believe he was to come back here to put the civilian population out of work, and the man who makes any statement to the contrary is not thinking very much.

I am sorry I have had to occupy this much time, but I rose chiefly because of the statements by the hon. member for Spadina. This is a most pertinent question and one which requires thorough analysis. I believe his suggestion that the Minister of Labour, the Minister of Veterans Affairs, and representatives of the legion and other veterans' organizations should handle this matter carefully, is a good one. I am convinced that you will not have any difficulty with the trade union movement if your proposals are reasonable and fair.

I want to close by thanking the minister for something. I agree that every phase of the rehabilitation of our service personnel should be kept within the Department of Veterans Affairs. For some twenty years the end of the country from which I come has been pleading with the Department of Pensions and National Health for the establishment of a

hospital in Cape Breton to take care of our service personnel and avoid having to drag them across the province. Such a hospital has been established within the past few months and I want to thank the minister. I am not going to say anything more, except that I shall let the minister know next session just how well this hospital is working out.

Mr. MACKENZIE: I am not going to enter into any controversy with my hon. friend, because we are good friends, but I must take definite and positive exception to his calling one of the finest Canadians of all times an enemy of the state. There has not been a Canadian who trod in shoe leather who did more to save this state and save the freedom of this state than Peter Hoffmeister of Vancouver.

Mr. GILLIS: I did not call him an enemy of the state.

Mr. MACKENZIE: Oh, yes; I am afraid you did.

Mr. GILLIS: The hon. member for Spadina made that statement, and I said that I agreed with him. He said that anyone who tries to create that kind of psychology in this country is an enemy of the state.

Mr. CROLL: On a question of privilege, I certainly did not make that statement. My hon. friend need only look at *Hansard* to realize that he must have misunderstood what I said. I said that no matter what I read it would not be applicable. Those were the words of a very fine gentleman, one who has the veterans' confidence. I was dealing with words only, and I never suggested—

Mr. GILLIS: That is exactly what you said.

Mr. DIEFENBAKER: Much as I would have liked to be a member of the veterans' committee, I was not and, therefore, there are a number of suggestions I should like to make at this time. The first has to do with veterans who are in sanatoria in the different provinces. Section 20, subsections 4 to 8, of the Pensions Act provides that credits accumulated in the veteran's account in the Department of Veterans Affairs while he is receiving hospital treatment provided by the department shall not form part of his estate should he die, and the dependents and beneficiaries only may receive his credits, provided that the pensions commission feel disposed to order such action. In Saskatchewan alone there are a hundred of these cases. These men believe that this section results in a major injustice being done to them. They feel that their credits which have been justly and properly earned should become part of their estates should they pass away while in hospital. In other words, they feel they should have a legal right to the moneys that have been credited to their accounts, instead of having to depend upon the whim of any commission. I would ask the minister to give consideration to making a change in this regard. I have received a number of letters from veterans in hospitals who believe that they should have a legal right to these moneys.

Mr. MACKENZIE: They do; the accumulated allowances go to their dependents in case of their decease.

Mr. DIEFENBAKER: The statute does not so provide. The statute makes it discretionary, and I think that discretionary power should be removed, irrespective of the practice. I want the minister to understand that if we are critical of these matters, we are still non-partisan.

I should like to refer to the administration of the Veterans' Land Act. It is a good act, and if carried out properly would do a great deal of good. While the act itself is sympathetic, the administration of the act is unsympathetic. While the law is there, the spirit of the law is not being carried out. I find from the cases that have been brought to my attention that in the administration of the act there seems to be what I was going to term a callous disregard, but which is at least a cavalier disregard, of the necessity of administering that act in fairness to the veterans.

Let me give an example. Young service personnel who were on the farms when they went overseas are now coming back. I brought one or two of these cases to the attention of the house on a previous occasion. I have a letter here from a soldier who was three years overseas. He enlisted when he was seventeen years and eleven months old. He had lived on a farm all his life. He came back from overseas and now wants to take up land under the Veterans' Land Act. His application is refused because he was not on a farm for two years after he was eighteen years of age. In other words, he is not qualified.

I had another instance brought to my attention the other day, that of a boy in my own constituency who had won most of the prizes given in farm judging. He was turned down because he had not put in two years on a farm after his eighteenth birthday. That type of interpretation by the director, or whatever his title is, of the Veterans' Land Act is doing more to bring that act into disrepute than anything else. This man is told he is not qualified, that he must wait another two years. He is now twenty years of age.

Mr. MACKENZIE: I think my hon. friend brought another case to my attention some months ago, and then there is this one this morning. I can assure my hon. friend that I intend to have that corrected at once.

Mr. DIEFENBAKER: I thank the minister. I wish to mention another case, that of a veteran who was married overseas. He finds that he cannot get land under the act because the board does not know whether his wife will be fitted mentally, or perhaps sentimentally, to be a farmer's wife. Many of these men are waiting for their wives. I have had two or three cases brought to my attention in which the wives are overseas. The men want to get them over here, but they do not expect them before April, May, June or July of next year. One of these men has been back nine months and he has pretty well succeeded in spending his gratuity waiting around until his wife gets back so that he can qualify if he has the necessary money available to start up under the act. As my hon. friend for Vancouver South says, they have to like the look of the wife when she finally arrives, otherwise he will not get the land.

Mr. MACKENZIE: I think the idea is that the wife must like the land.

Mr. DIEFENBAKER: That will depend on the board deciding whether she is the kind that would like the land.

Mr. MACKENZIE: Which province is that in?

Mr. DIEFENBAKER: The three I have before me are in Saskatchewan, but I think there are many others. This is penalizing men who were married overseas. They are denied the opportunity to come under the act, and that kind of administration is not the kind of thing the minister wants in his department.

I come now to the third type of case, the man who does not want land but who would like to get machinery. I have before me three cases. One of them is that of a veteran who rose to the rank of squadron leader. He served three years overseas, his father is a big farmer. This young man returned and wants to start up for himself. He needs machinery. The answer is: You cannot get any priority on machinery unless you take up land. I have that answer here. That is the interpretation of the Veterans' Land Act in Saskatchewan.

Here is another case. A man applies for a tractor. There are tractors available, controlled by the administration of the Veterans' Land Act in Saskatchewan. Although this pool of tractors is available, and he needs one, he is advised that there is no way in which he can get one unless he takes up land. He already has the land, and he wants to farm it; yet he is denied the tractor necessary to do it.

I bring these cases to the attention of the minister to show that the administration of the Veterans' Land Act needs revamping, to say the least.

With regard to housing, I think the minister might well bring to the attention of the Minister of Finance the position of men returning from overseas who rented while they were overseas the houses they owned and now are prevented by the rental regulations from repossessing them. I think these men should be granted an exemption from the present rental regulations and enabled to get back into their own homes after a reasonable period.

There is also the matter of reestablishment in business. To-day all that is given to the returning soldier is a "hunting" licence, permitting him to hunt for stock and commodities for his store. All that is available to him is a twenty per cent quota. What is actually taking place is that the veteran who is seeking to establish himself in business cannot open a business at all. He has the power physically to do it, but there is no preference given to him to assure him of a reasonable share in the commodities he requires to go into business.

There is one other matter which was referred to by the hon. member for Cape Breton South, a matter we have not dealt with in this parliament but which may well develop into a serious problem within the next few months. I see the Minister of Labour in his place. I realize the tremendous responsibility that he carries with such urbanity. No matter how serious the problem, the minister always smiles.

Mr. MITCHELL: Enough crying when you are dead.

Mr. DIEFENBAKER: That is the spirit, but I am afraid we shall be crying within a few months unless something is done about this problem. Men are coming back from overseas and unemployment is piling up. The statistics for December show that there was a reduction in employment in September last greater than at any time in the last twenty-five years. This indicates the seriousness of the problem. I should like to hear a statement from the Minister of Veterans Affairs and from the Minister of Labour generally on the question of what actual planning is being done to prevent unemployment and to assure jobs. The crucial problem that faces us in this parliament, as I see it, is the maintenance

of full employment, the government and the people of Canada assuming responsibility for the provision of the machinery for providing jobs; because the mentality that prevailed before 1939, when alongside idle natural resources men roamed in idleness, will not be tolerated. The objective must be a level of industrial production, and markets available for that production, sufficiently high to assure a minimum of employment. Private enterprise must provide the jobs; the government must provide the markets. Many speak of an expanding market, and the necessity of maintaining ever-expanding markets. On the other hand I do not believe in paternalism, in an efficient economy propped up by government. That is why I come back to the question which I asked the other day and which has not yet been answered, with reference to the situation created by the recent loan arrangements made between the British and the United States governments. If under the trade arrangements made between the two governments—Canada was not present, and had no observer there—the British preference is done away with, industry in Canada will have been struck a blow that will have serious repercussions on employment. Even now, late as we are in this session, I think the government owes it to the people of this country to give us the assurance that the markets within the empire are to be maintained, or at least that the government intends to make efforts to ensure their maintenance. Without those markets, unemployment in this country, such as it is to-day, will be increased immeasurably, to the detriment of our men returning from overseas as well as of others within the next three months. I would ask the Minister for an assurance of jobs, because after all that is the first job of parliament—our job is to assure jobs. May we have a statement setting out in detail what is being done in this matter of jobs for the returning men, and what is being done to ensure trade and markets?—because we cannot let these men return once more to the unemployment that was prevalent before the war.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. SKEY: There are one or two questions I would like to put to the minister, but before I do so may I say that we appreciate the task which his department has at the present time, the excellent work that the committee have done, and the support they have had from all members. I have a few questions that have a bearing on those raised by the member for Lake Centre (Mr. Diefenbaker) just before we rose at one o'clock. First of all there is the question of interpretation which I brought up on December 11, as will be found at page 3300 of *Hansard,* in which I said that there was a certain uneasiness in the minds of hon. members that there might be unnecessary delay in granting benefits, narrow legal interpretations, tight rulings by the department, and close decisions by the treasury board. My only reason for rising at this late date is to call attention to one particular phase of the pension act which I think comes within one of these narrow interpretations.

On November 30, in committee, I asked a question of the chairman, reported at page 952 of the minutes of the veterans affairs committeee. I had received reports that when a pensioner went to hospital and came under hospital allowances, in some cases his net income is cut down to the point where he has insufficient money to keep him in cigarettes and small comforts. I said that some of them mentioned as little as $10 a month. Those were my words, and they were supplemented by the remark on the part of the member for Winnipeg South (Mr. Mutch) that $8 was the amount they had left. Since then I have received a letter which I will give to the minister if he requests it, and it contains a reply to my question. Before I read the letter I should say that the reply of the deputy minister to my question in committee was that when a veteran is admitted to hospital for a condition which is not pensionable he is allowed compassionate treatment for this condition even although it has nothing to do with service. I have a letter from a pensioner in this category in which he says:

> These cases are admitted under another medical disability and then treated for their pensionable disability. By doing so, pay and allowances can be withheld.

I bring this to the minister's attention, because if a man is to be admitted to hospital for something like a common cold and then treated for some war disability, he loses the benefit of his pension.

Mr. MACKENZIE: No.

Mr. SKEY: The minister shakes his head, but this is the letter I have received from a pensioner in hospital. He says that there are cases in which the veteran is admitted to hospital for some non-pensionable disability, something that has happened to him since the war, and then when he is in hospital he is treated for a pensionable disability, which means that he should have the benefit of his pension and not have any deductions.

Mr. MACKENZIE: He does.

Mr. SKEY: Well, the reply of the minister—

Mr. MACKENZIE: Will my hon. friend be kind enough to send me the case privately—

Mr. SKEY: Yes.

Mr. MACKENZIE: —because I am sure it is not correct.

Mr. SKEY: I will not delay longer with that case, since the minister will deal with it.

May I now call the attention of the committee to the multiple disability pensions now in force. I refer to page 7 of the National Council of Veterans Association submission to the special committee on veterans affairs. In the case which they cite they show that a veteran who has multiple disabilities which in total amount to 170 per cent disability receives in reality, by the scheme now in force, only 89·2 per cent, because they assess his most serious disability first and then take a percentage—

Mr. MACKENZIE: I very much dislike interrupting the hon. member, but I would say for his information that the table of disabilities was amended last month and provides for multiple disabilities, but not to exceed 100 per cent.

Mr. SKEY: Thank you very much. I will not go further with that.

There is one other question I wish to ask the minister. It has reference to the nurses who have been employed by the Department of Veterans Affairs in various hospitals throughout the country. These nurses are not eligible for any service benefits. They were actually paid less than nurses who went into uniform and served either in Canada or overseas, and yet the nurses employed in the hospitals by the veterans affairs department applied on many occasions for release in order to join the services. They were under the same orders, the same restrictions, the same service as our ordinary nurses in the forces, and yet all the benefits of the veterans scheme are denied to them. May I ask the minister if any consideration is being given to their position.

Mr. MACKENZIE: Let me say at once to my hon. friend that there is a good deal of merit in what he says, but that applies also to all employees in the Department of Veterans Affairs throughout the country—doctors and staff. They are not members of the forces, and that is a matter that the committee might consider next year.

Mr. SKEY: I am pleased to have that answer, but in world war I the case of nurses was dealt with very differently, in that they were all put into uniform and all treated as members of the services.

Mr. MACKENZIE: But they were members of the service at that time. That is the only distinction between the last war and this one. They were not members of the forces as such in this war. We did not have a civilian department in the last war, and for a long time all these affairs were handled by the defence services and the military hospitals commission before the Department of Soldiers' Civil Reestablishment was formed. That is the distinction to which my hon. friend refers.

Mr. SKEY: I still feel that these nurses do have a prior claim to be treated in the way nurses were treated during the last war. If the minister assures me that the department will consider the matter, I will press the point no further at the present time.

There is one last question, and that is to ask the minister if the matter brought up by the member for Royal, regarding dependents of deceased personnel and their widows, has been considered and whether the minister will answer the question. He evidently overlooked it in his reply to the member for Royal.

Mr. MACKENZIE: That will be considered by the parliamentary committee next February or March.

Mr. PROBE: Last week the minister informed me that certain hospital equipment needed by the veterans' wing of the Regina general hospital for physiotherapeutic treatment of veterans was being secured from Dundurn. This morning the member for Saskatoon City (Mr. Knight)—I see he is in his place now; I did not think he would be here—mentioned to me that he has had the same problem in connection with Saskatoon veterans. Is the equipment that was in the Dundurn military hospital or other equipment now in the physiotherapy veterans' wings of the Saskatoon and Regina general hospitals?

Mr. MACKENZIE: It is in transit.

Mr. PROBE: In the war expenditures committee we discussed the place of the Department of Veterans Affairs in pushing the claims of veterans to surplus war assets. Would the minister care to give a statement as to the extent of the liaison being undertaken at the present time between the Department of Veterans Affairs and the surplus War Assets Corporation?

Mr. MACKENZIE: For some weeks past there has been an inter-departmental commit-

tee of veterans affairs and the War Assets Corporation dealing with that very point. We have not reached a final solution as yet, but my hon. friend can rest assured we are going to press for the claims of the veterans.

Mr. PROBE: I inferred from the minister's statement last week that he was opposed to the idea of the Veterans' Land Act being used as a solution to the housing problems of returned veterans. I thought that was what the minister implied in his statement, and I think I was right, since he nods in agreement. I take exception to that, and if the minister feels that his department should not be saddled with the housing problems of veterans, what further positive liaison is carried on with other federal departments? What is being done there?

Mr. MACKENZIE: I entirely agree with my hon. friend in regard to that, and I also agree with the hon. member for Melfort, who belongs to his own political philosophy group over there, that the basic idea of the Soldier Settlement Act and the Veterans' Land Act is settlement on land. The housing feature of it is really an ancillary feature which has developed as being the most popular view. Twenty-seven hundred houses are being constructed at the present time, and six thousand are projected for next year. While I agree with my hon. friend that these should be constructed, and must be constructed, the other question is, who should be in active direction of that policy? Speaking personally I feel strongly that all the housing activities of the administration should be coordinated under one central authority. I believe that is the most effective thing that could be done. So long as I am in charge of the small holdings policy the houses will go on, but I do say to my hon. friend that housing is not the essential feature of the Veterans' Land Act; it is settlement on farms.

Mr. PROBE: I agree with the minister, but the point I am trying to bring out is that someone in the cabinet must press for that coordination to be undertaken, and as I see it, it is his duty to do so.

Mr. MACKENZIE: I think my hon. friend can trust me to that extent.

Mr. CASTLEDEN: With regard to small holdings, I know of a man who returned and wanted to get on some land. Because of his age he was not recommended; his application under the Veterans' Land Act was turned down. He then decided to make a second proposal, stating that he would like to settle himself at a filling station on one of the highways and take in a piece of land consisting of six or seven acres. Under the terms of the act would that be called a small holding?

Mr. MACKENZIE: Yes; under the small holdings provision of the act at it now stands, that could be done.

Mr. CASTLEDEN: What qualifications is he required to have in order to obtain such a holding?

Mr. MACKENZIE: He would have to submit reasonable proof that he would be able to maintain a business successfully; that is about all.

Mr. CASTLEDEN: He made his application, and they turned him down on that account. They said, "Oh, well, you have not a permanent income."

Mr. MACKENZIE: If he had reasonable prospects of a reasonable income, that would be enough.

Mr. CASTLEDEN: The letter I received from the soldier settlement board was to this effect—

Mr. MACKENZIE: Would my hon. friend be kind enough to submit the case to me privately?

Mr. CASTLEDEN: Yes. He was told that if he cared to submit an application for a small holding which showed that he had permanent employment, it would be considered. It was ridiculous for him to get a permanent job and then ask for a small holding where he could not put in his time. What can be done about returned soldiers who have land of their own and have difficulty in getting machinery? I know that the veterans department had a large quantity of machinery placed on priority. A return which was brought down in the house showed that they must have turned back about seventy per cent of the machinery on which they had got priority. Many of those veterans do not come under the Veterans' Land Act because their parents own the farm and are giving the land to the veterans. When they go to the Veterans' Land Act people and say that they would like some assistance in obtaining farm machinery, they are told: "We have nothing to do with you; you do not come under this assistance at all." The result is they do not know where to go. Would the minister give us a statement to clear that up?

Mr. MACKENZIE: Is my hon. friend referring to actual settlers?

Mr. CASTLEDEN: These are returned veterans.

Mr. MACKENZIE: Settlers?

Mr. CASTLEDEN: They are going to settle on their father's farm, or on a quarter section which the father is giving them.

Mr. MACKENZIE: Do they get title to the property from the father; is it transferred?

Mr. CASTLEDEN: Yes.

Mr. MACKENZIE: Then of course they are entitled to all the benefits.

Mr. CASTLEDEN: Under the Veterans' Land Act they do not qualify for any machinery.

Mr. MACKENZIE: I am informed by the director that he is doing everything possible to give further priorities for machinery to veterans under the Veterans' Land Act.

Mr CASTLEDEN: They are told to go to the dealer, that a certificate will be given to the dealer and that the dealer will be asked to take care of them as soon as he can.

Mr. MACKENZIE: Yes.

Mr. CASTLEDEN: Would it not be a little more in accordance with our policy in trying to assist veterans if such men as these could be placed under the Veterans' Land Act and receive the benefits of that act in the matter of obtaining machinery?

Mr. MACKENZIE: Within the limits of the available machinery, the suggestion is quite prudent.

Mr. CASTLEDEN: Was not seventy per cent of the machinery on which priority had been obtained in 1945 turned back because it could not be used?

Mr. MACKENZIE: It has not been turned over yet.

Mr. CASTLEDEN: I think that machinery could have been used by the department to assist veterans who were not purchasing land under the Veterans' Land Act.

Mr. CASE: I realize that time is important, but this is an occasion on which most hon. members wish to add a word to the discussion. We are grateful to that group of men who have played such a tremendous part in the fight for our very existence. I can assure you, sir, that I shall be brief, but there are a few observations I should like to make and some information I should like to obtain from the minister.

I have information to the effect that even a boy born on a farm, who enlisted at eighteen or eighteen and a half years of age and now comes back seeking to acquire a farm home-

stead or other land, has not within the meaning of the act the necessary qualifications for the assistance that is granted under the act. Will the department give consideration to amendments to make it practicable for the farmer's son to come within the meaning of the act? I am not sure whether the minister's department is charged with this responsibility. I now refer to veterans who have married British girls overseas, and whose wives are still detained in the old land. There are some pathetic cases. I know it is very difficult to do anything about them, yet I do make an appeal on their behalf. I know of young veterans being returned to Canada for discharge from the army, whose wives in the old country are expecting children, and they are anxious that these children should be born in Canada. Yet under the act they cannot be moved except within a certain time limit. I do hope the department are giving consideration to this serious situation and will try to bring these wives to Canada in order that their children may be born here.

I should like to say a word with respect to the veterans guard, about which I believe there was some discussion this morning. I have a sympathetic feeling for these veterans of two wars who have made a tremendous contribution and now are too old to take advantage of many of the rehabilitation measures provided for their benefit. I should like the minister to say his department is giving serious consideration to some action that will satisfy the veterans of two wars who have been serving in internment camps or elsewhere but who now, at the age of fifty-five or more, do not care to take on obligations which will extend for another twenty years.

I do not think I would be fair if I did not take just a few minutes to say that I for one indeed appreciate the sympathetic and serious approach of the minister to these problems. I have had occasion to bring to his attention matters which I know do not come within his department, but he has always listened to me and sincerely tried to help. I believe we all appreciate his sympathetic understanding, and that is something the veterans will need possibly more than anything else in the world. After all, though there may be thousands of veterans, no two of them will have problems exactly the same. This afternoon we see how well the minister deals with these matters; he listens to our remarks and waits for any suggestions that may be made which will be of assistance to the returned men.

I want to refer to another matter, and in doing so I hope I shall not be misunderstood; for that happens so easily. For instance, I believe it was reported in a Canadian press

dispatch that the members had voted themselves an additional indemnity of $2,000 for the session, and of course that is absolutely wide of the mark. I hope no deputation is waiting for me to collect mine when I get home, because actually we shall only get about $640 per annum above our expenses. I want to refer to the matter raised this morning by the hon. member for Cape Breton South, the relief allowance of $25 a week. We should all like to see the people of this country everywhere in receipt of $25 a week, but I want to take a realistic and practical view of this suggestion. I say to you, Mr. Chairman, and to this committee, that the moment we raise the allowance to such a level that a man has no desire to work, we are not doing him any good. In my opinion no man is happy unless he is employed. Employment is the greatest source of security, and I should like to see full employment at substantial wages. But I constantly ask myself whether we should offer a man a reward that will take away from him the desire to forage for himself. I suggest that to the committee as something to consider.

The last matter I have in mind has to do with the widows of service men; something I have brought up in the house on previous occasions. I should like to know from the minister whether anything has been done to see that a widow is given the reestablishment credit which her deceased husband would have received if he had come back. This is a very important matter, inasmuch as many of these soldiers married shortly before they went away, and some left small families. Many of these people are living in quarters that cannot be considered either comfortable or secure. I believe the reestablishment of a widow and her young family is just as important, in many ways, as the reestablishment of a soldier who has returned from overseas. I should like to know whether anything definite has been done with respect to granting the reestablishment credit to the widow of a member of the armed forces in order that she may be able to reestablish herself and her family.

Mr. MACKENZIE: I want to thank my hon. friend for his constructive observations, which I think I can deal with in a very few minutes.

In the first place he mentioned the boys on farms, and thought this limitation in regard to eighteen years of age was unfair. As the regulation now is being administered by the director I believe that if the lad has had two years of actual practical experience on a farm he can qualify under the provisions of the Veterans' Land Act. From my own memories I know that any lad who has been brought up on a farm and done the work of a farm is pretty well qualified to look after a farm himself after he gets older, so I agree in large part with my hon. friend in that regard.

The hon. gentleman dealt with the early return of the wives of veterans. A declaration in that connection was made yesterday or the day before by my colleague the Minister of National Defence, so I need not deal further with that point. The hon. gentleman went on to speak of the veterans of both wars, and made a most commendable suggestion in their behalf. May I tell him that we are now establishing a special directorate in the Department of Veterans Affairs to deal with the problem of the veterans of both wars.

Then my hon. friend went on to mention the reestablishment credit for widows. I am sorry that I am perhaps reactionary in regard to that matter. I remember when we had our committee dealing with this problem. Rightly or wrongly—it is a matter for the committee and the members of the house to decide later—we came to the conclusion that war service grants and gratuities are largely the expression of a nation's gratitude to the men who served the country in time of war. We treated the credits as a conjunct function combining in the first place the same ideas but essentially combining them over a ten-year period with reestablishment as such, and relating it to the national economy, and belonging particularly to the individual who had returned to Canada and was being reestablished. That may be the wrong idea, but it was the basic idea behind that provision. I doubt very much, and I say this without hesitation, the advisability of extending the reestablishment credit to anyone except the ex-service man who comes back to Canada and seeks to rebuild a home for himself or herself, because it applies also to women. I believe those were the main points raised by the hon. gentleman, and I thank him very much for them.

Mr. CASE: Will the minister pursue that matter a little farther? I know of some unfortunate instances.

Mr. MACKENZIE: It will come up for discussion when the Pension Act will be considered by the veterans affairs committee, I imagine about next March.

Mr. BAKER: I have been a member of this veterans committee and hope to be a member of the veterans committee next session. I spent a great many hours, time which perhaps I should have spent on my

constituency, trying to solve these very matters. I appreciate all that has been said here by hon. members, and I know it has been said in all earnestness and true sincerity; but I wish hon. gentlemen would bear in mind the fact that on this committee there were sixty veterans of either the first or the second great war. I happen to be one of them. Please do give us time to work out these things. We have been doing our best to work out these matters, and we shall do the same next year. But do give us a break, and do not spend all this time discussing these matters here, because all you are doing is detracting from the hard work the committee has done. We will give you everything we have at the next session, and I am sure many of these matters will be dealt with satisfactorily then.

Mr. FERGUSON: As a veteran of the first great war I should like to make one observation. During the last war I corresponded with probably four hundred men overseas. All those men, without exception, had one desire: "Get me a job; give me a job." Mention has been made of General Hoffmeister's remarks to the effect that a veteran ought not to have to dig ditches. I say this: Veterans want jobs. No one should make a promise to keep a man from digging a ditch if he is properly fitted for that work and if he digs a good ditch. I would much rather dig a ditch and be paid for it than be a white collar man and starve to death.

I make the plea to get these men back and give them work. Do not make too many promises, because these young boys become confused. My young brother-in-law enlisted at the age of eighteen and served six years with the flying corps. He is now twenty-five years of age, and upon returning home he does not know which course to take. My advice to him was: Get to work, and have the other fellow pay you while you are looking the ground over.

Give these men jobs. Those who are maimed or have become physically defective because of the war should be looked after one hundred per cent. Move them out of that disgraceful Christie street hospital, for which both Conservative and Liberal governments are responsible, and put them into a hospital we can be proud of. Look after the blind and the maimed. But do not promise those boys the world with a fence around it. They have served a great purpose. Do not fill them with promises. Give them jobs, and they will prove themselves worthy, as they did during the war. When they enlisted as volunteers they did not need promises to show what they could do. They do not want promises now, with one exception, and that is that they have a job. Fulfil that promise of a job, so that they may do their work. They do not want to be keyed up with promises, take courses, and after getting half way through them, slip back and three or four months from now find their own levels. Give them jobs; and give those who are maimed the proper kind of treatment.

Mr. GREEN: During the present session there has been very little discussion of veterans affairs in the house. The main reason, of course, was that we had a special committee studying veterans affairs. I agree with other hon. members of that committee when they say it did good work, and I appreciated the privilege of serving on it. I believe every member who gave that service feels the same as I do, and I am sure we shall be able to do good work for the veterans in next session's committee.

The work of the special committee had to be limited to certain things; there was not time to cover everything. We recommended three bills which have now been passed by the house, one to amend The War Service Grants Act, another to amend The Veterans' Land Act and a third to provide rehabilitation allowances for veterans. That meant, of course, that we could not consider such vital questions as pensions, war veterans allowances and hospital treatment. It is true that some representations were made on those points, but there was no lengthy consideration of any of them by the committee. Now, of course there can be no further consideration until the next session.

The department submitted to the committee two draft bills, one proposing to amend the Pension Act and the other to amend the War Veterans Allowance Act. Those two bills show that departmental officials have in mind at the present time certain things in connection with those acts.

I have five questions I should like to ask the minister, which deal particularly with pensions and war veterans allowances. First of all, in respect of pensions, we have contended for a long time that a provision should be written into our Pension Act to the effect that a man's condition on admission to service shall be presumed to have been his actual condition, and that if subsequently there is any deterioration prior to his discharge, the onus shall be upon the state to show that such deterioration was not caused by his service. For some reason or other we have never been able to make much headway with that suggestion. The result out in the country where we meet the veterans is that

time and again the pension commission holds that a man's condition was a preenlistment condition, and when they do that they may or or may not grant the applicant a partial pension on the ground that such preenlistment condition has been aggravated. But where the pension is based on an aggravated preenlistment condition it is always smaller than if it had been held that there was a straight disability.

I know of several cases where injustices have been done. These are not only men who served in Canada, but also men who served overseas.

Mr. MACKENZIE: It does not apply to overseas cases.

Mr. GREEN: Oh, yes. I know of cases where it has been found that a man's condition was a preenlistment condition, and he was allowed only an aggravation, and not an out-and-out disability pension. Sometimes I am tempted to blame the pension commission. If this goes on indefinitely there are going to be many veterans in Canada not receiving the pensions to which they are entitled.

Mr. MACKENZIE: In the event of aggravation of disability caused overseas, the applicant is entitled to the whole amount of the pension, unless the condition was obvious, recorded or wilfully concealed.

Mr. GREEN: The difficulty is this. A man is accepted by the army, after many examinations. He is found to be perfectly fit. He goes overseas and in two or three years comes back, receiving his discharge as being medically unfit or in a lower category. Then, if you please, the pension commission finds that he had some preenlistment condition. In other words, although he was accepted as fit, and although everybody thought he was fit, several years later the pension commission decides there was something the matter with him when he enlisted and that therefore he is not entitled to full compensation for his disability. I know of cases where that has been done.

Mr. MACKENZIE: The principle of fit-for-service fit-for-pension has never been accepted by any country in the world.

Mr. GREEN: I do not think the minister should emphasize so much Canada's having the best laws for veterans.

Mr. MACKENZIE: I was not referring to that.

Mr. GREEN: I hope it is true, but I know that in some respects it is not. However that is not the test. The test should be whether or not these laws could be improved, and here is an instance where they could be. I suggest there should be a section written into the Pension Act which will make the situation clear. I will suggest a section which the officials of the department and the minister might consider. It would read:

It shall be presumed—

And this is not something which takes place automatically; it is a presumption—

It shall be presumed that an applicant's condition as recorded on his admission to the service was in fact his condition at that time, and that any subsequent deterioration was due to his service.

In other words this sets up a presumption in favour of the applicant.

Mr. MACKENZIE: That is the same as the British provision?

Mr. GREEN: Yes, it is practically the same as the provision in Great Britain.

Mr. MACKENZIE: My friend took this matter up last year in debate in this house. We made a thorough examination of the significance of the presumption which was embodied in the British amendments. My advisers, rightly or wrongly, say that under the existing conditions the provisions under our Pension Act are more generous.

Mr. GREEN: That is not the way the act works out with the disabled veteran. I know of cases in which the veteran is losing out.

Mr. MACKENZIE: We will study it between now and next session, and then it can be taken up by parliament.

Mr. GREEN: If a presumption of that kind were followed by the pension commission it would mean that this man could qualify for a pension. Further I think the minister would find that such a section would change the outlook of his pension commissioners.

Mr. MACKENZIE: I shall be glad to go into it fully.

Mr. GREEN: That is the first suggestion. It is important that the department should go into these matters before the next session. Do not let everything die now until the house meets again. It will be weeks later before the committee is set up and there will be no amending legislation until May, June, or perhaps even later.

My next suggestion has to do with the insurance principle. I am not going to go into this again, because the minister knows how we feel about it. We feel it should

be restored to cover men who enlisted to fight, even though they were not able to get out of Canada. We do not want to protect the man who never had any intention of fighting, but these other men should be covered by the insurance principle. The minister has said that there has been a compromise section put in the act. He is quite right; that is section 11, subsection 3. It provides that if a man has been disabled and cannot qualify for a pension; if he is in difficult circumstances, then the pension commission may in their discretion award him whatever they feel like awarding. There is a means test to it, which of course is a bad feature. I notice in the submission of the National Council of Veterans' Associations, presented to the special committee this year, it was pointed out that not only is there a means test at the start before the man qualifies for a pension, but the commission can go back and back and means test the man. If his financial condition improves, his pension may be reduced or taken away altogether. They suggest that once a man qualifies he should be entitled to have his pension continue.

Then there is another serious difficulty. Under that section a man may have a pension granted by the pension commission—the minister will correct me if I am wrong—but he never gets the full amount according to his disability. Even though a man is 100 per cent disabled he can never get more than two-thirds of the total disability allowance under that section. That is so, is it not?

Mr. MACKENZIE: That may be correct; there was a feeling that there should be some distinction made between that type of case and the battle casualty overseas.

Mr. GREEN: That needs to be given further consideration. If a man is 100 per cent disabled and is entitled to pension under this section, he should get a pension corresponding to the amount of his disability. I would ask that further consideration be given to that. Then with regard to war veterans allowances, which have been mentioned briefly today; this act is to be changed as well. By the way, the changes that I have mentioned were not included in the draft bills the minister handed to the special committee this year, and that is why I am mentioning them here.

Mr. MACKENZIE: There is no such thing as a draft bill before this house.

Mr. GREEN: It was before the committee. The amendments that I am going to suggest to the War Veterans Allowance Act were not in the bill the minister put before the committee either. I think eventually the means test will have to be done away with under the War Veterans Allowance Act. The dominion government has proposed to the provinces that old age pensions will be paid at seventy years without a means test. The war veterans allowance was supposed to be a form of old age pension to the veteran who had been burned out. He was made eligible for allowance at sixty years of age instead of seventy. If the principle of automatic payment is put into the old age pension legislation, I think it will have to follow into the war veterans allowance legislation.

Mr. MACKENZIE: We are trying to be mutually helpful in regard to the pension situation. Out of over 40,000 pensions payment, more than 5,000 were awarded for service in Canada only.

Mr. GREEN: I think if the minister checked up on the other figures covering the applications for pension he would find that the percentage of those who can get over the hurdle in Canada is very small, unless it has jumped a lot since last year. There should be a widening of the right to earn without disqualifying one for a war veteran's allowance. The man who has been thrifty all through his life and put away a little savings cannot get a war veteran's allowance until he has spent practically all of his savings. He cannot have a proper home in the city without losing a portion of his war veteran's allowance. The restrictions are too severe and I suggest that they be studied carefully before the committee meets again.

The minister took a surprising stand this morning with regard to imperials. It is an old argument, it is a poor argument, but it sounds good. The minister said that we cannot allow any imperial to get a war veteran's allowance because there were thousands of Canadians who got to England but who are not eligible for war veterans' allowances unless they are pensioners; therefore why should anything be given to imperials? That sounded different from the speech made yesterday by his leader on the question of indemnities. There may be two wrongs here, but it is no answer to one to say that there is another wrong.

Mr. MACKENZIE: I will go this far with my hon. friend: cure the first one first, cure the Canadian one first.

Mr. GREEN: The qualification for a war veteran's allowance is based on service in a theatre of war, and the only request that has ever been made by an imperial for a war veteran's allowance was by an imperial who had served in a theatre of war.

Mr. MACKENZIE: That is quite correct.

Mr. GREEN: That should not be confused with the Canadian who did not serve in a theatre of war. If the minister is correct in his stand, the Canadian who never served in a theatre of war would get a war veteran's allowance before the imperial who had served in a theatre of war.

Mr. MACKENZIE: The request made to us by the association was with reference to imperials who had come to this country up to 1930; it was asked that they be entitled to the benefits of the veterans' allowances. That would mean that the Canadian who had served in England would not have preference over the ex-imperial who came here in 1930.

Mr. GREEN: The minister is taking the two groups together, the one group who actually served under fire and the other group who did not. I think that is an unfair position to take. I am not trying to deprecate the claim of the Canadian who only got to England, but certainly that does not meet the situation of the imperial who was under fire and who came to Canada after the last war. That man gave up rights under the social security measures in Great Britain which were far greater than anything he would receive here. He became a Canadian citizen and has stood shoulder to shoulder with us ever since that time. He cannot qualify now simply because of an argument such as the minister has put up to-day.

Mr. MACKENZIE: I am afraid I am being annoying, but may I say this to my hon. friend, that I know of no Canadian parliament—I am not speaking about parties or governments—that has yet accepted responsibility except for Canadians who left the shores of Canada.

Mr. GREEN: There were domiciled Canadians, men who left the shores of Canada some years before the fighting took place. I do not agree with the minister. He has gone this far, and I am glad to get him out in the open. When we get into power we shall meet the problem of these imperials; if I have anything to do with it, we certainly will.

Mr. MACKENZIE: I hope they do not have to wait that long.

Mr. GREEN: It may not be as long as the minister thinks. He is just whistling to keep his courage up.

Another question on which I should like some assurance has to do with what we call the non-pensioned widows. They are now entitled to a payment; what they really get is a war veteran's allowance, and they are getting that payment under an order in council. It has never been put in statutory form.

Mr. MACKENZIE: Is that not in the new bill my hon. friend has in front of him?

Mr. GREEN: The minister said a few moments ago that this is not a bill. Is it or is it not? I agree that it is in this hypothetical bill.

Mr. MACKENZIE: It is to be considered by the committee.

Mr. GREEN: Is there any doubt that they are covered by the order in council in the meantime? That order in council will not be invalid in the meantime because of the termination of the War Measures Act?

Mr. MACKENZIE: They are covered this year by the appropriation act, and will thereafter be by the proposed measure to be considered by the select committee when it meets again.

Mr. GREEN: I suggest that the minister give consideration to putting it in statutory form if there is any doubt about it.

Mr. MACKENZIE: We have given that definite consideration, and we have no doubt whatever about their being covered.

Mr. GREEN: My final question has to do with the dual service pension. It is called a pension, but is really a war veteran's allowance. The submission has been made that the payment should be on the basis of a reward for service, in other words, a service pension for long service to the country. Most of these men were three or four years in the first great war and perhaps five years in the second. It is only fair that the payment should be based on that service rather than on a means test. I have no doubt that the department considered that aspect of it, but can the minister explain why it was not made an actual pension rather than a war veteran's allowance?

Mr. MACKENZIE: Because the request was definitely received from some of the leading veterans' organizations to have it considered not as a pension but rather as an allowance under the veterans' allowance act. I say with the utmost frankness that it is not a success as it is now, and I think it should be one of the duties of the committee next session to go into the matter thoroughly and make new recommendations in regard to it. I do not think that the dual service order is any good.

Mr. GREEN: I hope that the minister and his able officers will work out some suggestions for the committee by the time we meet next year.

Mr. MACKENZIE: We shall do that.

Mr. GREEN: I agree that it is a difficult question, but I suggest that the payment should be based on service rather than on a means test.

Mr. MACKENZIE: We shall be glad to consider that. I think we have had a very fine debate, Mr. Chairman, and I wonder if I might now ask the committee to make some progress with these estimates.

Mr. MacINNIS: Mr. Chairman: I must protest at the rushing through of important business at this time. This is the only opportunity the members have of getting the ministers before them to deal with matters of the kind, matters about which all members receive letters, telegrams and other communications with which we are bound to deal. Let us remember that we are now receiving overtime, and there is no reason why we should not work for it.

Mr. MACKENZIE: I think we are.

Mr. MacINNIS: So far as I am concerned I am going to deal with these matters now. I have never taken up the time of the house in dealing with veterans' affairs. It was not necessary for me to do it because the veterans have exceedingly capable representatives in this house who have been doing a good job for the veterans ever since I have been here.

Someone suggested this afternoon that we take a realistic view of this question. It was the hon. member for Grey North (Mr. Case) when he was referring to the point made by the hon. member for Cape Breton South (Mr. Gillis) that when veterans are unable to secure employment they should be given an adequate living allowance. I think we have established that principle too, and I do not see why the veterans should not have the benefit of it as well as members of parliament.

It was realized some time ago that the question what would happen to men of the armed services when they return from overseas was a very live one. It was an important question in the federal election campaign in May and June of this year, and all candidates took a considerable part of their time to deal with it. In everything that I had to say on this question, either at public meetings or in broadcasts, I made the point that so far as legislation was concerned Canada had good legislation for the returned men—perhaps, as the minister has said, the best legislation in the world. I think that is conceded. But I pointed out that if economic conditions in this country became depressed, no matter what special provision we had made for the veterans, the veterans nevertheless would suffer. Economic conditions now are becoming depressed, and a veteran who would not have difficulty under prosperous economic conditions will find himself in difficult circumstances as economic conditions become worse, and he will come to the government for relief. So the question that is confronting us to-day is not simply a question of dealing with legislation for the veteran; it is a question of dealing with the whole economy of Canada and the committee requires considerably more time with the Department of Labour, the Department of Veterans Affairs, the Department of Reconstruction, perhaps the Department of Agriculture, and the Department of Finance. All of these are interwoven and will have to coordinate their efforts before we can successfully cope with the problem of improving economic conditions. I put myself on record as supporting the proposal made by the member for Cape Breton South that the veterans should be granted an adequate living allowance if employment cannot be found for them.

I have another matter to bring to the attention of the minister and I bring it up because I promised to do it. The corps of Canadian fire fighters overseas has sent a brief to the minister which perhaps was discussed at the veterans committee. The gist of the brief is that these men should be given the same benefits as the men of the armed services. I asked some questions in regard to the number of Canadian fire fighters who went to the United Kingdom from Canada, the average length of service, and how many were killed, wounded or died of serious injuries or illness overseas. The answer was that 408 went overseas; the average length of service was two years, eight months and fourteen days; three were killed, five wounded, and five seriously injured.

Obviously these men were a part of the fighting forces. Is there any reason, therefore, particularly considering that the number is so small, why they should not be given all the benefits accruing to other returned veterans? Of twenty-two enlistment benefits for veterans, six benefits have been received; five benefits have been received with conditions attached, and to eleven benefits they have no entitlement at all.

I suggest to the minister that he put the fire fighting corps on the same basis, so far as benefits are concerned, as the men of the other armed services.

Mr. MACKENZIE: I thank my hon. friend for his remarks. Whether we were right or wrong, last year, when we passed the order in council, a distinction was made by the committee, on advice from various departments that there should be a differentiation between those who were members of the armed forces and those who were not; therefore it will be found that supervisors and some of the ancillary services, such as fire fighters, do not receive the entire amount of benefits that are received by members of the services. Whether that was right or wrong is a question I shall not debate now, but that was the dominant argument behind the decision made at that time. As a matter of fact, I remember very well receiving a delegation from the fire fighters in my office when the projected order in council was under discussion, and they appeared at that time to be satisfied with it, although since then there have been marked complaints. The whole question will come up before the committee of the house next March.

Mr. MacNICOL: I want to help the minister get through as quickly as possible; therefore I shall be brief. I know that he is one of the hardest working ministers of the crown; far be it from me, then, to detain him longer than is absolutely necessary. In the first place, I feel it my duty to compliment the minister on his programme, in reference to making the recommendations or regulations, or whatever they are called, having to do with non-pensionable widows, into a bill and making them statutory.

Mr. MACKENZIE: I think my hon. friend deserves most of the credit for that.

Mr. MacNICOL: No. The minister deserves the credit, and I will give him all of it. I was just a humble worker following his programme. The minister really did a great service to the country, because non-pensionable widows were a part of the population who had not got a fair deal. The minister tackled the problem, and I happened to help him, and in due course these widows were looked after. I am glad to see that the matter will now be made statutory.

Mr. MACKENZIE: The vote is increased by $100,000 this year.

Mr. MacNICOL: I am glad to hear the minister say that, and again I compliment him. I wish to say a word with reference to fire fighters. The chairman is very humble and modest. He could have taken a great deal of credit for the fact that the chief of the fire fighters overseas came from his own fine city of Brantford. I am right in that, am I not? Yes, I am. A large number of these men came from Toronto, many from my own riding, but like many other members I have risen to bring up the problem of these men. I am not competent to say whether their work was comparable with the work of the soldiers, but a number of them were killed and others were wounded, as we have heard to-day. For my part I am satisfied to leave the matter in the hands of the minister. If he can do anything to give these men fair play I know he will.

I wish to bring up a couple of cases I have mentioned before, and again I am going to be brief. I want to be as kindly as I can, and therefore I begin by saying that personally I have always had the utmost courtesy and satisfaction from the minister and his staff. I have no complaints to make in reference to the way I have been treated. However, I was greatly concerned in reading, as other members have been in the last few days, about the shooting of Canadian soldiers overseas, as strikingly recorded in this morning's *Globe and Mail* of Toronto in the following article:

Lonely Walk of Canadians to Death Told. By Ralph Allen, staff correspondent of the *Globe and Mail*. Aurich, December 14.—A story of sadism and mental torture that sounded like an oriental horror tale entered the records of the Kurt Meyer trial to-day as one of Meyer's former soldiers described how a German officer stood in a monastery courtyard and hurled taunts at seven Canadian prisoners of war just before he sent them through a little ivied gateway, one at a time, to be shot dead by an SS corporal waiting for them on the other side.

That article recalls to my mind the case I brought up before of George Stevens, who lives on Salem avenue, Toronto, and whose number is 57727. What I fear is that Mr. Stevens, perhaps in bitter resentment of the fact that he has been unable to present his case so that it will be sympathetically heard, has written to the department letters which on being read were not at all favourably received. I do not blame Mr. Stevens, because he was a prisoner of the same type about whom I have just read. He and others were captured in a trench in Belgium and lined up against the wall. He understood a bit of German, and he heard the officer in charge of their captors saying, "We will shoot these Englishers." He called them all English, using that word. Just at that moment a German officer came along and, on being told what was about to take place, prevented the shooting. I can well imagine the horrible feeling that must have possessed these Canadian prisoners on being lined up to be shot.

I fear that the gentlemen of the department who have to do with such cases do not

quite realize the effect which this has had on these men. I know Mr. Stevens very well. I have known him ever since the war ended. On many occasions I have seen him sitting on the edge of the sidewalk, helpless, unable to move. But when he is taken to hospital and put in a nice clean comfortable bed, with nurses to wait on him, after he has been there a day or two the doctors take his temperature and they pronounce him one hundred per cent fit. That does not sound to me like common sense. If I wanted to get the truth about such a man I would call in his neighbours. They are the people who see him daily. They meet him here, there and everywhere, and I would take their word in preference to the word of a staff of doctors from here to Jericho, because the doctors see him only after he has rested and his blood pressure and nervous energy have been restored. I brought this case up before. The minister kindly said that he would look into it and he did. I know that, but he took the reports from his staff. Forget all about the staff.

Mr. MACKENZIE: I cannot afford to do that.

Mr. MacNICOL: That is the unfortunate part of it.

Mr. MACKENZIE: They are very efficient.

Mr. MacNICOL: That is what I say; they are honest and qualified. They get their reports from the doctors in the hospital who see the man after he has been there two or three days and has regained calm equilibrium. That is not the right basis to go on. I know a man whose condition was brought to the attention of the department. I did my best to get some consideration for him. I was told by the commission that he had no case, but he died. The man knew he was right, but the doctors thought they were right because they examined him after he was in the hospital for some time and had become shipshape.

I had another case brought to my attention the other day, that of Francis J. Rider, whose number is 455004. I have known Mr. Rider for twenty-five years. He used to be an employee of mine. I have seen him in all sorts of conditions. I have gone to his house and found him hardly able to breathe, with froth running out of his mouth and down over his breast. He is making a claim for bronchitis, which he claims he contracted due to his war service, and I believe it. I knew him before he went overseas. He was placed in the hospital and the doctors saw him a day or two after he was there. But it was after he had been attended by pleasant nurses, waited on, his meals brought to him three times a day. Naturally he regained a calm equilibrium, his breathing became all right and the doctors looked him over and pronounced him a hundred per cent. That does not mean very much to me.

I know of another case, a Scotsman, in whom I believe. He would not need to swear on a bible for me to believe him. I have seen him in an abject condition. His name is William Robertson, and his number is 534262. I took up his case with the department, and I really believe the department has tried to do something for Mr. Robertson. They made an investigation; they sent him to Christie street, and recently they sent him to Ste. Anne's. I have seen him in a pitiable condition many times in his own home, but when he gets into these fine warm beds with pretty nurses waiting on him, serving him meals three times a day, he makes a great improvement. Then the doctors come in, look him over and pronounce him a hundred per cent. I am going to leave that with the minister. I ask him not to take the medical report but to take the report of the neighbours on the street who have seen this man in the condition which I have described. If the minister does that, and I trust him, he will give these three returned soldiers a square deal.

Mr. KNIGHT: I should like to add my voice to that of the hon. member for Vancouver East. I prepared a long brief on this matter, and I agree with the hon. member when he says that he does not think sufficient time is given to these important problems. I am not going to threaten the minister with a forty minute speech, and what I say may be a little disjointed because it is difficult to boil down a forty minute speech into a five minute one.

Something should be added to the argument made on behalf of these fire fighters. They should be treated as ordinary veterans are treated. At the end of my five minute speech I know the minister is going to tell me that the committee is giving this matter earnest consideration and that he is quite sure that something will be done about it next year. But he has not stated definitely that a bill is to be brought down to put these men on an equal basis with the veterans. I presume at this stage the minister could not promise that in so many words.

In fairness to the Canadian fire fighters I say that in view of the conditions of their service and the terms of their employment they should be granted all the rights and privileges which have been granted to the

military forces. In reply to the hon. member for Vancouver East the minister said that the differentiation is a matter of combat service. I should like to give from memory the words of the Minister of National Defence when he said very heatedly that so far as he was concerned the front lines were where the bombs were falling, irrespective of whether it was in England or on the continent. I am in full agreement with him there. These men were subject to military discipline and military pay. They suffered the risks of the actual veterans, and in some cases more risks, because they helped defend England at an important time in her history, when bombs were dropping on all sides. Evidence of that is given in the fact that several of them were killed.

I am not going into a long argument as to the benefits which have been denied these men. One of the most important, at least to the young men, is the denial of the right to have an education at the expense of the people of this country. These men are not all seasoned firemen coming back to their jobs. Some of them are young boys who left school to go into the fire fighting forces. I have a letter or two from several of them who complain that they cannot now complete their education. One or two of them have taken on liabilities in the form of wives, and they would like to get some further education, but they cannot do that. I shall read one short paragraph from one of the letters:

> In addition to the disappointment of every member of the corps, the omissions of this order in council have very far-reaching effects for me personally. I was married overseas, but due to the uncertainty of the available financial aid, my wife will not be able to join me until next spring. Prior to enlistment, I was a student at the university of Saskatchewan where I was enrolled in a type D arts course leading to theology. I am planning to return to university this next term, but am keenly disappointed that I shall have no financial assistance in the form of an educational grant. It may mean that now, with family responsibilities, I shall be unable to complete my chosen course.

These men have almost everything in common with the regular combat soldiers. They volunteered for the duration of the war; they offered life and limb. Like any other soldier, they accepted discipline. They accepted comparable pay and allowances; their term was like that of the soldiers. The carried Canadian army cards, and were medically checked and finger-printed by the Canadian army. Their conditions of eating and travelling and so forth were the same. I would say to all intents and purposes these men were simply Canadian soldiers who were defending Britain, just as the first division may have been said to be defending Britain all the time it was over there even though it had never fired a shot.

I believe the main argument which is motivating the government—I am not speaking for the government—is that there has to be a line drawn somewhere. I am guessing again when I say that the government may say that if we give it to these men, a great many other auxiliary services will say, "If they get it, we should get it," and so on. I think I have answered the argument that these men are not military personnel. I have shown that they carried different weapons, weapons of defence; that they suffered the hazards and the conditions of the war. They were subjected to the risks of fire and of war, of falling bombs. I have shown how they accepted pay and discipline comparable to that of the army.

The government may argue that to meet this demand might precipitate demands from other services. I do not think that argument is valid. These men were more nearly on a par with the military than with any of the other serivces, as I have shown. It is true, and I think this is a good argument, that these men did not receive as high a rate of pay as some of the other services; that is to say, they were restricted simply to military pay. It will be said, of course, that we cannot afford it. I am not going into that matter at the moment, but when millions of dollars are being voted here every day, the cost of meeting the claim of these men would be a mere drop in the bucket. You may say I am becoming financially as irresponsible as a Social Crediter, and that may be so. Personally I am not worrying very much about the national debt; so far as Britain is concerned, for instance, I do not think as yet she has paid back the money she borrowed to beat Napoleon in 1815, and I do not suppose our debt will be treated any differently.

There is just one other point I should mention. These men were never promised the full rehabilitation grants, but time and again they have said they understood they would receive them. I am not going to delay the committee longer, but I promised I would bring up this matter and I have done so to the best of my ability. I thought probably the minister would prefer to have me spend five minutes on it now than forty minutes when the item concerning fire fighters came up.

Item agreed to.

401. Treatment services, $11,066,516.

Mr. MOORE: I should like to ask one question with reference to veterans of the first world war, from whom I have had several

letters concerning the difficulty they have experienced in obtaining pensions for wounds they received other than in an actual theatre of war. I should like to know if the minister contemplates any change in the present act which would enable these men to obtain the benefits of that measure.

Mr. MACKENZIE: At the moment I cannot make a definite declaration of policy, except to say that the Pension Act will be reviewed by a committee of this house, probably some time next March, and any complaints made by hon. members will receive sympathetic consideration at that time.

Item agreed to.

404. Veterans' bureau, $224,137.

Mr. GREEN: In the submission to the special committee by the National Council of Veterans' Associations in Canada there was a recommendation that the veterans bureau should be an independent commission having authority and freedom equivalent to that enjoyed by the Canadian pension commission. Then they went on to suggest that the chief pensions advocate should have powers suitable to his office and equal to those of the chairman of the pension commission. They further suggested that the office of travelling inspector of the veterans' bureau be filled by a full-time advocate, in order that he might exercise constant supervision over the work of preparing cases in the district offices of the bureau. I think the minister will agree that there always has been a feeling that because a pensions advocate was paid by the government he might not be working 100 per cent for the soldier. I am not saying that has been the case, but there always has been that reaction, so it does seem to me this suggestion is worthy of very serious consideration. It might be that if the bureau were given a higher status and made more independent the veteran would feel that he was getting stronger representation in presenting his case. What has the minister to say about this suggestion?

Mr. MACKENZIE: My hon. friend will agree that we have all been working day and night; I have not even had a chance to look over these representations, and neither have my officers. But I can promise that they will be carefully studied within the next two months.

Item agreed to.

405. War veterans' allowance board—administration, $191,577.

Mr. WRIGHT: I should like to ask if the department is giving any consideration at the present time to increasing the amount a veteran may earn and still receive his allowance. At the present time I believe it is only $125, which is ridiculously low.

Mr. MACKENZIE: I am afraid this item has nothing to do with the actual benefits obtained by recipients of the allowance; it deals mainly with administration. The other question raised by my hon. friend will be considered by the committee, of which he himself is a very able member.

Mr. WRIGHT: That is not going to help the veteran out in the country at the present time. This has to do with the veterans' allowances, and certainly it comes under the minister. Under what item should that discussion take place?

Mr. MACKENZIE: I think you will find it comes under item 408.

Mr. WRIGHT: Well, I will ask the minister to make some statement in respect to that matter. It is ridiculous that a veteran should be permitted to earn only $125, and that anything beyond that should be taken from his allowance. I believe the government might very well do something about this by regulation instead of waiting until next year when the committee may reconsider the whole matter. It means a great deal to these men. I have in mind a man who has been communicating with me, who took a small mail contract simply because they could not get anyone else to do it. Because he took that contract, which paid him something over $200 a year but less than $300, his allowance was cut off. When it is reinstated he will be fined the amount he overdrew, because he continued to receive his allowance for two or three months before they discovered that he had been getting this small amount of two or three hundred dollars, less whatever expenses were incidental to the work. I really think the department should give some consideration to changing that ruling immediately.

Mr. MACKENZIE: With all due respect to my hon. friend, this matter is going to be considered by the committee. Some unkind things have been said to the government in regard to regulations and orders in council, and the suggestion made by my hon. friend involves an entirely new principle. The present legislation was passed by this parliament, and I would not propose to take any action in connection with it until I had heard the representations made to the committee next year.

Mr. WRIGHT: That is all very well, but this government has passed plenty of orders

in council which have affected other people and put money in their pockets. When we come to ask for a little bit for the veterans, however, it is not possible.

Mr. MACKENZIE: I object to that remark, Mr. Chairman; it is not fair. This parliament has done as much for veterans as any parliament in the world. There has been no niggardly policy of any kind, and there never will be.

Mr. WRIGHT: I do not want to get into an argument with the minister, but I ask him if that is not a niggardly policy.

Mr. MACKENZIE: I do not think so.

Mr. WRIGHT: Is it not niggardly to make a deduction from the pension of a veteran when he earns more than $125.

Mr. MACKENZIE: I have been in this parliament since 1930, and I have heard nothing but commendation year after year in regard to the provisions of the War Veteran's Allowance Act and its administration. Can my hon. friend point to any act in any of the allied countries to-day that compares with the veterans' allowance act in Canada? If there is any hardship hon. members of this house, regardless of party, will give it every consideration; but when the hon. gentleman asks me to declare government policy at the present time in regard to this principle, I am not going to do it.

Mr. WRIGHT: I am not asking the minister to do that. We have already admitted the principle by allowing a man to earn up to $125. That is the principle now. What is the matter with increasing that amount to $300? You will not be changing the principle at all but simply increasing the amount the man may earn. That does not change the principle of the act.

Item agreed to.

406. Veterans insurance, $100,861.

Mr. WHITE (Hastings-Peterborough): The minister may recall that when this bill was before the house a year ago the matter of income tax and succession duties in regard to the proceeds of an insurance policy was brought up. At that time I asked the minister if the proceeds of these policies would be subject to either income tax or succession duties, and the minister replied that he was not sure but would make inquiries. He also told me at that time that as far as he was concerned he thought they should be exempt from the payment of both income tax and succession duties. On Monday, March 26, 1945, in answer to a question I had placed on the order paper it is stated that the proceeds of a soldier's insurance policy are subject to succession duty, if the estate as a whole is above the succession duty exemptions. It is stated, secondly, that the proceeds of a policy payable as a life annuity are taxable.

If the minister has made inquiries as to these policies I should be very glad to hear his comment, and if it is still correct that the proceeds are subject to succession duty, and still taxable as annuities, perhaps he will tell us about the situation.

Mr. MACKENZIE: The situation is exactly as the hon. member has described it.

Mr. WHITE (Hastings-Peterborough): Is there to be no change?

Mr. MACKENZIE: It will be considered.

Item agreed to.

407. Payments to or for veterans and dependents; European war pensions, $37,000,000.

Mr. GREEN: As I understand it, the present practice is that where a pension is awarded on the basis of any figure, say between forty-five per cent and fifty per cent, the disability is cut down to the nearest unit of five. For instance, if a man's disability is forty-eight per cent he receives a pension to the extent of only forty-five per cent?

Mr. MACKENZIE: Yes, that is correct; it is statutory.

Mr. GREEN: Why is that done? It seems to me that it is unfair, and that a man should receive at least his actual percentage of disability.

Mr. MACKENZIE: It is in the act, schedule A.

Mr. GREEN: Why not give him the benefit of the doubt and increase it from forty-eight per cent to fifty per cent, rather than cut it to forty-five per cent.

Mr. MACKENZIE: It is in the act now. However, the hon. member might make a suggestion when we meet again.

Mr. GREEN: When the minister was interrupting me a few minutes ago he gave the numbers of pensions awarded to men for service in Canada only. Can he now break down that figure into the number who receive pensions under section 11 (1) and those who have them under section 11 (3)?

Mr. MACKENZIE: I shall get that in a minute or two.

Mr. STIRLING: Is there any reason why the word "European" should be in here?

Mr. MACKENZIE: There is a separate item in the war appropriation estimates dealing with other pensions; this item refers to world war I.

Mr. WHITE (Hastings-Peterborough): Does this include pensions paid to widows of deceased pensioners? If so, what percentage would a soldier have to receive so that on his death his widow would continue a pension?

Mr. MACKENZIE: Pension is $60 a month for the widow and additional allowances for the children.

Mr. WHITE (Hastings-Peterborough): I think I did not make myself clear. I understood that a soldier had to have a disability of at least fifty per cent before, on his death, his widow would continue to receive a pension. I should like to know if the percentage has been reduced, because the minister must know that in many instances the widow of a soldier drawing a disability pension of even forty or forty-five per cent is often, on the soldier's death, more entitled to continue to receive that pension than the widow of the soldier who was receiving possibly sixty per cent or seventy per cent as a pension. It seems to me there has always been discrimination in this respect.

Mr. MACKENZIE: The widow would be entitled to a pension, regardless of the amount of disability, provided that death was caused from service. But I understand the hon. member is referring to a case where there would be fifty per cent disability or more, although death was not necessarily the result of war service.

Mr. WHITE (Hastings-Peterborough): How does the department arrive at fifty per cent? Why not make it forty per cent or sixty per cent?

Mr. MACKENZIE: For many years it was eighty per cent. Then parliament in its good judgment reduced the amount to fifty per cent.

Mr. WHITE (Hastings-Peterborough): Would the minister care to express his opinion as to why the widows of all pensioners should not continue to receive the same pensions after the deaths of their husbands? Does he not think they are entitled to those pensions?

Mr. MACKENZIE: The reason for the stipulation of fifty per cent—and I believe I was here when this change was made—was that there was a presumption that when disability was fifty per cent or more, war injuries or war disabilities might have been a contributing factor in the cause of death.

Item agreed to.

[Mr. Stirling.]

409. Unemployment assistance, $100,000.

Mr. GREEN: Is the government accepting responsibility for all unemployed veterans? The minister will recall that after the depression there were repeated debates in the house as to whether or not the dominion should accept full responsibility for the unemployed veterans. Has a decision been made in this matter?

Mr. MACKENZIE: The hon. member will realize that this vote refers only to what we have had in the last twenty-five years. I believe he will know as well as I do the various policies declared and announced from time to time respecting measures to meet the problems of world war II. Many of those policies have been embodied in measures which received the consent of parliament at this session. They have dealt chiefly with vocational and educational training, and various other benefits under the post-discharge reestablishment order. Then, of course, there are the various benefits in connection with pensions and veterans allowances which will be dealt with next time we meet, when we shall also deal with war service grants and gratuities, and out-of-work benefits.

In connection with the temporary situation of unemployment—and I feel sure it is temporary—the department has certain advice to offer. There are 15,000 of these men who at the present time are taking training in our universities in Canada. Between 20,000 and 25,000 are taking vocational training. Then there are a few on out-of-work benefits.

Mr. GREEN: How many?

Mr. MACKENZIE: There are 5,000.

Mr. GREEN: Those benefits continue for only one year.

Mr. MACKENZIE: Yes, awaiting employment. Our advice would be that so far as possible the men should preserve and conserve their gratuities for the next three or four months, and accept these out-of-work benefits. Then they should avail themselves of the full value of the gratuities and rehabilitation benefits at a time when we believe that employment conditions will be greatly improved. That is the advice; whether it is sound or not, I am not in a position to say. However, I believe it is.

Mr. GREEN: I hope there will never be any unemployment problem among veterans in the future.

Mr. MACKENZIE: I hope so.

Mr. GREEN: It will be recalled that the provinces and municipalities took the stand

that the unemployed veteran was the problem of the dominion government. My suggestion would be that sooner or later some consideration will have to be given to this matter by the government.

Mr. MACKENZIE: I agree.

Mr. GREEN: I take it that so far no decision has been reached, but that problem will have to be faced at some time.

Mr. MACKENZIE: That is correct. That is one of the specific problems referred to in the proposals made to the dominion-provincial conference.

Mr. WRIGHT: I understand that this payment is just for veterans of the first war.

Mr. MACKENZIE: Yes.

Mr. WRIGHT: Has the minister any figures showing the number who are receiving payments?

Item agreed to.

410. **Hospital and other allowances, $650,000.**

Mr. BROOKS: This morning I asked the minister some questions respecting mental institutions for mental cases overseas. I believe he did not answer.

Mr. MACKENZIE: I think that was the only point I missed when I replied. There are three or four different stages ranging from restlessness up to a definite mental condition. In the first class, as my hon. friend knows, are those who have lost a certain amount of confidence and have no desire for initiative in employment. We are building health and occupational centres where they are reconditioned and we are already having very good results. This is similar to the work carried on by the workmen's compensation board of Ontario. There is no discipline; everything is free and easy. I think my hon. friend was out with us to see the one here in Ottawa a few months ago.

The second class is that which was referred to by the hon. member for Parkdale, the neurosurgical and neurological. We have eight hospitals in Canada, and then we have adjoining wings in other hospitals where provision is made for operational cases of this nature. The third class is the neuropsychiatric cases. We have Scarborough Hall, fifteen miles from Toronto, which I have visited and where we are obtaining excellent results. It is foundationed on the pattern of Mill Hill in England, and Doctor Bailey in Toronto is having wonderful results.

The fourth class of cases are the definite mental cases. We have two hospitals of our own, St. Anne's near Montreal, and Westminster at London, but mainly we must rely upon the cooperation of the provincial authorities. They have been very cooperative in every regard.

Mr. BROOKS: Is it the intention of the department to remove these cases at some later day to institutions of our own? I would repeat what I pointed out this morning, that in New Brunswick a commission investigated the provincial hospitals and made a strong recommendation that all soldier cases be removed from that institution. I think they should be.

Mr. MACKENZIE: I agree.

Mr. BROOKS: I think the department should take some steps in this connection.

Mr. MACKENZIE: That is the objective as soon as we can get the necessary accommodation.

Item agreed to.

412. **Widows' compassionate allowances, $1,000,000.**

Mr. WRIGHT: The minister was to give me the number of those receiving payment at the present time. I should also like to know the circumstances under which a person may receive these payments.

Mr. MACKENZIE: The number receiving unemployment assistance in October last was 102.

Mr. WRIGHT: What would be the circumstances that would qualify a man for this assistance?

Mr. MACKENZIE: A pensioner, out of work with no available income.

Item agreed to.

Soldier settlement and Veterans' Land Act—

419. **Payment to the government of the United Kingdom on account of losses under the 3,000 British family agreement of August 20, 1924, and the New Brunswick 500 British family agreements of August 4, 1927, and August 27, 1935, $25,000.**

Mr. BROOKS: How much money is still owing to the British government in connection with this matter?

Mr. MACKENZIE: I will find out in a moment. In the meantime I suggest that we resume the practice of last evening and call the supplementaries.

Item agreed to.

607. **District administration—further amount required, $415,244.**

Mr. GREEN: A recommendation was made by the special committee in connection with the shortage of space for the Department of Veterans Affairs, and I should like the minister to tell us what is being done in Vancouver. We have an anomalous situation there. The old hotel Vancouver, containing several hundred rooms, has been used as a barracks for some time and has housed many hundreds of soldiers. The building is now empty at a time when soldiers and their dependents are crying for housing. There are many other people trying to get office space, and we have the Department of Veterans Affairs shouting for a new building. Yet we have this large building right in the centre of the city completely empty. It is under lease to the government and, I understand, cannot be turned back to the Canadian Pacific before next March or April. Is there any possibility of bringing some of the government departments into that building or of using it to accommodate single veterans or married veterans with no children?

Mr. MACKENZIE: The last suggestion made by the hon. member has received definite consideration in the last two days. A conference has been going on between the hon. member for Victoria (B.C.) and the mayor of Vancouver for the purpose of dealing with the Hotel Vancouver situation. There is a need for accommodation of ex-service men, especially those mentioned by my hon. friend, the single men or the married men without children, and I think that need is much greater than the need of our department. As my hon. friend knows, we have about twenty thousand feet in the old Hotel Vancouver, and I think arrangements are being made to transfer us to a building on Georgia street. We are examining it this week-end. As my hon. friend also knows, we are erecting a headquarters building near Robson street in the west end.

Mr. GREEN: The same situation must exist in other centres of Canada. Would it not be possible to have some of the other government departments give up space to the Department of Veterans Affairs? The war has been over for many months and yet the different defence departments have many buildings; surely some could be given up to the minister's department.

Mr. MACKENZIE: My hon. friend was never more friendly to me than he is at this moment. If he only knew of the misery we have gone through in trying to get space in Ottawa, Montreal, Vancouver, Toronto and Winnipeg! I can assure him that we have not rested one day, but we have not been conspicuously successful up to the present time. I wish the Minister of Public Works were here to hear what we are saying.

Mr. MacINNIS: I wish to associate myself with the hon. member for Vancouver South in his remarks about the need of living accommodation in Vancouver. I understand that strong representations have been made to the government in that regard, and I hope the minister will use his great influence to have the situation eased by using the hotel.

Mr. PROBE: I should like to lay a complaint before the minister at this time with respect to the payment of salaries to certain overseas personnel who were brought back to work in the district offices of the Department of Veterans Affairs. I happen to have exceedingly intimate knowledge of one veteran who was returned from overseas to work as an occupational counsellor. This application was solicited by a board which was overseas about a year and a half ago. This man stated on his application that he would expect to receive a salary of $3,600, which was the top salary in that category. On returning to this country he was rated No. 1 in the civil service examination and classified as the top of the list. Accordingly he was the first one returned. When he did return he received a salary of $3,000. Upon complaining to the civil service commission, which apparently had the onus of paying his salary, he was informed that that was the limit which could be paid to a man taking that post for the first time. After three or four months spent in writing back and forth, this particular man resigned. I consider that he should have redress and I would ask the minister to make a statement on that.

Mr. MACKENZIE: There is a civil service regulation that no more than the minimum can be paid if another candidate for the position is prepared to accept that minimum. My hon. friend's friend is apparently suffering from that regulation. Would he be good enough to send me the details of the case?

Mr. PROBE: I shall be pleased to.

Item agreed to.

Soldier Settlement and Veterans' Land Act—

616. Administration of soldier settlement, British family settlement, general land settlement, and Veterans' Land Act, including engineering and other investigational planning and subdivision expenses that do not add tangible value to real property—Further amount required, $1,578,430.

Mr. WRIGHT: I wish to say a few words with respect to the administration of the

Veterans' Land Act. The administration, I believe, are endeavouring to do a good job in the selection of the land and in the selection of the men who are going on that land under the permanent farming scheme. But sometimes I think they are a little too careful. I should like to bring one series of cases to the attention of the minister.

The administration has a regulation which states that the man may not be settled under the act until such time as the board have met and discussed the matter with his wife. She must appear before the board and the board must be satisfied that she is a suitable person to go on the farm as the settler's wife. A lot of boys are coming back now whose wives are in England and will not be returning to Canada before next June or probably July. These boys want to obtain a piece of land now and to have a home ready for the wife when she returns. But the board say, no, we must see your wife first. The result is that a lot of these boys are very much dissatisfied. They consider it only right that when they have come from a farm and have always lived on a farm they should be allowed to obtain land, become settled and be able to receive their wives when they come to this country.

Mr. MACKENZIE: The practice is, if the prospective settler is a promising one likely to make good, to place him immediately on the land as a tenant only until his wife comes back from England. That is the practice now.

Mr. WRIGHT: As a tenant only. But he can occupy the land as a tenant?

Mr. MACKENZIE: Yes, and the chances are 100 per cent that if he is likely to make a good settler he will get title.

Mr. WRIGHT: There is one other class of cases I should like to bring to the attention of the minister. I have had letters from people who have bought small holdings in British Columbia but have been unable to get occupancy because those at present living on the property refuse to vacate. They feel they are suffering an injustice by reason of that. Is there no way of dealing with this class of case?

Mr. MACKENZIE: I have not heard of it before but I shall take it up right away. I thank my hon. friend for bringing it to my attention.

Mr. FAIR: Has the minister seriously considered a suggestion that I have made here on four or five different occasions that a clause be inserted in the veteran's contract guaranteeing to-day's prices for the farm products he produces. That is a vital clause to insert in the contract, and if we do not do so I am afraid that in a few years time we shall have deflated prices for agricultural products which the veteran settler will have to accept, although he contracts to buy his land at prices obtaining to-day. If prices of farm products are not guaranteed to him I can see a number of veterans again becoming victims under the land settlement scheme.

Mr. MACKENZIE: That matter came up very strongly in the committee. My hon. friend took it up and the committee gave it consideration. It will be again considered when the Veterans' Land Act comes up next session.

Item agreed to.

425. To provide for protection of security—soldier settlement, $90,000.

Mr. BROOKS: The minister was going to answer two questions. The hon. member for Vancouver South had asked what was the number of ordinary pensioners under section 11, subsection 3, of the act.

Mr. MACKENZIE: Do I understand that his question was how many of the 5,000 pensions were for service in Canada; how many came under section 11, subsection 2, and how many under section 11, subsection 3?

Mr. BROOKS: Yes.

Mr. MACKENZIE: There were 1,124 under section 11, subsection 3, and the difference between that number and 5,000 would be under the other subsection.

Mr. BROOKS: I also asked in connection with item 419 dealing with the tripartite agreement between the government of the United Kingdom, the federal government and the New Brunswick government, how much was still due to the British government?

Mr. MACKENZIE: The amount owing to the British government under the 3,000 British family agreement cannot be determined until the families complete their settlement agreements. I am sorry that that is the best answer I can give.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Production Service—

438. Health of animals—To provide for payment of compensation to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, in the amounts detailed in the estimates, $348.

Mr. CHARLTON: I appreciate very much, Mr. Chairman, the opportunity of saying a few words on this item, having missed the item in the regular estimates. Although there has been considerable discussion regarding salaries of civil service employees, I believe the question to be so serious that I do not apologize for taking further time to discuss it here in committee to-day.

The figures I shall give are taken from the public accounts, 1944, and include only those whose salaries are $2,400 or more. Of these, I have figured out the percentage of the total employees in the various departments and branches listed below who are receiving $3,000 or better.

	No. of Employees	Percentage Receiving $3,000 or Better
Civilian army services, Department of National Defence	216	43·9
Administration, Department of Munitions and Supply	1,026	65·2
All branches of Department of Mines and Resources		61·4
All branches of Department of National Revenue		39·0
All branches of Department of Agriculture		30·9
Various branches, Department of Agriculture:		
Botany and plant pathology		43·2
Entomology		37·9
Central experimental farm		59·5
Branch experimental farms		42·1
Live stock and poultry		40·0
Plant products		37·5
Dairy products		14·3
Health of animals	252	5·5

In view of these figures, Mr. Chairman, can you wonder why there have been approximately ninety resignations from the health of animals branch since January, 1943? The general public may not realize the serious consequences which may develop from this situation, but we of the profession do, and the minister was warned as far back as 1943 of the situation. What has been done regarding it? Several orders in council have been passed, of which I will give the numbers: P.C. 83161, of October 4, 1935; P.C. 6818 of April 6, 1939; P.C. 49417 of December 20, 1944; P.C. 215720 of August 24, 1945. All these orders in council were passed in an effort to increase in a small way the salaries of this branch of the civil service, but it had little effect. As late as September 28 of this year another order in council was passed, P.C. 86282, raising the salaries of this particular branch and making several reclassifications. At the present time there are five grades: junior veterinary inspector, grade 1, $1,800 to $2,400; grade 2, $2,400 to $2,700; grade 3, $2,700 to $3,000; senior veterinary inspector, grade 1, $3,000 to $3,300, senior veterinary inspector, grade 2, $3,300 to $3,600.

I have here file number 451690 O.G.F., competition No. 451690. Here is one little item which would seem in my opinion to be very misleading;

> While this examination will qualify for employment of veterinary inspector, grade 1, and assignments will be made in this class, persons so appointed, after a period of satisfactory service, may be considered for advancement to positions of veterinary inspector, grade 2, $2,400 to $2,700.

The point is, what period of satisfactory service does that mean? While all this was going on there were two orders in council passed on May 31, increasing the salary of the chairman of the civil service commission and that of the chairman of the pensions commission, $2,000 each. How can we expect maximum efficiency under such conditions? There is a great discrepancy apparently against the health of animals branch of the Department of Agriculture.

What are the rates in the corresponding department in the United States? I give them: Professional, class 1, starting, at $2,000 and, if satisfactory, rising to $2,600; class 2 from $2,600 to $3,200. Then the following classes:

Class 3	$3,200 to $3,800
Class 4	3,800 to 4,600
Class 5	4,600 to 5,600
Class 6	5,600 to 6,500
Class 7	6,500 up

To give hon. members some idea of the situation as it exists to-day at Canada Packers Toronto plant, in 1940 there were sixteen veterinarians. As of November 1 of this year there were six in charge of an even larger kill than in 1940. Not only can this situation affect the producers of live stock; but it may have its effect upon consumers as well if such inspection is not being carried on efficiently. Practically every available veterinary inspector has been taken from the field to take care of the excess in the packing plant. As a consequence, the work in the field has been more or less neglected. No further herds are being accepted for accreditation or listing. In so far as the restricted area plan is concerned, work is virtually at a stand-still. Thirty-eight counties or districts in Ontario have been tested, and of these there are only seventeen that can be declared accredited areas. In other words, there are twenty-one counties yet in the process of being tested, and very little work has been done in the last

year. Nine counties which have applied for the test have not yet received it, and a similar situation exists throughout the rest of Canada.

If this condition is not corrected it will mean the loss of thousands of dollars to the farmers of the country, not only through the continued spread of the disease but by the probable dropping off of exports of our cattle to the United States. No compensation is paid under the restricted area plan and, if reactors are left in the areas, it will undoubtedly mean a set-back of the tuberculosis eradication plan because of further infection from the reactors left in the areas.

Bang's disease control in Canada is far behind that carried on in the United States. The plan in the state of Connecticut, as outlined by the hon. member for Lanark, at page 3097 of *Hansard,* is a very good one, with one exception as indicated by that hon. member, in that calves in the test and slaughtered herds, the equivalent to our listed herds in this country, were not bound to be vaccinated. That was in the original plan. This condition, however, has been changed within the last few weeks, and it is now required that every calf to be raised shall be vaccinated.

I should like to quote from the proceedings of the forty-eighth annual meeting of the United States Live Stock Sanitary Association:

It remains to outline, briefly, the bearing of the facts at hand on field vaccination in reducing immediate losses and on sanitary measures looking toward actual reduction of the incidence of brucellosis.

Brucellosis is the United States term for Bang's disease or contagious abortion.

Regarding the immediate reduction of losses, which with questionable accuracy is sometitmes designated "control," our results fully support the original claim that the vaccine provides valuable protection. Despite failures, which we should learn to expect even when fresh live vaccine is used, the vaccination prevents, delays or mitigates a high percentage of brucellosis.

At the bureau's animal disease station, Mingle and Manthei have conducted experiments in which they have proved that under conditions which should favour such a change, it has been impossible to increase the virulence of strain 19. They have also shown that when strain 19 is injected intravenously into pregnant cows in such large doses as to cause abortion the infection disappears before the next pregnancy, and that if normal pregnant cows have contact with them and are exposed to aborted fetuses, they fail to become infected.

In addition to these two experiments that were conducted under most exacting research procedures there are many other reports of work of a similar nature, and probably hundreds of instances in which calves have been vaccinated in negative herds without spreading infection to other animals. Indications are, therefore, that there is no danger of strain 19 reverting to an organism of increased virulence or that, in its present degree of stability, it can establish disease in vaccinated animals or spread disease to associating animals. So far as we know there is not a single case on record at present in which infection with strain 19 has occurred through contact with vaccinated animals.

That is the general opinion in this country, and that is probably why strain 19 has not been accepted here as it is in the United States.

Haring has mentioned several herds in which brucellosis has been controlled by whole-herd vaccination with the subsequent vaccination of calves. It appears, therefore, that whole-herd vaccination will have beneficial results in infected herds in suppressing infection and abortion.

In our control programme adult vaccination must obviously be restricted. We must not lose sight of the fact, however, that much more good than harm will result from whole-herd vaccination, that it is the most simple plan to adopt to inhibit the spread of infection and abortion, and, therefore, that it is better than a do-nothing policy.

Whole herd vaccination, with subsequent calf vaccination, in herds of the kind indicated, is a matter that justifies serious consideration by state officials. The bureau recognizes the fact that whole-herd vaccination is being performed in many states of the union without the sanction of the state authorities and in many instances in violation of state regulations. To permit the use of vaccine in animals other than calves, the restriction on labels of vaccine containers will be modified in the near future. It is believed that if adequate information can be made available on the advantages and disadvantages of adult vaccination to owners of infected herds it will result in closer cooperation between herd owners and regulatory officials, and will result in the suppression of infection and abortion in thousands of herds that would otherwise be untouchable so far as supervisory control is concerned.

It is our aim to eliminate brucellosis from our cattle population. To safeguard the progress we have made in the federal-state programme and to extend our services in this connection, we should make use of all methods available. Particularly should we concentrate on practices within the economy of time and man-power that will accomplish greatest results and of a kind that will adapt themselves to the post-war or normal continuation of this work.

Why is it then that there is a law in this country against the use of strain 19 for whole-herd vaccination? I have shown that in the United States they have proven satisfactory results can be achieved both in the case of calfhood vaccination and in whole-herd vaccination where the outbreak is of a serious nature.

It is my belief that this disease, commonly known as contagious abortion, has probably caused to cattle producers the greatest loss of any disease affecting cattle in this country. True, as the minister said the other day, a great many listed herds are annually tested free of charge by veterinary inspectors of the health of animals branch. It is, however, my sincere belief that these listed herds are by

far the most vulnerable, having neither natural nor acquired immunity; and as long as the disease is present in the community or area, these listed herds are most susceptible to a severe outbreak of the disease, because it is practically impossible to protect them against infection by any or all of the accepted principles of sanitation.

It is true that strain 19 is not a cure for the disease, but used wisely it can be of great value as a protection against its occurrence. It is my belief that calfhood vaccination should be part of the listed herd plan. Otherwise we are only developing a herd which will tend to defeat the purpose, as evidenced by the number of outbreaks in listed herds across the country in the last couple of years.

Whole-herd vaccination should be legalized for accredited veterinarians, to be used only in the case of severe outbreaks of the disease. As was pointed out by my colleague, the hon. member for Lanark, this disease not only affects cattle, but causes a condition known as undulant fever in humans, making it doubly important that every possible method be adopted to inhibit or prevent its occurrence. But with the present staff in the health of animals branch it is practically impossible to carry on any further programme. Therefore, in order to do anything in this regard we must get the men first. Salary increases should be brought about in order to get men. We should then go on and complete the present tuberculosis eradication plan. Would the minister kindly consider recommending the vaccination of all calves to be raised in the listed herds? Whole-herd vaccination by accredited veterinarians in the case of severe outbreaks should be also recommended, and when an adequate staff is available we should follow in the accredited areas with a plan to vaccinate all calves to be raised, such as they have carried out in the state of Connecticut.

Hon. J. G. GARDINER (Minister of Agriculture): I was not clear whether the hon. member had in mind that in the department we were still following the practice that we followed up until about two years ago when we did not recommend the use of calfhood vaccination at all. As a matter of fact we recommended against it. I forget when our policy was changed, but during the last couple of years we have been encouraging the use of calf vaccination in this country.

In the discussion that I had with the hon. member for Lanark the other night I think I said that we were giving consideration to the application of somewhat the same principles to the treatment of Bang's disease as we have followed in the past in connection with tuberculosis. I hope to be able to discuss it at greater length next session when we bring down the estimates for next year, but at the moment our chief problem in connection with all these matters is the one which was raised by the hon. member for Brant at the beginning of what he had to say, namely, staffs to do the work. It is not altogether a matter of pay, although I admit that if we had higher pay or higher inducements to men to come into the veterinary profession a few years ago we would have more of them to-day. Up until about the time the war started our chief difficulty was that there was so little in live stock, because of the prices that were being paid at that time, that veterinarians were seldom called. As a result of their not being called they simply disappeared from the countryside. We have a great many of the veterinarians that could be found across the country working for the government at the present time. Many of them just had to leave the country districts. They were not able to make a living. That is probably the chief reason why there were not more men to take a veterinary course. Therefore our difficulty to-day is to find veterinary surgeons in many parts of Canada who have had considerable experience. For example, where I farm I have to go thirty-five miles to find a veterinarian. It takes a pretty good animal to pay a man to come thirty-five miles even in good times. In poor times most people just do the best they can in treating the animals and do not call in a veterinarian. That situation has changed to some extent, and it makes it a little more difficult for us. Men are called to-day and some are inclined to go out and establish their own practice in certain areas. On the other hand, we are trying to get back some of the men that we had before the war. Some of them are now coming back.

Some comparison was made between the numbers we had in certain places before the war and the numbers we have had within the last year. That is somewhat due to the fact that we have been at war. Many of them enlisted in some branch of the war services, and some of them are now coming back. So that we are gradually getting these men back into the service.

The other evening we discussed the question of the salaries of these men and the salaries of other technical men. At that time my hon. friend was not here, but I suggested that in the Department of Agriculture we had perhaps gone farther under the order in council which was passed last April, in having special cases checked and reclassified, than any other department. But we know we have not gone far enough, and we are all looking for-

ward to a general reexamination of the staff now that the war is over, bringing together the allowances which were paid in lieu of cost of living during the war and the salaries listed in these votes, in order to improve the position of many officials of the department. I have no doubt that as time goes on, and without too much delay, many of the difficulties that have been complained about will be removed.

I would offer only one criticism with regard to the comparisons made in the early remarks of the hon. member, when he mentioned the Department of Munitions and Supply and the different war services. I think it is obvious that salaries in those branches would have to be better. To a certain extent they are temporary; people have to be induced to serve for short periods of time. The comparisons made by the civil service commission, and made by ourselves when we are checking, are rather with the established departments that continue right on through the years, whether we have war or not, and that will be with us all the time. I do not know whether we are on all fours with all other departments, but as I said in discussing the main estimates it is the job of the civil service commission to see that we are. I think we raise the question ourselves as often as any department in the service, and each time it is argued that our men are paid on the same basis as those of any other department. It is difficult to answer an argument of that kind put up by a commission which has been established by this house and which has authority to make these decisions. However, at all times we are working for a better standard of pay, although we have to take into consideration salaries paid in other departments and other services.

As between this country and the United States there are many reasons why at the present time it is difficult to keep our pay at the same rates as theirs. Their price standards and wage standards are out of line with ours all the way through, but whether they have a greater value than ours is another question. One would have to go much farther than just to compare salaries in order to arrive at a conclusion as to whether the lower rate of pay here carries with it the same purchasing power as the higher rate of pay in the United States. Just to quote the dollars does not give the whole answer, although I admit that salaries for this kind of service are and have been for some time much higher in the United States than in this country, and I agree that many of our good men leave Canada and go to the United States on that account.

Mr. CHARLTON: In the case of part-time veterinarians the pay now is $10 a day for a maximum of fifteen days a month. Does the minister find difficulty in obtaining veterinarians at this rate?

Mr. GARDINER: I could not say that we have had difficulty in getting them. On occasions men have said that they did not want to take on departmental work, because they had sufficient work of their own, but usually we have been able to get the part-time men who are available across the country at the rates we have been paying. I would not argue that they are paid enough.

Mr. CHARLTON: I asked that question because if there had been a heavy outbreak of cholera in western and southern Ontario counties last fall, I wondered whether men would have been available to look after it.

Item agreed to.

444. Special Prairie Farm Rehabilitation Act and water storage—further amount required, $350,000.

(An amount of $500,000 is available in the appropriation for reconstruction for the St. Mary and Milk rivers water development project.)

Mr. GARDINER: I should like to call attention to this item in connection with the discussion we had the other evening. This is a supplementary estimate to pay for the work already done this year, and hon. members will note the paragraph in regard to the St. Mary and Milk rivers water development project. That notification is inserted in order to call attention to the fact that this money has already been voted by the house in the amount appropriated for reconstruction, and an arrangement has been entered into between the reconstruction department and the prairie farm rehabilitation organization under which $500,000 is to be made available for that purpose.

Mr. BLACKMORE: Would the minister tell the committee whether or not this money is appropriated for the construction of the St. Mary river dam?

Mr. GARDINER: Yes; that is exactly what it says, and it cannot be used for any other purpose. It is assigned to us from the other department for that purpose and cannot be used for any other work. I would take it that part of it might have to be revoted in the next estimates, because obviously it would be very difficult to spend the whole $500,000 between now and the end of March. However, we hope to put on the type of consulting engineer necessary in order to check construc-

tion of that kind, and to utilize part of this money to proceed with the calling for tenders and other preparations for the work.

Mr. BLACKMORE: May I express to the minister the appreciation of the citizens of the federal ridings of Lethbridge and Medicine Hat for his forward step in bringing this great project into existence.

Mr. BLACK (Cumberland): I should like to ask the minister the total amount expended by his department or by the federal government in conjunction with the provincial governments and the property holders in looking after emergent repairs to dykes in New Brunswick and Nova Scotia. If the minister has not the figures with him now, perhaps he could give them to me later.

Mr. GARDINER: I am sorry, but I do not have the figures before me. However, the total amount, as it runs in my mind, was $250,000. I have not the figures by provinces.

Mr. BLACK (Cumberland): Perhaps the minister could give the figures to the committee or to me personally later, showing the different projects and the expenditures on each in New Brunswick and Nova Scotia, and giving the amounts spent by the proprietors and the provincial governments.

Mr. GARDINER: I think I can give that this evening.

Item agreed to.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

190. Departmental administration, $287,000.

Mr. FLEMING: In what I have to say with regard to these estimates I hope I may be both brief and constructive. In the first place, as a new member of the house I have been surprised at the meagre amount of time that has been devoted to the highly important subjects of health and welfare, although we have been sitting here for over three months. I believe there are reasons for that. Perhaps the house has foregone a discussion of these questions because the dominion-provincial conference has been in session. Those of us who sit in this part of the house have refrained from doing anything to muddy the waters of delicate negotiations between the dominion and the provinces. I believe the government will realize that we have deliberately refrained from doing anything to embarrass in any way the progress of negotiations, because there is no field in the whole realm of government in Canada in which it more vitally important that there be the closest possible cooperation between dominion and provincial governments than in the kindred fields of health and public welfare. One can only hope that whatever recommendations may come out of the dominion-provincial conference, or whatever its decisions may be, it will be possible to bring about closer cooperation in order that health and welfare measures may be forwarded to the general advantage of Canada. The health of all the citizens of Canada is and must be the concern of all the citizens of Canada, and similarly in regard to measures of necessary social security.

One matter of regret I have is that, in the framework of committee organization existing at the present time, there is not any provision for a standing committee on health, welfare and social security. For some years there has been an informal committee which meets at the call of the minister or the chairman. The committee consists of representatives from this house and the other place, but it has no official status and I believe, has met on only three occasions during the present session.

If I am not mistaken, the minister himself might welcome action on the part of the house toward setting up a permanent standing committee in the fields of health, welfare and social security. I can conceive that it would be of infinite advantage to the minister if there were such a standing committee. That would be the committee to which questions could be referred for close and detailed study which, unfortunately, the house when assembled either as a house or as a committee of the whole just cannot give.

The country is moving forward in these matters, and if there ever was a time when it was desirable that the committee structure of the House of Commons should be revised and brought up to date, surely that time has come. There is much in the committee organization that is archaic. Here is one situation where the need of a newly constituted standing committee has been abundantly proven.

For these reasons I hope the minister will forward, during the time between this session and the next, proposals for a revision of the rules of the house to provide for the appointment of a standing committee on health, welfare and social security. I would urge, further, that in the interval between this session and the next, the government should also give consideration to the inclusion within the scope of the Department of National Health and Welfare a subject which in my humble submission really belongs to that department. In Great Britain the subject of housing, and the responsibility for the administration of government housing policies, is vested in the ministry of health. At the present time in Canada under the present organization, much

of the housing policy is administered by the Minister of Finance. To some extent there has been intrusion in this field by the minister of Reconstruction and Supply. The Minister of Finance is greatly overworked, and his department is a heavy one. The Minister of National Health and Welfare has recently shown his readiness to take on additional responsibilities while the house has been in session. There has been assigned to him general supervision over the national film board, and also over Canadian information service, the successor to the wartime information board. It may be that if given an opportunity the minister might be prepared to assume responsibility for supervision of the housing policy in this country, and I think such administration might logically be placed in the department which he heads.

I wish just to offer this concluding suggestion, that in the administration of his department, the minister should at all times endeavour to the utmost to use the existing social services provided by the provinces in the administration of whatever social measures are embarked upon by the federal government. There is no field in which it is more important that there be some attempt at unified administration; and with qualified bodies already in existence and trained to deal with social problems, I suggest that they should be used in the administration of whatever social measures are inaugurated by the federal authority.

The last thing we would want to encourage in Canada would be a multiplication of social and welfare services doing parallel work. It is very much better in these matters relating to health and welfare if we come down as close as possible to the people who are in need of the services; and the governments in closest contact with those needs are the municipal and provincial governments. I hope that the policy followed by this department will be one of trying to use existing srevices provided by provincial govenments, or under provincial legislation, and that there will not be any considerable amount of unnecessary duplication of services, a condition which can result only in wastefulness and chaos.

Hon. BROOKE CLAXTON (Minister of National Health and Welfare): May I say just a word in acknowledgment of the helpful suggestions made by the hon. member for Eglinton, and also by other hon. members who took part in the discussion of these estimates on December 3. We appreciate their encouraging and helpful suggestions, and I can assure all of them that their suggestions will receive the most serious consideration.

To-day the hon. member for Eglinton has referred to the importance of dominion-provincial cooperation. I can assure him that we have that very much in mind. As I said earlier, we were happy to be able to report that we have the closest of good relations with all provincial departments of health, their ministers and officers. I believe the committee would be interested to learn that, following the meeting of premiers who constituted the coordinating committee of the dominion-provincial conference, an economic committee on dominion-provincial relations was set up, and that I had the honour of presiding over it. We held meetings from December 4, and adjourned yesterday until January 8.

During the course of those meetings the health and welfare officers of the provinces came here, and we had some very useful discussions. I have been authorized by the conference to state that the discussions which dealt with the clarification and development of the dominion proposals, and matters arising from them, were carried on in a most cooperative spirit, and that substantial progress was made.

Mr. BLAIR: I should like to say a word about the shortage of nurses in Canada, although the training of nurses is a subject which comes more properly in the provincial field. However, if we are to go into the subject of health services we shall require many trained nurses. Many civilian hospitals do not train nurses, with the result that there is a marked scarcity. At the present time the government is disbanding young girls from the three services, but there has not been offered to them any special training along the line of nursing, into which vocation they could be readily absorbed.

I suggest that grants could be made to civilian hospitals and provincial hospitals by the government, to remedy this shortage. At the present time people are going to hospitals because they cannot obtain nursing services at home, or nurses who will take private duty. I know it is almost impossible at times to obtain nurses for people who are ill, and this shortage prevails both outside the hospitals and on hospital staffs. Has the minister any intention of making grants to public hospitals to facilitate the training of nurses in view of the fact that we are considering a programme of health services?

Mr. CLAXTON: That question was raised when the estimates were up before, on December 3. At that time I gave an account of the relations between the department and the Canadian nurses' association, and mentioned the grants made by the government to that

association to stimulate the recruitment and training of nurses during the war, at a time when a shortage had been created because of war conditions and the heavy demand by the armed forces and the Department of Veterans Affairs. I said at that time that it was not the present intention of the federal government to continue this assistance into peace time. We do not consider we would be justified in continuing this assistance any more than we would be justified in granting assistance for the training of doctors, dentists or any other professional group for which there was a need in Canada but which ordinarily come completely within the jurisdiction of the provinces. I may add that we have not had any suggestion from any province that such a grant be given and that there have been discussions at which such a request would have been made had it been in the minds of the provinces to make it. At the present time I can only tell my hon. friend that it is not the intention of the government to make such grants, either for nurses or doctors, because that is regarded as a provincial responsibility.

Item agreed to.

National health branch—
191. Health branch administration, $58,732.

Mr. FLEMING: Has the government any plans for the extension of hospitalization facilities or services in the dominion?

Mr. CLAXTON: The proposals of the Dominion of Canada made to the provinces, which will be found at page 36 of the green book, provide for loans of money at cost or slightly over cost to the provinces or through the provinces to municipalities and other authorities for the provision of hospitals. That is the only proposal made so far. In addition, we have our own responsibilities with regard to the hospitalization of members of the armed forces, veterans, Indians, sick mariners, quarantine and the like, which come within federal jurisdiction. This proposal has been made and is now under consideration by the provinces.

Mr. FLEMING: Following up the minister's reply, I take it that there is no thought on the part of the federal government of launching into a programme of free hospitalization in the country.

Mr. CLAXTON: The proposals put before the conference include a nation-wide system of health insurance which would provide complete free hospitalization for every Canadian man, woman and child in every part of Canada. The details of this will be found on page 31 of the green book; the proposals are spelled out there. They provide for a basic grant by the federal government of one-fifth of the estimated cost of the services that are shown in the table and an additional one-half of the actual cost as shown in the table, within the limits set out in the table. Those costs are to be revised every three years. The federal contribution would be roughly, 60 per cent of the cost of providing these services. The services may be inaugurated by the provinces in stages, either with regard to the different services or with regard to different areas. They are very flexible and are designed to meet the criticism of the health bill that was made before the social security committee of the House of Commons which met in 1943 and 1944. These proposals are now under active consideration by the provinces; if they were accepted, after a term of years we would have a system of free hospitalization for every Canadian in every part of Canada.

Mr. BLAIR: It would be impossible to provide the benefits under any such scheme as the minister describes because of the shortage of hospital beds in Canada. There is a shortage in the case of general hospitals and in the case of hospitals for the chronically ill. There is a shortage of beds everywhere and there are whole areas without accommodation. There are whole provinces without convalescent hospitals; in fact I believe there are only two in Canada. There is a definite shortage of tuburculosis sanataria and a shortage of mental hospitals. I believe that in Ontario there is something like 5,000 waiting cases. One might say the present number of beds in use is 101,000 and the total present need is 143,000; the total estimated need in Canada in ten years is 161,000. Apart from these types of hospitals, there are only fifteen isolation hospitals in Canada. Is it the purpose of the minister to increase the grants for the building of hospitals in order to meet this shortage?

Mr. CLAXTON: The proposals made by the dominion government are designed to put the provinces in a position where they can discharge their responsibilities. No doubt the provinces in considering these proposals will have in mind the need of additional capital equipment, including hospitals, and they will make up their minds whether the proposals are adequate or not. What my hon. friend says about the shortage of hospital beds is quite true. We know his interest in this subject, both because of his profession and his interest in public health, and the facts are just as he states them. This matter is dealt

with at length in the reference book on health, welfare and labour which was placed before the conference. At page 31 and following will be found elaborate tables dealing with hospital accommodation and needs in Canada.

The health insurance plan could not be introduced at once even if the provinces agreed and we passed the necessary legislation to bring it into effect on January 1, 1946. This would not be possible for a number of reasons. First, we would not have the necessary hospital accommodation, neither would we have the doctors and neither would the doctors be in the right places. Another reason is that we would not have the administrative experience and skills necessary to introduce the plan all at once on a nation-wide basis. From discussions with experts in this field one reaches the conclusion that if we go forward along the lines of this programme the best we could possibly hope to achieve is to have it in operation in four or five years. I know that most provinces are planning to do a good deal of hospital construction during that period just as soon as materials and labour become available.

In this connection I should say that we aim to have in the department a consultant architect on hospitals. The position has been advertised, and it brings with it a good salary so that we hope to attract a very high type of architect and equip him with a knowledge of hospital construction and planning throughout the world. He would be available to consult with the provinces, the municipalities and the local agencies. He would not draw the plans, because their own architects would do that, but he could offer skilled consultant services and submit typical plans, specifications and the like. We hope to supply that service, and it is being done to meet a resolution passed by the dominion council of health.

Mr. FLEMING: The other question arising out of the minister's answer had to do with the medical care being provided by the minister's department for returned veterans and their families. I am particularly interested in the care given by the doctor of the veteran or the family, and I should like to know what is the relationship of the services that are being administered by the department in that respect.

Mr. CLAXTON: As I understand the hon. member's question, he is referring to medical care given to veterans under the order in council that was passed.

Mr. FLEMING: The minister referred to the obligation of his department in the matter of providing medical services to veterans and their families. I am concerned with the relationship of that service to the normal relationship that these people would have with their own doctors.

Mr. CLAXTON: I was referring to the jurisdiction of the federal government. The hospitalization provided by the Department of National Health and Welfare has nothing to do with hospitalization or treatment given to veterans and their families. That is a matter for the Department of Veterans Affairs except that the Department of National Health and Welfare has to do with the furnishing of emergency services, inspection and the like, of veterans' families in transit back to Canada. That is done through the ordinary immigration medical service and quarantine service.

Mr. BLAIR: May I ask how it is proposed to achieve a common standard of treatment throughout the various provinces? Some provinces are much ahead of others in matters of public health. Saskatchewan has been doing a great deal in T.B. for years. Will there be some liaison between the provinces and will the federal Department of Health exercise some supervision to achieve a common standard for the whole country?

Mr. CLAXTON: That will remain to be worked out with the provinces if an agreement is arrived at. The draft bill which was attached to the report of the committee of the house on social security in 1944 provided for an advisory council at the federal level and for committees in each province which would work out just the kind of thing my hon. friend has in mind. We have had a good deal of discussion over this, and I consider that it would be relatively easy to work out, in cooperation, common standards and objectives. It is recognized, however, that we could not all go at the same pace. The needs of some of the provinces are quite different from those of other provinces and it would be necessary to institute certain services in some of the provinces to fill urgent needs, where other provinces already have such services and they would do something else. But the objective would be to achieve a nation-wide high standard of medical services for everyone within the shortest possible time.

Mr. BLAIR: What is being done in the matter of research, and what is set aside for research in maternal mortality, infant mortality, and such diseases as arthritis, infantile paralysis, cancer and tuberculosis, which are extremely important?

Mr. CLAXTON: The national research council is charged with responsibility for research in Canada, and medical research has been largely carried on under its auspices. It has a medical committee and a number of subcommittees which operate in different fields. A considerable amount of research has been done, largely by universities, hospitals, institutes and the like, with assistance from the national research council. The federal department of pensions and national health, as it was until last year, now the Department of National Health and Welfare, has not engaged in any extensive medical research. It is carrying on some research in various fields, such as nutrition, development of standards, public health, epidemiology and so forth, but not in medicine.

With regard to cancer research in Canada there is, as hon. members know, the King George V Silver Jubilee cancer fund which was raised in 1935 and amounts to approximately $500,000. In the years from 1937 to 1940, $14,000 was paid out of that fund each year to the cancer committee of the Canadian Medical Association. In 1940 it was agreed with the association that half of the grant would be paid by the association to the Canadian society for control of cancer. In 1942 the grant to the association was reduced to $7,000 which was turned over directly to the Canadian society for control of cancer, this reduction being made at the request of the association, which found it difficult to continue its educational work among the medical profession during war time. In May, 1945, at the request of the association the full amount of the grant was reinstated for this year, to be paid to the Canadian society for control of cancer, covering expanded activities of the society. We have just recently asked the cancer committee of the Canadian Medical Association to discuss with us plans whereby the whole fund, capital and interest, will be used for cancer research, and we hope to have very shortly something started in that direction.

Cancer research is being carried on in England and the United States on a very large scale, and if we are to do anything effective in cancer research in Canada we would have to do it on a pretty large scale. We do not want to duplicate the work that is already being done in other countries, and it will be necessary to coordinate our work with theirs and make the most effective use we can of the money. The payments made to the cancer committee of the Canadian Medical Association were used by it largely for education and information, bringing it home to people that they should take early steps to secure a diagnosis of cancer and treatment at the earliest possible day.

With regard to arthritis, I do not know of any work being done under the auspices of the national research council. With regard to maternal and child mortality, I would have to make inquiries to find out what research work was being done in those fields, if any.

As my hon. friend knows, research in Canada has been carried on very largely in institutes like the Banting institute, the Connaught laboratories, McGill university and other universities and hospitals. It has not been regarded up to now as a function of the federal government and not very much as a function of the provincial governments. We are reviewing that whole position; we are endeavouring to cooperate closely with the national research council and we hope to work out a policy which will coordinate all these activities and see that anything that should be done is done.

Mr. MacNICOL: When the house reassembles at eight o'clock I shall be asking a short question about the splendid work being carried on in Toronto under the auspices of Doctor Hincks. Perhaps the minister would refresh his memory and give the house some information on that after eight o'clock?

Mr. CASTLEDEN: I should like to ask a question with regard to cancer clinics and what arrangements are made with the provinces. Is there some standing arrangement whereby the federal government will contribute on a fifty-fifty basis in raising the standard of health in a province which is prepared to take advantage of assistance of that kind? Saskatchewan is leading the field in this work at the present time, and I think other provinces should know, through this department, of the steps that can be taken to raise the general standard of health within their boundaries.

Mr. CLAXTON: If health insurance comes into effect, then cancer will be one of the conditions dealt with by hospitals administered under the provinces, and so would arthritis. They would be treated like any other condition, and there would be no need for special provision or assistance.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MacNICOL: I should like to mention the mental hygiene programme presided over by Doctor Hincks, of Toronto. In that city, and particularly in the section from which I come, large numbers of men joined the armed forces and went overseas. Many of them have become affected as a result of the war. I do not know that it is serious, but I had heard that the minister is initiating some new programme similar to that in which Doctor Hincks has pioneered. Would the minister give the committee some information about the programme?

Mr. CLAXTON: The veterans, of course, come under the Department of Veterans Affairs. Since 1918 there has been in Canada a national committee for mental hygiene and it has done useful work in this field. In 1944 and 1945 it conducted a number of surveys and generally assisted the provinces and the federal government in promotional work and in surveys. The federal government makes a grant of $10,000 to that organization, and it is covered in these estimates. It is an excellent committee of public-spirited people who are interested in this field. We hope that the work will be progressively developed. As regards veterans affairs, that is dealt with by the department and they have been taking an active part in this field.

Item agreed to.

National health branch—

195. Quarantine and leprosy, $187,647.

Mr. BLAIR: Would the minister give an account of the work carried on in the leper hospitals in Canada?

Mr. CLAXTON: I am glad to say that the situation regarding leprosy in Canada is one of continuous improvement. As the hon. member for Lanark knows, there is not a great number of lepers in Canada. At the present time there are two leper hospitals for the treatment of leprosy, one at Bentinck island, British Columbia, where, I am glad to say, there are only two patients; one is Chinese and the other, Japanese. Both cases are bacteriologically negative. We have another hospital at Tracadie, New Brunswick, where there are seven patients, of whom three are of French-Acadian origin, one of French and Scottish descent, two of Russian ancestry, and one, Chinese. There is no part of Canada where leprosy occurs among Canadians except in that particular neighbourhood of New Brunswick, and I am glad to say that it seems to be almost completely arrested. The operations of those two very small hospitals do not cost very much. Treatment is given, and we hope that before very long it will only be necessary to keep these hospitals to take care of any case of leprosy that should turn up on ships coming to the country.

Item agreed to.

National health branch—

198. Child and maternal hygiene, $45,381.

Mr. MacINNIS: This is an important subject. I note that the estimate has been reduced by $14,000 since last year. It was not a large one last year, considering the importance of the work. Will the minister explain the reduction?

Mr. CLAXTON: This amount is given to the division of maternal and infant hygiene to make available the distribution of literature and information on this subject. I am not sure of the actual reason for the decline. It does not mean that there will be any interruption or reduction in the amount of the work in this field. I should like to point out that there is a supplementary estimate of $47,584 under this head. That is the explanation I was seeking when the Minister of Justice pointed it out to me. That has enabled us to extend the work. I think most hon. members are familiar with the work of Doctor Couture. His book on "The Canadian Mother and Child" has probably had a greater circulation than any other book in Canada with the exception of the bible, and it must have contributed considerably to the substantial reduction in the maternal and infant mortality rates which have occurred since 1926. Since 1926 the reduction is almost fifty per cent, which shows that substantial progress is being made.

Mrs. STRUM: I have been impressed with the very good pre-natal care that the doctors are now giving, and also the post-natal advice which the young mothers get. In addition to the baby book, is any other work being done? The quality of the services has increased so much I suspect that the department is co-operating with the doctors in supplying the information.

Mr. CLAXTON: Yes, that is quite true. The results that have been achieved in the reduction of maternal and infant mortality have been due very largely to the information supplied, to the development of clinics and to the much greater percentage of mothers who receive pre-natal attention of one kind or another. The interesting thing, and in some

way perhaps a most unfortunate thing, is that the improvement is reflected to a far greater extent in the cities than in the country districts. Our hope would be that with the institution of anything like a nation-wide system of health insurance, the benefits which now can be obtained in the cities by the mother for herself and her child, would be extended to the whole population. During the war a greater percentage of births took place in cities than previously, and that has largely contributed to the marked improvement in these figures. But while I say there is a marked improvement, Canada still is not registering nearly as high a record in these fields as she should, having regard to her high standard of living, and we hope to work with the provinces and other agencies to bring about a steady improvement.

Item agreed to.

National health branch—
200. Treatment of sick mariners, $329,488.

Mr. MacINNIS: For a moment I should like to discuss a matter connected with this item. I do not think the minister can do anything about it just now, but I hope he will give it some consideration between now and the opening of the next session. The fund for sick mariners and marine hospitals is provided for in section 305 of part V of the Canada Shipping Act, and is raised in two ways. In the first place, there is a levy on ships entering Canadian ports, and to the extent that this does not pay for the service given, the remainder comes out of the consolidated revenue fund. I have not the figures with me; perhaps the minister has, but I am not going to ask him to look into that matter. This year it was drawn to my attention that ships plying between ports in the same province did not pay into this fund and that consequently employees on such ships were not entitled to these benefits. For instance, a ship on the Pacific coast plying between Prince Rupert and Vancouver does not pay into the fund. Neither does a ship plying between Victoria and Vancouver, but a ship going from Vancouver to Seattle does pay into it, and so does a ship crossing the strait from Prince Edward Island to New Brunswick.

I had prepared a bill to rectify this omission from the shipping act and to bring all ships under the same provision, so that all would pay dues and all crews would be eligible for the benefits of the fund. I found that such a bill would not be in order, since it would impose a tax and could be introduced only by a member of the cabinet. I should like to ask the Minister of National Health and Welfare if between now and the next session of parliament he would look into this matter with a view to amending this section in order to meet the condition I have mentioned. I had quite a discussion on the matter with the Minister of Transport, who, I thought at first, would have control over it, but later on we found that he did not. I should like the minister's assurance that he will look into this, because I think such an amendment is desirable and would be quite equitable. I do not think I need say more, because I know there is nothing he can do now.

Mr. CLAXTON: I think I am right in saying that the only vessels which are exempt from the requirement that they should pay into this fund are those engaged in the coasting trade within one province.

Mr. MacINNIS: And between Ontario and Quebec.

Mr. CLAXTON: So that it is a matter of provincial jurisdiction. The other vessels, even though they may be engaged in the coasting trade, contribute on the basis of two cents per flat rate ton, I think, the same as ocean-going vessels. Whether or not additional vessels trading wholly within a certain province should be included would be a matter for discussion with the provinces.

This service is really extraordinary in extent. It provides emergency treatment and hospitalization for a period of up to a year. During the period under review the service actually treated 18,316 sick mariners. During the time Halifax was probably the greatest port in the world we had a boat of our own which would go through the convoys. If any ship in a convoy wanted the doctor to call, it would hoist the appropriate signal and our doctor would go aboard and give whatever treatment was required. In addition to that, sometimes we dealt with as many as three and four thousand cases each month in Halifax alone. The service was widely used and greatly appreciated. I shall be glad to discuss with the Minister of Transport the representation of the hon. member.

Mr. HAZEN: The largest expenditure under this item is $250,000 for professional and special services, and the estimate last year was for the same amount. Will the minister tell us whether the total amount was expended last year, and would he give us a break-down of the figures for this year?

Mr. CLAXTON: That is under the treatment of sick mariners?

Mr. HAZEN: Yes, in the details on page 135 of the main estimates.

Mr. CLAXTON: The expenditure during the period 1944-45 on professional and special services was $232,822.01; the unexpended balance was $17,177.99.

Mr. HAZEN: Could we get a break-down of the figures for this year?

Mr. CLAXTON: How would you want a break-down?

Mr. HAZEN: Well, you must have a break-down of some kind; you are spending approximately $250,000. To whom is it being paid, and where do these people live?

Mr. CLAXTON: I have lists here which I could give my hon. friend. It would take a long time to read them, because they are in great detail, showing payments to hospitals and to doctors in different localities in Canada. We pay hospitals at different rates for the hospitalization of sick mariners. Of course we have our own doctors at the major ports, who are in receipt of salaries, and in addition we pay other doctors on a fee basis. The lists run to five or six pages, and if my hon. friend would let me know in what way he would like a break-down I should be glad to send it to him.

Mr. HAZEN: I should like to see the five or six pages.

Mr. CLAXTON: I should be very glad to show them to my hon. friend.

Mr. HAZEN: I do not think it would be fair to ask the minister to read them just now.

Mr. CLAXTON: I shall be very glad to show them to the hon. member.

Item agreed to.

National health branch—
202. Medical investigation division, $22,385.

Mr. BENTLEY: I believe that a number of hon. members are keenly interested in the medical investigations being made by some people in connection with arthritis. We would be glad to have an assurance from the minister that this matter will receive serious attention. The amount appropriated for this investigation would not seem to be adequate for the purposes of investigating possible cures for the relief of suffering of people having this terrible affliction. From what we have heard I believe that the minister has most humane qualities and that he would not overlook this matter. I would plead with him to give it his attention.

Mr. CLAXTON: Perhaps I should make it clear that, in our concept, research into medical conditions in Canada can best be conducted by hospitals and by institutes actively operating in those fields. It has never been part of the federal function to do that research. However, the medical committee of the national research council has assisted in research projects along various lines. So far, we have not undertaken any of these matters ourselves, but it has been the policy of the government to coordinate all research under the national research council. As I said before the dinner recess, we are actively discussing with the national research council the possibilities of greater coordination and development. The hon. member's representations will certainly be considered.

Item agreed to.

National health branch—
201. Industrial hygiene, $8,665.

Mr. MacNICOL: What is the relationship between this vote and the provincial departments of industrial hygiene? We have really only one official, who operates in this matter. What does he do? What does the medical officer do under the industrial hygiene vote?

Mr. CLAXTON: To a great extent the industrial hygiene division of the department has to do with the improvement of standards of health in war industries, in consequence of actual contractual obligations they incurred with the federal government to do such work. Our officers work very closely with provincial government officers in trying to improve industrial hygiene standards in war plants, and also in some other plants that are federal in character.

Gradually we have transferred to some of the provinces both the laboratories and the staff. I have in mind particularly British Columbia where that has been accomplished. However, we have worked closely not only with the provinces but with the medical officers of the major corporations engaged in the field of industry. I believe that the results achieved were good. We hope that in consequence of this work, the work will be continued under provincial auspices. It is our desire to keep a small division operating, to cooperate with the provinces, but not nearly to the same extent as was done during the war.

Mr. MacNICOL: Will the department have anything to do with medical industrial work in the Northwest Territories and the Yukon?

Mr. CLAXTON: If there is any industrial problem we certainly would be very glad to deal with it. However, so far as I know we have had no occasion to do so.

Mr. MacNICOL: That would be under federal authority, would it not?

Mr. CLAXTON: Yes, we have a division which would be equipped to deal with a condition of that kind, if such arose.

Mr. REID: At this late stage of proceedings many of the most important items have to be glossed over on account of lack of time; and when one rises to speak he feels almost that he is guilty of wrongdoing. However, I rise at this time to suggest that the department might be well advised to take note of the medical investigations which have been carried out for some years by the United States in the Aleutian islands. It will take only a minute to tell the committee about this most important work. In 1911 a treaty was signed between the United States and various countries, including Canada, to protect the seals on the Pribyloff island. Following that year the United States took charge of the island and established there a colony or village. The colony consisted of Aleuts, as they are known, who are a group of people of Russian extraction.

Since those years following the establishment of the colony the United States has sent medical men, dentists and nurses each year. It was my privilege only a few months ago to hear Doctor Sexton in a private interview relate what had been discovered. I believe that the discoveries are well worthy of investigation by the medical men in the Department of National Health and Welfare. It was found that as soon as the natives of the Aleutian islands ate the same kind of food as we were eating they lost their teeth, with the result that there is not an Aleut on the island today of twenty years of age or under who has his teeth. Their forefathers who ate fish and blubber, who never had milk or any kind of vegetables, had fairly white teeth, until they changed their diet.

The United States sent medical investigators, including some dentists. For a number of years they have been investigating conditions among the natives, with a view to learning the cause of their losing their teeth. It has been discovered that there is a certain element in food which is closely related to sunlight, and which in fact is one of the vitamins. Vitamins are now being put into the food, and experiments are being conducted to see if they cannot at least preserve the children's teeth.

These experiments are of such a nature and of such importance that I suggest our medical officers would be well advised to find out what the Americans have discovered through the years. Here is a group of people who were not in touch with so-called civilization and who, since they have been supplied with food by that civilization, have lost their teeth. It is most important that we find out the causes.

[Mr. Claxton.]

I have been told that those who are conducting the investigations are going to be up against the dentists, because they think they have discovered why the natives have lost their teeth. It is pointed out that the dentists do not want to have the inquiries conducted any further.

Mr. MacNICOL: It would interfere with private enterprise.

Mr. MITCHELL: I lost my teeth—and not through private enterprise.

Mr. REID: In some countries the state, not private enterprise, looks after teeth. I believe that the department would be interested in this matter of the restoration or preservation of teeth.

It will be noted that Doctor Stefansson, one of our own medical men, has been conducting experiments along the same lines, and he has discovered that the Eskimos, who never tasted food as we understand it, and who have never had milk or vegetables, had good teeth.

I believe that this matter is serious enough to warrant our cooperating with the Americans who are making these investigations, learning the facts from them and, whether we tread on the toes of any of the professions, making that information public and available, so that, if possible, we may preserve the teeth of our children.

Mr. McKAY: What study has been made in connection with cancer? I believe this has been referred to by other hon. members. I am not quite sure what the nutrition service embraces, but perhaps the minister would give us some information about this disease.

Mr. CLAXTON: This nutrition service has provided the people of Canada since 1941 with information about sound nutritional practices. This is a small vote, as hon. members will see, but a great deal of work has been done, largely through the officers of the department working with local committees, local health officers and provincial officers. From time to time campaigns of education have been organized, and general promotional activities have been carried on to create interest in nutrition. I think it is within the knowledge of everyone that during the war, despite the shortages which existed, the nutritional habits of the Canadian people improved almost out of recognition, just as they did in England and in some other countries. We have distributed hundreds of thousands of posters and pamphlets and carried on all kinds of educational activities, all of which have borne fruit. This is primarily a promotional and educational activity, but in addition some research work is being done in

conjunction with other government departments and other agencies and we hope that there will be some constructive results.

I should like to make just one observation on the comments of the hon. member for New Westminster with regard to diet. Mr. Stefansson, to whom he referred, used to be a Canadian. He had considerable experience in the far north, and in an article in the current number of the *Atlantic Monthly* he refers to the absence of caries in the mouths of people who live on a meat diet. However, he points out that it takes about seven pounds of meat a day to feed those people.

Mr. CASTLEDEN: The thing that has attracted my attention is the small amount of this vote. It appears to me that the Department of National Health and Welfare should recognize some responsibility in establishing high national standards of industrial hygiene. I am thinking of the mining industry where silicosis is fairly common. I understand that the governments in the different provinces have passed certain regulations with regard to this, but in some cases they are not lived up to. I thought one of the functions of this department might be to carry on inspection work to see that high standards of national industrial hygiene are lived up to.

Mr. CLAXTON: We have no jurisdiction.

Mr. CASTLEDEN: Could not one of the functions of the department be that of pointing out to provincial governments whether or not their standards are being lived up to?

Mr. CLAXTON: I do not know whether the hon. member has gone into this extensively, but I would think the provinces would consider that they were up to the job of dealing with their own functions in this field. The dominion council of health has on it representatives from the different provinces, and perhaps that body could bring the matter to their attention and secure their support for some concerted action. I think that would be the right way to proceed, but as a federal government we certainly could not set standards for the provinces to follow in the field in which they have exclusive jurisdiction. All we can do is to help with and supplement the work they are doing and meet the needs as they express them to us. As a department we have not done anything with regard to silicosis, but the national research council has carried on certain work. Major Blaisdell, in conjunction with the province of Ontario and Lake Shore mine and certain other industries, has carried on a good deal of work in this field, but that is a matter which is regarded as falling within the field of the workmen's compensation board of each province.

Mr. CASTLEDEN: The health records of the different provinces show that there is a need for greater enforcement of health measures in factories and industry. To-day we are dealing more and more with chemical production; we are carrying on more spray painting, and our factory production generally has increased a great deal. There may be no place constitutionally for us to go to a province and tell them that they are not living up to certain standards, but I think a branch such as this could point out that the standards are very low in some provinces and assist those provinces to raise them. The department could act more in an advisory capacity than try to enforce something. I understand that there are limitations, but it would be a nice thing to be able to say that in Canada there are certain high standards which we are trying to maintain.

Mr. CLAXTON: I can only repeat that if we tried to step into provincial fields and told the provinces what they should do in matters of health, then the kind of cooperative activities that we want to carry on with them would be seriously jeopardized. We can get the provinces to sit down and discuss things in which we have a common interest, but I for one would not subscribe to any policy by which this government would dictate to the provinces what the standards should be. They have been dealing with industrial standards and the like for a great number of years; they have very good health departments, and while they may have varying standards, they also have varying needs. More and more they are working together and consulting with each other. We are very happy to work with them to do what we can to supplement their own work, but it is certainly no part of the role of this department to trespass on the proper functions of the provincial governments.

Mr. CASTLEDEN: I am only advocating cooperation, not coercion. I think the standards are pretty low.

Mr. ADAMSON: The question of silicosis comes up periodically. Silicosis is an industrial disease which can be elminated completely. Doctor Robson and the late Mr. James Denny of the McIntyre-Porcupine mine have developed an aluminum therapy treatment which has proven to be a major step in the right direction. I understand that a foundation has been set up largely supported by the McIntyre-Porcupine mine and other mines

in the district, as well as some in the Kirkland lake area. At one time silicosis was a problem in this industry, but with proper precautions and the use of aluminum therapy it can be completely eradicated. This is one of the great things that has been done by Canadian medicine in the last ten or fifteen years.

Item agreed to.

National health branch—
203. Nutrition service, $69,027.

Mr. FLEMING: Everything the department is doing in the way of promoting better nutritional standards is well done; the money that is being voted is money well spent. The minister has said that the efforts of his department in this direction are bearing fruit, but I thought the purpose was rather to promote consumption of fruit.

Item agreed to.

National health branch—
204. Combating venereal disease—administration, $24,678.

Mr. FLEMING: This and the next two items have to do with measures to combat venereal diseases. Would the minister make a statement as to the progress being made in combating this dread disease. In particular, I would ask him to say something concerning the cooperative basis on which the dominion and the provinces are uniting their efforts in this field. I think the new approach to this problem is commendable in so far as it urges a frank and realistic approach and insistence on sound standards of education. At the same time I am bound to say that I do not approve furthering the cause by subsidizing attacks on religion, which is the foundation of all morals.

Mr. HERRIDGE: I was going to ask the same question.

Mr. CLAXTON: For a number of years the federal government did give a considerable amount of assistance to the provinces, which was discontinued for some years and then was resumed in 1943. A venereal disease control division was established in the former department of pensions and national health, which was taken over by the new department. One of the first things I had to do as minister of the new department in October, 1944, was to approve a series of advertisements as part of a nation-wide campaign to develop interest in and direct constructive attention to this important subject. Hon. members will recall that this series of advertisements emphasized the four-sector front against V.D.—health, welfare, legal and moral. That was a four-pronged attack on this subject which was developed by this department. While the frankness of the advertisements and radio publicity and the motion pictures that were shown from one end of Canada to the other might have been alarming to some people, there was not a word of criticism of them from any quarter. The result undoubtedly was a much more frank discussion of the whole subject and a much stronger attack on it from all sides.

During the war there has been close cooperation between the armed services and the provincial and local authorities controlling the disease. That was made possible through our having seconded to this department or its predecessor Colonel Williams, who was V.D. control officer of the army. With him came other officers from the armed forces, and we were fortunate in being able to establish with all the provinces the closest kind of cooperation. One of the developments in that field which was interesting and new was the reporting of contacts, and a great deal of useful work was done there. The result in figures is indicated in the report of the department, which shows that in the armed forces, the only branch of the population for which there are any really reliable statistics, there was a considerable decrease in the incidence of syphilis, particularly between 1940 and 1944, whereas one might have expected that there would be an increase. The problem is receiving continuous attention, and the department's division will continue to cooperate in the way in which it has been doing with the provinces and municipalities in this field.

Mr. BLAIR: I have only one criticism of this item. The amount should be double, if necessary, and more.

Mr. BRACKEN: Might I ask the minister to outline the relative jurisdiction of the provinces and the dominion in this field and to state just what form of cooperation there is between the two?

Mr. CLAXTON: The provinces, of course, have primary jurisdiction in the field of health. Our cooperation in previous years has largely existed in two directions, first the providing of grants of money on a conditional grants-in-aid basis, and, second, the passing of criminal laws to try to stop the spreading of the disease. During the war, because there were over one million men and women in the armed forces, we had a definite interest at the dominion level, and we were fortunate in securing close cooperation from the provinces and the municipalities. Records were kept at Ottawa, and prosecutions were made in the

provinces by provincial agencies. In several provinces there was a V.D. control officer who cooperated continuously with the provincial and municipal authorities in each province and there was, I am happy to say, the closest possible cooperation at every possible level.

Item agreed to.

National health branch—

206. **Distribution of drugs under regulations approved by the governor in council, $50,000.**

Mr. BLAIR: Will the minister give an explanation of this item? There are no details given.

Mr. CLAXTON: It is to provide for the purchase of recognized and approved medications for the treatment of venereal diseases and for their distribution to the provinces. That is done now in virtue of an order in council, P.C. 75/5045, of July 18, 1945. The expenditures have been: in 1943-44, $45,654.32, and in 1944-45, $43,533.92. It provides for the distribution of the medications for treatment in the provinces on a basis which is worked out in cooperation with them.

Mr. BLAIR: Suppose the provinces require more than that?

Mr. CHARLTON: Does this include the distribution of penicillin to the various provinces?

Mr. CLAXTON: In the first instance it provided only for the distribution of arsenicals. With regard to penicillin for the treatment of venereal disease, I will make inquiry and give the information.

Item agreed to.

National health branch—

207. **Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,600.**

Mr. HAZEN: If I am in order, Mr. Chairman, before this item carries, I would ask about an item that appears in the war appropriations at page 556 of *Hansard*, "Contribution towards health services at Halifax—total amount required from 1945-46, $30,000." What is that amount voted for and how is the money being used?

Mr. CLAXTON: That was a special vote given for health services in Halifax owing to the severe congestion there of troops and personnel of the navy and air force and merchant marine. This created a serious condition with possibilities of epidemics and so on, and this amount, which was a most unusual expenditure, the only one of its kind ever made by the federal government, was designed to help the municipalities and health agencies cope with conditions that were likely to give rise to an epidemic.

Mr. HAZEN: Was it paid to the city of Halifax or to the board of health?

Mr. CLAXTON: I shall have to get the answer to that.

Item agreed to.

Welfare branch—

209. **Family allowance division—administration expenses, $2,392,070.**

Mr. McMASTER: Is this vote of $2,392,000 the total amount paid in connection with family allowances? Is any money paid by any other department, and, if so, how much?

Mr. CLAXTON: This covers the cost of administration in connection with family allowances in the Department of National Health and Welfare. In addition, there are expenditures of the Department of Public Works, Post Office and treasury.

Mr. McMASTER: Does the minister know those amounts?

Mr. CLAXTON: No. I do not have them. The hon. member will have to get them from the appropriate ministers.

Mr. McMASTER: Perhaps the minister could let me have that afterwards.

Mr. CLAXTON: Yes.

Mr. BRACKEN: This is a service that covers the whole nation. Will the minister outline the way in which his organization is set up across Canada, and at the same time indicate what measure of cooperation there is with the provinces and to what extent, if any, departments of provincial governments are used in the administration of this service?

Mr. CLAXTON: With regard to the administrative set-up of family allowances, I should say we endeavoured from the start to have the most complete decentralization. Registrations were made at the office established by the family allowance administration in the capital of each province; from that office the payments are made, and with that office correspondence is ordinarily held. The extent of this can be readily understood when I inform hon. members—I hope it will surprise them—that we have engaged in the family allowance administration at Ottawa only seven persons, the rest of the work being done in the nine offices established in the provincial capitals.

Cooperation with the provinces takes several forms. In the first place, we have made an arrangement with every province whereby we

provide a recordak equipment and train staff to make microfilm photographs of the records of births and deaths of children under sixteen. That work is well advanced, and the films are sent to Ottawa where information from them is put on cards by the dominion bureau of statistics. From these card registers are produced containing a list of the children in each province, by years. That index is sent to our provincial office and applications for family allowances are checked against it. In that way we have obviated the necessity of requiring individual applicants for family allowances to provide evidence of the birth and existence of children.

Second, the Family Allowances Act, as hon. members know, provides that the children in respect of whom allowances shall be paid shall be children who are attending school, and we have construed that to mean attending school in accordance with the provisions in force in each province. In every province we have received the most whole-hearted cooperation in the enforcement of that provision.

I can tell of one case recently brought to my attention where the regional director of family allowances told me that in a certain district in a province where ordinarily only about ten per cent of the children went to school in September, this year it is ninety-five per cent. The provinces have not only cooperated wholeheartedly in this respect, but they have been exceedingly glad to do so because it has, generally speaking, reinforced their own provisions with regard to school attendance.

The third respect in which we have had co-operation from the provinces is in ensuring that the allowances are properly spent. We do not propose to police the spending by investigating every home, but we hope to work out, either with the provinces or with agencies in each province, or by other means, arrangements whereby we shall have close co-operation in this direction. We have had conferences with child welfare organizations, children's aid societies and the like, and from those conferences we are gradually constructing the framework for relations with the provinces which we hope will secure complete cooperation in this respect.

Mr. BRACKEN: Will the minister indicate the number employed in the administration of the service and their distribution among the provinces throughout the dominion?

Mr. CLAXTON: I have handy the establishment but not the actual staff, broken down by provinces for family allowances alone. I shall have to get that information and give it to the hon. gentleman.

Mr. ADAMSON: Has the minister the amount paid to each province?

Mr. BRACKEN: Perhaps the minister would put on *Hansard* the information I have asked for.

Mr. CLAXTON: I shall be glad to give the distribution of staff by provinces and also to put on *Hansard,* if I may, the distribution of family allowance payments by provinces, together with the distribution of the number of children per family in each province, all for the month of October, 1945. These figures showing this kind of distribution are worked out for each quarter. We can show the totals for the provinces each month, but we have them broken down completely only once every quarter. I will put these tables on *Hansard*:

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

FAMILY ALLOWANCES DIVISION

Classification of Families by number of Children under 16 years of age, based on Family Allowance Payments in October, 1945

Children per Family	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total Families	Total Children
PROVINCE—	NUMBER OF FAMILIES																
P.E.I.	4,320	2,965	1,809	1,135	699	453	260	132	65	30	6	3	....	....	....	11,877	30,293
N.S.	28,703	18,989	11,454	6,552	3,888	2,342	1,174	600	287	112	36	7	2	....	....	74,146	177,970
N.B.	19,816	13,790	8,760	5,707	3,809	2,377	1,493	820	429	181	61	18	3	....	....	57,264	153,419
Que.	111,105	88,012	58,410	39,473	26,167	17,368	11,337	7,225	3,960	1,946	728	210	37	7	2	365,987	1,058,690
Ont.	190,376	128,170	60,102	28,810	13,816	6,792	3,427	1,631	678	293	100	18	4	1	....	434,218	899,545
Man.	36,050	24,633	11,968	6,023	3,026	1,536	783	364	162	44	23	7	2	....	....	84,621	180,312
Sask.	37,412	29,679	16,970	9,123	4,730	2,640	1,324	633	324	107	43	17	2	2	....	103,006	242,711
Alta.	38,336	29,486	16,335	8,440	4,129	2,088	986	455	181	70	21	7	1	....	....	100,535	226,445
B.C.	46,252	33,007	13,506	5,476	2,199	951	439	175	65	25	5	1	....	....	....	102,101	196,764
N.W.T. and Y.	289	201	139	93	54	27	10	7	.....	.....	.....	.....	....	....	....	820	2,038
TOTAL	512,659	368,932	199,453	110,832	62,517	36,574	21,233	12,042	6,151	2,808	1,023	288	51	10	2	1,334,575	3,168,187

OTTAWA, 8th NOVEMBER, 1945.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

FAMILY ALLOWANCES DIVISION

Statistics based on October, 1945, Family Allowance Payments

Province	Number of cheques issued	Number of families in pay	Number of children	Average allowance per family	Average allowance per child	Total disbursement, October, 1945
						$
Prince Edward Island	11,844	11,877	30,293	15·22	5·97	180,724
Nova Scotia	74,070	74,146	177,970	14·37	5·99	1,065,667
New Brunswick	57,245	57,264	153,419	15·96	5·96	914,078
Quebec	366,080	365,987	1,058,690	16·83	5·82	6,160,887
Ontario	432,984	434,218	899,545	12·86	6·21	5,584,078
Manitoba	86,647	84,621	180,312	13·05	6·12	1,103,908
Saskatchewan	103,054	103,006	242,711	14·28	6·06	1,470,796
Alberta	99,999	100,535	226,445	13·61	6·04	1,367,858
British Columbia	101,848	102,101	196,764	11·63	6·04	1,187,474
N.W.T. and Yukon	821	820	2,038	18·90	7·60	15,502
Total	1,334,592	1,334,575	3,168,187	14·27	6·01	19,050,972

OTTAWA, 8th November, 1945.

Mr. BRACKEN: Did I understand the minister to say that he would give us information showing what expenditures for these services are chargeable to other departments?

Mr. CLAXTON: I shall be glad to get that. I have not it before me at the moment.

Mr. BRACKEN: Did the minister undertake a moment ago to do that?

Mr. CLAXTON: Yes.

Mr. HERRIDGE: I just wish to congratulate the minister and the officials of his department on the commendable way in which family allowances have been administered. When family allowances were first suggested many people said that it would result in the establishment of a bureaucracy. From every point in my constituency I have heard nothing but praise and commendation for the administration of this act.

I just wish to draw to the attention of the minister one case in my riding which I think should receive sympathetic consideration. It is that of a young girl who is within the age limit to receive the allowance. She is quite normal but suffers from a nervous affliction which requires her to attend a school in the United States, in Washington, I believe. It is the only school of its type in the western states. There is no school of the kind in Canada. Because this child has to go to that school and be absent from Canada over a certain period her parents are denied the allowance. I do wish the minister would give some consideration to cases of that kind.

[Mr. Claxton.]

Mr. CLAXTON: I am afraid that case would have to be dealt with by an amendment to the law. It certainly is excluded by the terms of the act to-day.

Mr. McMASTER: Could the minister give us some details of the item of $150,000 for publicity and information, and $150,000 for professional and special services? These items are to be found on page 137 of the estimates.

Mr. CLAXTON: With regard to the item for publicity and information, it will be readily understood by hon. members that one cannot deal with all the people of Canada, which virtually we are doing in family allowances, without a considerable amount of expenditure on information. We had to expend quite a large sum in order to secure the registration that was made in the form in which it was made. Had we not spent so much we would have spent more on clerical staff to secure corrections. The money paid in family allowances payments is good in itself, both from the point of view of both the children and the family, and the economy of the country, but we consider that it is not enough just to pay this money out. We should like to do what we can to develop interest on the part of the parents to spend it in the best possible way for the benefit of their children. Therefore, from time to time, in conjunction with provincial and local authorities, we intend to develop interest in various matters relating to the health and welfare of children. We believe that money spent in that way will

prevent the necessity of so much money being spent in policing. We therefore put in this considerable amount with the thought that it would be spent on films, exhibits, and in various other promotional activities, to draw to the attention of Canadian parents the possibilities of spending the money in the best interests of their children.

Mr. McMASTER: The minister has perhaps partly answered the first question. Did I understand him to say that even now he is spending the money on a programme to assist the parents in bringing up their children? If that is not the case, will he tell us whether this money has been spent, when was it spent and what proportion was spent before August 1, 1945, or, if he prefers, before July 1, 1945?

Mr. CLAXTON: I shall have to get that information.

Mr. McMASTER: I also asked a question about the item of $150,000 for professional and special services. Perhaps the minister can tell us how much was spent, how it was spent and when it was spent?

Mr. CLAXTON: I shall have to get that information.

Mr. CASE: In dealing with social and welfare agencies an item has come to my attention which I think the minister really appreciates, since through me he has obtained some knowledge of it. I should now like to bring it to the attention of the committee. A Canadian soldier overseas married a British war widow who was the mother of children. In this particular instance the woman is the mother of three children born to a British father. She is now the mother of two children by the Canadian soldier. They are now living in my home city of Owen Sound. While the Family Allowances Act has made provision for the two children born of the Canadian father, who is still in the armed services overseas, it makes no provision for the three children born of the British father. As I have said before, the family allowances are intended for the welfare of the children of this nation. We hope to make them better citizens and give them greater opportunities than heretofore. While the act makes no provision for a case of this kind, I feel that it should be amended. I would urge the minister and his department to give serious consideration to that, because there must be many more similar cases where widows overseas with children born to a former marriage have married Canadian soldiers and have come to make their home in Canada. Some of them are now mothers of children born to Canadian soldiers, but there is no provision for the children of the first marriage. I am not going to say that these children are wards of Canada, but they will be future citizens of Canada. I would therefore urge the minister to give serious consideration to changing the act so that these children may be included.

Mr. CLAXTON: I have taken note of the suggestion made by the hon. member for Grey North. As he indicates, it would require an amendment to the act. We shall certainly give consideration to that.

I can now answer the further question by the hon. member for Saint John-Albert with regard to the payment to Halifax. That $30,000 was given to compensate the city of Halifax for the expanded war population of many, many thousands of people which required special health measures to be taken by the population, as I indicated.

With regard to the question of the hon. member for High Park, in reference to $150,000 for professional and special services, may I say that none of that was expended this year. He also wanted to know about $150,000 for publicity and information. The amount of $85,250.16 was expended to September 30, 1945.

Mr. HANSELL: This is the only item on which I can raise a little matter—

Mr. CASE: Would the hon. member for Macleod give way for a moment, until I ask one more question?

Mr. HANSELL: I am always willing to oblige my hon. friend.

Mr. CASE: Thank you very much. I should like to ask the minister if, in the illustration I gave, the foster father were to legally adopt the children, that would bring them within the framework of the present act.

Mr. CLAXTON: No, I am afraid not. They would have to reside here for three years before they become eligible.

Mr. HANSELL: I should like to congratulate the minister on something else. The hon. member for Kootenay West congratulated him upon the administration of his department, saying that he had received the highest compliments and no criticisms. I have no criticism to offer in connection with the administration of any department. There is one difference between the Department of National Health and Welfare and the other departments, and it is simply this. In this case the public are on the receiving end. Of course, when a lady goes to the post office and gets a cheque for $12 or $16, she likes this department. The others are not so fortunate.

I wish to congratulate the minister on being able to pilot his estimates through without any advisers sitting in front of him. This question has been in my mind a good deal. I have no objection to advisers coming in; they are very fine looking gentlemen who sit there trying to look as wise as possible. I do not suppose anything can be done about it, but I am going to suggest that when advisers come into the house and take their places in front of a minister, their names be recorded in *Hansard* as advising that minister. As I say, I have no objection to them, and of course the minister must take final responsibility for the answers he gives. I do not know that I am so much concerned with this in connection with the estimates as I am when a bill is being piloted through. I like to know the names of those who are putting the answers in the mouth of the minister. While I congratulate the minister on this, I know his department is not so complicated as some of the others, and I mean to cast no reflection on the other ministers.

Might I offer one suggestion to the ministers of the crown as they are putting through their estimates. I suggest that they do not attempt to make long speeches, which only hold up the house. If they sit there and look just as dumb as possible they will get their estimates through much more quickly.

Mr. BLAIR: This item shows an amount of $1,534,000 for temporary assistance in connection with administration. Does the minister anticipate that the cost of administration will be lowered? While I am on my feet I should like to ask a second question. What is the attitude of the minister toward children in public institutions, in regard to family allowances?

Mr. CLAXTON: In regard to the item for administration, we do not expect to spend the full amount provided in the estimates for this year, and we hope that the cost of administration may be even further cut down. When the bill was being debated in 1944 we estimated that the cost of administration might be from one to two per cent of the total outlay in respect of family allowance. I am happy to be able to say that the figure is certainly close to one per cent, and in another year we hope to be able to get it even lower. This item was provided on this basis, because we had to do a job which involved registering all children born during the past fifteen years; that is we had to achieve fifteen times our normal peak before we ever began, and that required a very large temporary force which we still have with us. The amount provided was $1,534,070. So far, up to September 30, 1945, we have spent $323,491.79, so that at that time we were still well within the amount budgeted for.

Mr. BLAIR: My second question was; what is the minister's attitude toward children in public institutions, in regard to family allowances?

Mr. CLAXTON: That is provided for in part by the act, under which payments are made to parents who are responsible for the care and control of children, and which states that an institution shall not be considered a parent. Then, in accordance with the act regulations were enacted, and the question put by my hon. friend is dealt with there. Perhaps I had better send him a copy of the regulations. There are a great many different types of institutions in the provinces of Canada, and generally speaking I think it can be said that we do not regard a child who is in an institution as a child in respect of whom an allowance is to be paid under the Family Allowances Act. That is in accordance with the act; but if the child is in a foster home and the cost of the child's care is contributed to by a children's aid society or some similar organization, then we shall regard that organization as a parent and make the payment to it.

Mr. McMASTER: Did I understand the minister to say that they do not make a payment where a child is in an institution?

Mr. CLAXTON: That is right.

Mr. McMASTER: Then arising out of my other two questions, the minister gave me the amount spent on publicity and information up to September 30. Apparently he has the details there. Could he tell us the amount spent on publicity up to July 1? At the same time could he tell us what kind of professional and special services are anticipated to be required for which the sum of $150,000 is provided?

Mr. CLAXTON: The professional assistance for which the amount of $150,000 is provided is in the form of investigations, supervision, welfare workers and similar work of that kind. We are beginning to make fairly heavy expenditures in this connection, but we have not come anywhere near the sum mentioned. That is the type of assistance we mean, social workers and the like.

Mr. McMASTER: And has the minister the amount spent on publicity up to July 1?

Mr. CLAXTON: Yes. We spent on publicity and information up to July 1, the sum of $2,583.32.

Item agreed to.

Miscellaneous grants—
211. Grant to Canadian national committee for mental hygiene, $10,000.

Mr. ADAMSON: I wish to ask the minister a question not definitely related to this institution but in connection with mental hygiene generally. In the press to-day I saw the rather alarming statement that Canada had the highest incidence of insanity of any country in the world. I am merely saying what I saw in the press. I know it is extremely high; in fact it is one of the serious problems we have to face. Could the minister give us a statement as to the mental health of the nation? I know this is extremely difficult, but perhaps he could tell us the number of patients in these institutions, what is being done and some statistics in that connection.

I do not know whether this has been said before, but I should like to go on record as commending very strongly the deputy minister of national health and welfare. I believe the address given by General Chisholm before the Alanson White Foundation of Washington, D.C., was one of the finest pieces of original research that has ever been done. I wish to commend the minister and the department, and to say how extremely lucky we are in Canada in having in the public service of our country a man who is capable of such original and useful thought. I wanted to say that in the committee. I do not know whether it has been said before, but I should like to go on record in that way.

Could the minister make a brief statement in connection with the mental health situation?

Mr. CLAXTON: I am afraid I have not any definite information which I could give at this time. However, I should certainly doubt the accuracy of the news report to which the hon. member has referred.

Mr. ADAMSON: It was in to-day's issue of the Ottawa *Journal.*

Item agreed to.

Miscellaneous grants—
220. Grant to Canadian Red Cross Society, $10,000.

Mr. FLEMING: What are the minister's views respecting a request for a grant from the Canadian dental hygiene council? I understand that this organization has the endorsation of the minister and his department and, if I am not mistaken, was at one time in receipt of a grant from the old department of pensions and national health. It is the only voluntary body in the dental health field carrying on educational work.

We find here a number of grants provided for organizations doing exemplary work in the general field of health, but I find that none of these operate in the field of dental health. Would the minister indicate the attitude of the government in respect of the request by this organization for a grant? Perhaps having endorsed its work, the minister might have some views which would be of interest to the committee.

Mr. CLAXTON: As the hon. member for Eglinton implied, I feel that this organization is doing admirable work. It is one of a number of professional organizations with which, I am glad to say, the department has the closest possible relationship. I shall be very glad indeed to make representations to my colleagues with regard to a grant in the future.

Item agreed to.

National health branch—
527. Health insurance studies, $10,187.

Mr. FLEMING: What assistance did the department retain in this connection? I take it that the item has reference to studies in connection with proposals submitted to the dominion-provincial conference, and I believe that the committee would like to know what assistance outside the department was required in the preparation of those studies.

Mr. CLAXTON: In connection with preparation for the conference the department set up committees dealing with health matters and with welfare matters. Those two committees, over which the two deputy ministers presided, consisted exclusively of officers in the government from the Department of Finance, the bureau of statistics, and other departments concerned. They were entirely interdepartmental, and the department spent nothing on outside services when making preparations for the conference.

Mr. Alexander Skelton was secretary of the conference committee, set up under the cabinet. On the committee were a number of experts in various fields, chiefly financial, whose services we were able to obtain. However, the department spent nothing on any additional studies.

This item is to set up a new directorate which would have to do with health planning, particularly as it is related to health insurance. A position has been advertised and filled, and the officer is now engaged in his work.

Item agreed to.

National health branch—
529. Civil service health division, $145,750.

Mr. BRACKEN: What service is the department attempting to give under this item?

Mr. CLAXTON: Under the act which created the department there was a fairly important change from the previous legislation which defined the functions of the old department of pensions and national health. The change was made when the department was set up in 1944, and it gave the Department of National Health and Welfare positive responsibility for measures which might improve the health of the civil servants of Canada.

In May, 1945, I was authorized by the government to announce a programme involving an expenditure of $328,000 for the first year to provide a number of health services for civil servants. While they might be subdivided under many heads, I believe I can put them under a few.

In the first place the programme involved an examination before entrance into the civil service. This included X-ray examination for tuberculosis;

Second, periodic examinations;

Third, emergency service for people who suddenly became ill while at work;

Fourth, the development of educational activities so as to bring to the attention of the civil service of Canada the need for taking proper health measures;

Fifth, provision of advice with regard to health matters. Without giving actual continuous service, we would provide expert counsellors who could advise as to the kind of doctor to be consulted, and as to what should be done under certain conditions and,

Sixth, the establishment of sanitary standards, health standards, standards regarding working conditions, lighting, lavatory accommodation, rest rooms, and the like, and the assurance of cooperation with other government departments in giving this service.

In other words, this programme was designed to give the civil servants of Canada the kind of service which any good employer now gives his employees. That was announced in May of this year, and only last week we were fortunate enough to secure the services of Lieutenant-Colonel R. G. Ratz, to head this new division. This gentleman is experienced in public health work, has had experience along those lines in the army, and is now starting to get to work. Progress depends now on space and staff becoming available with which to proceed. I repeat that you have to give the civil service of Canada the same kind of health service which any good employer now gives to his employees.

[Mr. Claxton.]

Mr. BRACKEN: What is the total appropriation per year for this service? The minister mentioned the sum of $348,000, but I notice that this vote is for only $145,750.

Mr. CLAXTON: This was announced in May, and the estimate of the cost for a full year was $328,000. We realized that we could not institute the service this year until quite late, if at all, and then only partly, so that the supplementary is for a smaller amount. We shall not come near to spending the supplementary vote.

Item agreed to.

National health branch—
531. Mental health division, $16,232.

Mr. BRACKEN: Could the minister give the total number of civil servants now in the employ of the government?

Mr. MARTIN: The total is 143,000.

Mr. MacNICOL: What is the relation between votes 531 and 211?

Mr. CLAXTON: Vote 211 provides for a grant to the national committee for mental hygiene, a voluntary association, and vote 531 provides for salaries and costs of administration of a new division of the department which has just been created to deal with mental health in the same way as the other divisions deal with their separate fields of tuberculosis, venereal diseases and so on.

Mr. MacNICOL: I am in favour of this new department because I believe it is a step in the right direction. How will it work with the organization of which Doctor Hincks is the head?

Mr. CLAXTON: I am certain that it will work very closely with him and also with the provinces. We find at the technical level of the department that there can be close cooperation with the experts in the various fields in the provinces and also that the federal government can exercise a useful function in just bringing them together and coordinating their work, exchanging information and getting them to establish new standards and the like. This is a field which uses more beds than any other and it is of vast importance to us all.

Mr. MacNICOL: I am sure that the Canadian national committee for mental hygiene, of which Doctor Hincks is head, will be able to assist the minister materially in his work in connection with this new division.

Mr. McKAY: Is any appropriation being made for prison welfare associations such as the John Howard societies, and in particular the prisoner aid and welfare association in

Montreal? I understand that society has to do with certain aspects of mental hygiene.

Mr. CLAXTON: If there is such an appropriation it would come under the Department of Justice.

Item agreed to.

Welfare branch—
535. National council on physical fitness—administration expenses, $29,571.09.

Mr. GREEN: Will the minister explain this item?

Mr. CLAXTON: This is an item of $53,005.27 to replace an amount paid to the provinces under the National Fitness Act from the national fitness fund totalling $23,434.18. When this amount is deposited in the open account the fund will be restored to its original amount of $225,000 for grants to the provinces in accordance with the act. It is also to provide $10,000 for publicity purposes and to replace an amount expended for administration purposes under the National Fitness Act from the national physical fitness fund of $19,571.09. When this amount is deposited in the open account the fund will be restored to the original amount of $25,000 for administration expenses. Those two sums of $25,000 and $225,000 will make up a total of $250,000 which is provided for under the National Fitness Act.

Mr. GREEN: I understood that we could discuss on the civil estimates any war appropriation estimate. I do not know whether the minister is proposing to call the old age pension item or not. I believe that now comes under his department although it is listed as being under the Minister of Finance. I have no intention this evening of dealing with the question of an increase in old age pensions or the lowering of the age limit, because those points were discussed earlier in the session. However, I should like to ask the minister whether his department is taking any steps to bring about a change in the regulations under the Old Age Pensions Act. I realize that the questions of an increased pension and the lowering of the age limit are being deferred until the conclusion of the dominion-provincial conference, but there is no reason why some steps should not be taken in the meantime to bring about a change in the regulations.

It takes time to do these things, and in the case of our older citizens, time means so much. They have to be seventy years of age to come under this act, and when one gets along to that age, every day counts. It is a tragedy that there has been such a long delay in getting these provisions through. The present regulations are too harsh; I think the minister will agree with me on that. The result is that in Canada many of these people are not able to establish their eligibility for pension. If the minister will refer to page 37 of the Dominion of Canada proposals made to the dominion-provincial conference he will see it is stated that only about forty per cent of all persons of seventy years of age and over are able to establish eligibility for old age pension. Doctor Marsh in his report of two years ago—and I refer the minister to page 70—states that in Great Britain about eighty per cent of the people over seventy years of age are able to qualify, either for old age pensions or similar assistance. He goes on to point out why there is this difference and traces the cause right back to the harshness of the regulations. This harshness is also dealt with in the proposals made by the dominion government to which I have referred; the minister will find this at page 38. The dominion is now proposing that for the ages sixty-five to sixty-nine there shall be a joint plan, the dominion paying half and the provinces paying half; it is admitted on page 38 that certain changes will be necessary, designed to liberalize the conditions under which the assistance is given.

Further down on the same page it is proposed that residence in Canada should be required only for a period of twenty years since the age of eighteen, including a period of three years immediately preceding the date of application for a pension. That, of course, is far more liberal than the present regulation.

It is also proposed that the maximum payment be reduced by the amount of the applicant's personal income, if any, in excess of $125 per annum, but the submission goes on to say:

> **In computing the income of the recipient for purposes of this means-test, moneys received from other sources not for the recipient's own use to be excluded. The pension would only be reduced to the extent that the pensioner had outside sources of personal income for his or her own use.**

I presume that would mean that there would not be such drastic restrictions as there are at the present time for example, that pensioners might be allowed to own their homes without having a reduction made in the pension on that account. It goes on to say:

> **The existing requirement that payments made by way of old age pension must be recovered where possible from the estate of the recipient after his death would be abolished.**

These proposals are contained in the dominion government's own brief. The minister is aware, by the way, that Doctor Marsh goes into much greater detail. Is there any

reason why steps could not be taken now to work out an easing of the regulations? It will have to be done sooner or later. It is only a matter of delay and that delay will work a hardship on many of these older people. I suggest to the minister that one of the most useful undertakings which his department could handle now would be to bring about a revision of the regulations to ease their restrictiveness.

Mr. CLAXTON: I should like to make this comment with regard to the observation of the hon. member for Vancouver South that only forty per cent of Canadians who are within the age group qualify for pension on the means-test, while the percentage is very much higher in Britain. That might mean a greater stringency of regulations or it might mean that there is a very much higher average of savings on the part of the people of this country, or a higher degree of independence.

Mr. GREEN: The minister knows that the findings of Doctor Marsh are along the same line.

Mr. CLAXTON: Section 19. 2 of the Old Age Pensions Act provides:

No regulation by reference to which any agreement with a province has been made shall **be altered except with the consent of such province or in accordance with the provisions of the regulations to which it has agreed.**

So that any alteration of the regulations can only be made by agreement with the provinces. I am very glad to tell the hon. member, however, that we have already inaugurated discussions with the provinces alongside the work of the dominion-provincial conference, and their welfare officers have accepted our suggestion that early in the new year we should meet together to discuss administrative problems relative to old age pensions. We hope at that time to remedy some of the difficulties to which the hon. member has referred.

Mr. GREEN: That is very good. In view of the nature of the act the lead has to come from the dominion and I am very glad that that lead is being given.

Item agreed to.

230. National film board, including the motion picture bureau, $810,965.

Supplementary estimates, 1945-46

537. National film board, including the motion picture bureau, further amount required, $335,000.

Mr. MacNICOL: This is one branch of the department which I believe can do a great work for Canada, particularly if the films to be sent out of Canada in exchange for the films of other countries cover Canada from ocean to ocean and from the international boundary to the Arctic. There is no other country in the world that can rival Canada's scenery and resources all along the line. I am not going to delay the committee to talk about them because it is too late in the session. I hope that at another session this vote will come down early so that members from every part of Canada can tell of the wonders of their own part of the country, not only the natural wonders and its resources but also Canadian industries, all of which could be portrayed to the great advantage of Canada, as well as everything that enters into industry in this country by way of productive employment. I wish to register my strong support for this particular branch, and I hope that when reconstruction is under consideration the minister will persuade the Minister of Public Works, under whose department I presume it would come, to put up a modern up-to-date building to house this branch. I was in the film building, if it is still the same one, in which the records are kept, but what is required to-day is a steel and concrete fireproof building to contain and preserve these priceless films that have been taken of Canada from one end to the other.

Mr. ADAMSON: I am not going into detail at this stage. I have in the past been extremely critical of the national film board on account of their documentaries and the propaganda they contained, but I have not seen one in the last year, so that I am not going to say anything about them. What are the new functions of the national film board? Are they to make films, for instance, to assist the immigration department by showing life in Canada, so that people who wish to come here may have an idea of what life here is really like? Are documentaries to be provided for showing in other countries to attract tourists to Canada? It seems to me there is a tremendous opportunity in the film board to show Canada abroad in a way that no other media can do.

I said, Mr. Chairman, that if the national film board is going to undertake the production of major films as well as documentaries we should have more information as to what the board proposes to do. I suggest that if you are considering the production of films of major length it would be wiser for us to know what the policy is. Are you going to compete with the private producer of films, or are you going to cooperate with the commercial studios? And is it the intention of the national film board to establish, or is it thought possible to establish a moving-picture industry in

Canada? If you are going to produce commercial films—and I hope you are not—then I suggest that you might consider the filming of "The White Tower", if the rights have not already been sold. That would afford us a wonderful opportunity to show our national parks in such a film, and Mount Assiniboine would suit very well as the locale for such a picture. Would the minister tell us what the forward policy of the film board is? I have had the report, but it does not say specifically.

Mr. HAZEN: If this supplementary estimate and the amount that is voted in the estimates are expended this year by the national film board the cost to the people of the country will be $1,145,965. That is a large amount of money, and the question I ask myself is: Is this expenditure worth while? The question I ask the minister is: Does he think this expenditure is worth while? Does the board play an important part in the lives of the people of this country? Does it play an important part in the lives of members of parliament? It plays no part in my life, and I do not think it plays much part in the lives of most of the members of this assembly. So far as I know it plays no part, or if it does it plays only a small part, in the lives of the people of my constituency. I doubt if the government can carry on a film business any better than it could carry on a weekly newspaper. I suggest, therefore, that the whole matter should be very carefully looked into before further expenditures are made. I understand that recently the Royal Canadian Air Force asked the national film board to make a film for its women's division dealing with hygiene, that the national film board made that film and charged the R.C.A.F. over $20,000 for it, and that when the R.C.A.F. got the film they were so dissatisfied with it that they refused to use it, although they had to pay the bill. They, therefore, went to a private concern in Montreal and got them to make a film which they found satisfactory and which cost them much less. Can the minister tell us something about the film prepared by the national film board for the R.C.A.F., whether or not it was used by the R.C.A.F., whether or not the R.C.A.F. refused to use it and afterwards got a film that was satisfactory from a private concern in Montreal.

Mr. MacNICOL: When I spoke I had in mind films sent outside Canada, not those shown within the country. On one of my last trips to the United States I saw some of these Canadian films shown there, and from what I saw I took it that the intention was to show our American cousins the marvellous tourist attractions we have, and to business people there the opportunities for investing money in Canada. I was not thinking of films shown here but of what it says, international, or outside the country.

Mr. STEWART (Winnipeg North): I would say this about the national film board. I think it is more than an organization; it has now become an institution and one which I wish to see perpetuated and enlarged. The national film board has brought great credit to Canada outside this country and has been of great service to Canada within it. One hon. member asked, does it play an important part in our lives? I think it does, and I am speaking for our group when I say that it plays an important part in the rural areas of western Canada. It is an invaluable source of adult education, and from that point of view alone we should like to see it continued and, indeed, expanded. The hon. member said that it played no part in his life. I suggest to him respectfully that that is his own fault. It has played quite a large part in my life. I have gone frequently to the film board headquarters and rented films at the very reasonable rate of twenty-five cents a roll on all subjects under the sun, and have shown them in my constituency to all sorts of people. The board has a great part to play in this country, and I should like the minister to spare a few minutes to tell us what the future policy envisages for it.

Mr. CLAXTON: The hon. member for Davenport spoke of the desirability of our using films to spread knowledge of Canada abroad, a work in which he himself has been engaged for a great number of years. I venture to say that no agency of the Canadian government has done more to spread knowledge of Canada abroad as the film board. In the year under review it produced a total of 308 films, and I would ask hon. members who are interested in the subject to compare that production, from the point of view both of quality and of quantity, with the production of any other country on the face of the earth. If they do so they will find that we are second to none in any regard.

The national film board has come to have a reputation abroad which puts us virtually second to none in the documentary field. I have had the honour of representing Canada in some international conferences, for example, of UNRRA and the international labour organization, and at all these the national film board is there showing films to the representatives of other nations—films of Canada

and films of their own countries which our film board is accumulating and knows how to show. On more than one occasion the national film board has been chosen as the agency, the sole agency, of the international authority itself, as being the best in the whole world to do the job. The national film board was engaged by UNNRA to do the job of producing a film about its work, and that film was shown throughout the world, just as most of the national film board's work is shown to-day.

These 308 films I have mentioned are divided into forty-six films of the national film programme, 153 in the war information programme, and 109 for other government departments. I do not suppose any agency of the government has so many connections with other government departments as the film board. It receives orders for films and produces them in cooperation with government departments. We think it produces them as well and perhaps better than any private agency could do it, and it makes a Canadian service continuously available to the government and to the people of Canada. It is with some pride that I speak of this service and the way in which its reputation has been built up through the years in consequence of the work that has been carried on, particularly under the leadership of John Grierson, who is known throughout the world as probably the leader in the field of documentary films, and who received the highest award, an Oscar, in the United States, a year ago.

The record is known to the people of every other country, and it is high time that it became known to the people of Canada. More and more people in Canada are beginning to recognize that here is one field of culture, one field of art in which we can take second place to no other country.

These pictures cover a great range of subjects. The most important series that was shown probably was that of "The World in Action". That series of films produced one each month and was shown as a commercial picture for which we received payment. It was shown in six thousand theatres in the United States and in a great number of theatres in the United Kingdom, in Central and South America as well as in Australia and South Africa. Another series "Canada Carries On", was perhaps the greatest single vehicle for carrying to the Canadian people and to others knowledge of what we ourselves were doing during the war. That was also shown in Canada, the United States and other countries. These two films were shown to an estimated audience in Canada of two million people a week. We get into very large figures in this field. That is the potential audience at the theatres in which these films are shown.

I have here, and if necessary and desirable, I shall put on *Hansard* a list of the 308 films produced during the period under review. A great number of these films are produced in both English and French. A great number were produced in Spanish and Portuguese. I venture to say they have been the greatest single vehicle for carrying knowledge and information of Canada to other countries.

As part of its work the national film board has also been the greatest single agency in Canada to produce still pictures, pictures of national events. It has had its own photographers on our battle fronts, and they have made available through the ordinary means of distributing information photographs and stills in a very large volume, up to 50,000 a year.

This activity also includes the preparation of graphics of all kinds, educational films, films for the Department of Agriculture and so forth. We have had a great number of rural circuits. They also show films on industrial circuits. The rural circuits and the industrial circuits are means whereby information about farm life and ways of improving the amenities of farm life and farm techniques as well as entertainment are made available to hundreds of thousands of our population. Similarly the industrial circuits make available films on industrial techniques. Some of them are just as practical as any employer could possibly introduce with regard to one element or another suitable to the audience. They also endeavour to spread from one group to another knowledge of the other group, how they are living, how they are working and that they are interdependent. That is all part of the effort to give Canadians information of their own country, a realization of what we are doing and what we aim to do. It is a great Canadian enterprise. On that account I hope that it will get the vote which is required here.

With regard to the question of the hon. member for Saint John-Albert, I must say that the only information I have is that the film to which he refers was probably produced for the air force by an agency other than the film board. If it was found unsuitable that was not their fault.

Mr. McIVOR: I should just like to express appreciation on behalf of the tourist bureau of Fort William of the splendid service rendered by the film board. We have a cave surrounded by hard rocks and pretty well covered by evergreens. On a summer evening several hundred people meet in that cave,

tourists from all over the United States. One man expressed himself in words like these: We did not know that you had such a beautiful and gorgeous country as Canada.

Mr. STEWART (Winnipeg North): If the film board is to become really efficient and adequate a great deal will depend upon the number of projectors which are available for groups, clubs and associations. I offer this suggestion to the minister: Would it be possible for the film board to obtain from the services these projectors which are declared surplus, with a view to selling them to clubs and associations which will use them for the benefit of the people?

Mr. CLAXTON: I shall be indeed glad to call the hon. member's suggestion to the attention of War Assets Corporation and of the Minister of Reconstruction under whose department that matter falls. We have had a good deal of correspondence and discussion over this, and I shall be glad to see that the hon. member's representation in this regard is again called to the minister's attention.

Mr. MacNICOL: Does the board itself not rent films?

Mr. CLAXTON: Yes, but the hon. member for Winnipeg North was talking about projectors and making them available. The armed forces have a great number of projectors which they used for the job of instructing the forces with films that were prepared either by them or by us for them. Some of those projectors have become surplus. The question is, should they be made available for educational activities or to the film board, and how will they be disposed of? That is a matter for active discussion. I shall be glad to carry to the Minister of Reconstruction the representations of the hon. member.

Mr. PROBE: I should like to associate myself with the compliments that are being paid at the moment to the minister and to the national film board, but I have had brought to my attention a couple of criticisms which may not be justified. For that reason I should like the minister to comment on them. The first is that an undue number of films have been passed out in languages other than those which are considered official in Canada. Will the minister comment on the correctness or otherwise of that criticism?

Mr. CLAXTON: I understand that the only films distributed in Canada are distributed in English and French. The films that have been sent out in Spanish and Portuguese are sent to the countries where these languages would be useful.

Mr. PROBE: I understand that perfectly, but I understood that a considerable number of films were sent out in languages other than the four mentioned.

Mr. CLAXTON: Three years ago we made a film in Ukrainian for distribution in Canada.

Mr. CASTLEDEN: Is it still available?

Mr. CLAXTON: I think it would be.

Mrs. STRUM: I wish to compliment the minister on the imagination and sympathy which he has shown in dealing with this branch of education. I was pleased when I found that the film board came under his department, although I only became aware of that fact this week. Twice this week I have had the chance of seeing some films the board has produced, together with films produced in other countries, and I wish to say that what the minister said is quite true; the films our own board has made equalled or excelled in technique those from other countries, and I was very glad to see the skill that has gone into the making of those pictures.

In this country, where we have so much space, I believe geography is against us; and in the building of national understanding and unity I think the film is going to play a greater and greater part. I believe it is one of the matters about which we cannot afford to be niggardly, in which we must invest generously, because it is one of the greatest possible mediums for drawing this country together; and now educators are telling us that visual education is by far more effective than any other type. But I think our films can make their greatest contribution in promoting the sort of rural communities that will attract and hold our young people. We have seen those young people drift away from the country, leaving only those older people who perhaps have a greater vision of what life can mean. But if we are to attract these young people back to the farms; if we are to have the sort of culture that we deserve and that these young people are capable of developing in our rural communities, we must make much greater use of this effective medium.

Again I wish to compliment the minister on his sympathy and vision and on the very fine job this branch is doing.

Mr. McMASTER: It would seem that the realism of the east is now up against the idealism of the west. Perhaps we do not go to theatres in the east often enough to appreciate these things. I was glad to hear that the hon. member for Qu'Appelle was able to go to the theatre in Ottawa, because I really have never had time since coming

here, and perhaps I have missed something. This is the position as we see it. We may not be interested in films, but we cannot understand why this amount should be increased by a million dollars. The minister has said that some 153 war pictures were produced, either this year or in preceding years, and no doubt those films were shown to the soldiers overseas. I do not know, but I would suppose that to be the case. What is his method of distribution here in eastern Canada? Are these films available to certain clubs and so on, or are they shown over regular circuits of moving-picture theatres? It strikes me that this amount, instead of getting larger, should be getting smaller, and that unless there is some method of distributing these pictures so that they are shown in the ordinary theatres they are not accomplishing the purpose intended, because my experience in the east has been that these private film shows receive very little attention.

Mr. HANSELL: I am afraid the minister has let me down a bit in the remarks I made a while ago; however, I imagine it is all right. I do not feel that I can wax quite as enthusiastic in support of the minister, with respect to the national film board, as some hon. members have done to-night. I have no particular objection to the remarks of the hon. member for Winnipeg North, although I would not be quite so enthusiastic about it and personally I would have modified my remarks if I had thought along the same line. I agree more or less with the remarks of the hon. member for Saint John-Albert. It is said that the national film board can be a great institution for education. Well, I agree with that, but I do not agree that the educationalists are always right. There are some sciences in the realm of education that cannot be contradicted. Those sciences are always right, and I have in mind the science of mathematics and the science of chemistry, for instance. You do not go wrong in those sciences. But when it comes to such matters as political science, political economy and matters of economics, then the educationalists can be wrong, and they have been wrong.

I believe the national film board has a function to perform. I am not going to say that it should be done away with, or anything of the kind. During the war years I believe it did a good job along certain lines. I have seen some pictures, for instance, dealing with the matter of inflation, that were very good; they were needed at the time, and, I believe, did something in behalf of Canada by helping to curb a little spending and showing people what the dangers of inflation could be. If films are sent abroad in an effort to advertise our country, that is an admirable thing. But I am going to throw out a warning, and I do not want it to be suggested or thought that I have a suspicious mind. I am going to say that an institution such as the national film board can become a great power for propaganda. It does not make any difference that the officials in charge say, no, they are going to remain strictly neutral in matters relating to political issues. That is all right; I quite suppose they try to be neutral. But it does not necessarily follow that because certain propaganda does not have a party tinge, therefore it is not political. There are world issues of a highly political nature, not because they favour one party as above another, but because they are issues on which all do not agree. When a medium such as films is used for the purpose of propagandizing a certain view when quite a substantial body of opinion is against that view, then I say we need to sound a warning and suggest that the money of the taxpayers should not be used for that sort of thing.

There is another point to it. It is difficult to say where the line should be drawn between what might constitute government propaganda and what might constitute an educational programme. I have enjoyed the films "Canada Carries On". I am not going to say that the film board should not continue in that work. Personally, I do not think it affects me very much; but I will suggest that, no matter what government is in office, there are certain axioms of psychology which cannot be avoided, namely the psychology that when people see "Canada Carries On" there is left within their minds, even though it be their subconscious minds, the thought that the government is doing a great job. I say, therefore, that the national film board should be careful. I believe they are, and I am not going to criticize them harshly in this respect. But I do say that when they issue films of a nature to propagandize some particular policy, they are dealing with matters which I do not think are within their functions as a government film board.

I received through the mail the other day—and I have no doubt other hon. members received similar copies—a certain pamphlet. I do not intend criticizing its contents. This pamphlet is entitled "World or War", and I have read it with considerable interest. It contains the information that copies may be ordered from the United Nations Society in Canada, and that this pamphlet has been issued by the Canadian information service, and designed by the national film board at Ottawa.

On the inside I find some detailed information respecting the united nations organization which, it says, is open to all peace-loving nations. On its face it looks good. But who knows that the present policy of our government, in following along the lines of the united nations organization, is following along the right line. I am not going to say whether it is or not, whether that decision is the right one.

I suppose the national film board is just as safe under the present minister's administration as it would be under any other; but I do know this, that personally I do not agree with the minister's foreign policy. I see things in a different light, and perhaps it is only natural for me to suppose that while the film board is under the minister's administration, films which go out will not contradict the minister's views on foreign policy, and that perhaps in that regard they will follow along the lines of this pamphlet.

I would not expect it to be otherwise. However, I must repeat that there is a big danger in an institution of this kind. I have said the same about the Canadian Broadcasting Corporation. There is a danger of institutions like these becoming powerful mediums of propaganda for certain things which in the end may prove detrimental to our country.

Concluding my remarks, I would make this suggestion, that institutions such as the national film board, the Canadian Broadcasting Corporation, or any other, should come under the closest scrutiny of parliament every year. I would suggest that the appropriate parliamentary committees be set up regularly, so that officials could make their annual reports, and so that those annual reports could be scrutinized from every angle.

This institution may be safe in the hands of the present officials; I do not know. But it may not be safe in the hands of others who may follow in their footsteps. That is the reason why institutions of this kind should come under the closest scrutiny.

Mr. MACDONNELL (Muskoka-Ontario): I should like to say a few words about this, and I would begin by saying that I endorse everything the hon. member for Macleod has said. It is something we ought all to have constantly in our minds.

I am a believer in films, and I believe in them particularly because of what has been said by the hon. members for Qu'Appelle and Winnipeg North. Nevertheless I think there is great danger that in the schools we may overuse these new inventions. Teachers have pointed out certain of the dangers they face in schools. They say that their children spend most of their spare time either at the films or listening to the radio, and it is pointed out that neither of those entails the slightest degree of effort on the part of the child. I believe, therefore, that overuse of films could be a detriment in education.

As I said, I am a believer in films. But, like all new things, they can get the bit in their teeth, and run away with themselves. I cordially welcome what has been said by way of suggestion by the hon. member for Macleod. As a matter of fact, I was going to put forward something of the kind, but the hon. member has done it better than I could have done. However, I suggest earnestly to the minister that something of that kind should be done at the next session.

I am not going to take the time of the committee to discuss this in detail this evening, but I wish to make one other comment, which has to do with a great many things. Much as I believe in the films, I had thought that perhaps they would not be used to the same extent that might have been necessary in war time. I confess, therefore, I was surprised to find the expenses in this connection up by about $132,000 in the main estimates, and, reading the supplementary estimates, I am even more surprised to find an additional amount of $335,000 under this item. In other words, this service will cost about fifty per cent more during the next year than it did last year. Those are the figures as I understand them.

All this may be perfectly right, but in my opinion it has become far too easy to get a vote of hundreds of thousands of dollars without anyone spending five minutes to tell us what it is all about. In Muskoka-Ontario $500,000 is a lot of money, and I feel that before this passes in a perfunctory way, as it seems in danger of doing, we should know where this $500,000 is going.

As I understand it, Mr. Grierson has developed this thing in a big way. He was the pioneer, and was a man who had great ability along this line. As I say, he was the pioneer, and I am perfectly ready to believe—although perhaps I would not be as enthusiastic as the minister—that we have produced a good service. But I repeat that I hope the suggestion made by the hon. members to my left will be noted.

I have just one other thing to say. My suggestion to the minister would be that this item should be closely correlated with education—and when I say "education" I do not refer to it in its purely professional sense. But I do feel, as has been suggested, that this is a thing which requires the closest scrutiny, first of all by seeing that it is the instrument we understand it to be and not something

else, and, second, that it does as much positive good as it ought to do, by being wisely used.

Mr. JACKMAN: May I endorse the remarks of the hon. member for Macleod. I should like to say in that connection that I believe the United States congress has recently passed a law under which a great many corporations and other governmental administrative bodies which formerly reported only to various ministers of the government of that country now report directly to congress or to a committee of congress.

The amount of money appropriated for the national film board has been mentioned. I think it is $1,140,000 for the year now rapidly passing out. The minister has said that some of these films have been exhibited commercially both here and in other countries, and I should like to know how much has been taken in by way of revenue so that we may get some idea of the scope of the activities of the national film board.

I must say that the films of the national film board that I have seen have not left a very favourable impression upon my mind. I have seen some of their documentary films; then, shortly after, I have seen corresponding productions of United States film companies, and certainly there is no comparison between the two. I remember one film put out by this board called "Balkan Powder Keg". That film outraged the sensibilities of thousands of my constituents to such an extent that it had not been showing for more than a day or two before my telephone was bombarded with demands that it be withdrawn. I immediately telephoned Mr. LaFleche, who was then in charge of this branch of government, and he said that an investigation would be made but that for the time being he did not see that the film need be withdrawn. This film, "Balkan Powder Keg", was definitely anti-British, not so much by direct picturization as by innuendo. It depicted that the worst wars always started in the Balkans, and it was distinctly pro-Russian and anti-British. It certainly engendered real opposition in the minds of the people of Toronto. I daresay the minister was flooded with other protests, and shortly afterward he wrote me a nice letter saying that this particular film product of the board, "Balkan Powder Keg", had been withdrawn from circulation. I hope it has stayed withdrawn.

While some of these films may be exhibited in the United States, I do not know exactly what object they are achieving to advertise our country there. We have an extremely able press, an illustrated press as well, and there are correspondents of the great United States journals in Ottawa and in other parts of Canada. These men can tell the United States public what we do in Canada. If the minister could do something to stop the flow of good Canadian citizens across the border from my own city and from other places in Canada he would be doing a greater service to our country than by trying to advertise Canada in foreign lands.

While some things may have an element of goodness in them, and this may be one of them, there is a limit to the amount of money that we can spend. Every time we spend money we not only take certain of our people out of productive service who would otherwise be producing other goods and services for Canadians, but we saddle on the backs of those of us who still remain producers an extra tax burden, a burden which is becoming so heavy that if it is not lightened we certainly shall see a diminution of the forward progress of this country and an increase in unemployment.

Mr. MacINNIS: I do not rise to take part in this rambling discussion which has perhaps covered too much area already. I rise merely to indicate my agreement with certain remarks made by the hon. member for Muskoka-Ontario and the hon. member for Rosedale. It is not very often that I find myself in agreement with those hon. gentlemen, and I wish to make it known. It is time that we put a stop to this easy voting of money, and I came to that conclusion yesterday.

Mrs. STRUM: On every day of every week, every afternoon until perhaps eleven o'clock, the theatres of this country are open. You can go downtown in Ottawa or in any other city and you will see this process of education going on. The adult and juvenile mind is being exposed to this process. Thousands of films, largely made in other countries, are exhibited, and we have absolutely no control over their production or the ideas they represent or the sort of morals they hold up to us for emulation. They are moulding public opinion through a process of education in this country.

But here we have one agency upon which we spend a niggardly sum; comparatively speaking, it is nothing in our national budget. Here we have the means of putting out wholesome ideas to which we need to expose the people of this country. I do not play bridge, and therefore I do not slip out to have a game in the middle of the afternoon or evening, but I took an hour off twice this week and went to see a showing of two films.

One of these dealt with a community service in the form of a library on wheels in British Columbia. It was one of the finest things I have ever seen. I wish we had that service everywhere in Canada. I am sure that the showing of that film will promote interest in that sort of thing in other parts of Canada. People will begin to assume local responsibilities for taking part in that sort of thing. The other one dealt with day nurseries and it showed the details of a Toronto unit. It did credit to that city, to the department of education and to the department that had sponsored it.

These are things that the people need to know. They are wholesome things, and they are the sort of things that this government should take some responsibility for rather than to pass the whole field over to the United States commercial product which glorifies the broken home and glamourizes the things which we as a nation are trying to combat. These are the things that end quite frequently on the floor of this House of Commons in the form of a divorce bill; these are the things that we are importing into Canada. It is about time that we diluted that with a much more generous appropriation. I should like to double it, so that our people may get some of the wholesome things we want to release into the minds and into the homes of our people.

Mr. MacNICOL: I wish to say first that I disagree with my hon. friend to my left, and I disagree also with the hon. member for Rosedale and the hon. member for Muskoka-Ontario. This shows that this party is composed of men who have their own opinions. I supported this vote, and I do so again. I would vote for double the amount. I was an industrialist and I am thinking of the working men in my riding. I wish to tell the minister that the industrial films which have been sent out by the department are the best films I have seen in that line.

I saw one dealing with the lumber industry in the province of the hon. member for Vancouver South. That film was shown in the United States and is bound to have the effect of bringing tourists to Canada and of creating a demand for Canadian lumber. I cannot understand men being opposed to films that encourage industry and tourists to come to Canada. I am not at all in accord with what the hon. member for Muskoka-Ontario said. My whole life has been spent with workers in industry, and my whole life has been directed to providing jobs. You cannot provide jobs if you are going to look at a few dollars and oppose the showing of what industry does.

I should like to ask the department to make a film on Shipshaw and show the three-way trade that is created there. We should show people how we bring bauxite from British Guiana to Shipshaw, how we produce the power and aluminum, and then how we make paper at Chicoutimi and ship it to England on the same boats, permitting them to make the round trip. More power to the government—I am not speaking from a party point of view—when it says that it intends to show throughout the world what Canadians are doing. Do not hesitate to ask for a little more money. I will support anything that will build industry in this country.

Mr. STEWART (Winnipeg North): Could the minister give us any idea as to who the new head of the film board will be and when it is likely he will be appointed.

Mr. CLAXTON: No; I am sorry that that information cannot be given. As the hon. member knows, the national film board is set up under the act, and the board has not yet had an opportunity of considering that question.

I should like to answer briefly requests that were made for specific information. The revenue from films as shown for 1944-45 in the annual report of the film board, which was tabled on November 14, 1945, was $72,088.57. That was asked for by the hon. member for Rosedale.

In reply to the hon. member for Muskoka-Ontario, the increases have included an extra $127,000 for the distribution of films in the rural communities in Canada; $110,000 for equipment, due to the fact that the present equipment has been worked exceedingly hard during the war years; $100,000 for the development of international circulation; and $125,000 for the ordinary national film programme circuits—that is distribution. In other words, the expenses, totalling about the amount mentioned, are for increased distribution rather than for increased production.

One final word in appreciation of what the hon. member for Davenport has said, and that is that when we are thinking of the distribution of films not only in our own country but in other countries we should think in terms of the possible gain, and if we have the gain in the tourist business in Canada that we expect, the tourist industry will become the greatest single industry in this country exclusive of agriculture. We can expect to have an annual income from this industry of

something in the neighbourhood of $300,000,000 a year. The distribution of films, information and knowledge of our country abroad will help to bring that about.

Mr. ADAMSON: The film board does not intend to produce anything except documentary films, not the whole length film?

Mr. CLAXTON: No, we do not intend to compete with Hollywood.

Mr. MACDONNELL (Muskoka-Ontario): I wish to thank the minister, and all I suggest is that next time we be given the information.

Mr. STEWART (Winnipeg North): Will the minister give us the assurance, or can he work on his colleagues so that next session we shall have three days instead of three hours in which to discuss these matters?

Mr. CLAXTON: That is in the hands of the house. We have sat for seventy-four days, but I hope that it can be arranged.

May I correct the answer that I gave to the hon. member in the southwest corner? Penicillin does come within the range of vote 206, among the items covered there.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

SUSPENSION OF ELEVEN O'CLOCK RULE

Mr. MACKENZIE: Mr. Speaker, with the consent of the house I move that this house be not adjourned at eleven o'clock this day.

Mr. BRACKEN: I move in amendment that we shall not sit beyond 11.45 this day.

Mr. MACKENZIE: I will accept the amendment.

Amendment agreed to.

Motion as amended agreed to.

SUPPLY

The house in committee of supply, Mr. Golding in the chair.

DEPARTMENT OF SECRETARY OF STATE

241. Departmental administration, $40,716.

Mr. ADAMSON: May I ask when the returns of the chief electoral officer covering the election in June will be tabled?

Hon. PAUL MARTIN (Secretary of State): They are now working on it, but I am afraid that it will not be ready for tabling this session unless we sit here for another two or three weeks.

Mr. STEWART (Winnipeg North): I have had objections from printers and trade unions that the printing done for the government is not done in union shops and asking that the employees of the king's printer be unionized. Can the minister give us any information on that?

Mr. MARTIN: Most of the men who are employed by the king's printer are men who have belonged to printing organizations. Only quite recently the pay of the mechanical staff, the linotype operators and so on, was increased. The statute requires that the pay be the average of the wages paid in the various printing shops in the cities of Montreal and Toronto, and I am pleased to say that this was done. Possibly what my hon. friend has in mind is another type of complaint altogether, namely, that some of the men who are appointed are not themselves trained operators and consequently do not come within the ambit of trade union membership.

Mr. STEWART (Winnipeg North): Yes, that was it.

Item agreed to.

243. Canada Gazette, $29,969.

Mr. MacINNIS: Shortly after the beginning of the war the *Canada Gazette* was not distributed as it formerly was. There was an effort made to save paper, for instance, but now that the war is over and materials are becoming available, may we expect that the *Canada Gazette* will be printed and distributed as it was before the war?

Mr. MARTIN: The whole question of the distribution of the *Canada Gazette* is now under consideration, and I think that by next session my hon. friend will have his wishes largely met.

Mr. BRACKEN: Might I ask the minister to give us a general outline of what branches of the service come within his jurisdiction as secretary of state or in any other capacity?

Mr. MARTIN: Yes, and I am glad that the leader of the opposition has asked that question because my colleagues do not always fully appreciate the office of Secretary of State. Incidentally it is the oldest portfolio in the history of the country other than that of the post of Prime Minister.

The office of Secretary of State has under it first of all the administration of the companies branch, dealing with the incorporation of companies under dominion charter, which in itself, as the hon. gentleman will well appreciate is an important matter. There is also the registration of trade marks and patents, the correspondence branch which in-

cludes registration under the Trades Union Act, the king's printer, an organization of well over 900 printers and others, in regard to whom I may take this opportunity of making this statement, that during the war they rendered as valuable a service to this country as any group of servants or any other body of workers, with the possible exception of the armed forces, who, of course, bore the primary responsibility of carrying on the war. The printers, the linotype operators and the pressmen work three shifts and even to-day, this staff is working almost beyond human endurance. They deserve the thanks of this house, which I take the liberty of conveying to them on behalf of the house.

Then there is the civil service commission. It does not by statute come under the ministry of the Secretary of State, but by tradition and by custom the Secretary of State has acted as the liaison between the commission and parliament, and the executive arm of government, and I have taken advantage of the opportunity of extending the scope of the minister's functions in that regard. The civil service commission, supervising a personnel now of a little over 143,000, makes the government the largest employer in Canada.

In addition, there is the transfer of a new branch from the Department of National War Services, the citizenship branch, to that of the Secretary of State. Naturalization and matters affecting the status of aliens and nationality have been dealt with by the office of the Secretary of State. It may interest the committee to know that that is not as perfunctory an organization as it might seem when one considers that no less than a million people who are now nationals in this country have become nationals as a result of the benefits and procedures afforded under the Naturalization Act, and the care of the records of naturalization entails in itself a tremendous task.

Now to that has been added the citizenship branch, a branch of government that was created at the beginning of the war and was intended largely as a means of keeping in contact with all foreign language newspapers in particular and furnishing them with news and the translation of events. That now has been transferred to the office of the Secretary of State, and the intention is to make active use of the citizenship branch, to make it an integral part of the operations, which I trust will come into being when the Citizenship Act is passed by this house.

That in a general way is a survey of the office of Secretary of State.

Then, of course, there is the archives. The archives is one of the oldest branches in the department. It has to do with the preservation of documents both precious and practical, and those that are intended to serve an historical purpose. A new function is being added to the work of the archives by the creation recently by the government of a committee on the conservation of public records. One of the greatest disasters, from the point of view of historical research at the end of the last war, was that the storage of important documents was not adequate, with the result that many documents were lost, so that the writing of history suffered. Consequently an interdepartmental committee, under the chairmanship of the Secretary of State, has been set up to decide what documents shall be destroyed, what documents shall be preserved, and where in any event they shall be distributed. While this may seem to be a minor ministerial act on the face of it, it is an extremely important matter. I would say to hon. gentlemen that possibly the most important job, outside the minister's liaison activities with the civil service, is the fact that the Secretary of State is the custodian of enemy alien property. At the present time the Secretary of State, as custodian, is the most important trustee in Canada, and administers the largest trust fund. He administers property of a greater value than that held by any other trustee in the country.

The whole question of reparations and all that sort of thing is, of course, tied in with the administration of the custodian's office. I know I have greatly impressed the leader of the opposition. I can only hope that I have impressed the Minister of Veterans Affairs.

Mr. BRACKEN: The minister always impresses me, as I am sure he impresses the house when he speaks, and I wish to thank him for outlining the work of the department, which appears to be distributed in pieces all round the place. That is the only reason I rose to ask the question. Is it the intention of the minister to deal now with these different services? They are to be found in different places.

Mr. MARTIN: Yes. We are on the printing bureau.

Item agreed to.

245. Distribution of official documents, $51,202.

Mr. NICHOLSON: Would the minister consider making *Hansard* available at a lower cost so as to encourage popular subscription throughout the country? Does that come under his supervision?

Mr. MARTIN: Perhaps my hon. friend will join me some day in paying a visit to the treasury board.

Item agreed to.

318. Departmental administration, $99,050.

Mr. HAZEN: Where do we find the custodian of enemy property?

Mr. MARTIN: The office is created by statute, and the administration of the funds has nothing to do with the consolidated revenue. I have taken the position, and I believe quite properly, that if at any time the house should ask for a statement of particulars I would consider it my duty to give it. That may seem strange. The custodian in the United States, and custodians in other parts of the British commonwealth, do not take that view. The custodian in this country, however, takes that position, but there are no special accounts, by way of formal estimates. We are administering trust funds that belong to other people, which funds may, at some time in some way, be used in connection with claims. I was about to say that the value of the property we are administering is very considerable.

Mr. HAZEN: Do you not get money voted to pay the officials?

Mr. MARTIN: Under the statutes, and ensuing regulations, we are allowed to charge a certain fee for administration of the trust. The people whose estates are thus administered have the right to question the charge imposed and to go before the courts as in the case of any trust company or trustee. The funds we are administering do not necessarily belong to the crown, although the custodian is a minister of the crown and has the responsibility, on request, of making a report to the house.

Mr. HAZEN: In what year was the statute passed to which the minister has reference?

Mr. MARTIN: It was passed at the beginning of the first great war and additional powers were at the beginning of the recent war conferred by order in council.

Mr. ADAMSON: What is done with the funds of such concerns as Bayer Aspirin?

Mr. MARTIN: They are part of a trust account and they must be accounted for the same as any other trust.

Mr. ADAMSON: Is there a trust account with the Bank of Canada?

Mr. MARTIN: The funds are converted into recognized trust investment channels.

[Mr. Nicholson.]

Mr. ADAMSON: The trustee has the power to invest.

Mr. MARTIN: He has a limited power like any other trustee.

Mr. ADAMSON: He can invest them in dominion government bonds?

Mr. MARTIN: In safe and designated securities.

Mr. BURTON: Has the custodian of enemy alien property any farm lands under his care that he would be disposing of?

Mr. MARTIN: As the hon. gentleman knows from a return I made to him the other day, there is a limited amount of farm lands in Saskatchewan under the custodian's control. I cannot say how much. It was the case to which my hon. friend referred the other day, the return to which I thought satisfied him fully, and there are other properties.

Mr. BURTON: I appreciate receiving the return brought down in the way in which it was, in spite of the fact that there was a certain amount of reservation. I should like to make a suggestion to the minister. Instead of the department disposing of farm lands in the manner in which it has been done in the past, I suggest that it be done through the Department of Veterans Affairs under the Veterans' Land Act. I think that would be the proper way to deal with it.

Mr. MARTIN: As the hon. gentleman knows, that matter is now receiving careful attention.

Mr. BURTON: What I have in mind is other cases that may develop.

Mr. BRACKEN: Am I correct in my understanding that there is no estimate required for this particular branch of the service?

Mr. MARTIN: There is not.

Mr. BRACKEN: I also understand that the minister makes no report to the house.

Mr. MARTIN: Yes; an annual report is prepared by the auditors, Price, Waterhouse and Company. In fact it is more than an annual audit; it is almost a running audit of the administration of the trust. Since taking over the office of Secretary of State, I have felt that there should be a further audit. Arrangements are now being made with the auditor general to make a supervisory audit, which will be complementary to that of the auditor mentioned. If at any time hon. members wanted information I would consider that it would have to be given to this house. Dur-

ing the war there were occasions for security reasons, when some of this information could not be openly discussed. Generally speaking, I think that time has passed.

Mr. BRACKEN: Is there an auditor's report in the public accounts?

Mr. MARTIN: No, there is no auditor's report in the public accounts, but hereafter the auditor general will make a supplementary report or a survey, and I presume that will appear in the accounts in some form.

Mr. BRACKEN: In recent years there has been no report.

Mr. MARTIN: There is an annual report made by the auditor, but it has not been given to the house. Hon. members have requested that information, but it has not been given openly for security reasons.

Mr. BRACKEN: In the early years of the war certain properties owned by communists in certain sections of Canada were taken by the government.

Mr. MARTIN: Yes, and temples.

Mr. BRACKEN: And sold. Later, these people wanted to get the properties back, and they have had difficulties. Does that come under the minister's department?

Mr. MARTIN: Yes.

Mr. BRACKEN: I think he had better tell us about that.

Mr. MARTIN: It comes under the custodian. At the beginning of the war, before the present minister was Secretary of State—

Mr. JACKMAN: Before Russia was in the fight.

Mr. MARTIN: Yes, before the entrance into the war of one of the later allies of the united nations, certain organizations were banned for certain reasons. These properties were taken over by the custodian and sold. Three or four years later, last year to be specific, in some instances these properties were repurchased, and compensation was paid by the custodian on recommendation of the governor in council.

Mr. BRACKEN: I happened to have information on some of these instances, because representations were made to us while I was engaged in another capacity.

Mr. MARTIN: Yes.

Mr. BRACKEN: I have in mind certain properties that were taken over by the government and sold. The former owners wanted them back but could not get them back. Could the minister tell us if the former owners of those properties which were taken over have been satisfied by the compensation they have received, or whether the government has recompensed them for any losses which may have been incurred or whether the government is out as a result of taking over these properties and then trying to satisfy the owners later?

Mr. MARTIN: The government is not out at all. I believe I can say that to the extent the settlement has been made these parties are satisfied.

Mr. JACKMAN: The government must be out some money. If the government expropriated the properties of the first group of Ukrainians, and then had to make restitution because of the changed international situation, it is not likely that the rival group, who in most cases acquired the properties, would give them back. They were transferred, and surely the government must either have made restitution in kind, or else given them money which satisfied them.

Mr. MARTIN: That is right.

Mr. JACKMAN: There must have been some loss in connection with it.

Mr. MARTIN: Payments, if that is what the hon. member means.

Mr. JACKMAN: How much did it cost the government, because of the action in the first place and the restitution?

Mr. MARTIN: I shall have to give the particulars at a later date.

Mr. JACKMAN: Is the custodian of enemy property free to give the committee an account of the property which is under his jurisdiction in that connection?

Mr. MARTIN: As custodian?

Mr. JACKMAN: Yes.

Mr. MARTIN: Yes.

Mr. JACKMAN: As I understand it, not only enemy property is in his custodianship but also property of nationals in enemy occupied countries. Can he give us the figure for the respective former occupied countries in that connection? We are now granting aid to many of these countries. Is it a fact that some of their nationals owned valuable securities either representing properties in Canada or the physical paper security in the custodianship of the minister? What is the amount of that? Has the government made any effort to make sure that Canada acquires the securities against aid which may be given to some of these formerly enemy occupied countries?

Mr. MARTIN: With regard to the value of the property under the custodian, the hon. member will understand that there is a difference between par and market value. I hesitate a little even to say this, but I would think that possibly the market value of the property—and this is a very rough estimate—might be close on to one billion dollars. That does not mean that that would be the actual value at the date of the sale or that it is the assessed value. It would all depend on contingencies which my hon. friend no doubt appreciates. I cannot tell him offhand the value of the property of nationals in enemy occupied territory. I was going to hazard a guess, but perhaps I had better not do that.

With regard to the general question that he raised, there is taking place in Paris at the moment—possibly the conference is over now—a sort of preparatory commission leading up to a more general reparations conference, at which conference presumably will be discussed the whole question of reparations arising out of direct damage to property as a result of the war, or as a result of the cost of the war to the countries participating in the conference. The problem would be whether Canada would make a claim for damage to property, which conceivably might be relatively slight, or whether she would simply make a claim for the cost of the war against the enemy. At the moment I can only say that those matters have not been decided. The conference which is now under way is a preliminary one, and we shall have to await the return to Canada of our representatives there, who include a representative of the custodian's office.

Mr. JACKMAN: That relates to enemy property. Could the minister say anything about the property owned by nationals of formerly occupied countries?

Mr. MARTIN: That would be all part of the claim. When we come to assess what Canada's reparation claim will be, circumstances of that nature will be borne in mind. The question then to consider will be the control which any individual country may be able to exercise over the assets of the enemy within the possession of the applicant country, in this case Canada; for instance, to what extent would Canada have control of these assets at the end of the war?

Mr. JACKMAN: The enemy assets of which we now have control undoubtedly will not go back to the enemy; certainly they will go to make up the reparations.

Mr. MARTIN: That would depend on the general united nations decision.

[Mr. Jackman.]

Mr. JACKMAN: In connection with the other class of assets, owned by nationals of enemy occupied countries, surely there will be no claims against them on the part of other countries. But we in Canada are advancing money to some of these countries by way of relief, and I submit that at the same time wealthy nationals of these countries should not be allowed to withdraw those securities for their own uses, while Canada, as it were, makes an outright gift. I wish to know if there are substantial assets owned by these nationals of formerly occupied countries, and what the present policy of the government is in regard to their disposition vis-a-vis the gifts or credits we are advancing to these countries.

Mr. MARTIN: There are assets, but I can only say that the matter has not reached a state of final decision. It depends upon the circumstances which I just mentioned in a general way.

Mr. JACKMAN: But you are not releasing the assets?

Mr. MARTIN: No.

Mr. BRACKEN: I wish to ask one further question. I am not clear with respect to the owners of properties which were taken over by the government early in the war under this arrangement, and some of which I know were sold at figures considered to be less than their value. I understood from the minister that the former owners had been satisfied in some way. I do not see how they could be satisfied under circumstances like that, unless somebody satisfied them, which would mean unless Canada assisted them. I am not asking the minister for an answer now, but it is a point on which I should like some information, if not now, at least some time. At the moment I am not criticizing the administration; it is just that we do not have the information we think we should have.

Mr. MARTIN: I can only say that to the best of my knowledge the parties involved seem to be satisfied. I am not aware that they are not. I had a discussion with them last week in respect of another matter, and some slight reference was made to the former arrangement. I could only assume from the discussion which took place in my office that there was no dissatisfaction.

Mr. MOORE: I have had several letters from Chinese residents of Vancouver who, prior to the outbreak of the Japanese war, bought bank drafts in favour of Chinese benevolent societies. These Chinese tell me that the bank drafts were never delivered in

Hong Kong, owing to the fact that war broke out, and now they believe their money should be refunded. I understand that there have been some communications between the government and the banks in connection with this matter. Is there any possibility of these people having their money refunded in the near future?

Mr. MARTIN: This matter will be given the fullest attention and consideration.

Item agreed to.

319. **Naturalization branch, $65,655.**

Mr. GREEN: Have any changes been made in the naturalization procedure? I know he had in mind introducing more solemnity into the court ceremony, and there was also some talk of setting up schools at which applicants for naturalization could acquire some idea of Canadian history, the Canadian constitution, and the responsibilities of citizenship. Have any steps been taken in that direction?

Mr. MARTIN: I am quite aware of the hon. gentleman's interest in these matters and his participation in the discussions of the defence of Canada regulations committee on these very points. One or two of his suggestions have been borne in mind by myself and my officials ever since I have been in the ministry. As the hon. gentleman knows, there is now before parliament a new Citizenship Act, under which authority is given to make regulations in regard to the ceremony of naturalization, and later, under the new act, the ceremony of admission into citizenship, in order to make these much more impressive functions than hitherto has been the case. I can only say that after I became Secretary of State I took the position that some special attention ought to be paid to the delivery of these naturalization certificates, and a carefully prepared letter, a welcoming letter of warmth, of understanding and of cooperation has accompanied every certificate that has gone out. These letters are important, not because they bear my signature, but because they come from a minister of the crown. Last week I took part in a ceremony in Toronto, when some fifty new Canadians were admitted into citizenship. Judge Parker, the senior county court judge of the county of York, who has been perhaps one of the outstanding judges in seeing that these ceremonies have been conducted seriously and impressively, asked me to take part in the ceremonies; the daughters of the empire and other organizations participated and it is the intention of the Secretary of State in the course of the next year to go right across the country attending these ceremonies, with the idea of seeing if we cannot make them more impressive and more awe-inspiring not only for those becoming Canadian citizens but also for those participating in the ceremonies as sponsors.

It will be the job of this new citizenship branch to assist in doing that very thing. The naturalization branch deals with the issuing of certificates, the filing of certificates and other ministerial acts. Once that has been done, the job of making the ceremony more impressive will be up to the new branch, and that matter is being carefully considered along the general lines I have just indicated.

Mr. GREEN: What about the schools?

Mr. MARTIN: The new citizenship branch will work in cooperation with various organizations in the country, including some of the high schools. In the city of Toronto, for instance, night classes are held at certain times of the year by well-intentioned men and women who teach civics and history in these schools, to give the fundamentals of our way of life and our form of government to these new Canadians. The intention is to prepare a satisfactory manual, in collaboration with national organizations throughout the country, to give these people the essentials and to impress upon them not only the advantages but, as well, the responsibilities of the step they have taken. We are keeping in close touch with many of the organizations of new Canadians, through their publications and so on, and we hope to extend that work along the lines my hon. friend has indicated. I hope, by the end of the next session, after the new act has come into existence, to be able to indicate not only what we intend to do but what we have really succeeded in doing.

Mr. STEWART (Winnipeg North): The minister has paid tribute to Judge Parker for what he has done in connection with naturalization. I suggest that tribute should also be paid to Mr. Justice Dysart of Winnipeg, who has done excellent work along these lines.

Mr. MARTIN: Hear, hear.

Mr. STEWART (Winnipeg North): I am informed Mr. Justice Dysart sent the department a set of recommendations. Probably that was before the present minister took office. Can he tell us about them and whether the department has acted upon them in any way

Mr. MARTIN: I am glad that the hon. member mentioned Mr. Justice Dysart who, in his capacity as a supreme court judge, and

also as one of the officers of the Winnipeg Canadian Club took upon himself the responsibility of giving this matter direction in that city. I am pleased to join with my hon. friend in paying tribute to Mr. Justice Dysart.

The recommendations he has sent have been carefully considered. Many of them cannot be implemented until the new act comes into being, but some of them have been implemented and, generally speaking, they meet with departmental approval.

Item agreed to.

320. **Companies branch, $43,095.**

Mr. JACKMAN: I understand that changes have been made in the British companies act, upon which ours is closely modeled. Has the minister given consideration to those recent changes, and does he propose at a subsequent session to incorporate any of them in our Companies Act?

Mr. MARTIN: I am hoping that at a subsequent session there will be some revision. I cannot say at this time whether those revisions will include any of the suggestions made in the British act. However, they are being carefully considered.

Item agreed to.

322. **Bureau for translations, $423,870.**

Mr. BRACKEN: Why is there an increase here?

Mr. MARTIN: There have been some increases as of two or three months ago, and there will be more. The task imposed upon the bureau for translation is simply tremendous. I am afraid we have overworked a good many of these translators during the war, particularly, and the job has not eased up. The creation of some of these new departments has placed upon the bureau for translations a heavy task, and I can only say that this increase is due to increased work.

Mr. MACDONNELL (Muskoka-Ontario): How many are in the bureau?

Mr. MacINNIS: The information states hat there are eighty-eight.

Mr. MARTIN: There are more than that now, about 180, including the temporaries.

Item agreed to.

325. **Patent and copyright office; administration division, $35,375.**

Mr. ZAPLITNY: What is the process followed in having an invention patented?

Mr. MARTIN: I hope my hon. friend will not misunderstand me when I say that the soundest procedure is to consult a good lawyer, and particularly one who has had experience in this type of work. However, the procedure, briefly, is that you send on your specifications or plans to the commissioner and to the department. They are dealt with and examined, in the light of prior claims, special attention being paid to the matter of encroachment. This procedure is technical, and depends upon the type of invention. However, the formula of approach is simple.

Mr. ZAPLITNY: Why does the minister think the best approach is through a lawyer? What has a lawyer to do with the matter, when acting as go-between?

Mr. MARTIN: One would wish to make sure that his plan or device is clear and unequivocal. There are men in the legal profession who have had engineering training, and who have special qualifications for drawing plans and giving advice. They can carry on technical discussions with the examiners and other officers of the department.

However, there are hundreds of these applications concerning which no legal advice is given, nor am I suggesting that it should be sought in every case. But in an application which involves a complicated invention, let us say for industrial use, and that sort of thing, it is good advice to have the services of a competent lawyer. As I have said, there are many inventions which do not require that kind of assistance. But, as one goes to a doctor for an appendectomy, one should go to a person qualified to deal with patent applications, when he has a detailed device to be patented.

Mr. McMASTER: A very fine book has been issued by the department, which deals completely with the subject.

Mr. WRIGHT: I do not wish to hold up these estimates, but I must point out that in the last two or three years, in investigations in the United States and Canada an increasing amount of evidence has been brought out respecting the curtailment of trade through the holding of certain patent rights by various companies. I believe that the time has come when we should set up a committee of the house, probably at the next session, to go into this whole matter of patents, and our relationship in international agreements, as applied to patents.

It is time this matter was considered, because we are entering a period when we shall want to have freer trade relations with all parts of the world. From the evidence accumulated in the last few years there can be no doubt that the matter of patents has been restricting international trade—and not only

international trade, but trade within our own boundaries. Would the minister consider setting up a special committee of the house at the next session to consider this whole matter of Canadian patents, and their relationship to international patent agreements?

Mr. MARTIN: The administration of this particular division would not, in itself, be concerned with the general problem discussed by the hon. member. Essentially we are a ministerial body carrying out a definite function. But to the extent that this does involve the broader policy may I say that my own sympathies in this matter are not dissimilar to those of the hon. member. I have already taken steps in this connection, and matters are now being studied in circles beyond my own department.

Mr. CASTLEDEN: Are there any limitations, under the legislation as it now exists, respecting the length of time a patent can run? Does the department require when such patents shall be used, stipulating that otherwise they will lapse?

Mr. MARTIN: Yes, there are such conditions.

Mr. CASTLEDEN: What is the length of time?

Mr. MARTIN: It would depend upon the circumstances. However, there are conditions of use.

Mr. CASTLEDEN: Covering all patents?

Mr. MARTIN: Most patents, yes. It would not cover them all, but, generally speaking, that is correct.

Mr. CASTLEDEN: Could the minister give an approximation of the number of patents now in his office?

Mr. MITCHELL: Call up on the telephone on Monday.

Mr. CASTLEDEN: I will call on Tuesday, when the minister's estimates come up—or on Wednesday.

Mr. MARTIN: I will give that information to my hon. friend, although I have it with me at the present time.

Item agreed to.

579. Companies branch, further amount required, $5,200.

Mr. JACKMAN: Does this branch result in a net revenue, or after taking off the fees, is it an expense to the government?

Mr. MARTIN: The revenue far exceeds the expenditures, and that is true all through the years.

Mr. JACKMAN: I take it that the revenue goes directly to the consolidated fund.

Mr. MARTIN: Yes.

DEPARTMENT OF LABOUR

Departmental administration, $526,002.

Mr. MacINNIS: As far as certain phases of its work are concerned, the functions of the Department of Labour will become of increasing importance. We are now in a period of shortage of labour and are back again where we were before the war when we have more applicants for jobs than there are jobs. The latest official report that has come to my hand shows that the unemployment situation at the beginning of October was commencing to get bad. At that time there was a decline of 42,437 persons employed as compared with September 1. The employment situation in all but three of the twenty largest cities of Canada showed a decline in employment on October 1 as compared with September 1.

As far as Vancouver is concerned, employment has been on the decline since October 1, 1944. Some people may not realize this, but the payroll index from October 1, 1944, to October 1, 1945, shows a fall of 10·7 per cent. I am wondering what the policy of the department will be to take care of the unemployment situation and to stop this trend before it goes so far as to cause, not only distress but unrest in various centres of Canada. When we were discussing the estimates of the Department of Veterans Affairs figures were quoted to show that the situation in Vancouver was extremely critical and likely to cause trouble at any time. Before we adjourn, could the minister give a summary of what the department has in mind to meet this situation?

Hon. HUMPHREY MITCHELL (Minister of Labour): As my hon. friend knows, the Department of Labour is a placement agency. My hon. friend had ample opportunity to discuss this matter when the estimates of the Department of Reconstruction were being reviewed. I think it will be freely admitted that the placement machinery we have to-day is far better than anything we have had before in the history of this country. I am amazed myself that conditions are somewhat better than some agents of gloom predicted a few months ago they would be. At that time we heard predictions of there being half a million people out of employment by the

end of October. When we realize that during the last four months we have placed over 750,000 people in the employment stream it gives some idea of the resiliency of free institutions and the ability of our Canadian economy to absorb people into productive employment.

I am not underestimating the magnitude of the problem; but in view of the sudden collapse of Japan and the almost overnight stoppage of war production, the results achieved so far have been in my opinion—I am speaking as an individual who has watched this situation closely from day to day—much better than the most sanguine people imagined they would be. Let us get back to our machinery. This is a seasonal country. Many years ago my hon. friend and myself advocated the institution of unemployment insurance. That has been established and almost 2,500,000 people come within the orbit of that policy.

This is the time when we get a drop in employment which one looks for in a country of this description. We even had it last year. I remember some of the difficulties with which some of my hon. friends were confronted in the supply of man-power for many of our basic industries. I am not one of those who are fearful of the future. I believe that the Canadian economy is in as sound shape as any other economy I know of to face up to the inevitable situation. In Great Britain they still have close to 4,000,000 people in the armed forces, and at the moment they have an unemployment situation of about 100,000. It is what one might call a book item.

My. hon. friend spoke of Vancouver, and I should like to say this about that situation. Like all cities in which one does not experience the rigours of climate that we have in the central and northeastern parts of America, it is inevitable that there be a shift of population toward that city. I do not know what one can do about it when freedom of movement is guaranteed to any individual in this country. It is just one of those things that are done in every country where these extreme conditions exist. We had it in pre-war days, and we had it in considerable measure during the war period when people from the prairie provinces went to the coast, just as they do in the United States to get away from the rigours of the climate. I am not an alarmist. I do not take a negative attitude on questions of this kind. I have expressed this opinion before, that provided we can maintain a stable price level and get the cooperation of the people of this dominion and, of course, a reasonable stability in international trade which is of great importance to a country where two out of every five persons rely upon export trade for opportunities for employment—

Mr. MacNICOL: Two out of every five depending on exports?

Mr. MITCHELL: Yes, I think that is correct.

Mr. JACKMAN: Correct.

Mr. MITCHELL: Two out of every five, speaking from memory.

Mr. BRACKEN: I think it is three out of eight.

Mr. MITCHELL: That is approximately the same. When we get that and a proper distribution of labour in this country I am hopeful that some of the predictions of the calamity howlers will disappear. That is a prediction.

Mr. MacINNIS: It is a hope.

Mr. MITCHELL: Just wait a minute. You should not call me that.

Mr. MacINNIS: I did not call you anything. I said it is a hope, not a prediction.

Mr. MITCHELL: That is just like the speech the hon. member made the other day in regard to stabilizing the price level. If my hon. friend wants to discuss that I shall be glad to discuss it with him at some other time. The government should be given some credit for the contribution we have made in this war when the situation was very dark and we stood alone. We should be given credit for sincerity in our approach to the problems that faced us. My hon. friend in his speech only yesterday—paradoxical, it is true—said that this had been the ablest government in the country and that this was the ablest parliament in his memory. We are in the soup together, and that is why I like parliament. That is why I think there is nothing better. My hon. friend laughs.

Mr. MacINNIS: I am laughing because you like parliament because we are all in the soup together.

Mr. MITCHELL: A good bowl of soup would probably do my hon. friend no harm. I like parliament because you get criticism, which is the lifeblood of democracy, and notwithstanding all the good things my hon. friend said about the ability of the government I still think we can learn from the opposition and even from himself.

Mr. MacINNIS: That is rather remote.

Mr. MITCHELL: You said that; I did not.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MACKENZIE: Mr. Speaker, with the consent of the house I would move a motion which I have already discussed with the various groups. I move:

That when the house adjourns this day it stands adjourned until Monday next at eleven o'clock, and that the house do sit through Monday without recess until six p.m., and from eight p.m. until midnight or until such earlier time as the business of the house is concluded, and that standing orders 2, 6 and 7 be suspended in relation thereto.

Mr. NICHOLSON: At the rate at which we have been proceeding to-day and yesterday I hesitate to support the motion for fear that we might be here until Wednesday or Thursday. Could we not leave the motion over until Monday?

Mr. MACKENZIE: The only alteration it makes is that we sit during the luncheon recess.

Mr. MITCHELL: I thought the motion was to allow the house to carry on until three or four o'clock in the morning.

Mr. MACKENZIE: No, until midnight, if we do not conclude the business earlier.

Mr. BRACKEN: That is an invitation that we hurry up and get through early.

Mr. CASTLEDEN: Since this motion means that we are going to sit without the noon recess, I think we should be given the order in which the various departments and other business will be taken up and that that schedule should be adhered to.

Mr. MACKENZIE: I have that here and will give it when moving the adjournment of the house.

Motion agreed to.

Mr. MACKENZIE moved the adjournment of the house.

He said: At eleven o'clock on Monday morning the Prime Minister will proceed with the resolution in regard to atomic energy and then with his estimates on external affairs and the various other estimates in relation to the Prime Minister's departments. When we dispose of that we shall take up in this order; Fisheries, the Department of Labour, Post Office and Public Works, Finance, which includes the auditor general; Transport, Reconstruction and Munitions and Supply are all together to be handled by the Minister of Transport: National Defence; legislation, under the jurisdiction of Mr. Speaker; National Revenue. That is the order so far as it can be followed.

Mr. HANSELL: Might I suggest that if we proceed on this schedule there should be a wide discussion allowed on the items? We cannot sit all day without nourishment, and the result is that a member may come back and find that the item he is interested in has been passed.

Mr. MACKENZIE: I think the various groups and parties can easily arrange relays of those who want to be in the house and the rest can have a lunch outside.

Mr. HANSELL: The trouble is that the other man cannot make my speech and I cannot make his.

Mr. MACKENZIE: I realize the impossibility of the situation.

Motion agreed to and the house adjourned at 11.50 p.m.

Monday, December 17, 1945.

The house met at eleven o'clock.

THE PRIME MINISTER

CONGRATULATIONS ON ATTAINMENT OF HIS SEVENTY-FIRST BIRTHDAY

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, on the order for motions I would crave the indulgence of the house to mention a matter which I think is of interest to all members. I see by the press this morning and by other evidences in this chamber that one among our number is celebrating an important event; and so before we begin this busy day, I should like to take this opportunity of complimenting the Prime Minister (Mr. Mackenzie King) upon achieving another anniversary in a very active life.

I do not know whether the Prime Minister welcomes these recurring anniversaries any more than the rest of us, but I suppose there is nothing we can do about it, and so we have to accept them as they come. May I compliment the Prime Minister upon attaining the ripe age of seventy-one years. I am sure that all other hon. members of this house will wish him many happy returns of this day.

Some of us could have hoped that he might have made fewer mistakes in the last half of

that busy life and have avoided some of the errors that have come his way; but on an occasion like this we forget those errors and overlook those mistakes, seeing only the bright spots and the attainments of a busy, happy and successful life.

I am pleased to join with others in wishing the Prime Minister many happy returns of the day; and I am sure we all trust that he will have buoyant health so that he may enjoy them all.

Mr. ANGUS MacINNIS (Vancouver East): I am sure the group with which I am associated would wish to join with the leader of the opposition in congratulating the Prime Minister on the achievement of another birthday. It seems to me that we regard the coming years from three points of view. When we are young they do not come around fast enough; then we reach the stage where we feel they are coming too fast; then later we come to the stage where we boast about our old age. I am glad that the Prime Minister is still in the second stage, when he is enjoying life to the extent that he feels the years are going by too fast.

As regards the mistakes he has made in the past, without detracting from anything I have said, or anything that the leader of the opposition has said, I trust that the right hon. gentleman will avoid the opportunities for so many mistakes in the future.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, it gives us in this corner of the house great pleasure to associate ourselves with the congratulations which have been extended to the Prime Minister by the leader of the opposition. We have noted the recurrence of youthful appearance and the resurgence of spirit in the Prime Minister, and we wonder if his trip to the old country, to which we all cheerfully agreed, did not have something to do with it. Since he came back we have noted, sir, the resurgence of which I speak. Perhaps the best evidence of it that I could mention at this time would be the rousing speech he gave in the house the other day, when he upheld the dignity of this parliament and put forth his arguments in behalf of the independence of parliament. I thought it was a splendid speech, and I want to congratulate him upon it.

It is not often, I am sure, that a parliament has the opportunity to extend congratulations to a Prime Minister who has been in service so long as has the Prime Minister of Canada, and who has served with such great distinction. In the circumstances, sir, since he has reached the ripe age—I am not going to say "ripe old age" because I should hate to get into a tussle with him right now—of seventy-one in the service of his country, it seems to me that if anyone is entitled to what is known as the Canada Medal, the Prime Minister is entitled to it. I am just offering the suggestion that some action might be taken at this time to see that this medal is presented to the Prime Minister, and certainly I would concur in that recognition.

Mr. H. W. HERRIDGE (Kootenay West): I am very happy to extend my personal congratulations to the Prime Minister on this event, and I am also happy to extend best wishes to the right hon. gentleman on behalf of my father, who has been a supporter of the Liberal party for seventy years.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): Perhaps I might be permitted by my colleagues here, because for the moment we know no parties in this house, to join in these very happy expressions of congratulations to one of the greatest Canadians of all time. We who have worked with him, who know the great story of his life, who know the promise of the dawn, the fulfilment at noontide and the notable achievements of the mellow afternoon, wish for him, now that he is approaching the twilight, happiness, health, peace, and sweet content.

Hon. LOUIS S. ST. LAURENT (Minister of Justice) (Translation): Mr. Speaker, I am sure that all the hon. members of this house whose mother tongue is that one of the two official languages of this country which has not yet been used this morning for the purpose of congratulating the right honourable the Prime Minister (Mr. Mackenzie King) are anxious that we should tell him in French how much we share in his joyous feelings on this anniversary, and with what sincerity and true affection we associate ourselves with the other hon. members of the house in complimenting him not only on having reached the age of 71, but also on having achieved the wonderful work which has marked his whole career, and in wishing that he may long continue to enjoy good health so that he may perform many other meritorious deeds in the interests of the Canadian nation.

(Text.)

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, Your Honour and other hon. members of the house will probably realize why I was so anxious that this house should get through its business in time to permit of prorogation on Saturday night. I do indeed feel at the moment that it is almost easier to endure criticism than to receive praise in public. However, I should be less than human were I not very deeply

touched by the words of friendship and regard which have been expressed this morning by the leaders who have spoken on behalf of all parties and by the member for Kootenay West. I thank my hon. friend the leader of the opposition (Mr. Bracken); my hon. friend for Vancouver East (Mr. MacInnis) who is leading the Cooperative Commonwealth Federation; my hon. friend the leader of the Social Credit party (Mr. Low); and my very close friends, the minister of veterans affairs (Mr. Mackenzie) and the leader of my party in the province of Quebec (Mr. St. Laurent), and all here assembled, for the tributes so generously paid to me this morning.

May I take advantage of this opportunity not only to thank hon. members of this house for the good wishes they have extended but also members of the other house of parliament, my friends in the press gallery, officials of my own department and other departments of the service and many others for expressions of good will they have sent to me at this time. I am sorry that thus far I have not had, and I doubt if I shall have this week or perhaps at all, an opportunity to convey my thanks personally, but I shall be happy if this word might be regarded as a very sincere expression of thanks to those in my own country and those in other countries who have been kind enough to send me birthday greetings.

My hon. friend the leader of the opposition has said something about my mistakes in the past, and hopes that I will not make many more in the future. I think the hon. member for Vancouver East also made some reference to my mistakes. Well, I thank the Lord that I have not made as many mistakes as they have made. Though I have lived a longer time I feel pretty sure my mistakes have been fewer than theirs. However, I wish for them what they have wished for me, that they may make fewer mistakes in the future.

May I say a word about the references which have been made to what some have said seems to be an evidence of renewed youth and vigour and strength. I must confess that I do feel in better health than I have felt in many years, despite the fact that I am seventy-one years old to-day. If hon. members will reflect for a moment they will see immediately the reason for this. No man in the position of responsibility I have held during the past six or eight years could possibly expect to feel other than more than burdened by the load of responsibility he was carrying. All during the war I was very concious of the fact that much of my real self was being repressed, and necessarily so, because of an unwillingness to say a word or do any thing which might, however great the provocation, occasion the least strife or increase opposition between parties in this house and in the country. During the period of the war I often wished that I could let loose on some hon. gentlemen opposite, but at the time I realized that I was the leader of a party government and that there were other parties in this house, so that much I should like to have said in answer to what seemed to me most unfair criticisms of the administration, I felt I should refrain from saying, and endure in silence. Repression is not good for anyone, particularly in the matter of speaking one's own mind. I confess that not infrequently I felt a bit ahamed of myself sitting here and listening without retort to some of the very unfair and unjust criticisms which were made from time to time. But if it helped to get through that period as well as we did, then it was all to the good.

However, the real burden was not that. It was the thought that was shared by all hon. members and by the people of Canada generally of the terrible suffering being endured and the appalling loss of life incurred by our fellow countrymen and by men and women throughout the world. The burden of that thought was great indeed; to realize that to-day all that is in the past is to be freed of a load the like of which has not had to be borne at any other time.

May I say that the year immediately preceding the war was even harder to endure than the actual war years. Often I felt at that time that something terrible was coming, something in the nature of colossal catastrophe for mankind, that one would have to make decisions of a nature which might affect the course of events for centuries to come. In those days the load was much heavier than it was when, as between the contending forces of good and evil, came the opportunity to fight it out.

Now the war is over, and we have won. Canada has won a glorious place among the nations of the world, and the men and women of our armed services have fought a battle unsurpassed by the men and women of any other country. In this outcome one naturally feels great cause to rejoice.

I feel particularly happy when I think of what Canada accomplished during the period of the war and of what our country is doing in helping to relieve distress in the world to-day.

May I say to the members of my own party who have presented me with the beautiful flowers that are before me, that I deeply appreciate the sentiment to which they have given such generous expression in flowers, but which they have been too modest to express in words.

Just a word in conclusion. Looking to the future I feel more optimistic at this hour than I have at any time. Over the troubled waters of our day, I see on the horizon of the future the beginning of a new world order. There is much to cause alarm and concern; but I believe the heart of the world is more sensitive to the needs of mankind to-day than it has been at any previous time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NATIONAL REVENUE—OTTAWA, MONTREAL AND QUEBEC—FRENCH SPEAKING EMPLOYEES AT $2,000 OR MORE

Mr. GAGNON:

1. What is the total staff employed in the offices of the Department of National Revenue at (a) Ottawa; (b) Montreal; (c) Quebec?
2. How many (a) French-speaking employees; (b) English-speaking employees are paid $2,000 or more per year in the said offices?

Mr. McCANN:

Customs and Excise Divisions:

1. (a) 556
   (b) 551
   (c) 96

	(a)	(b)
2. Ottawa	26	171
Montreal	61	57
Quebec	43	4

Taxation Division:

1. (a) 1,128
   (b) 1,315
   (c) 211

	(a)	(b)
2. Ottawa	30	186
Montreal	179	121
Quebec	38	36

CIVIL SERVICE—REPLACEMENT AT AGE 65 BY VETERANS

Mr. THATCHER:

Has the government taken any steps since the end of the war to retire civil service employees aged 65 or over, and replace them with service veterans?

Mr. MARTIN: Perhaps I might be permitted to reply orally to this question. Steps are being taken in many instances to effect retirement so as to provide vacancies for veterans.

TAXES ON BEER AND SPIRITS

Mr. BLACK: (Yukon):

Of each dollar paid in purchase of alcoholic liquor and beer from provincial and territorial liquor vendors, how much of that dollar goes to (a) the dominion government in various imposts, taxes and duties; (b) the provincial and territorial governments; (c) the distiller, brewer or manufacturer of said liquor or beer?

Mr. McCANN: It is not possible to give a categorical answer to this question by reason of the variation which exists between the provinces.

A break-down of each dollar paid for the purchase of a well-known brand of spirits in one of the provinces discloses the following distribution, which may perhaps be taken as approximating the average:

(a) To the dominion government for duty and taxes.....41c
(b) To the provincial liquor control board 38c
(c) To the distiller.....21c

Beer is sold at such different prices and under such variable systems of distribution as to make it difficult to strike an average which would represent a fair statement.

SURPLUS WAR ASSETS—TRUCKS, ETC.

Mr. THATCHER:

1. Has the War Assets Corporation received a request from the city of Moose Jaw for fire trucks or other equipment now stored at No. 2 R.E.M.U.?
2. If so, on what date did it receive the request?
3. What action has been taken to date in regard to the request?

Mr. MACKENZIE:

1. Yes, a request has been received from the city of Moose Jaw for fire trucks stored at No. 2 R.E.M.U.
2. October 6, 1945.
3. This enquiry was acknowledged on October 13, 1945. The fire trucks have not been declared surplus to War Assets Corporation to date.

RAILWAY SIDINGS FOR STORAGE OF WAR MATERIALS

Mr. WHITE (Middlesex East):

1. Was any land in the east part of the city of London, or in the riding of East Middlesex acquired, bought or leased for the construction of Canadian Pacific Railway and Canadian National Railway sidings, for the purpose of storing of surplus or outdated war materials?
2. If so, what parcels of land and from whom were they purchased?
3. What price was paid for each?
4. What was the total cost to the government for land and construction?

Mr. MACKENZIE:

1. No. Various properties were leased by the Canadian National and Canadian Pacific Railways for storing Canadian government purchased material, and the railways were reimbursed by the Canadian government.

2 and 3. Answered by No. 1.

4. The cost to the Canadian government was as follows:

Rent of leased property, C.P.R., $975.42; C.N.R., $1,795.00; total, $2,770.42.

Construction, C.P.R., $25,722.84; C.N.R., $45,437.71; total, $71,160.55.

SECOND CANADIAN DIVISION—N.M.R.A. PERSONNEL

Mr. GREEN:

What number and percentage of each unit of the Second Canadian Division returning to Canada were N.M.R.A. personnel?

Mr. ABBOTT:

Royal Canadian Artillery (Field)	Total NRMA	Percentage of NRMA to total
2 Cdn. Fd. Bty.	6	6·74
5 Cdn. Fd. Bty.	4	5·88
13 Cdn. Fd. Bty.	6	4·51
14 Cdn. Fd. Bty.	4	4·49
19 Cdn. Fd. Bty.	4	5·88
21 Cdn. Fd. Bty.	8	8·79
26 Cdn. Fd. Bty.	3	3·16
28 Cdn. Fd. Bty.	2	1·33
73 Cdn. Fd. Bty.	7	9·72
92 Cdn. Fd. Bty.	4	4·34
Anti-Tank		
18 Cdn. Anti-Tank Bty.	9	10·34
20 Cdn. Anti-Tank Bty.	Nil	Nil
23 Cdn. Anti-Tank Bty.	3	7·5
Light Anti-Aircraft		
16 Canadian Light Anti-Aircraft Battery	3	3·33
17 Canadian Light Anti-Aircraft Battery	4	7·01
38 Canadian Light Anti-Aircraft Battery	12	15·78
Royal Canadian Engineers		
2 Cdn. Fd. Coy.	6	2·26
11 Cdn. Fd. Coy.	12	7·79
Canadian Infantry Corps		
Essex Scottish Regiment	110	20·95
Royal Rgt. of Canada	99	18·23
Royal Hamilton Light Infantry	85	18·39
Royal Highlanders of Canada	47	10·65
Calgary Highlanders	170	36·48
Rgt. de Maisonneuve	147	31·61
Camerons of Canada	120	25·64
South Saskatchewan Rgt.	202	36·52
Fusiliers Mount Royal	131	23·18
Toronto Scottish (MG)	44	10·94
8 Cdn. Reconnaissance	24	10·38

PAMPHLET "CANADIAN AFFAIRS"

Mr. STEWART (Winnipeg North):

1. Has distribution of the pamphlet "Canadian Affairs" been withdrawn from civilian groups and individuals?

2. If so, what reason is given for this step?

3. How many copies of "Canadian Affairs" have been requested by civilian groups and individuals in the past three months?

Mr. CLAXTON:

1. Yes. A notice to this effect appeared in the issue of "Canadian Affairs" (Vol. 2 No. 16) dated October 1st, 1945.

2. P.C. 6300 of September 28, 1945, establishing the Canadian Information Service, authorized it "To provide means and facilities for distributing abroad information concerning Canada". Distribution of "Canadian Affairs" by the Canadian information service is only being made in Canada to civilian groups and individuals from the remaining stock of the former wartime information board. Distribution of current issues outside Canada is continuing.

3. From September 1 to December 11 the following quantities of "Canadian Affairs" have been supplied, on request, to civilian groups and individuals:

	Inside Canada	Abroad
Canadian Affairs.	52,226	6,701
Affaires Canadiennes.	11,103	274
	63,329	6,975

Most of this quantity has been supplied to Canadian groups and individuals who have wished to complete sets of the publication up to the time domestic distribution ceased or from groups wishing quantities of back numbers for winter study programmes.

SOLDIER SETTLEMENT—MORTGAGE FORECLOSURES

Mr. FAIR:

1. Under the Soldier Settlement Board legislation, how many mortgages were secured on land owned by veterans at the time they purchased land from the board?

2. Since the inception of the scheme to date, how many foreclosures on the above-mentioned mortgages took place?

3. What is the name and address of those settlers against whom foreclosure proceedings were instituted and who finally were dispossessed of their land?

Mr. MACKENZIE: Answered by sessional paper 118B tabled on December 13, 1945.

QUESTIONS PASSED AS ORDERS FOR RETURNS

HOUSING—ADMINISTRATION CONVERSION PLAN

Mr. LENNARD:

1. Is the National Housing Administration Conversion plan being extended in Canada

2. If not, when did the extension cease, and why?

3. How many homes were converted in Canada under this plan to December 1, 1945?

4. How many in the area of Hamilton, Ontario?

5. What has been the cost of conversion of such houses in the Hamilton area?
6. How many inspectors, janitors and other persons are or have been employed in connection with the operation of this plan in the Hamilton area?
7. Who are they, and what amount is being or has been paid to each of them in salary and expenses?

FORESTRY ROADS

Mr. WHITE (Middlesex East):

1. Did the federal government make contributions towards the construction costs of provincial projects for construction of forestry roads for any of the years 1936 to 1940 inclusive?
2. If so, what were the total contributions for each year in each province?

CRUMLIN, ONT., AIRPORT

Mr. WHITE (Middlesex East):

1. What lands were acquired for the extension of R.C.A.F. air port at Crumlin, Ontario, other than the then existing London air port?
2. From whom were they purchased?
3. What was the acreage?
4. What was the price paid for the land?
5. Were any of the former owners extended an option of repurchase when not required further by the government?
6. Has any of this property, hangars, or buildings thereon been declared surplus?
7. What will be the ultimate disposal of these properties and buildings?
8. What township or county roads were closed in the extension of this air port?
9. Was reimbursement made (a) to the townships of West Nissouri, London, or the county of Middlesex for closing of roads; (b) to private individuals for damage or inconvenience?
10. If so, to whom?
11. What amounts were paid to each?
12. What properties were purchased for right of way for new road from the third concession, London township to second concession, West Nissouri?
13. From whom were these properties purchased?
14. What price was paid for each?
15. What was the total mileage of new road?
16. What was the total cost of construction?
17. Has the upkeep and maintenance of the new road been assumed by townships interested or by the county of Middlesex?

Mr. MARTIN: Return tabled.

ATOMIC ENERGY

APPROVAL OF AGREED DECLARATION SIGNED AT WASHINGTON, NOVEMBER 15, 1945

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That it is expedient that the houses of parliament do approve the agreed declaration on atomic energy signed by the President of the United States, the Prime Minister of the United Kingdom, and the Prime Minister of Canada, at Washington on November 15, 1945, and that this house do approve the same.

He said: Mr. Speaker, the House of Commons is being asked by the motion now before it to approve the agreed declaration on atomic energy which was signed at the White House, Washington, on the 15th of November of this year, by the President of the United States, the Prime Minister of the United Kingdom and the Prime Minister of Canada.

The statement which embodies the declaration was read to hon. members of this house by my colleague, the Minister of Justice, on the afternoon of the day on which the declaration was made. Copies of the declaration in English and in French were tabled in pamphlet form on December 1. The declaration has received the widest publicity. I think it may be truly said that it has met with general approval.

As the declaration is one of far-reaching significance and historic interest, it is desirable that it should be formally approved by both houses of our parliament. Apart from other positive advantages, such approval should serve effectively to meet the criticism that the Prime Minister of Canada in joining with the Prime Minister of the United Kingdom and the President of the United States in the discussions at Washington and in signing the declaration "either assumed that parliament and the Canadian people had no views on the atomic bomb question or that their views didn't matter; that it was within his sole right and power to determine what should be done." I am happy to say that this uncalled for criticism seems to have met only with the rebuke it so obviously deserves.

No discovery, in all time, has equalled in interest that of the release of atomic energy. No discovery has been fraught with possibilities which may prove to be either so baneful or so beneficial to mankind.

It may serve as a helpful introduction to an understanding of the problems which the discovery of atomic energy has created, if I say a word or two concerning the discovery itself, and the circumstances which led to the part the release of atomic energy came to have in military warfare. My introductory words may also help to give some idea of Canada's contribution to atomic research and processes, and to explain the strategic position which Canada, along with the United Kingdom and the United States, has come to hold in working towards a solution of problems to which the use of atomic energy has given rise.

All the world now knows that the sudden termination of the war against Japan was due to the appalling destruction of life and property wrought, in August of the present year, by the use of the atomic bomb against the cities of Hiroshima and Nagasaki.

Until recently the world believed that the atom was the ultimate indivisible particle of

matter; a particle of matter so minute as to admit of no division. When the war began in 1939, scientists of many nations had come to recognize that the release of energy by the "splitting" of the atom, or what is scientifically referred to as "atomic fission" was a possibility. The war gave impetus to research into the means of releasing atomic energy and later to the production of atomic bombs.

At the outset, research was carried on mainly in the universities of the United Kingdom. During 1940 there was an interchange of information on war research between Britain, the United States and Canada. By the summer of 1941 such progress had been made in research in the application of atomic energy that it was felt that full use should be made of university and industrial laboratories in seeking to find, just as rapidly as possible, the means of producing atomic bombs. In October of 1941, upon the suggestion of President Roosevelt, there began a coordination and joint conduct of British and American efforts. In 1942 the United Kingdom authorities proposed that an important section of research into atomic energy should be carried on in Canada as a joint enterprise. The special Montreal laboratory of the national research council was thereafter organized, and staffed by over 300 workers. It was by far the largest organization ever created in Canada to carry out a single research project. Other research projects were undertaken at McMaster, Toronto and McGill universities, and at the national research laboratories in Ottawa.

Developments in the United States and Canada. By the summer of 1942, the expanded program of research seemed to justify a decision to proceed with the construction of large-scale production plants in the United States. The Americans alone were active in large-scale work.

At Quebec, in September 1943, an agreement was signed between Mr. Churchill and Mr. Roosevelt which bound their two countries to collaborate with the object of producing, as quickly as possible, a military weapon for use in the war. Under this agreement a combined policy committee was set up. Upon the invitation of Mr. Roosevelt and Mr. Churchill, in which I had concurred, Mr. Howe, the Minister of Munitions and Supply, was made a member of the combined policy committee as the representative of Canada.

Up to the present, uranium is the mineral that has been used as basic material for the atomic bomb process. Thorium is a probable second basic material for that purpose, although it is not as yet a proven material. The largest proved deposit of uranium ore is in the Belgian Congo, and the next largest is in Canada. As soon as the significant use of uranium in the atomic bomb process was disclosed to Mr. Howe and myself, we secured the approval of the cabinet of the purchase of the Eldorado uranium properties in the Great Bear lake area, and reserved for the government control of all such minerals as might be discovered in Canada in the future. This was a strategic factor of high importance, since this second largest known source of raw material thereby became accessible to the large manufacturing plants already built in the United States.

The work of the several research projects has been closely coordinated with the development of a pilot plant at Chalk River for the investigation of atomic energy processes. This work is of considerable importance. It includes the study of the utilization of thorium as a starting point for the production of "active material". This pilot plant is unique in character and is suitable for a field of research that has not been explored elsewhere.

Here may I quote from a statement prepared by Mr. Churchill while he was at the head of the coalition government. It was made public by his successor after Mr. Attlee's assumption of office.

Mr. Churchill's statement is as follows:

> In the United States the erection of the immense plants was placed under the responsibility of Mr. Stimson, United States Secretary of War, and the American army administration whose wonderful work and marvellous secrecy cannot be sufficiently admired. The main practical effort and virtually the whole of its prodigious cost now fell upon the United States authorities who were assisted by a number of British scientists.
>
> The relationship of the British and the American contributions was regulated by discussion between me and President Roosevelt, and a combined policy committee was set up. The Canadian government whose contribution was most valuable provided both indispensable raw material for the project as a whole, and also necessary facilities for the work of one section of the project which has been carried out in Canada by the three governments in partnership.

Elsewhere in his statement Mr. Churchill said:

> By God's mercy, British and American science outpaced all German efforts. These were on a considerable scale but far behind. The possession of these powers by the Germans, at any time, might have altered the result of the war.

It is worthy of notice that the determination to embark on large-scale undertakings for production of atomic bombs was agreed upon while some details of the project were still in the laboratory stage. The outcome was a most impressive demonstration of the

collaboration of scientific skill and technical capacity conducted under conditions of the highest secrecy.

This aspect of the production of the atomic bomb was referred to by Mr. Churchill in the following words:

> The whole burden of execution including the setting up of the plants and many technical processes connected therewith in the practical sphere constitutes one of the greatest triumphs of American—or indeed human—genius of which there is record. Moreover, the decision to make these enormous expenditures upon a project which however hopefully established by American and British research remained nevertheless an awful uncertainty stands to the everlasting honour of President Roosevelt and his advisers.

What was aimed at in the combined efforts of the scientists was the development of methods for the release of atomic energy, either to produce an explosion, or as a source of power. The immediate purpose of the construction of large-scale production plants, and the work of the combined policy committee, was the use of atomic energy for military purposes.

It is now known that the release of atomic energy can be effected so rapidly that a few pounds of "active material" will produce an explosion equivalent to that of the setting off of several thousands of tons of TNT. On the other hand, the energy released can, it is believed, be so controlled as to produce a steady flow of heat obtainable at a temperature high enough to operate steamdriven electrical generating plants. One ton of "active material" used in this way would generate as much power as about three million tons of coal.

In a passage which will carry its appeal to every human heart, Mr. Churchill has vividly expressed the sentiments to which these amazing facts give rise:

> "This revelation of the secrets of nature long mercifully withheld from man should," he said, "arouse the most solemn reflections in the mind and conscience of every being capable of comprehension. We must indeed pray that these awful agencies will be made to conduce to peace among the nations and that, instead of wreaking measureless havoc upon the entire globe, they may become a perennial fountain of world prosperity."

This is the problem presented by the discovery of the release of atomic energy. Here is the challenge to our day and generation.

As to sharing information; up to a certain point the processes for releasing atomic energy are the same whether the purpose is an industrial, commercial or humanitarian use, or whether it is that of mass destruction. Up to this point of departure the processes are already quite widely known. The scientific knowledge upon which these processes are based has been shared by a number of nations.

Beyond this point of common development, the construction of atomic bombs consists of a series of highly technical manufacturing processes which are still very secret. Knowledge of these technical manufacturing processes is popularly referred to as the "know-how". It is this "know-how" which is possessed in whole or in part by Britain, the United States, and Canada, and which has not been made known to other nations. The reason for not imparting to other nations, without certain guarantees and controls, the "know-how" in the production of atomic bombs, is because of the potentialities of vast destruction involved.

It should not be supposed that the control of the raw materials presently enjoyed by Canada, the United Kingdom and the United States will, for any length of time, prevent developments in other countries. Neither should it be imagined that the processes in manufacturing atomic bombs—now secret—will prevent, indefinitely, similar developments in other countries. Even with international measures of supervision and control, it will be but a matter of time before all processes are known to practically all nations. Hence the need for immediate action to seek every available means to end all possibility of war itself.

I come now to the declaration on atomic energy signed at Washington, on November 15th last.

As hon. members are aware, I visited President Truman at the White House on September 30th, the day before I sailed from New York for England. During this visit, matters related to the atomic bomb were referred to in conversation between the President and myself. Mr. Truman invited me to visit him again on my return from abroad. He also told me that he was looking forward to a visit from Mr. Attlee, the Prime Minister of the United Kingdom.

Upon arrival in London, I learned from Mr. Attlee that, toward the end of September last, he had made known to the President his view on the vital importance to the world of the discovery of atomic energy. He had expressed the opinion that the application of atomic energy to warfare made it essential that those in responsible positions in the countries under whose auspices the development had taken place, should consider the problems to which it had given rise. In conveying to the President the tentative conclusions at which the British government had arrived, Mr. Attlee had suggested that personal discussion might follow.

On October 3, in a message to Congress, President Truman said:

> I therefore propose to initiate discussions, first with our associates in this discovery, Great Britain and Canada, and then with other nations in an effort to effect agreement on the conditions under which cooperation might replace rivalry in the field of atomic power.

While I was in London, communications were received from President Truman inviting Mr. Attlee and myself to come to Washington at as early a date as could be arranged to discuss with him the problems related to atomic energy.

In his Navy day speech on United States foreign policy, on October 27, President Truman, referring to his message to Congress, added that discussion of the atomic bomb with Great Britain and Canada, and later with other nations, could not wait upon the formal organization of the united nations.

Mr. Attlee and I arrived in Washington on the morning of Saturday, November 10th. Mr. Attlee had left London by plane on the afternoon of the previous day. I had left London on Saturday of the previous week to cross by ship. We arrived in Washington at the same hour. During our stay in Washington, every courtesy was extended to Mr. Attlee and myself by the President and the Secretary of State, Mr. Byrnes. From the hour of our arrival to the day of the signing of the declaration, meetings and conversations were held continuously.

In our consideration of the problems discussed, the President and Mr. Byrnes had the assistance of Dr. Vannevar Bush, director of the office of scientific research and development, and scientific adviser to the President's committee on atomic energy. Prime Minister Attlee was accompanied by Sir John Anderson, chairman of the advisory committee in the United Kingdom on atomic energy. Sir John Anderson is perhaps the best informed of anyone in the United Kingdom on the whole subject, and on the circumstances attending the work with the Americans and ourselves in the researches on atomic energy. Mr. Attlee was also assisted by Lord Halifax, the British ambassador. I was joined in Washington by Mr. Howe, the Canadian member of the combined policy committee, and Dr. C. J. Mackenzie, president of our national research council. I was also assisted while in Washington, by the Canadian Ambassador, Mr. L. B. Pearson; by Mr. Norman Robertson, the Under-Secretary of State for External Affairs, who had accompanied me to England, and by Mr. Hume Wrong, Associate Under-Secretary of State for External Affairs, who joined Mr. Robertson and myself on our arrival in Washington.

I should like to acknowledge the invaluable assistance given me by all these gentlemen and by members of our embassy staff in Washington.

In asking hon. members to support the motion which is now before the house, approving the Washington declaration on atomic energy, I feel I cannot do better than to set forth essential features of the declaration itself and, in so doing, indicate governing considerations which were constantly in the minds of all who participated in the discussions.

There was recognition at the outset that the vast significance of the discovery of the release of atomic energy was not yet fully comprehended; that very few realized the far-reaching effect of the discovery upon the future of the world. It was agreed that the discovery had placed at the disposal of mankind means of destruction hitherto unknown, and against which there could be no adequate military defence, and in the employment of which no single nation could, in fact, have a monopoly. In a word, it was agreed that civilization could not survive an atomic war. It was also recognized that it was impossible to isolate the problem of the atomic bomb from the problem of the use of other weapons of destruction. The atomic bomb was seen as the latest word in destructiveness, but not necessarily the last.

The truth is that no system of safeguards that can be devised will of itself provide an effective guarantee against production of atomic weapons by a nation bent on aggression. Nor can we overlook the probability of the development of other major weapons of mass destruction, or of new methods of warfare which may constitute an ever greater threat to civilization than the military use of atomic energy. At Washington, we were therefore called upon to consider not merely the elimination of the atomic bomb as a weapon of war, but also the kind of world order which is necessary in an atomic age, if civilization is to survive.

In our deliberations we were seeking to take the first step in an effort to rescue the world from a desperate race in weapons of mass destruction. We were prepared to concede that the progress our three countries had made in the development and use of atomic energy demanded that our countries take the initiative in an international effort to prevent the further use of atomic energy for destructive purposes. We felt an equal obligation on the part of our countries to promote the use of recent and future exchanges of scientific knowledge, particularly in the utilization of atomic energy for peaceful and humanitarian

ends. At the same time we sought to make very clear that the responsibility for devising means to ensure that the new discovery should be used for the benefit of mankind, instead of as a means of destruction, rested not on our nations alone, but on the whole civilized world.

In the agreed declaration we felt obliged to draw a distinction between the information essential for the development of atomic energy for peaceful purposes and the information concerning the practical industrial application of atomic energy.

Representing, as we did, the three countries which possess the knowledge essential to the use of atomic energy, we declared our willingness, as a first contribution, to proceed with the exchange of fundamental scientic information, and with the interchange of scientists, and scientific literature for peaceful ends, with any nation that would fully reciprocate. We stated our belief that the fruits of scientific research should be made available to all nations, and that freedom of investigation and the free interchange of ideas were essential to the progress of knowledge. The basic scientific processes essential to the development of atomic energy for peaceful purposes have already been made available to the world. We declared that all further information of this character that might become available from time to time should be similarly treated.

As I have already explained, the use of atomic energy for industrial, commercial and humanitarian purposes is dependent upon the same methods and processes as, up to a certain point, are required for the military exploitation of atomic energy. While we were prepared to share the information essential to the development of atomic energy for peaceful purposes, we were not convinced that the spread of the specialized information regarding the practical application of atomic energy in the manufacture of bombs, before it was possible to devise reciprocal and enforceable safeguards acceptable to all nations, would contribute to a constructive solution of the problem of the atomic bomb. On the contrary, we thought it might have the opposite effect. However, we stated our readiness to share, on a reciprocal basis, with others of the united nations, detailed information concerning the practical industrial application of atomic energy, just as soon as effective and enforceable safeguards against its use for destructive purposes could be devised.

The attention so far directed to the strictly war aspects of atomic energy—that is, to the atomic bomb—should not be allowed to obscure the immense possibilities of development of atomic energy for the arts of peace.

[Mr. Mackenzie King.]

The atomic bomb is a weapon of destruction unsurpassed in human experience. But the energy locked up inside the atom, controlled and directed to useful and constructive ends, may make it possible to provide goods and services for people throughout the world on a scale which we cannot now envisage. It may be the means of raising the standard of living; of providing physical comfort against hazards of weather and extremes of heat and cold. It may revolutionize some present-day means of transport and communication, making all countries of the world near neighbours in a more immediate sense than has been made possible even by the development of air transport.

It must never be forgotten, however, that the use of atomic energy for peaceful purposes cannot be developed without at the same time producing the very material which is used in a bomb.

In order to attain the most effective available means of entirely eliminating the use of atomic energy for destructive purposes, and for promoting its widest use for industrial, commercial and humanitarian purposes, we gave it as our opinion in the Washington declaration that at the earliest practicable date a commission should be set up under the united nations organization, to prepare recommendations for submission to the organization. We expressed the view that the commission should be instructed to proceed with the utmost despatch; and that, in particular, it should make specific proposals (a) for extending, between all nations, the exchange of basic scientific information for peaceful ends; (b) for the control of atomic energy to the extent necessary to ensure its use only for peaceful purposes; (c) for the elimination from national armaments of atomic weapons and of other major weapons adaptable to mass destruction; and (d) for effective safeguards by way of inspection and other means, to protect complying states against the hazards of violations and evasions. These tasks may well have to move forward by separate stages, building upon the confidence which the progressive exchange of information will provide.

Under the charter of the united nations the signatory powers have pledged themselves not to use force except in support of the purposes and principles of the charter. At Washington we expressed the view that by whole-hearted support of the united nations organization, and by consolidating and extending its authority, thereby creating conditions of mutual trust in which all peoples

will be free to devote themselves to the arts of peace, there would be found the most immediately available means of maintaining the rule of law among nations and of banishing the scourge of war from the earth. We declared it to be the firm resolve of our three countries to work without reservation to achieve these ends.

Nothing can be truer than that without unremitting cooperation and the united effort of nations there will be no enduring and effective protection against the atomic bomb. Nor without this cooperation and united effort can there be protection against the indiscriminate use of poison or against the latest refinements in gas warfare, or protection against bacteriological warfare, all of which are even more frightful methods of human destruction than the atomic bomb. To ensure civilization from destruction it is not enough to banish atomic or gas or bacteriological warfare; we must banish war itself.

It is intended that the proposals of the Washington declaration for the establishment of a commission to prepare recommendations on the means of dealing with the problems raised by the development of atomic energy should be submitted to the first general assembly of the united nations. It is expected that the general assembly will open its first session in London on January 10. On the exact procedure to be followed in bringing up this vital matter for consideration by the united nations organization, I am unable to say anything at present.

Before leaving Washington on Thursday last December 13, to take part in the meeting in Moscow of the foreign ministers of the United States, the United Kingdom and the Soviet Union, the Secretary of State of the United States announced that he wished to discuss with the Soviet government its views on how they would be prepared to cooperate in the establishment of the commission and on the procedure which should be followed. On these questions we are in constant consultation with the governments of the United States and the United Kingdom, the other parties to the Washington declaration on atomic energy.

While I do not wish at the moment to attempt to look too far into the future with respect to proceedings of the united nations organization, I am pleased to have this opportunity to speak of the past in reference to the erection of the united nations organization itself. I recall very well while the war against Germany and Japan was still in progress, there were many who felt that President Roosevelt was pressing, with undue haste, the establishment of a united nations organization. Echoes of this criticism were heard at San Francisco last spring at the time of the united nations conference on international organization. It was not until after the conference was over, and the charter of the united nations organization had been brought into existence, that the world learned of the discovery of the release of atomic energy and of its practical application against Japan. The use of the atomic bomb as a major weapon of military warfare presented, in an instant, to all nations wholly new problems of security. Against the use of the atomic bomb in war, nothing has thus far been suggested which could be regarded as a means of defence.

President Roosevelt's prophetic vision had once more come to the aid of humanity at a time of its greatest need. Had President Roosevelt waited until the war was over to call a united nations conference to bring the charter into being, we should not have had the united nations organization at hand to-day to assist in the solution of the problems which the atomic bomb has brought so conspicuously to the fore. Instead, the countries seeking a solution of its problems would have been more bewildered and baffled than they are. The world is but slowly recognizing what it owes to the late President.

If I have made myself clear as to problems of the atomic era with which we are now faced, it will be apparent that they are primarily political problems affecting the relations between men and governments. Fundamentally they are a part of the age old conflict between good and evil. As such their ultimate solution will be found only in the realm of philosophy and morals. One thing is certain: they admit of no mechanistic solution. By themselves, devices for the control of atomic energy are at best but temporary expedients. For this reason, I believe, it is an error to contemplate the control of the use of atomic energy in commodity and police terms, as if atomic energy were some new and dangerous drug. Technical scientifiec controls of production, processing and final disposition are indispensable, but they are obviously inadequate. It would, I believe, be criminal folly to allow ourselves to imagine that the peace and security of mankind can be attained by any scheme of commodity control.

As political problems affecting the relations of governments, the solution of the problems presented by atomic energy must be sought in the realm of world politics. The more deeply one ponders the problems with which our world is confronted in the light—"the

terrible light", as Mr. Attlee said—of the implications of the development of atomic energy, the harder it is to see a solution in anything short of some surrender of national sovereignty. With a limited surrender of national sovereignty, there must be instituted some form of world government restricted, at least at the outset, to matters pertaining to the prevention of war, and the maintenance of international security.

The united nations organization is not a sufficient answer to the problems of peace and security which the world is now seeking. It is a first step, and an all-important step, in the direction of that cooperation between nations which is essential to the survival of civilization. It is not, however, the only, much less the final step. The united nations organization is an indispensable medium and channel and forum through which the peoples of the world can work out new institutions and arrangements which their peace and security now require.

We do well to recall that the united nations charter had been signed before the world knew of the existence of the atomic bomb, much less anything about its ghastly military potentialities for mass destruction. The coming of the atomic bomb has opened our eyes to the appalling possibilities which will face the world if the united nations should fail tc achieve effective international cooperation. It is to be hoped that such a prospect may be sufficient to cause every country, in the interests of its own citizens, to recognize that "over all nations is humanity". It is devoutly to be hoped that the nations will not delay too long in welcoming, albeit in the form of some self-denying ordinance upon individual national sovereignties, a measure of world sovereignty sufficiently effective to maintain international security and to end all possibility of war.

If we are agreed on the ultimate necessity of some measure of world government to maintain world security, we should, by every means in our power, support and strengthen every agency of international cooperation anc understanding which can help to make the world community a reality. The peoples of all nations must address themselves to the task of helping to devise and shape institutions and relationships which will enable mankind to ensure, if not its salvation, at least its survival. We must work with all our might for a world order under the rule of law. This seems to be our only hope. Humanity is one. We must act in the belief that no nation and no individual liveth to himself alone, and that all are members one of another.

[Mr. Mackenzie King.]

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I am sure we have all listened with very great interest to the remarks of the Prime Minister as he outlined Canada's part in achieving the release of atomic energy and the various steps leading up to the agreed declaration which is now before us, and his elaboration of the various clauses in the declaration.

At the outset I wish to compliment the Prime Minister, and all those associated with him, and particularly the scientists of Canada, on their respective parts in bringing about the results of that great discovery. With much of what the Prime Minister has said I am in entire agreement, and I should like to think that in that respect I speak for members in every section of the house.

The question of atomic energy, its production, its control and its use, everyone will agree, is of great importance at this time. The immediate question before this house is the declaration recently issued and signed by the President of the United States, the Prime Minister of Great Britain and the Prime Minister of Canada. The resolution before us makes a statement and asks a question. It declares that it is expedient at this time that we approve the statement that has been presented to us. This statement, I am sure the Prime Minister will agree, is one which will have no effect in law at the moment, but is one which may be a guide to public opinion throughout wide areas of the world.

The Prime Minister has dealt with the history and the development of this recent gain in science. My remarks will deal more particularly with the political consequences of that development. The declaration before us contains nine clauses. I propose to analyse these very briefly and to make a brief comment on each as I proceed.

The first clause indicates the recognition of an important fact, perhaps the most important fact of the age in which we live, the fact that the modern developments in physical science are so far in advance of the modern developments in social science as to constitute a grave danger to the human race.

I believe it was Wells who, in one of his books, said that civilization is a race between education and catastrophe. If that were true twenty years ago, it is much more true to-day in the light of the new knowledge that science has given to the world. The question now is whether our growing control over the physical forces around us is to be used for the progress of mankind or for the destruction of mankind. That is the problem that has been dropped into the lap of this

generation, and that is what makes this particular time the most interesting and perhaps the most challenging in which any generation of man has ever lived.

The second paragraph sets out that the responsibility arising from this discovery rests upon this generation. It rests upon us to see that all these discoveries are used for the benefit of mankind and not for its destruction. That paragraph indicates one other fact, that the initiative rests with those nations who happen to have been the first to discover the truth of the atomic bomb. But it indicates also, that the responsibility for ultimate success in controlling this new discovery rests with all the nations of the world.

The third paragraph is a statement of fundamental truth. It is in these words: that the only complete protection for the civilized world against the destructive use of scientific knowledge lies in the prevention of war.

I believe, Mr. Speaker, that with the statements contained in these three clauses of the declaration no one in this house will be in disagreement.

The fourth paragraph is a statement of proposed policy. In it we are asked to declare our willingness to proceed with the exchange of fundamental scientific information, and the interchange of scientists and scientific literature for peaceful ends, with any nation that will fully reciprocate. Here we face, an immediate question: Are the scientific data and the technological knowledge so far developed to be entrusted by those who have them to those who do not have them?

This is a question to which an answer must be given reasonably soon. If the present attitude of exclusion prevails for an indefinite period, suspicions and distrust will be engendered in those who do not have this knowledge. At the same time there are few who would favour the distribution of the data and the technical processes indiscriminately, without taking every reasonable precaution to preserve world peace. It would seem reasonable that any nation which is to be permitted to have the knowledge we possess, and from it to develop atomic energy on a commercial scale, ought first to be prepared to submit its mines and laboratories to regular inspection. It is difficult to see how this secret can be shared without serious risk until every one of the great powers of the world is prepared to permit the free dissemination of news and the free admittance for observation of representatives of our great news services. I think it is not going too far to say that to our newspaper men and women we owe our survival in the last half dozen years of war. Had they not been able to find out what our enemies were planning for us and report, as they did, we would have been conquered before waking up to what was going on in the world.

The fifth paragraph contains four statements; one a statement of belief, one a statement of fact, one a statement of intention, and one a statement of hope. The statement of belief is this:

> We believe that the fruits of scientific research should be made available to all nations, and that freedom of investigation and free interchange of ideas are essential to the progress of knowledge.

I think everyone will agree with that statement of belief. The statement of fact is:

> . . . the basic scientific information essential to the development of atomic energy for peaceful purposes has already been made available to the world.

That is, the "basic" scientific information is widely known. The statement of intention is this:

> It is our intention that all further information of this character that may become available from time to time shall be similarly treated.

But that is it is to be made available under conditions mentioned later on. The statement of hope is this:

> We trust that other nations will adopt the same policy, thereby creating an atmosphere of reciprocal confidence in which political agreement and cooperation will flourish.

All will approve I am sure, of the general attitude expressed in this paragraph. The human race has never yet been denied the fruits of invention by conscious public policy, and denying them now would be unnecessarily holding back material progress. This new knowledge has potentialities for both good and ill. We cannot prevent its development. We must therefore control its use. We must make ourselves capable of turning this and other secrets of nature to constructive use.

Paragraph 6 contains a statement of opinion and an offer to share the scientific knowledge. The opinion is that the spreading of specialized information before it is possible to devise effective safeguards would not contribute to a constructive solution of the problem of the atomic bomb. The second part of the paragraph is an offer, as I have said, to share scientific knowledge on a reciprocal basis. It states:

> We are, however, prepared to share on a reciprocal basis with others of the united nations, detailed information concerning the practical industrial application of atomic energy just as soon as effective enforceable safeguards against its use for destructive purpose can be devised.

This brings us nearer to the nub of the problem we have to face. Is it possible or practical to develop the use of atomic energy

for peaceful purposes and prevent its use for war purposes? We cannot now be certain that explosives produced for one purpose will not be used for the other. The problem of policing the use of this process is a complicated one, much more complicated than any political problem ever undertaken in the past. Can society draw a line of demarcation—and see that the line is observed—between developing atomic energy for peaceful purposes and outlawing it for the purposes of war? That is the challenge. It is a challenge we must accept, and as the lines suggest, we accept it by tying our faith to reciprocal agreements to banish its use in time of war.

The seventh paragraph is another statement of opinion. In effect if says, "We state it as our opinion that a commission should be set up to prepare recommendations aimed at the elimination of the use of atomic energy for destructive purposes, and to make possible its use for humanitarian purposes". If any member of parliament has any criticism of this clause I suppose it would be in order for those subscribing to the agreement to ask what better solution could have been proposed. Its authors at best see through the glass but darkly. They are only groping their way, with care and hesitation. I hope this clause does not reveal a disposition to try to escape from the responsibilities incumbent upon those who possess the secret. It is practically certain that the bomb will be used if another war breaks out. Unless we are visionaries this must soon be realized. If there is to be war, any nation wanting to live cannot afford to be without a means of defence or retaliation if it is attacked. The secret is ours to-day. Others will have it to-morrow, and many will have more dangerous ones later on.

Paragraph 8 suggests a procedure. It suggests that the proposed commission should proceed by separate stages, and more specifically that it should undertake first a wide exchange of scientists and scientific information; and second, to develop a full knowledge concerning natural resources and raw materials. This clause adds a note of realism to which I think most of us will subscribe. We are dealing with a secret process, at least a process that is now secret. If the secret were no secret at all there would be little use in this elaboration of machinery. If it is still a vital secret in the hands of three nations a terrible responsibility rests upon these nations to devise the best safeguards possible for its use. There is no reason not to believe that some nations will relapse into a passive state, believing that entrusting the task to some international body will settle everything. The danger is that while the innocent will keep their promises, the aggressors will prepare to break their promises and war will be more likely than if no promises were made at all. A half-baked plan will mean that once more this generation will go to sleep on an inactive but still live volcano. That is what happened prior to the recent war.

Paragraph 9, as I interpret it, is an appeal to rationalism in a world made up of nation states. In that paragraph the necessity of three things is pointed out: the necessity of the rule of law among nations as well as among people within nations; the necessity of active and generous support to the united nations organization as the best means now known to humanity of achieving a world of peace; and the necessity of doing everything that humanity can devise to banish war. The paragraph concludes with this brief but strong resolve:

> It is our firm resolve to work without reservation to achieve these ends.

This clause sets before us a goal, but it does not guarantee that we shall attain it. It states the challenge that faces us. The united nations charter was founded on an agreement of the Big Three. That charter has been elaborated on the foundation of certain basic understandings. But the discovery of how to release atomic energy has shattered our faith in that foundation as it is now laid. The most vital problem, therefore, faces us still. Can the world, organized as it is to-day or as it may be organized in the future, so conduct itself as to save itself from destruction? Are man's own inventions to be the cause of his own destruction? Is the world to remain an age of unreason; or is man, with his new gadgets, to revert to times we thought were passed—times without the controls civilization could provide?

I am not one who feels that we must close this debate on a note of pessimism. I feel that many discussions outside this house have been characterized by too much alarm and despair and by too little hope and optimism. If man is to be destroyed by his own inventions, why weep about it beforehand? Rather, knowing the danger, let us set about with determination to avoid that end. Let us set out to find and to provide the most practical political solution that the collective mind of man is capable of making.

Some say: Let the problem be entrusted to the security council of the united nations organization. That would mean entrusting it to eleven sovereign states, leaving some forty others out of consideration. Let us not forget that warfare has experienced a great trans-

formation in recent years. In the first great war, a country like Belgium could defend itself for weeks or months—this time, only for a matter of days. In future, days will not be allowed us to get ready—only hours, perhaps only minutes, possibly not even that. It is possible that non-aggressors will be less helpless than they have been in the recent past. Aggressors will at least know that if they make war there is every risk that an instrument is in being that may abolish their largest cities in a matter of seconds. That will surely be a restraining influence upon aggressors.

The choice for us seems to be between an association of powers in which it becomes the necessity of nearly all to prevent any one from dominating the scene—either that or a renunciation of some part of our sovereignty, some abridgement of our national sovereignty. If the latter is to be the solution, it ushers in the beginnings of a world state.

The nations of to-day were not built in a day. The national state as we know it has been a thousand years and more in the building. And a new international order will not be built in a day. But it can be started in a day—in fact, it has already been started; and while it is in the building, we must move with caution and with awareness. We are fortunate in being a member of the British commonwealth of nations and in being a neighbour of the United States. We all rejoice that the agreement before us to-day is one made between Britain, the United States and Canada. Thus we in Canada must all feel, as a member of this triumvirate, that while we are in good company we share a terrible responsibility.

What does it all add up to? If my sixty years tell me anything, they tell me that humanity will neither be satisfied nor safe till there is world security against aggressors. Any realist must know that this security will come in one or other of two ways—the way of war, followed by slavery to a dominating state, or the way of understanding, followed by a cooperative world; by force of arms that will result in a world state, in which one part will be dominant, or by force of reason in which nations will live together, each contributing its proper share of the price of discipline, and each bearing the fruits of the consequent peace and progress of mankind.

Our path as Canadians is clear. Collective security for humanity is possible only in international collective agreement. We must pay the price of international collective agreement. That price is the sacrifice of some degree of national sovereignty. That price the nations will only grudgingly and slowly be willing to pay; but that price we have already commenced to pay. A world state we now living may never see, but the various peace pacts of the past, the international labour organization, the united nations organization, the food and agriculture organization, the Bretton Woods agreement, the proposed international trade conference—all these are steps toward international security. All these give up something, even though it be little, of national sovereignty. What we are enduring to-day is the labour pains of better world understanding, the beginnings of a world of peace and of potential progress such as man has never before witnessed.

We have two things to do, both of which require conscious effort and a degree of international tolerance and understanding never before demonstrated in the world. We must determine to have international peace, and we must determine to be relieved of the shackles that have tied us to war and hunger and disease in the past. We must go forward in faith, conscious that, while we may not reach the goal in our day, we are going at least in the right direction and knowing that we are doing our part in bringing the world nearer to the time when peace and prosperity rather than war will be the inheritance of mankind.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I regret that owing to a slight indisposition the leader of this group is not here this morning, and I regret it particularly because I know that he had prepared something on this subject. He has given a great deal of thought to it, and while I, or anyone else who may speak from this group, would express the same views, I am sure we cannot do it as well as he would have done it.

The question before us to-day has to do with approval of the agreement arrived at in Washington by the President of the United States, the Prime Minister of the United Kingdom and the Prime Minister of Canada, in regard to the control and use of atomic energy. I approve, and I believe this group approves, the agreement. It makes provision for passing on information to the other nations as quickly as an understanding can be arrived at as to the proper use of atomic energy.

I believe the proper organization to control this matter is that of the united nations. However, I am sure, and I agree with the Prime Minister (Mr. Mackenzie King) when he says that what must be done is not only to prohibit the use of atomic energy in war, but rather to abolish war altogether. So long as we have wars, those who make them will

use every means they can find to win them. The question which we should put our minds to, then, is not the prevention of the use of atomic energy for war purposes, but the prevention of war itself.

One thing that is disturbing at the present time in connection with atomic energy is the fact that research seems to be in the control of private organizations such as the Duponts in the United States, the Imperial Chemical Industries in the United Kingdom and Canadian Industries Limited in Canada. I believe it is quite improper to leave research of this kind in the hands of private organizations, particularly when those organizations have demonstrated in the past that they are not much concerned with the social uses to which the results of research may be put. These organizations have tremendous vested interests and large aggregations of capital which might easily be rendered obsolete by the development of a new power of this kind. I had hoped that one of the things that would be done would be to bring research in this matter under the full control of the united nations organization, following what has been done by the three nations which at present seem to have the knowledge of this power.

The leader of the opposition (Mr. Bracken) says we have come to the stage in world affairs where cooperation is not only necessary but imperative. Indeed, in my humble opinion the atomic bomb has brought us to the stage where world government at the international level is not only a desirable thing, but a necessity. The choice before us is either world government or world destruction.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, the problem of securing peace on a world scale seems presently to be the responsibility of the United States, Great Britain and Canada. In my consideration of the declaration made by the Prime Minister of Canada, the Prime Minister of the United Kingdom and the President of the United States, and in my study of the whole problem of the atomic bomb and of the world situation, I have come to several conclusions which I wish to outline briefly to the house.

The first of these is this: If the United States and Canada and Great Britain were to remain in exclusive possession of the secret of the technical production of the atomic bomb for some long period of time, I am satisfied that for that period of time the world would have peace. Of course we must admit that eventually the other countries of the world will discover the technique of manufacturing these terrible weapons, and at that time the supremacy of the Anglo-American people will disappear and the problem of securing peace for the world will no longer be their exclusive responsibility.

The second conclusion which I have reached from my studies is this: If all the governments of the world and the nations, large and small, were truly democratic, then I am convinced that an international agreement on the production and application of atomic energy and the organization of effective international control for the production of atomic energy in all countries of the world could be made effective. I am satisfied that that would then be possible, because democratic governments are amenable to the influence of public opinion and of parliaments like our own. It would be possible, because in democratic countries secret arming would be out of the question, mainly because in countries like our own and in those having democratic governments money cannot be spent without the approval of parliament.

Let us examine in a realistic way the situation in which one of the parties to an international agreement—particularly an international agreement concerning the atomic bomb—is a dictatorship. In a dictatorship you would find no free press, you would find no opposition to the government, either in the so-called parliament or throughout the country, such as we have in this country; you would find no regard for parliament. There are such totalitarian countries in this world, and I may say that Russia is not the only one. However, I am convinced that Russia is perhaps the most closed and most totalitarian country of all the major powers.

Under such circumstances I ask in all seriousness, of what value would be any international agreement on the atomic bomb? Of what value would be an international control committee? Who would discover and bring to light, let us say, secret armaments plants that might be established in a totalitarian country? Who would uncover preparations for a new war and bring them to light so that the world would know? Lastly, who would uncover the secret production of this outlawed atomic bomb? Those are questions to which we must give serious thought. Those are questions to which answers are not easily found.

On the other hand, if Canada becomes a party to an international agreement on the atomic bomb and obligates herself not to produce the bomb or to use it in case of war, there are a number of important things which it seems to me we ought to be ready to look squarely in the face. Under such circumstances, in the first place we must ask: would

the united nations organization be able to ensure the complete fulfilment of Canada's pact?

In the first place we have a comparatively free press in Canada. This free press certainly would publish the facts and the whole facts of what was going on. Sometimes we are irked at the actions of the press, but thank God in these days the press can say what it wishes to say. I uphold them in saying it, even though it may be criticism of me or of my actions or of those of the party that I represent.

We have here a free parliament. My first experience down here has assured me that this is a parliament in which men can and do speak their minds. The members of parliament will find out, or at any rate make a great effort at finding out, just what is going on. The government will daily be confronted with resolutions to place on the table copies of all documents relating to any of the processes concerning the atomic bomb that might be going on. Somebody, because of that free parliament, will find out what is going on. In this house we have an opposition to the government, constantly watching to see that the government does not do anything of which the opposition disapproves, and ready always to divulge to the world the things that the government is doing. I have known oppositions to take great glee in divulging such things. I cannot understand how a government in a democratic country could keep very long any secret such as that of the manufacture of the atomic bomb.

We have also throughout the country political parties in opposition to the government, constantly on the watch to find out and divulge what the government is doing. If Canada were signatory to an international pact on the atomic bomb I am satisfied that an international commission could come into our country freely and as often as it wished; and could investigate thoroughly over as widespread a territory as it wished, every plant, every arsenal, every laboratory. This would be in compliance with our solemn pact, and it is what would happen in a country such as ours, and in any other democratic country that can truly be said to be democratic. The commission could talk freely with people anywhere in Canada, and the people would give information to the commission freely because we do preserve in Canada, as in other democratic countries, a good measure at least, of personal freedom. People need not be afraid to talk. There is certainly no such fear in Canada—I have noticed that. No person in our country would be afraid to discuss almost any matter with an international commission, because we have guarantees of personal freedom—and we have no secret police, no death penalties for political offences, or what is often referred to as military espionage.

One must conclude therefore that the united nations organization would come into Canada and other democratic countries and find them fulfilling to the letter the pact and pledges given with respect to the atomic bomb.

Now the question I must face and all of us must face is this. What about Russia or any other totalitarian power? Would it be possible for the united nations organization to secure fulfilment of Russia's pact on the atomic bomb, or that of any other totalitarian country? We must know that in such countries there is no guarantee of personal freedom, and therefore the people cannot talk freely. Every remnant of personal freedom has gone. There is no free press. The press is wholly controlled and muzzled by the government and cannot divulge what is going on. There is no free parliament; there is no opposition to the government either in the so-called parliament or throughout the whole land. They liquidate oppositions in such countries. They do not allow oppositions to work, and no commission for controlling the atomic bomb could possibly have free access to such a country. They would allow the commission to come in, perhaps, but the commission would be allowed to see only what the government wanted them to see. They would be accompanied and guarded. They would be allowed to go into this and that innocent-looking place, but they would have no freedom at all to look into the arsenals and laboratories or to visit the plants and factories. I would point out also that in Russia, as in some other countries, there are vast areas about which foreigners know little or nothing, which have been developing over many years but which are completely fenced around so far as getting information in or out is concerned. Do you suppose for one moment that an international control commission would be allowed to go into such an area? Would it not be possible for plants, any number of them, to be established in such an area for the manufacture of the atomic bomb? Why, of course. It is unthinkable to suppose that an international commission could possibly find out what was being done there, especially in the light of the fact that an international commission for control would be up against the secret police and the threat of death for any who give information and speak their minds freely. There are death penalties in Russia and in all totalitarian

countries for "military espionage", a term which is often loosely used to include most innocent observation and discussion. The prohibitions in such countries do not end with death. They often result in deportation of friends and families. These things are a constant threat to the people.

Under all these circumstances I am forced to the conclusion that a country like Russia simply cannot be controlled by an international organization. I am convinced that so long as there are dictatorships amongst the great powers, an effective international solution of the atomic bomb problem is utterly impossible. Now, if the secret technical methods of the manufacture of the atomic bomb are turned over to the united nations organization, it seems inevitable that the secret of this most dangerous weapon in the world's history will be conveyed to the dictatorships without attaining in return, any real and effective guarantees in return that the bomb will not be made and used in a war of aggression. Remember that only a dictatorship—and this I must impress upon hon. members with all the vehemence at my command—could possibly prepare secretly an atomic Pearl Harbour. It could not be done in democracy. Therefore it is absurd to talk of international control so long as Russia and some other totalitarian countries remain as they are.

I have reached another conclusion, of which I must speak briefly. I think it is absurd to talk of government at an international level so long as Russia remains as she is. I should like to hear those who advocate government at the international level tell us exactly what it means. Just what does it mean to Canada, and what does it mean to the other nations of the world? "Government at the international level" has been bandied around freely and loosely. Taking the situation in Canada right now, I wonder if anybody would advocate Canada becoming a party to an international government with representation on a basis of population? I wonder where would Canada's twelve million people stand in relation to the 130 million people in the United States? Suppose we should become party to an international government in which the United States might be the dominant nation, and come in on a basis of population, would Canada be prepared to become the northern share-cropper area for the United States? Has anybody ever taken the pains to study what happened in the southern United States, and how they became the southern share-cropper area for the industrial north of the United States? I say that the people of Canada, if they knew the truth, would not support for one moment any such thought; and if they would not accept such an attitude towards our friends of the United States, to whom would they subordinate themselves as a nation? Would it be Russia? I am not prepared to grant that, not for one moment. So far as I am concerned, I can see only one end to such a complex as has been developed on this "government on the international level", and that is the destruction of the British commonwealth of nations of which we form a part—the only real security, the only guarantee of international security we have under the present circumstances. The situation may look black, but situations have looked black at various times in the past.

Mr. Speaker, there is a man not far from me the hon. member for Yorkton, who speaks of my being "the worst bloody imperialist"—I do not know what he was going to say further, but I should just like to have him know that I am not going to lend a hand to selling my country down the river for any association with a doubtful international organization which rests upon the balance of a strong totalitarian country.

Mr. CASTLEDEN: There was no reference to the hon. member. He just imagined that.

Mr. LOW: Of course the hon. member for Yorkton is very smooth in getting out of situations of a kind where his tongue runs away from him. I have seen him in those situations before.

Mr. ARCHIBALD: Anybody stirring up hatred in the world the way the hon. member for Peace River does deserves what he gets.

Mr. LOW: I am talking straight to the communists, Mr. Speaker like the one who just cut in. I say to you that God has come to the aid of the United Kingdom and the commonwealth of nations times without number. The only way we can ever explain some of the interesting, important and almost supernatural events which have happened in the past through our history is to recognize that God's hand was in it. There have been times when it looked as though all was lost; times when great men such as Wellington and Pitt have been led to exclaim that all was lost and that there was no hope for the empire or the commonwealth; that we were bound to be defeated and destroyed. Well, Mr. Speaker, men have commonly said such things; they have said them in all ages.

Mr. REID: But it will last a long while yet.

Mr. LOW: Yes, it will last a long while yet if we do our duty and do not sell ourselves and our birthright into slavery.

I say that the spirit of unity which was placed amongst us was put there for the purpose of rallying the various parts of the commonwealth to the aid of each other in times of stress. That spirit has rallied us all many times in the past, and it will do it again if we give it a chance. I should not like to see that spirit destroyed. It can easily be destroyed by such loose talk on "government at the international level" as we hear so often in this house.

Mr. ROSE: It came first from England, did it not?

Mr. LOW: I am convinced that the Prime Minister has set his hand to a fairly wise declaration. I believe history will record that in its main clauses it was wise.

Now, having set its hand to this declaration, the government should, it seems to me, take under serious and earnest advisement the reform of its whole external policy somewhat along the lines which I shall now give and which, I may say, the Social Credit Association of Canada will endorse most heartily.

There have been numerous occasions, Mr. Speaker, on which people in and out of this house have declared that the Social Credit people are narrow nationalists. That is not so; I deny it most vigorously. Just because we are not ready to accede to every request and every suggestion to sell our birthright, to yield our sovereignty completely and become subject to the domination of tremendous forces outside Canada, does not mean to say that we are in any way narrowly nationalistic.

In the first place, the government should be determined to preserve within Canada, the spirit and the practice of true political and economic democracy. I claim that that is the best guarantee of the intentions of any country not to become a dictator or to tolerate anything like a dictatorship. I repeat that we should be careful to preserve all the elements of true democracy, with all that that means, and we shall then have done our best to assure the nations of our peaceful intentions.

The second thing I suggest is that we give every assurance of the fullest international cooperation on the part of Canada, as a sovereign nation, for the achievement of an era of peaceful prosperity throughout the world.

Third, we should be prepared to extend as a nation to all other nations the hand of good will and brotherhood and justice.

Fourth, we should be prepared to send economic aid to all needy nations, if necessary without even expecting repayment. Give them every opportunity to balance their payments with us and I am satisfied we shall thereby convincingly demonstrate our peaceful intentions.

In the fifth place, I plead with the government not to yield to this diabolical doctrine of surrendering our sovereignty to any supranational government. We must be in a position in the next few years to act quickly and unfettered. The speedy action of Canada alone might be a means at some time in the future of saving the world.

Sixth, because it is not possible to devise a foreign policy which will be acceptable to the great majority of Canadians so long as they have no real knowledge and are torn between opposing opinions which are spread through the country, mainly through the propaganda of legions of foreign agents, the government must now provide the people with really accurate information. That is the only way the people can possibly make up their minds —on the basis of facts, conveyed by sound and accurate information about what is going on abroad.

Canada can never have a successful and sound external policy until the people of Canada are informed, and through their possession of accurate information are ready to instruct and to support their government.

Seventh, Canada should meticulously keep the peace, praying God that the Anglo-American people will be true to their great trust. At the same time they should be ready instantly, if necessary—and I emphasize this very particularly—to rain fire on those nations who disregard their solemn pledges and wantonly wage war.

I know that some hon. members, particularly in the group to my right, will declare that in saying this I am a warmonger. That is not so. I am a lover of peace. But the only way to guarantee non-aggression in such a world as we now have is to be strong, and just, and ready to act on a moment's notice if necessary.

Last but not least, I say to the government that their foreign policy as well as their domestic policy should be one of absolute trust in God and keeping our powder dry.

I support the resolution.

Mr. CASTLEDEN: And the brotherhood of man?

Mr. LOW: Yes, sir.

Mr. FRED ROSE (Cartier): We have just heard from the leader of the Social Credit party what is practically a war declaration—in my opinion a very irresponsible way of talking in this atomic period. If he were concerned with his own province of Alberta—because we know against whom he made the war decla

ration—he would realize that parts of that province would be very much in the area of the war which he was advocating this morning.

Mr. LOW: I was not advocating war. That is just the hon. member's own microbic interpretation.

Mr. ROSE: It is most regrettable that only a few months after the war we should have here a discussion of so serious a problem as the prevention of another war. People throughout the world, and that includes Canada, are disturbed by present events. I have here a letter from a woman in Ottawa, Mrs. Sheila Woodsworth, who writes to me as follows:

> I am afraid of the atomic bomb. Alone I can do nothing about it. I am writing to you in the hope that you will do all in your power to see that this great discovery is not left in the hands of a few countries but is controlled by a world organization. This seems to me the only hope for us and our children.

An hon. MEMBER: Who wrote it?

Mr. ROSE: I gave the name—Mrs. Sheila Woodsworth, of Ottawa. I do not know her. As I said before, it is most disturbing that a few months after the war, people feel impelled to write such letters as this to members of parliament, asking them to do something so that this atomic bomb shall not be used among peoples. The Washington declaration does not reassure me any more than it reassures that person; I do not think it reassures any member of this house. The fact is that the declaration leaves in the hands of those who have it the power to use the atomic bomb at their discretion, and leaves the door open to an atomic armament race. It may sound very harsh, but it is a fact that it has left in the hands of the United States, Great Britain and Canada not only a dangerous weapon of war, but a dangerous weapon of diplomacy.

War simply does not come by itself; someone once said that war is a continuation of politics in a different way. Politics goes on before war, and politics to-day is becoming an atomic diplomacy. We see it going on right now in Washington, more perhaps than anywhere else. And recently we had the example when Ambassador Hurley practically demanded that the United States should use the advantage of the atomic bomb in her diplomatic dealings. Such voices are heard more and more in the United States. Pressure is being exerted on Washington for the United States government to use the atomic bomb as a diplomatic weapon to club everybody.

I follow closely the United States press. I spoke in Boston a week ago Sunday, and there you get the feeling that a new diplomacy is being advocated in the United States. There is the intervention in China, and Washington practically says: "We will keep those marines there until the situation fits into our pattern." One hon. member spoke about Anglo-American democracy. I would say that this is far from a democratic action. We read daily about the wiping out of Indonesian villages, of people poorly armed fighting for their freedom against British forces, and again we hear about Anglo-American democracy. This is not the type of pattern we had hoped for in the post-war period. It is not the type of pattern that will produce lasting security.

The Prime Minister praised the great work of President Roosevelt, and we all had the greatest respect for the late president, but I would remind hon. members of something that he said in March 1945. He knew that collaboration cannot be Anglo-American but must be collaboration among those powers that made victory possible, the powers that can preserve the peace together. Speaking about the trouble at the time, he said:

> It is fruitless to try to place the blame for the situation on one particular nation or another. It is the kind of development which is almost inevitable unless the major powers of the world continue without interruption to work together and assume joint responsibility for the solution of problems which may arise to endanger the peace of the world.

The other day President Truman seemingly forgot these words when he said: "No more conferences of the big three; we don't have to get together any more."

There is no solution but in the continued unity of the big three. Only a few weeks ago when Cordell Hull, that great old statesman, accepted the Nobel prize, he said:

> We must never forget that to achieve the great goal of lasting peace it is imperative that there be continued unity, friendly understanding, and common effort among the people and statesmen of the major united nations who bore the principal burden in the war against the axis.

Unity and understanding among those who bore the burden in the war! But this declaration of Washington has been made by powers outside one great power that bore one of the greatest burdens, and this can only tend to create suspicion and bring about a situation that is not the best at the present time. Some people are always suggesting that the Russians are close-mouthed, that they do not say what they want to say, that they do not say what they mean, that they just keep everything to themselves, and so on. Hon. members who are interested have the same opportunities as I have for acquiring information. They can resort to the New York *Times*, as I do. If they will look at that newspaper in its issue of Wednesday, November 7, 1945, they will

find reported therein a speech made by foreign commissar Molotov in which he referred to atomic diplomacy. What he says reflects the feeling of the Soviet people over the fact that they are being kept out, and are being given reason for suspicion. He said:

A word must be said about the discovery of atomic energy and about the atomic bomb, the colossal destructive force of which was displayed in the war against Japan. Atomic energy has not yet been tried, however, for averting aggression or safeguarding peace, but it is not possible at the present time for a technical secret of any great size to remain the exclusive possession of some one country or some narrow circle of countries. This being so, the discovery of atomic energy should not encourage either a propensity to exploit the discovery and the play of forces in international policy, or an attitude of complacency as regards the future of peace-loving nations.

Plainly and simply, Mr. Molotov says that there are some nations who believe that they have an advantage because they have the bomb, but that it cannot be kept a secret. It shows that there is a good deal of suspicion in his mind. He ends his speech by saying, "We will have atomic energy and many other things." I would say that as a result of the great contribution which the Russians made to victory, it should have been possible for the three nations to get together, making the atomic bomb the possession of all, because we would then know that it would not be used by any one nation.

It has been disclosed that the Germans had some very dangerous type of poison gas but they did not use it because they knew that everyone had it. From the point of view of equilibrium in diplomatic and political relations, it would have been better if the atomic bomb had been placed in the hands of all rather than in the hands of the Anglo-American nations. It is true there is a conference of foreign ministers where the matter is being discussed, but this is taking place after the Washington understanding and agreement. It could have taken place before, and it should have occurred before.

One United States newspaper man, Leland Stowe, referring to the atomic bomb as a diplomatic weapon, gives the following picture, writing in the Montreal *Standard* on November 24, 1945. He is a newspaperman of great repute who has travelled throughout the world and has seen the various countries at war. He knows of their sufferings. He says:

If the Soviets had the bomb and had followed Washington's precise course since August 6, how would the average American feel? I think the newspapers would be full of explosive condemnation of the "imperialistic power-seeking" Russians—and an awful lot of us would be plenty scared.

We would say: If the Russians don't intend to use the bomb, actually or for blackmail purposes, why didn't they invite President Truman and Prime Minister Attlee to a conference right away?

We would say: Why is Moscow treating the Americans and British as if they were second-class allies? Military men would be derelict in their duty if they didn't say: We've got to build a bomb of our own in the shortest possible time. Don't trust the Russians. The very fact that they only talk about sharing, after they've had time to make many more bombs themselves shows they can't be trusted.

If I were a Russian I think I should feel exactly like that. But I am not worried about being a Russian. As one member of this house and as a Canadian interested in the peace of Canada and the world, I am afraid that the damage which has been done already will be hard to heal in the coming months, though I hope it may be healed. Scientists who have worked on the bomb have spoken publicly for the first time, and this is all to the good. Scientists who know exactly what is involved in this atomic energy, much better than at least many of us in the house can know, have advised that we hand over the secret to an international committee, not at some future date but right away. A number of scientists were engaged in this work. One very prominent man, Doctor J. R. Oppenheimer, who directed atomic bomb research at Los Alamos, New Mexico, said:

It has momentarily strengthened us—

Meaning the United States.

—but not in the long run. Some people apparently have been reluctant to draw this to the attention of the world.

Then he recommends that it be placed in the hands of an international organization. Doctor Curtis, who was one of the leading scientists working on atomic energy at Oak Ridge, Tennessee, said that atomic energy should be turned over to an international organization to control all aspects of atomic power. There are many more. Only the other day Professor Sziland, appearing before the senate committee on atomic energy, said it would appear that we were producing bombs against the soviet union. One of the senators interjected, "No, no; we are friends." Professor Szilard replied, "Well, I assume we are producing them against the Soviet Union," and he was one of those who first thought of the possibility of the bomb. He went on to say: "Well, if we are, we are going to be at a disadvantage." He pointed out that it would take the United States twenty years to decentralize her industries, which would have to be done in the event of atomic war, but he said it would take Russia only

two years, and therefore the advantage of having the bomb now would be completely lost. One of the most ridiculous arguments against passing on the "know-how" to other countries was presented by Major General Leslie G. Groves, who was in charge of the whole project of producing the atomic bomb. He gave some reasons why it should not be placed in the hands of an international organization; and do you know what he said: He said it would erase national boundaries, end the sanctity of the home and destroy private commercial enterprise. That was the reason for his opposition to an international organization; that it would destroy the sanctity of the home and destroy private free enterprise. If these are the reasons then I would say that those who oppose handing this over to an international organization are relying on pretty weak arguments. After all, the atomic bomb would definitely destroy the sanctity of the home; everyone will agree with that.

I was not going to speak on this at all, but before I conclude I must say a few words about one group in this house who have been carrying on a most vicious agitation against a country which has been a loyal ally and which has been carrying out all the decisions reached at various conferences. People say you cannot trust the Soviet Union, that they are going to bolshevize the world. Well, right next door to Russia is Finland. We were told that was a country Russia was going to swallow. They had elections in that country. The communists did not come into power. A majority of those elected were neither communists nor socialists. They said Russia would swallow Hungary. Well, Hungary has not been swallowed. They had elections there and the small holders' party came out with the largest group. Then people said, "Aha! now there has been a free election, because the communists did not come out in the majority." In France, of course, the communists came through the election as the largest party and the Red Army is not there. Again, something was said about Austria, but in Austria the Russians actually placed their cards on the table. They recognized the free government at the head of which was Renner, a socialist. They had elections there, and what happened? We all know the results. Then the Soviet Union said they would withdraw from Manchuria, and they are allowing Chinese troops to go into that country. I should like to see the other countries living up to their promises and responsibilities as the Soviet people have been living up to theirs. Let the other countries prove their good faith. Let them prove it in Indonesia, in French Indo-China, in China and everywhere else. They have not done so. The Social Credit group in this house, and particularly the leader of that group, assisted very ably by the hon. member for Wetaskiwin, have been carrying on a vicious agitation here.

Mr. HANSELL: What about me?

Mr. ROSE: I am sorry; I did not mean to overlook the hon. member for Macleod. They have been carrying on a most vicious agitation against the Soviet Union, actually speaking as though the Soviet people have been our enemies, carrying on the type of agitation which I have said before does not help bring about unity, does not help us when we try to build peace in the world, which will not solve anything but in my opinion will only help create more and more suspicion.

Some hon. MEMBERS: Carried.

Mr. ROSE: No, it is not going to be carried so quickly; this is one time I am going through with it. I will say that those who have been speaking against the Soviet Union are using the language of the Hitlerites. That is a sharp statement, isn't it? One day they will speak about the Soviet Union. The next day they will speak about bankers, international bankers, and they will mention any Jewish name they can think of in the banking world, forgetting the Mellons, the Chase National Bank, the Royal Bank, the Bank of Montreal—on the board of which there is not a single Jew—and all the rest of them. They are carrying on an agitation anti-soviet, anti-Jewish, anti-Socialist. Why, they even charged the Liberal party with becoming a socialist party. In every sense the sort of agitation they are conducting to-day resembles the agitation of the Hitlerites in the good old days. I have before me their attitude toward foreign affairs. Here in this house, of course, they have to polish it up a bit, but down in the province of Quebec they believe they can sell the people anything they wish. Here is their attitude, for instance, toward San Francisco, from their own paper, *Vers demain*, dated April 15, 1944:

Nous pouvons être sûrs qu'à San-Francisco, il y aura d'autres délégués que les représentants officiels des nations invitées. Ils n'auront pas le droit de vote, mais ils seront là pour inspirer ceux qui auront le droit de vote. Les financiers y seront. Les Juifs y seront. Les socialistes y seront. Toute la bande infernale essayera de canaliser ce concil œcuménique de la matière.

I should like to translate that, because it is too good to be missed by some hon. members.

We can be certain that at San Francisco there will be other delegates than those officially representing the various nations. They will not have the right to vote but they will be there to inspire those who have the right to vote. The financiers will be there, the Jews will be there, the socialists will be there. All that infernal gang will be there to canalize this conference into their own channels.

And, speaking about the peace we want to have, in another edition of the same paper, under date of May 1, 1945, they say:

(Translation).
The last peace, brought about by the Versailles treaty, was shaped by international Jews such as Schiff, Warburg and their associates; we all know what came out of it. Is the Christian but paganized world of 1945, about to yield to the same influences?

Then, speaking about the peace after the last war, they say that the last treaty, the treaty of Versailles, was fashioned by international Jews, Schiff, Warburg and Company, and that we know what has come out of it. Then they ask if the Christian world, Christian but paganized in 1945, is to pass through the same status.

Let me say that that was Hitler's argument. I have one extract here which actually uses material I saw in a nazi paper, and which states that the Jews, the Jewish financiers, such as Kuhn, Loeb and Company, had helped the Russians to carry out their revolution. Those are the stories, printed in that paper, which appeared in the nazi press. According to one of these papers the hon. member for Wetaskiwin (Mr. Jaques) was to speak over the air about Shylock and Marx.

Listen to that language. That is language we have not yet forgotten, language that is not yet dead. Here they come to the House of Commons and, while they do not use the same language, that is what they mean. It is language which can only create trouble. If we proceed on the basis of it we can have no peace, no stability.

It is the good fortune, however, of the people of Canada that those people are limited to one province. We understand that we must have peace, and Canada as a neighbour of the Soviet Union and the United States and as a member of the British commonwealth holds great responsibility. We must do everything in our power to cement that degree of unity needed throughout the world, and especially among those who have carried most of the burden in the war. Otherwise we shall have chaos and disaster.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I shall not take much time this afternoon. I had not intended speaking at all until, as the hon. member for Peace River (Mr. Low) was speaking, I heard certain mumblings in this section of the house. I did not have to strain my ears to hear the last speaker, the hon. member for Cartier (Mr. Rose), and I am not going to answer him.

Mr. ROSE: It is just a debt repaid.

Mr. HANSELL: However, he has attacked some of our supporters in the province of Quebec. All I wish to say is that whether they are our supporters or not, the people of Quebec have the happy faculty of speaking their minds. And they use the freedom Canada gives them as citizens. That is all.

There is no semblance of hatred whatsoever in the minds of hon. members of the Social Credit party; no hatred toward any people or any nation. We disagree with totalitarian dictatorship, and we have been outspoken in our disagreement. We wish no ill, and will fight against anything that will bring ill to any people or any nation anywhere.

May I compliment the Prime Minister (Mr. Mackenzie King) and the other signatories of the declaration now before us for consideration. I have read it with considerable care and, after reading it, it was my view that it is a magnanimous document, Great Britain, the United States and Canada, represented by the heads of those nations, in that document have offered to the world all the benefits of atomic energy which they have discovered. I repeat that those benefits are offered to the entire world.

For a period of time, for economic reasons those countries could have retained this development of science. They could have brought to the western democracies the greatest standard of living yet dreamed of. But they have shown themselves willing to share this development with the world. The only place they have stopped in extending their gift is when it comes to destruction. And even in that respect, the declaration goes so far as to say that they will let the world have the benefit of their knowledge, when they are sure it is safe to do so.

Surely no nations could be more generous or more magnanimous to the rest of the world than have these three, when dealing with this matter.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I gather from the debate that the house is all but unanimous in support of the resolution, and that at most there is but one member, the hon. member for Cartier (Mr. Rose), who is opposed to it It will be, I know a source of great satisfaction to all members of parliament—members of all parties—that both in the Senate and in the House of Commons of

Canada there has been unanimity in support of the resolution. That will help in all parts of the world.

May I convey to my hon. friend the Leader of the Opposition (Mr. Bracken) my congratulations upon the splendid address he delivered this morning. Clearly, it was one to which much thought had been given, and which will be helpful I am sure to all who are interested in this all-important question.

There was one reference my hon. friend made—I believe it was to paragraph 7 in the declaration—where it seemed to me, if I heard his words aright, that either he had not in mind the true interpretation of the language of the motion, or that he was saying something that was not wholly what was in his mind. If I heard his words correctly, he said we were relying upon reciprocal agreements to see that the atomic bomb would not be used in future wars. *Hansard* will show whether I have understood my hon. friend correctly.

I noticed the hon. member for Vancouver East (Mr. MacInnis) took up the point and I thought quite rightly, said that the whole purpose of my remarks, in interpreting the declaration, had been to make clear that we cannot afford to rely upon any agreement anywhere; and that the only security against the use of the atomic bomb is the abolition of war itself. That was the point I wished to make very clear, namely, that so far as a major weapon of warfare of this kind is concerned, agreements amount to nothing at all, unless there can be some way in which apart from agreements an unscrupulous people may be prevented from violating an agreement into which they may enter or from using weapons of mass destruction. I repeat, the only safeguard for the preservation of civilization, now that the world is possessed of a weapon of war so devastating as the atomic bomb, is that matters be so worked out in the course of time, and in the near time, that nations will realize that those who take up weapons of this kind to destroy other nations are going to destroy themselves as well. In this last war the use of the bomb by one country was replied to by the use of the bomb by others, but it was not the atomic bomb. In an atomic age, that same kind of conflict can only bring disaster to all mankind.

I am quite sure that my hon. friend is in agreement with myself on that particular point.

Mr. BRACKEN: I was not conscious that I was in disagreement; I am trying to find the reference to which my hon. friend alludes but I have not been able to find it as yet.

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: It may not be there, and I hope it is not, but if it is there I am quite sure my hon. friend did not mean in any way to disagree with what had been said by myself.

May I express also to the hon. member for Vancouver East my appreciation of the manner in which he spoke this morning, and, with one exception, of what he said. I shall allude to the exception in a moment. I should like to say that we all regret that the leader of the C.C.F. party (Mr. Coldwell) has been prevented from taking part in this debate, particularly for the reason which has prevented him from being here this morning. Fortunately, he has already spoken elsewhere on this question, and a good deal of publicity has been given to what he has said. I think his remarks have made it clear that he would strongly support this resolution.

The one remark, if I caught it aright, of my hon. friend the member for Vancouver East to which I wish to take exception was his statement that research into atomic energy for use in war had been in the hands of the DuPonts in the United States, Imperial Chemical Industries in Britain and Canadian Industries Limited in Canada. That statement is absolutely untrue, and I want to make the strongest possible denial I can make of the statement. This particular field of research was a matter of the most complete cooperation between the universities and government departments; it was not in the hands of these industrial concerns to which my hon. friend has referred. It is quite true that in the building of some of the plants firms which were possessed of special skills and had been associated with one or other of the industries to which my hon. friend referred were employed to help on the work of construction, but so far as the research work is concerned that was a matter which was kept entirely under the control of Government departments of our three countries and the industries mentioned were not parties to the research work.

Mr. MacINNIS: Have they access to the research and the use of it?

Mr. MACKENZIE KING: No, and I wish to make that very clear. Will my hon. friend give the house his reason for believing that they have had such access?

Mr. MacINNIS: If I did not think that I had fairly good reason for saying that, I certainly would not have made the statement. I am very glad to accept the Prime Minister's statement that it is not true, although I do not think that is the best way of saying it.

Mr. MACKENZIE KING: May I say to my hon. friend that a thing is either true or untrue. If it is not true, then there is only one way of stating the fact.

Mr. MacINNIS: If I had said that about my right hon. friend, I am sure he would have objected.

Mr. MACKENZIE KING: I would never have made the statement that my hon. friend made.

Mr. MacINNIS: I would not agree with the right hon. gentleman.

Mr. MACKENZIE KING: That is a very serious statement to make, particularly by an hon. member who is leading his party. Unless the hon. member was prepared to give the grounds on which he based a statement of that kind, he should not have made it at all. I must thank my hon. friend for having accepted unreservedly the correction which I have made in the particular I have.

I also want to thank the leader of the Social Credit party (Mr. Low) for so strongly supporting this resolution. I do not think it is necessary for me at this time to enter into a discussion as to the points of difference between the hon. member and the hon. member for Cartier (Mr. Rose). There is a time and a place for all things. I think a debate on the principles of democracy versus dictatorship might well have been left over for another occasion.

May I say to the hon. member for Cartier, who appears to have felt it necessary for him to speak on behalf of one particular country, that I think it is unfortunate for that country that he has taken the attitude which he has to-day, particularly when at the moment there happens to be in the capital of that country the foreign secretaries of both the United Kingdom and the United States. They have gone there to seek to dismiss altogether any ground of suspicion, and to do their utmost to secure, as respects the course to be taken to prevent the atomic bomb from being used for purposes of destruction, complete accord between the three countries which are represented at that conference.

In conclusion may I say this one word which I feel I should like to say at this time. I do not believe we can survey the past years without realizing that the most dangerous of all things that can happen to any country is that evil men should get control of its affairs. No one can look at what is being brought out at the trial at Nuernberg without realizing that the reason the German people are in the position they are in to-day, the reason we have had this terrible war, is that the government of Germany got into the hands of wicked men. If democracy is to save itself, I do not care what the country is, if any form of government is to save itself, the people must make it their first endeavour to see that the men whom they entrust with the responsibility of power are men who believe in what is right, who are honest men, not men, as this group in Germany have been, a lot of gangsters at heart.

Speaking of science, I believe the world has reason to be thankful that men of science have made the great discoveries they have. The progress of the world has come in large part from scientific discoveries. Most discoveries may be made to serve diametrically opposite ends. They may be used for beneficent or for diabolical purposes. It all depends upon who possess the control and what the motive is that lies behind their actions.

The greatest of all scientists, so far as being a benefactor of mankind is concerned, was, I believe, that great man, Louis Pasteur. I have before quoted in this house a certain passage from Pasteur, I should like before we conclude this debate to quote it again because it seems to me to go to the very heart of the whole situation we have been discussing to-day. The statement was made by Pasteur over half a century ago. It will be seen to have a much wider application than could ever have been dreamt of at the time it was made:

> Two contrary laws seem to be wrestling with each other nowadays: The one, a law of blood and of death, ever imagining new means of destruction, and forcing nations to be constantly ready for the battlefield—the other, a law of peace, work and health, ever evolving new means of delivering man from the scourges which beset him. The one seeks violent conquest, the other the relief of humanity. The latter places one human life above any victory; while the former would sacrifice hundreds of thousands of lives to the ambition of one Which of these two laws shall ultimately prevail, God alone knows.

Mr. MacNICOL: Would the Prime Minister add the name of Doctor Banting?

Mr. MACKENZIE KING: I am very happy to add Doctor Banting's name to the list of scientists who will ever be remembered as among the great benefactors of mankind. In referring to Louis Pasteur, I was quoting from one who so far as the world's record is concerned stands, I believe pre-eminent as a scientist and benefactor of mankind.

I believe that by enabling us to make prevail among nations, the law of peace, work, and health, science will have given us the key to the solution of our world problems. The great scientists are known to be men of wide

vision and of large heart. I am sure the motive that actuates them is, in most cases, at least, that of service to their fellowmen. Again, in the words of Pasteur, I believe the final verdict upon their researches will be: "Science will have tried by obeying the laws of Humanity to extend the frontiers of Life."

Mr. BRACKEN: Mr. Speaker, I am not sure that I caught the full significance of the Prime Minister's comments with respect to one of my observations. I am sure there is no difference of any consequence between us, but lest there should be I should like to refer to the matter. I think it was not paragraph 7 but paragraph 6 to which the Prime Minister must have been referring. The last sentence in paragraph 6 of the declaration reads as follows:

> We are, however, prepared to share, on a reciprocal basis with others of the united nations, detailed information concerning the practical industrial application of atomic energy just as soon as effective enforceable safeguards against its use for destructive purposes can be devised.

My comment on that was as follows: I said that it was an offer to share scientific knowledge on a reciprocal basis, and I added:

> The problem of policing the use of this process is a complicated one, much more complicated than any political problem ever undertaken in the past. Can society draw a line of demarcation and see that the line is observed —between developing atomic energy for peaceful purposes and outlawing it for the purposes of war? That is the challenge. It is a challenge we must accept, and as the lines suggest, we accept it by tying our faith to reciprocal agreements to banish its use in time of war.

Mr. MACKENZIE KING: That was the phrase I meant—tying our faith to reciprocal agreements to banish its use in time of war. I do not think we are tying our faith to anything but the abolition of war itself. That is my point.

Mr. BRACKEN: I think the Prime Minister will agree that I was dealing with the clauses as I came to them, and that what I said was not meant to be an all-inclusive statement, but rather an interpretation of the clause itself.

Mr. MACKENZIE KING: I quite agree.

Mr. BRACKEN: I might have made it more inclusive and said, banish its use in time of war and to banish war itself. But I went on to say that it must be our main effort to banish war itself. Since the Prime Minister has referred to it, and in order that there may be no doubt as to the record, perhaps I might be permitted to repeat what I said with respect to war itself. I said:

[Mr. Mackenzie King.]

> What does it all add up to? If my sixty years tell me anything, they tell me that humanity will neither be satisfied nor safe till there is world security against aggressors. Any realist must know that this security will come in one or other of two ways—

And so forth; I need not repeat it all, but I ended by saying:

> What we are enduring to-day is the labour pains of better world understanding, the beginnings of a world of peace and of potential progress such as man has never before witnessed.
>
> We have two things to do, both of which require conscious effort and a degree of international toleranace and understanding never before demonstrated in the world. We must determine to have international peace and we must determine to be relieved of the shackles that have tied us to war and hunger and disease in the past. We must go forward in faith, conscious that, while we may not reach the goal in our day, we are going at least in the right direction, and knowing that we are doing our part in bringing the world nearer to the time when peace and prosperity rather than war will be the inheritance of mankind.

Motion agreed to.

TRADE AND EMPLOYMENT

CANADIAN REPRESENTATION AT INTERNATIONAL CONFERENCE IN 1946

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I have a question to ask which on two previous occasions I addressed to the Prime Minister, with respect to the proposed international trade conference next summer in the United States. I understood that it was to be answered this morning. I asked whether an invitation had been received by Canada; and, should one be received, would it be accepted and would the Prime Minister consider sending a non-partisan delegation to the conference. Perhaps the Minister of Fisheries would bring the question to the attention of the Prime Minister so that I may have an answer later to-day.

HOUSE OF COMMONS

SPECIAL COMMITTEE TO ASSIST MR. SPEAKER IN REVISION OF STANDING ORDERS

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I should like to ask what progress has been made by the special committee, appointed on November 7, to recommend revision of the rules of the house. I think it is apparent to all of us that revisions of the rules are urgently needed, and as the committee has not brought in a report at this session, might we have an assurance from the Prime Minister that action will be

taken, as soon as parliament reassembles, to appoint another committee which will have ample opportunity to make a thorough study and a full report?

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): It is the intention to set up that committee as soon as possible after the next session is convened.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF FISHERIES

72. Departmental administration, $163,760.

Mr. ARCHIBALD: I should like to say a few words on this general discussion. When the department was before the committee previously I did not get up in time.

I should like to bring to the attention of the minister a problem which will soon arise on the international markets of the world in selling the produce of the sea. Such countries as Venezuela and Chile are going into the building of large cold storage plants, and though the fishing industry is in a healthy condition at the present time it is apt to face in the near future competition which it will be difficult to meet. If we are to keep the fishermen in their independent position they must have a reasonable price for their products. For instance, the halibut fishermen do not want to see the price of halibut go down to two cents a pound, as it did around 1931.

Another problem is that of the boats. During the war the fishing industry had difficulty in getting lumber, as many other industries did, to replace old and outworn equipment. Now the few boats which are being built at the boat yards are having a hard time getting good lumber. It is a disgrace to see the type of lumber which is going into the holds to-day. It is a flat-grained fir. Prior to the war, in such things as decking you could get No. 1 edge grain, but they are not getting it to-day. In British Columbia we are exporting 65 per cent of our total cut, with only 33⅓ per cent being exported from Ontario. Surely the minister could find some way of retaining some No. 1 lumber to put into the boats of the fishermen. There are subsidies of from 50 cents to $3 a cord on such things as cordwood. The minister should be able to get something of the sort for the fishermen on the coast.

A word as to the old halibut boats up in Prince Rupert. Most of them were built in the United States, and they will soon have to be replaced. These boats were built in the United States under subsidies given by the United States government. We in Canada will have to follow the same practice in the future. We talk about free enterprise; the halibut fleet out on the coast is the highest expression of free enterprise. The boats are individually owned. The men who work on these boats work on a share basis, and any new member of the crew who comes on them is not picked by the skipper so much as by the boys. In the interests of the men I should like to see that independence continued.

The equipment which the fishermen have on the coast does not compare, I think, with that which comes up from the United States coast. Not many of our halibut men fish in the No. 3 area because they have not large enough boats. I should like to press on the minister the desirability of subsidizing or helping the fishermen to establish a No. 1 modern fleet.

We know that the fishing season on the Pacific coast in practically all lines is getting shorter. There should be some research in the matter of developing new fields for the fishermen to enter. Take, for example, the tuna fishing. It has been developed just over the past two or three years, and the fishermen have had to go out and test the equipment for themselves. Some boats, because they have had to keep the bait on the deck, have been turned upside down, and lives have been lost, because there has not been research as to the kind of equipment required in this branch of the fishing industry.

Investigation should also be made in the Jap current which lies thirty miles off the northern tip of the Queen Charlotte islands. It is reported that large schools of salmon have been seen, but it may be tuna. The tuna fishing season is very short, and this would fit in nicely with the halibut fishing industry.

Consideration should also be given to helping out the fishermen by modernizing their equipment. In the United States one firm is going into the manufacture of radar equipment for fishing boats. In "Time" magazine it is stated that no up-to-date fishing boat should be without radar. Is Canada going to be one beat behind the United States at all times? We developed radar; now let us see that the fishing fleet get it, because it will be a marvellous help in finding fishing schools and also telling what type of bottom they have where they are fishing.

Mr. WINTERS: Not with radar.

Mr. ARCHIBALD: A word about such places as Langara island and Juskatla. I was caught short because I did not have the names, but I will give them to the minister so that he can bring pressure on the Minister of

Public Works with regard to these points which the northern fishermen want built up. At Massett they need facilities as soon as they can possibly be brought in. Officials of the Department of Fisheries are well aware of the needs of the fishing fleet in northern British Columbia. In Prince Rupert the fishermen through their cooperatives have built a large cooperative cold storage plant, but they have no proper facilities to get down to the plant, and they need a road right along the C.N.R. right of way. If this provision could be made for them it would be much easier for them to get down to the boats with their gear. At the present time they practically have to pack it on their backs if they want to get down to the boats on the roads built by the Department of Public Works.

I bring these points to the attention of the minister so that the fishing industry may be enabled to maintain its independence and grow and develop with the development of the country.

Mr. WINTERS: In rising to speak for a few minutes on fisheries I would say, as almost everyone else says upon rising in these last days of the session, that I regret taking the time of the committee under the circumstances. I offer by way of justification the fact that I represent Queens-Lunenburg, which is the best fishing constituency on the continent. In other constituencies possibly more fish may be caught, but I know of no other wherein a greater percentage of the population is engaged in fishing or wherein this single basic industry represents a greater proportion of the over-all economy.

This constituency is steeped in the tradition of fishing, involving wooden ships and iron men. There has been a tendency on the part of some hon. members to compare the merits of the west with those of the east. In my opinion competition is always a good stimulant, but it is better when tempered by co-operation. Progress on the east coast will mean betterment on the west coast, and vice versa. On this basis we in the east are pleased with any developments our western friends can achieve, so long as we have adequate opportunities to do a little developing on our own part.

The fishermen on the west coast have been well championed by the hon. member for New Westminster and others. We do not deny that they catch fish of many varieties, and in large quantities. We cannot agree, however, with the hon. member for New Westminster, when he says that British Columbia fisheries are neglected in favour of the maritimes.

[Mr. Archibald.]

To refer again to our good friend the hon. member for New Westminster, he was kind enough to send me a copy of a report entitled International Pacific Salmon Fisheries Commission Annual Report, 1944. This report sets out in a clear and interesting way the work put into the development of the Fraser river, and the expenditure of money involved in the effort. It is undoubtedly all to the good, and illustrates what could be done, on a much smaller scale of course, to improve such rivers as the Medway in Queens county and La Have in Lunenburg county. Both these rivers are essential to the economic welfare of the communities along their courses, and their development is urgently needed. People who live along these rivers, and read of the development of British Columbia rivers, find it hard to agree that the Department of Fisheries discriminates against British Columbia in favour of the maritimes.

As I have said previously, the department is well aware of the importance of developing these Nova Scotia rivers, but when I press the issue, I am told by the department that work cannot be proceeded with because the engineers who will eventually be concerned, are occupied in British Columbia.

In Queens-Lunenburg we have been engaged in fishing for a long time. It is of more than secondary importance to us. I can join with my colleague, the hon. member for Shelburne-Yarmouth-Clare, in asserting that, in our adjoining constituencies, fishing is the very core of our economic life. To us it is not difficult to justify the appointment of a minister from the maritimes, and right now we maritimers think we have a pretty good one. His department may be the Cinderella of the government, but it is growing in stature.

It is pretty difficult to sell to maritimers the idea that other departments are more important and require more personnel. I would imagine it is equally difficult to sell the idea to fishermen from British Columbia. What the fishermen want is a fisheries department strong enough and sufficiently well staffed with experts of all kinds, such as researchers, inspectors, guardians and so forth, to provide fishermen with adequate assistance to guarantee them a just share of Canada's wealth. I do not know of any class of people who work harder for what they get in return.

The fishermen in the maritimes are grateful to the government for floor prices under fish. Although this has been a temporary measure, we hope that the government will continue to extend these benefits, which have proved to be such an advantage to so many people.

We have just come through a period of fair prosperity for fishermen, because their entire output could readily be absorbed, at good prices, to feed warring nations. These nations are now at peace, and are bending every effort to restore their own economies. We shall have to look elsewhere for markets and perhaps be prepared to accept lower prices. There is much to be done in developing markets both in Canada and externally. When one realizes that the average consumption of fish per capita per year in Canada is only about twelve pounds, and that during the same period the average meat consumption is 157 pounds, we can see why the fishermen think there is room for improvement.

Externally our big markets used to be the United States and West Indies, and these are still good potential markets if we are given an adequate chance to develop them. The Canada-West Indies treaty operated to the disadvantage of maritime fishermen. We lost good customers because of preferential trade barriers and discriminatory freight rates on Canadian steamship lines which considered it expedient to carry other commodities, and even fish from other countries, at rates considerably less than those charged for our own Canadian fish. These conditions are clearly presented in a report prepared for the Department of Fisheries in 1938 by two well known and authoritative merchants and experts, Messrs O. F. MacKenzie and F. Homer Zwicker. The report is entitled, "Markets for Dried and Pickled Fish."

Another report I would commend to hon. members is entitled "Report of the Royal Commission Investigating the Fisheries of the Maritime Provinces and the Magdalen Islands" presented in 1928. After reading this latter report I gained the impression that the government has given it close study, since many of the recommendations have been implemented already. I cannot urge too strongly, however, that the MacKenzie-Zwicker report be given careful study and that it be acted upon. Maritime fishermen are convinced that the southern markets can be regained by negotiating favourable treaties, but they insist that this must be done without delay. This applies to frozen, fresh and salted fish.

It is most important that the department's programme of development and research be pushed with vigour. There is much to be done. We must find out how to get fish to markets in the best possible condition. This means quality control, scientific methods, more and better inspection, and a full programme of education. We have lost many sales because we were outdone in quality.

The research programme must, of course, embrace shellfish. Lobster and scallop fisheries must not be overlooked. There is still too much illegal fishing of lobsters. This applies particularly to the fishing of lobsters in closed seasons and taking of small lobsters both in closed and open seasons. Greater vigilance is necessary on the part of guardians, and it may well be that their number needs to be increased.

Scallop fishing needs some attention. This used to be a lucrative business, and scallops were taken in large quantities. The supply is fast diminishing. An investigation should be undertaken to locate new beds, and with a view to providing regulations as to the dates of the season, the length of the season and the permissible quantities to be taken.

I would add a few brief remarks in support of all that has been said by the hon. members for Saint John-Albert, New Westminster, Halifax and Shelburne-Yarmouth-Clare, in requesting close cooperation among the departments of fisheries, transport and public works. It is fundamental that fishermen must have the full advantages of breakwaters, wharves, adequate buoys, direction-finding devices and so forth, if they are to develop to the best advantage.

In conclusion, Mr. Chairman, I would say again that there is much to be done. Fishermen are counting heavily on this government to help them take their rightful place in the Canadian economy. We have full confidence in the minister and his department, and we are hoping for the best.

Mr. GREEN: Could the minister tell the committee what plans his department have in mind for the extension of the fishing industry, more particularly plans in connection with the rehabilitation of the men coming back from the forces? As the estimates of the different departments have come up for consideration I have formed the opinion that the departments are allowing themselves to slide back to the 1939 outlook. They seem to be getting back to normal, whereas there should be some recognition of the fact that we are living in a new era and that there must be expansion and a movement forward. I hope there are some forward-looking plans all ready to be put into effect by the Department of Fisheries.

With regard to the fisheries on the Pacific coast suggestions have been made by very responsible people, which I think would be backed up by the members from British Columbia, to the effect that a great deal could be done in the way of clearing streams so that salmon could get up to spawn and the

young fish could get back to the sea, and that there should be a far more carefully organized patrolling and observation of conditions on the various fishing streams. It is suggested that once again fish hatcheries should be established in our province. I do not know how many hatcheries the dominion operates at the present time, but certainly most of them have been closed. Another suggestion is that courses should be established in connection with the rehabilitation of veterans, in which they could study such subjects as biology, zoology, stream control and a certain amount of forestry. Those are typical of the suggestions which have been made about the fishing industry. I see quite a large vote for this department in the supplementary estimates, but the particulars show that the bulk of the money is to be spent on the acquisition of boats, and is not for measures such as those I have suggested. Could the minister make a short statement with regard to the questions I have raised?

Hon. H. F. G. BRIDGES (Minister of Fisheries): We are still on the first item, and it is my intention to make a short statement after all those who wish to speak have done so. At that time I will deal with the matters the hon. gentleman has brought up.

Mr. REID: I have one suggestion to offer to the minister, and I am not going to repeat what I said when we were in committee recently. It is this. Our Canadian fishing fleet on the Pacific coast now is going farther afield. As the inshore fisheries are becoming depleted they are building larger vessels and going out into the open sea. They are also going down south and fishing off the coasts of California, Washington and Oregon. I realize that the minister is new to his position, but I should like him to take serious note of this suggestion, because I believe it would be of great benefit to our fishermen. Back in 1845 a treaty was drawn up between Great Britain and the United States concerning the Columbia river, which begins in the interior of British Columbia and flows to the sea through the state of Washington. In that treaty it was laid down that British subjects would at all times have free access over the river to the sea.

That would be of benefit to us in this way. The Canadian fleet fishing off Washington and Oregon sometimes have to run for cover when a storm comes up. At the present time they have to pick up anchor and move back into Canadian waters, which takes a considerable length of time. It is my opinion, and the opinion of others, that by this treaty our fleet could enter the Columbia river, which would save them a very great deal of time. To those who are not aware of conditions out there this may seem a trivial matter, but to those who know the district and to the fishermen themselves this would be worth thousands of dollars annually. If instead of having to run a hundred miles or more in order to reach Canadian waters they could find safety in the Columbia river, which under the treaty I claim they have a right to do, it would be of great benefit to them. I do not expect the minister to give an answer now, because he has many matters to look into, but this is one thing I would ask him to consider carefully just as soon as the opportunity presents itself.

Mr. STUART (Charlotte): Mr. Chairman, I should like to say a few words in behalf of the fishermen of Charlotte county. Perhaps our fishing industry is not as extensive as that of Nova Scotia, but still we believe it is of considerable importance. The people in that county are hardworking, ambitious men, and all they ask is an opportunity to make a living. It is a hazardous business, as we all know, and in the past the prices of fish have fluctuated to such an extent that at times fishermen have been unable to do more than meet expenses. During the past two years prices have been fair, giving these fishermen an opportunity to purchase new boats and greatly improve their equipment. Even with these improved conditions, however, the breaks many of them got due to war conditions were not so good; and when they did have luck in one season the method of computing income tax left them with very little after paying off their debts incurred during the poor seasons. This condition is being improved to a great extent by legislation now before this parliament.

The hon. member for Saint John-Albert has mentioned my name in connection with lobster hatcheries. I feel this matter to be of vital importance to one of the greatest industries in the maritime provinces; and though reports regarding lobster hatcheries are not so encouraging in Canada, they are still being maintained in the state of Maine and have proved of great value. Several hatcheries are operating in Canada where trout, bass, salmon and other fish are propagated to improve our tourist business and encourage sportsmen to come to this country. I believe that to be a sound business proposition, but in relation to the lobster fisheries there is no comparison in dollars and cents or in the number employed, since in the maritime provinces thousands depend upon these fisheries for their livelihood.

In the past few years this industry has greatly improved. Lobsters are more plentiful than they have been for twenty years, and in some cases the catch has doubled. The cause of this increase has never been explained, but I do know that to-day lobsters three and four inches in length can be found in the bay of Fundy where the oldest resident had never seen a lobster of this size until the past five years. Just where they have come from I cannot say. We were always given to understand that lobsters of this size could not survive owing to the water temperatures. I take it for granted that the water temperatures now are practically the same as they were twenty years ago, yet to-day these lobsters can be found. In my opinion these small lobsters come from the state of Maine, as the first place to increase their lobster catch in Charlotte county was Grand Manan island, the nearest lobster ground to the Maine coast. I would urge upon the department that they give this matter serious thought. To give you some idea of the value, the Conley Lobster company, who ship lobsters from the town where I live, will this year sell lobsters to the value of over three million dollars. Ninety-five per cent of these lobsters will be sold in the United States.

We have also in this particular county a valuable sardine industry. Millions of dollars are invested in canneries, sardine weirs, boats and other equipment necessary to carry on this very important fishing. In fact, we have the largest sardine cannery in the British empire or perhaps the whole world. This is the largest industry in the county, employing directly and indirectly thousands of men and women. Practically all fish are purchased from fishermen within a radius of fifty miles. This cannery in the year 1943 used over 70 million tins which are made in their own can shops. It uses thousands of barrels of cotton-seed oil, when available, when not, soya bean oil is used, and olive oil in the more expensive brands of sardines when it is available. Thousands of tons of salt are also used in curing the fish. Over one hundred brands of different kinds of sea foods are canned by this company. I wish to mention again the fact that seventy-five per cent or more of their finished product is sold outside Canada. In fact, before the war this company shipped goods to over one hundred different countries.

The one thing I wish to impress upon the committee is that about ninety per cent of the sardines caught in Charlotte county are sold outside Canada. The American market takes nearly seventy-five per cent in the fresh state which are canned in the state of Maine. Of the remaining twenty-five per cent canned in Canada, seventy-five per cent is sold in over one hundred countries outside of Canada. In other words, if we depended on Canadian markets for our sardines, ninety per cent of this very important industry would be lost.

The same condition exists regarding lobsters, smelts, scallops, oysters, ground fish, which would mean cod, haddock, pollock, hake, and all other fish that are caught in the province of New Brunswick—even the herring scales, which to-day is a worth-while business, with hundreds employed. This year the value will be, I believe, $200,000 or more. They are sold one hundred per cent in the American market.

The fishermen of the three maritime provinces are all interested in having floor prices established on all kinds of fish. We have heard in this house many discussions as to floor prices for wheat and other farm products. This, I believe, is a wonderful idea. A period of five years with guaranteed floor prices has been discussed, and no doubt will be enforced. We in the maritime provinces are in a different position from the western farmer. As I have pointed out, we are depending on the American markets for our livelihood. Therefore nothing but an international agreement would be sufficient to give us the protection I feel we deserve.

I am personally acquainted with most of the Maine canners and fish buyers, and knowing them as I do, and knowing the friendly feeling that exists on this border, I feel confident this could be done by the two countries agreeably to the fishermen on both sides.

I trust the department realizes the importance, indeed the necessity, of an agreement of this kind, and will work with the fishermen and the fisheries department in the United States to have an international agreement as to floor prices that will meet with the approval of all concerned.

Another great handicap to the fish canning industry during the war was the tax on overtime. It was responsible for cutting production to a great extent. In the canning of fish you have a very perishable article, particularly in the summer months; within a short time of being taken from the water, it must be processed. It is impossible to adjust the quantities needed from day to day, as the supply is never dependable. Therefore, you are in short supply one day and in over-supply the next; consequently, with an over-supply your help are obliged to work overtime, which was gladly done in normal times. However, when taxes were imposed on this work the help refused. This was responsible for loss

of production, as the canner was obliged to play safe and usually worked less than a full day. To me this is proof that a regulation that will work in every case is something as yet undiscovered, and adjustments should be made in extraordinary circumstances such as these. I sincerely trust that the government will consider this carefully and also consider tax adjustments on low personal incomes, which I believe fall far short of present requirements and should be eliminated. There should be established a graduated scale for middle income brackets, which would remove more of the tax burden from the small wage earner.

I was in this house a very short time when the name "free trader" was given me by some of my colleagues. They were perfectly justified in doing so, as I still look back to the election of 1911 as the greatest disaster in the history of the maritime provinces. We have always been obliged to sell our products in a competitive market and forced to buy in a highly protected market. This has proved disastrous to the maritime provinces, particularly in the fishing industry. In order for this industry to prosper, a more friendly feeling must be created between the primary producers and the canners on both sides of this border, as the fishermen here have always been obliged to depend upon these canners for a market for their fish.

As I have pointed out, we in the maritime provinces are obliged to depend almost entirely on foreign countries for markets for our fish and fish products, and we are obliged to sell in competitive markets and buy in a highly protected market. Our sardines in the fresh state have always entered the United States free of duty; that market absorbs about 75 per cent of the yearly catch. Lobsters, scallops, oysters, smelts and many other kinds of fish enjoy the same privilege. Ninety per cent of these fish are sold in the United States. If a prohibitive duty were imposed by the United States government, the fishing industry in the maritime provinces would be practically worthless.

Now, how does this country reciprocate? Does the United States fisherman have the same privilege of trying to sell fish in Canada? Absolutely not—except during a very short period. During the first great war—I believe it was the years 1917 and 1918—and for a few months during this last war, the United States sardine fishermen were absolutely barred from any market in Canada. The lobster fishermen in Maine got exactly the same treatment. Why this has been done I cannot explain, and I doubt if any department in Ottawa could give the house a reasonable explanation. If they feel they are protecting the fishermen of the maritime provinces, they are absolutely wrong.

In the seventy-eight years since confederation we in the maritime provinces have earnestly endeavoured to find that market for fish in Canada and have failed. If the United States fishermen can do what we have failed to do, I feel they should be given every opportunity, and the least this government can do is to give them the same consideration we are given; even though it would be of little benefit to them, it would at least create a more friendly feeling on both sides of the border.

Another matter I wish to bring to the attention of the committee is the destruction caused by the storm of November 20 to both private and public property in the maritime provinces. In Charlotte county alone this damage is estimated at one million dollars. A great proportion of this loss was private property. In some cases a life's savings were destroyed in a few hours. These fishermen should receive every consideration from the government, and everything possible should be done to assist them in getting established in business again.

The destruction of wharves and breakwaters is a very serious matter, particularly at this time of year when a large fleet of boats engaged in winter fishing depend on these breakwaters for harbour. The boats used to-day are much larger than were used even ten years ago. The value has increased at least 400 per cent, consequently, a much larger space is necessary to berth them. The number of boats engaged in this particular branch of the industry has also increased to such an extent that breakwaters must be built larger and dredging done to accommodate a valuable fishing fleet.

Another matter I wish to discuss briefly is the wages that are paid fishery guardians. These men are employed temporarily by the fisheries department, usually for a period of a few months, and in many cases they are obliged to live away from home. Guardians are paid $2.50 per day, which is far too little. Returned veterans usually get these appointments. I well remember attending a fisheries conference at Shediac, New Brunswick, in 1941, when an official of this department made the statement that due to the fact these appointments were political appointments, they were getting the wrong type of men. Just what he expected for $2.50 a day I never could understand. This condition may exist in some parts of this country but being per-

sonally acquainted with the guardians in the county I represent, and working with them for quite some time myself, I feel I am in a position to say they are reliable citizens, doing a fine job for starvation wages. I think the department should consider paying these guardians, who in most cases, as I have said, are returned soldiers, a living wage.

Much can be done to improve this industry by sincere cooperation between this department and the fishermen. If every official from the highest to the lowest could be convinced that he is paid not only to make and enforce regulations, and I might add that there are plenty, but also to study the problems confronting the fishermen from coast to coast, to associate with them in a friendly manner, imparting knowledge acquired by that study where it would be beneficial and appreciated, then everyone would be benefited. From experience I would say that too many officials see only one part of their obligation, that of enforcing regulations. That may be essential, but it does not require great knowledge of the fishing industry; or it may not prove to be a great credit to the official. I sincerely hope that in the future this department will seriously consider the importance of arming these officers with knowledge of the fishing industry, not with firearms to carry while on official duty as has been done in the past and is being done at the present time. An officer's efficiency cannot always be gauged by the number of infractions of regulations reported, or by the number of prosecutions secured, although this is the yardstick commonly used by this department.

In conclusion may I say that I am personally acquainted with practically every fisherman in the county I represent, having been associated with them during the time I was engaged in this industry myself, for over twenty years, and I feel I have some knowledge of the difficulties they have to contend with. Long hours of exposure and hard work mean nothing to these men if they can make the living which they justly deserve. I have endeavoured to point out the situation regarding markets and the absolute necessity of cooperation between the fishermen and the fisheries departments of these two countries, since we are obliged to look to our neighbours for the markets we have always enjoyed. We are also dependent upon the cooperation of all departments of the government to see to it that those privileges are preserved which mean so much to the fishermen of Charlotte and the maritime provinces. The men who go down to the sea in ships have over a period of years built up a friendly international spirit which might be copied with great benefit and credit by other parts of this dominion.

Mr. GIBSON (Comox-Alberni): Mr. Chairman, I would like to take a few minutes to discuss certain phases of the fisheries industry. I also represent a fishing constituency, that of Comox-Alberni. While perhaps I cannot say that it is the best fishing constituency in Canada, I can say to the hon. member for Queens-Lunenberg that it probably produces the most fish. I welcome the suggestion of the hon. member that we who represent fishing communities should work together and cooperate rather than endeavour to create rivalry between the Pacific and Atlantic coasts. In that I am in complete agreement.

I notice that the agricultural members in the house have achieved great success in, shall I say, assaulting the treasury. They have made an excellent job of this. I notice that every time the agriculture estimates are up those hon. members appear to cooperate whole-heartedly with the Minister of Agriculture in an effort to obtain all the assistance they can for their farmers. I know that the budget for the Department of Fisheries of some $4,200,000 will not appear like a large sum to members representing agricultural districts. I noticed that one hon. member from Saskatchewan made an appeal for his whitefish. I am glad to see him taking care of the fishermen of his constituency, but I am just wondering, in view of the technique displayed by these agricultural members, if we will not find our appropriation going to the province of Saskatchewan. I am a little bit worried about their skill in that regard.

The hon. member for New Westminster has suggested that the British Columbia members were not pressing their fisheries as much as they should. That may be true. We British Columbians are modest people. We never say much about our climate or our peaches or anything like that. We have always found that if you have a real good product or a real good industry it will be something like mother's pies—they will not need too much praise.

I am sorry there has been so much delay in bringing down these estimates. It was unfortunate that so much time was wasted on the speech from the throne in discussing generalities. I hope that next year we will be able to get down to these matters earlier in the session. We are fortunate in having so many British Columbia members still present in the house. They must have been lucky with their train reservations.

The estimates we are discussing are practically all dead and gone now. I notice the supplementary estimates are quite substantial and indicate some expansion, for which I am very glad. I hope next year the minister will bring in even larger estimates, and I can assure him that he will have the support of all maritime members. The Department of Fisheries would be well advised to cooperate closely with the Department of Trade and Commerce in connection with marketing. This has been mentioned already by some hon. members. I should like to see our reentry into the great oriental market in connection with Pacific salted herring and salted salmon.

Speaking of market extension, I think a good job has been done in British Columbia by the wartime prices and trade board in extending the market for Atlantic coast products. Because of our higher standards of living out there, we must pay higher wages and therefore it costs us more to pack our products. One item I might mention is clams. I happen to be a connoisseur of clams because I was brought up near a clam beach. We always figured that the table was set twice a day when the tide went out. Without wanting to disparage the wonderful shellfish that they have on the Atlantic coast, I must say that they just do not come up to the product of the Pacific coast. We have been pretty well forced to use the product from the Atlantic coast, because the ceiling prices put on by the wartime prices and trade board made it impossible to put our superior product on the market.

I certainly would not have supported bill 15 if I had thought that the wartime prices controls were to continue into that sphere. What they have done is to send our products in the raw state across to the United States, and there are at least one thousand jobs less in British Columbia because of that. I sincerely trust that by next year we shall have got away from that condition. The wartime prices and trade board has done a wonderful job, but one unfortunate thing they have done is to lump a quality pack with a pack of lesser quality on the same price basis. I do not think that should be done, in view of the fact that the department is carrying on a very worthy work in emphasizing the quality of our fish. If we are putting out a high class product, we should be allowed some extra price in order to take care of the extra expenses.

The vote for fisheries research this year is $541,000. To some hon. members this may not look like a large amount, but it is a lot of money for fisheries research. I sincerely hope that we shall get value for that money. I wish to congratulate the minister and his department upon the excellent research experimental station at Vancouver. They have made a most valuable contribution to the industry out there. The advice they have given to the canning industry has been most valuable, and they have developed some new products which should be very helpful in creating a market in Canada. Canadians are the lowest per capita eaters of fish in the world whereas with the high quality of our products we should have a very large domestic market. Our scientists and research stations have a tremendous job on their hands and if we give them proper direction and tell them what we really need in the fishing industry they can supply us with the information required.

In the brief that was presented to the former minister of fisheries (Mr. Bertrand), early this year, it was suggested that the question should be looked into of reestablishing salmon hatcheries in British Columbia. I know of one area that used to produce one hundred thousand sockeye salmon in one year. Despite the fact that there has been no change made in the stream, no obstructions put in and no logging done nearby, for no apparent reason that run has disappeared so that in one year alone only one thousand salmon were taken out. The value of the fish in that run alone, as it formerly was, would almost equal this appropriation for research.

There is another question which I should like the research board to look into very carefully and do it promptly. There has been a great deal of criticism regarding otter and beam trawling. A large number of fishermen feel that in scraping up the bottom of the ocean bed the spawning grounds for the fish are being ruined. I have seen hundreds of tons of small immature fish brought on to the deck of trawlers and shovelled off again into the water, probably causing pollution. That is the kind of thing our scientists can look into. Unfortunately our fishery regulations in Canada seem to have been made on the basis of the number of squawkers. No class, however numerically large it may be, should be able to get the regulations so framed as to do an injustice to our fisheries. I think that rather than yield to pressure from groups we should call in our scientists and experimental stations with a view to passing proper regulations.

I am very glad that the minister is taking into consideration implementing some of the suggestions that were submitted in the Bertrand brief earlier this year. I see by a notice that I have received that a waterways

engineer is being sought to clear stream obstructions. I would point out to the minister that British Columbia definitely now has an unemployment problem, and I sincerely hope that his programme of expansion of our fishery service will result in the employment of a large number of war veterans, who I understand are being trained in this work. I hope that that programme will be implemented as soon as possible.

Mr. BLACK (Cumberland): This is one of the most important departments of government so far as the people of Nova Scotia and the maritime provinces are concerned. Fish is one of our great natural resources and deserves more attention than it has had in previous years. The Duncan commission recommended that fisheries be set up as a separate department, with a special minister placed in charge. I was a member of the provincial government that made this representation to the Duncan commission. We have had some capable ministers in charge of the Department of Fisheries who have made considerable progress. Unfortunately these ministers, I think without exception, have not been practical fishermen, but distinguished members of the legal profession. Many people interested in the fishing industry would have preferred that someone with practical experience and knowledge of the fishing industry be placed in charge of this department. I believe that the present minister has done fairly well in the time that he has been there, considering that he has had very little, if any, practical experience. He has been supported by capable officials in his department—I refer especially to the deputy minister and assistant deputy minister.

The great problem in Nova Scotia has been markets and prices. Our fishermen in former years have had to work at starvation wages over long periods of time. In recent years prices have been more satisfactory, but the fishermen could never understand why there should be such a tremendous spread between the price they were able to get, as low as fifty cents a hundred pounds, and what the consumer had to pay. I hope that the legislation we put through at a previous session providing for floor prices will rectify this.

There is also the matter of the quality and the marketing of the fish. It has been recommended that a special aeroplane service be established in order to market the fish regularly and in the best possible condition. I do not know whether the minister is prepared to make a statement in that regard. I am referring particularly to fish caught in the outlying portions of Nova Scotia, fish caught on the coasts and marketed inland at a considerable distance from where it is caught. The marketing of the fish in first-class condition depends upon better facilities for transport, and in this connection it is desirable that an aeroplane service be established.

I would ask the minister what is his attitude and that of his department with respect to the large merger recently made in Nova Scotia in the fishing industry. I have no reflections to make on those who are at the head of this big organization. If they are going to direct their attention to assisting the actual fishmermen in the marketing of their product, I believe there is no one more capable of doing that than those at the head of that great merger. On the other hand it is giving the fishermen of Nova Scotia a great deal of concern as to whether the merger has been set up with the approval and under the control of the department and has for its object an improvement in the lot of the fishermen, and whether it will be able to achieve that purpose and guarantee them a satisfactory price and a steady market.

There is a good deal more that I should like to say in connection with the work of this department, but I know the committee is anxious to make progress and I shall not delay it.

Mr. MOORE: I have listened with a great deal of interest to the discussion that has taken place this afternoon on fishing. All the speakers have been brief and to the point and the discussion has been really worth while. I happen to come from Manitoba, where the fishing industry is of considerable importance. The statement was made this afternoon that the agriculturists of this country get a great deal of benefit from the federal department of agriculture because of the activities of members of parliament on behalf of agriculture. That may be true, but we must look forward to a much greater expenditure still on agriculture if it is to continue to be the industry it is supposed to be. Saskatchewan, for instance, will require an expenditure of $200,000,000 for a major irrigation project. This is something of extreme importance. I do not think we are asking too much when we ask this. We must remember that prior to the outbreak of the present war over 400 million dollars was spent on Singapore, and the guns of the naval base could not be turned around to fire inland. The enemy came up from behind and the garrison simply had to surrender.

Some hon. MEMBERS: Order.

Mr. MOORE: That fact may not be greatly related to these estimates, but I think it may be in point as far as the question of recommendations is concerned. As to fishing, Manitoba has a considerable fishing industry which is gradually extending northward. I recommend that the department lay plans for the building in northern Manitoba of a number of fish filleting plants at places where the fish have to be transported by air. If that were done it would be quite possible to expand the industry considerably. I think we can take a leaf out of the book which Saskatchewan has written in connection with the fishing industry. The Saskatchewan government has done considerable to expand the industry in the northern areas of the province. I suggest also that we investigate the possibilities of cooperative marketing of fish. Already Nova Scotia has done a great deal in that line.

After looking through the estimates it appears to me that no large amount of money has been allocated to the inland fisheries. How much money, for example, is to be spent in these estimates on fishing in Manitoba?

Mr. BRIDGES: I was most anxious that every hon. member who wished to speak on the fisheries estimates under this item should do so before I made any remarks, and then, as to individual items, I hope there will not be too much delay, since we are so near to the end of the session.

It is not my intention to make any extended remarks. Some fourteen or fifteen persons have already spoken on the estimates and it is impossible for me to reply to all of them, but I will deal with certain salient features of the remarks which have been made this afternoon and the other day. If I happen to overlook some of the matters which have been referred to I hope no hon. member will feel that I am deliberately neglecting to deal with his remarks.

I should like first of all to take this opportunity of thanking hon. members on both sides for the congratulatory and felicitous remarks which they have made on my appointment as Minister of Fisheries. I appreciate them sincerely. While I am a Liberal in politics I have always rejoiced in the fact that I have many personal friends of all political colours. There is nothing I cherish more than personal friendships; and whether my stay in this House of Commons be long or short I hope that I shall enlarge my circle of personal friends no matter what political party they belong to.

I am going to deal first of all with some remarks which were made the other day when the fisheries estimates first came up. I shall deal briefly with them, I hope to the satisfaction of the committee.

The hon. member for New Westminster made certain remarks regarding offshore fisheries and the recent announcement by President Truman. No doubt this matter has been brought to the attention of the Department of External Affairs, and perhaps it would be more appropriate that he direct his question to that department.

As I heard the various speeches which were made here I could not help but feel that sometimes the speakers considered me to be the Minister of Public Works, other times the Secretary of State for External Affairs, other times chairman of the wartime prices and trade board, and after the latest contribution I came to the conclusion that the boundaries of the fisheries department no longer extend from Sydney to Vancouver, but from Sydney to Singapore. I feel that I should deal with each of the criticisms as it affects my own department, and not endeavour to answer criticisms which really should be directed to other departments.

The question of lobster hatcheries in the maritime provinces and the possibility of establishing them was brought up both by the hon. member for Saint John-Albert and the hon. member for Charlotte. I should like to give a little information concerning lobster hatcheries, because apparently some idea prevails that they have never existed in Canada. The first lobster hatchery was built under the jurisdiction of this department at Bayview, Pictou county, in 1891, and fourteen others in connection with Long Beach Pond, Digby county, from 1903 to 1913, so at one time we had a total of fifteen lobster hatcheries in Canada. All fifteen of these were discontinued and disposed of in the year 1917. This, I find from information, was apparently as the result of a recommendation which was made by the fisheries research board, or biological board, as it was then called, to the effect that the lobster hatcheries at that time were not considered to be sufficiently successful in producing lobsters to warrant their continuance. The situation to-day may have changed; I am not saying so, but I assure hon. members who have brought up this question that it will be carefully studied and considered by the department and probably by the fisheries research board as well. I hope that I can make a further statement on the subject when the next session of the house comes around.

The hon. member for Saint John-Albert asked for some information regarding the item of $1,200,000 which appeared in the war appro-

priation estimates under an item to provide for payment of subsidies in connection with the purchase of Canadian canned salmon. It should first of all be borne in mind that this item in the war appropriation estimates will involve no final expenditure on the part of the federal government; it is simply an estimate of payments to be made pending reimbursement from the British Ministry of Food, the Canadian Red Cross Society, and the Commodity Prices Stabilization Corporation. This salmon was disposed of to the British Ministry of Food, the Canadian Red Cross Society, the armed services and the Canadian domestic market. My friend asked the quantities disposed of in this manner, the names of the persons, and the amounts each received. It is my intention to furnish him now with quantities. It would take some time to furnish him with the other information; I shall be glad to do it for him privately, or I will write him a letter on the subject.

Regarding the disposal of the canned salmon in the last year: to the British Ministry of Food, 775,557 cases; to the Red Cross, 52,000 cases; to the Canadian domestic market, 250,000 cases; to the armed services, 20,000 cases.

The hon. member also asked for some information regarding an item which appears on the war appropriation under the title, experimental long line fishing vessel. The object and the purpose of this experiment are twofold. The first was to examine the possibilities of using mechanical hauling in place of hand hauling from dories. Fishing was engaged in by one vessel used for this purpose on various parts of the Atlantic coast, and its success may be judged by the fact that fishermen are now installing similar mechanical apparatus on their own boats. The second was to ascertain whether fishing for species little fished in the past could be further exploited. The results in this instance showed that such fisheries as the halibut in various regions of the Atlantic coast could be profitably exploited. As an example, in one area the vessel engaged primarily in halibut fishing in two trips each of seven days fishing duration grossed about $3,000 in each case. In order to expedite matters, it is not my intention at the moment to elaborate on this item, but I have a considerable amount of information available concerning the experiment and I shall be glad to furnish it to any member of the house.

The member for St. John-Albert referred to a certain temporary appointment of a fisheries inspector at Shediac, New Brunswick. When this matter was first mentioned I suggested to him that he put the question on the order paper; I still feel that that would have been the more appropriate course to follow. However, I will say this. This man is at present occupying the position of temporary fisheries guardian and not fisheries inspector. I would advise the committee that all appointments of fisheries inspectors are made by the civil service commission. Apparently the policy at present is this: These positions at the present time are all temporary until the rest of the servicemen get back from overseas. Eventually the job will be advertised, and I am sure that when the commission does make an appointment it will go to a man who has had overseas service. I am sure the commission will carry out the regulations in that regard. Everyone knows, I believe, that I am as much interested as anyone else in seeing that these various appointments are held by men who have had overseas service and experience.

Another question brought up first of all by the member for Royal was whether or not an investigaiton is being made into the possibility of transporting fresh fish from the maritimes to the larger centres of Ontario and Quebec. It gives me great pleasure to inform him that this department has, through the fisheries research board, evolved a new type of refrigerator carrier known as the overhead refrigerator car, which is being manufactured as quickly as possible by the two Canadian railway systems and which is at present in use. The war, of course, halted continued manufacture of these cars.

With regard to transport by plane, it should be borne in mind that the war has been over now only a matter of months, but I can say that the department has a fund of information available for anyone who wishes to make use of it. In other words, it is available to those engaged in the industry who desire to use it. This information concerns several factors which are involved in securing new methods of transportation.

Several hon. members have brought up the question of markets. The member for Royal was the first to do so. With regard to markets such as the South American and West Indian markets, this is a matter that comes within the jurisdiction of the Department of Trade and Commerce. However, I would advise the hon. gentleman that my department is cooperating to the fullest extent with other departments in furthering trade opportunities in this industry.

The member for Queens made some reference to controls. At that time I felt that I was being addressed as chairman of the wartime prices and trade board. However, when

I asked him what report he referred to in his remarks he told me it was not a document that had been put out by the fisheries department. It is really not within my competence to discuss the matter of controls, because it does not come within the purview of the Department of Fisheries. There was, however, one remark of the member for Queens which I would comment upon. At page 2796 of *Hansard* I read:

> It has been most annoying to the fishermen that the Department of Fisheries have not cooperated with the packers and the fishermen in an effort to educate them to put out a better article for the market.

May I say that my information from the departmental officials is that a special effort has been devoted to this very problem. This cooperation took the form of courses given at the Halifax fishermen's experimental station for cannery managers and the preparation and distribution of pamphlets giving a simple description of improved technique and proper processing, and continued and repeated visits by experts of the department to the canneries to assist in various problems, placing at the disposal of the canners engineering and technical advice. Any fair-minded canner, especially the smaller ones, will attest to the truthfulness of that statement, and if the hon. member wishes further information, such as examples of the type of literature available, it will be furnished by my department. The department will be pleased to make such information available to him. One thing which the department has always emphasized and will continue to emphasize, in my tenure of office at any rate, is quality of product.

The member for Nanaimo made certain references to the rehabilitation of streams on Vancouver Island. I am pleased to be able to inform the hon. gentleman that this is being made the subject of special study by the fisheries research board, though the problem is a large one which cannot be tackled all at once. I can assure him that Vancouver island is included in the study. The hon. member also brought up the question of the utilization of seaweed. This is a matter that is receiving the continuous attention of the research workers.

With regard to whaling, my information is that whales have been threatened with extinction by the operation of competing countries, and there are conventions, to which Canada is a party, under which we have all agreed that, in order to conserve the industry, a definite limit must be placed upon the kill each year. The Canadian government has taken steps to protect the interests of Canada in this regard so that we may be assured of our proper share.

The member for Saskatoon City referred to the fact that in 1944, according to the public accounts, this department spent only $13.08 in his province. In fairness it should be pointed out to the hon. member, and also to the member for Churchill, who spoke a few moments ago, that the prairie provinces are responsible for their own administration of fisheries. I would also direct attention to the fact that the dominion government has established a prairie provinces division and experimental station to assist in the development of the industry and marketing problems of the prairie provinces. This was accomplished by order in council P.C. 4812, to which the member for Saskatoon City referred.

Mr. MacNICOL: Where is the experimental station?

Mr. BRIDGES: In the city of Winnipeg. Other speakers have brought up some other subjects which I wish to assure them are all receiving careful consideration. There is no doubt that I have found most helpful the remarks made by the thirteen or fourteen hon. members who have spoken. I am perfectly frank about the situation. I have not been in charge of the department for much more than three months, but I am in a position to learn; at least I hope so; and it is definitely my intention to learn. I believe I can learn a great deal from many members of the house who have given us some valuable suggestions to-day.

There is one thing to which I think I should reply, and that is to the remarks made by the member for Cumberland, who asked some questions regarding the recent merger of certain companies in Nova Scotia. My reply is that as far as the Department of Fisheries was concerned this merger was accomplished without either its approval or disapproval. The merger was carried out according to the law of the land, and the department had nothing whatever to do with it.

I do not wish to delay the committee any longer; in other words I do not want to make any sort of provocative speech and thereby block my own estimates. The hon. member for Vancouver South did ask something in regard to the future policy of the department. It should be borne in mind that the estimates before us to-day were prepared many months ago, while the war was still on; and that I myself, as I said before, have been in the department for a matter of only three months. So of necessity my remarks concerning policy

will be brief. I hope when the next session of the house comes around I will feel in a better position to deal with this question. I would state to my hon. friend, however, that this government hopes to take all possible steps to ensure a favourable position for Canadian fish in the various export markets. Mention might also be made in this connection of the present plans of the Department of Trade and Commerce to extend and improve its trade commissioner service abroad in the interests of Canadian fish exporters. Future trade largely depends upon the quality of our products. Food standards generally became increasingly higher in the pre-war years. The department's emphasis is more and more on quality. The quality of the product must not only be of high calibre in comparison with fish of other countries but also in comparison with other foods.

The present transition period no doubt will bring greater responsibilities both upon the industry and upon the department. Here I might mention that the function of the department is intended always to be in the interests of the industry and these people dependent upon it. At times certain regulations may appear to be irksome and irritating, but from past experience it can be seen that while unpopular at their inception they have been amply justified as time went by.

No doubt the future will entail certain expansion and changes in the department. I cannot go into detail at this time, but we have hopes of producing adequate staff of high calibre and properly trained. In this connection I might mention that we shall be looking for recruits from among those of our young men who have been in the three armed services and who are now returning from overseas. These new recruits will be given proper courses of instruction which it is hoped will make them educationalists as well as police officers.

The fisheries of this country occupy a minor place in dollar volume in comparison with other industries, but one must measure it by the number of people who are dependent upon it for their livelihood. Parliament and the press as a whole throughout Canada quite naturally pay a great deal more attention to agriculture, forestry and mining, because they loom more largely in the dollar bracket; but we are interested in the number of people whose lives depend upon the industry. I regard the fishing industry as one of the most hopeful industries in Canada because, as the hon. member for Queen's-Lunenburg has said, there is so much still to be done.

Mr. ROSS (St. Paul's): For many years I have risen in my place in this house and asked the Minister of Fisheries to see to it that we in Ontario should get our fish from the maritimes. I do not know how much the fishermen get for each class of fish, but I never could quite understand the tremendous spread between what they received and what my people in the city of Toronto have to pay for fish. I believe that for cod, as an example, they get three or four cents a pound; but in Ontario when you want to buy a piece of cod you have to pay thirty or forty cents a pound for it. There must be some reason for that. The minister spoke about our export trade. I think it is time we did something about trade within our own country and brought the fish from the maritime provinces up to Ontario, where we have about three million people who would like to get fish. But we do not believe fish should cost as much as roast beef, and that is about what it does at the present time. At other times of the year we cannot get the fish at all. I wonder if the minister would tell us something about this matter.

Mr. BRIDGES: It is really a complex question the hon. gentleman has brought up at this stage of the proceedings, though of course I am not criticizing him because it is so late in the session. I believe it is a matter which will require a great deal of study. If other ministers, after giving the matter considerable attention, were unable to give the hon. member an answer, I am sure it will require a great deal of study for me to answer his question. However, I can assure my hon. friend I shall endeavour to give him an answer when we meet again next March.

Item agreed to.

76. Fish culture, $199,030.

Mr. GREEN: Can the minister tell us how many hatcheries there are in British Columbia operated by the dominion government at the present time, and how that compares with the number formerly operated?

Mr. BRIDGES: There are no fish hatcheries operating in British Columbia under dominion control.

Mr. GREEN: How many were there previously?

Mr. BRIDGES: I am told there were about twelve.

Mr. GREEN: Has the department any intention of reestablishing dominion hatcheries in that province?

Mr. BRIDGES: The problem is being reexamined, and wherever it is really indicated that it would be of benefit to the industry, every consideration will be given to the possibility of reopening the hatcheries.

Mr. REID: I am glad the minister gave that answer, because for the benefit of the hon. member for Vancouver South I can say that the question of hatcheries is one of our great problems. In the past we had many tragedies in connection with hatcheries, and the matter is not altogether clear. There are two schools of thought; one does not believe in it and the other does. In the state of Washington, for instance, they have had a tragic decline in fisheries in the Columbia river, in spite of the hatcheries.

Mr. ZAPLITNY: I should like to know the situation in Manitoba in regard to hatcheries. Are there any there under dominion control?

Mr. BRIDGES: There are no hatcheries at all under dominion control in Manitoba.

Item agreed to.

77. Oyster culture, $34,430.

Mr. McLURE: I want to say to the minister that this work is well run as a subdepartment of the fisheries department. The late deputy minister, Doctor Found, inaugurated this culture, and started anew a great industry throughout Canada known as aqua farming. In our section of the country the work is being carried on with great success under Doctor Needler and Doctor Kerswill at the biological station at Ellerslie, and they are being highly complimented on their work by the fishermen engaged in this branch of the industry. What is the gross revenue the department is receiving from the industry of oyster fishing?

Mr. BRIDGES: Was the question in regard to the gross revenue the department is receiving?

Mr. McLURE: Yes, from the royalties on oyster leases, and so on; not from the industry.

Mr. BRIDGES: I am told the amount is $6,073.28.

Mr. BLACK (Cumberland): I should like to point out to the minister that along Northumberland strait it is generally known that only a fraction of the oysters are raised that this area is capable of producing. There is tremendous scope for a profitable development of this industry. It pleases me to note that there is a small increase in the appropriation, and I join with the hon. member for Queens in pointing out to the minister that there is a tremendous field for further development of this important natural resource.

The productivity per acre of these oyster areas is far above that of any agricultural crop. Looking back over the years it is clear that this branch of the fishing industry has been almost completely neglected. I am pleased therefore to see that the department is giving some additional attention to it.

Item agreed to.

78. Fisheries Research Board of Canada, $487,200.

Mr. REID: I note there is a great increase in the appropriation for this year as compared with last. I know that the government cannot reduce taxation and at the same time enlarge expenditures in certain lines. May I make my position clear; I am not about to criticize either research or scientists, but I must say I have found in nine years' experience with scientists who have been connected with the international Pacific salmon fisheries commission that unless one keeps a close eye on them, and directs and tells them what to do, he will be in difficulties. If one simply hands them a lot of money to play around with, then certainly they will play around with it. That is the experience I have had. I think it is time the minister told this board, in the words of Chisholm, that Santa Claus is dead, because during the war they increased their expenditures, while the department in general lacked men and equipment.

The increase in this vote over last year's is of considerable importance. I realize they have done some wonderful work in Vancouver in connection with the refrigeration and preservation of fish. However I would ask the minister to look into the situation at Nanaimo, and I would suggest that he do what has been done in connection with the salmon commission. He should have responsible to him a group who will supervise what these experts and scientists are doing. No longer can we turn money over to them, or turn them loose and let them do what they like. I know of one scientist in the state of Washington who spent thirty-five years of his life making investigations in connection with a small insect which was harming the industry. When he retired he said, "Well, it was an interesting time in my life, anyway, but no conclusion was ever reached."

The same would apply to some of the scientific research now going on. There is probably no end to it. It is unfortunate that at this stage of the session we could not have a full-dress debate on the entire question. However

I have felt it wise to draw the attention of the minister to this increase in the vote, and I hope that when we come back next year he will be in a position to give a complete answer as to what has been accomplished in British Columbia.

Mr. MOORE: I note that of this vote the sum of $237,127 is for temporary assistance. This seems a large figure under that heading. Of what does it consist?

Mr. BRIDGES: All the employees of the fisheries research board are not civil servants. They are temporarily employed by the board. The amount is large under that heading because the board has expanded to a considerable extent during war years.

Mr. CASTLEDEN: How many are involved in this expenditure?

Mr. BRIDGES: I shall get the information later. I do not have it before me at the present time.

Mr. McLURE: I am pleased to note an increase of about $119,000 in this vote. Will most of this be spent in extra research work?

Mr. BRIDGES: Yes.

Item agreed to.

83. To provide for transportation, dressing and dyeing, and other expenses incidential to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 8 and 19, 1942, $300,000.

Mr. REID: We have had a treaty with the United States since 1911, and have been receiving hundreds of thousands of dollars under that treaty through the sale of fur skins. When the United States built a village in the Pribyloff islands I understand they built an office, or at least some housing accommodation to take care of a Canadian representative. During all those long years we have never sent a representative to those islands to see what is being done. Surely when we are getting so much from the treaty we should take some interest in the matter, and send someone. I know the United States authorities are not well pleased about this apparent lack of interest.

Mr. McLURE: This item deals with a revenue producer, and at practically no cost. Why is there an increase in the vote? What was our share of the seal skins under the treaty of 1911, or of 1942? Where is the dressing, dyeing and machining of the skins carried out? Where are they marketed, and have we marketed our 1945 take? I understand the Americans have marketed their quantity, and I should like to know the gross amount we received from this industry.

Mr. BRIDGES: The increase in the vote is necessary to provide for a greater take of seals, and also for the payment of duties. The number of skins was 14,000, and the net revenue as to October, $253,260.37.

Mr. McLURE: Where were they sold?

Mr. BRIDGES: They were all sold in Canada.

Mr. McLURE: I understand that the total take-off was around 77,000, out of which we received twenty per cent. Formerly we received only fifteen per cent, but the new treaty of 1942 gave Canada twenty per cent and the United States eighty per cent.

Mr. BRIDGES: That is correct.

Mr. McLURE: Where were the dressing and dyeing done?

Mr. BRIDGES: Some in St. Louis, United States, and some in London, England.

Mr. McLURE: What did you receive for the skins machined and dyed in the United States as compared with those machined and dyed in England?

Mr. BRIDGES: I shall have to get the average prices worked out for both places and supply them to the hon. member.

Mr. McLURE: Perhaps I could give the minister a bit of information he may not have. It may be to his interest to know that when the ceiling price was taken off in the United States prices reached what was almost a peak. If the bulk of our skins had been sold there we would have averaged, that is taking the extra large, large and culls together, $70 a skin. Their skins realized $110 for the large and extra large, $76 for the medium and $51 for the damaged.

Mr. BRIDGES: I thank the hon. member for the information.

Mr. McLURE: I think we should take into consideration where would be the best place to market these skins as well as the best place to have them machined, dyed and dressed.

Item agreed to.

84. To provide for payment of a bounty for the destruction of harbour seals, $15,000.

Mr. McLURE: What is the bounty per seal?

Mr. BRIDGES: Five dollars.

Mr. McLURE: To what provinces is this allocated, and what has been paid out to each province?

Mr. BRIDGES: My information is that it is divided, $7,500 to the east and $7,500 to the west; there is no distinction as between provinces.

Item agreed to.

Special—

85. To provide for the extension of educational work in cooperative production and selling among fishermen, $56,000.

Mr. BURTON: What work is being carried on under this item, and who is carrying it on?

Mr. BRIDGES: This covers extension work carried on on the east coast by St. Francis Xavier and Ste Anne de la Pocatière universities and on the west coast by the university of British Columbia.

Item agreed to.

463. Educational extension service—further amount required, $45,000.

Mr. MacNICOL: I had not intended to say anything on the subject of fisheries, because the people in my riding have little or nothing to do with fishing except to buy fish or to catch them as a sport. However, I should like to ask a question about northern fisheries, and I do so because no one so far has inquired about this matter. If the minister cannot give me an answer right away he can furnish me with this information at a future time. Does the department have anything to do with advancing the sale of the white whales which are caught in Hudson bay? I have seen them so thick that you could almost walk on them, and they must possess some properties for oil or food or something else. Does the department do anything in connection with walrus fishing in the Arctic ocean? There are large numbers of these animals to be caught. What is the department doing to keep up the quality of fish caught in Great Slave lake, Great Bear lake and lake Athabaska? These fish are excellent when they are of good quality. They seem to offer the possibilities of a worthwhile business, because many of them are being sent out at the present time by aeroplane.

Mr. BRIDGES: White whale fishing in Hudson bay and walrus fishing in the Arctic ocean are protected for the native population.

Mr. MacNICOL: Is there any export of what is caught by the native population?

Mr. BRIDGES: I am afraid I have no information on that.

[Mr. Bridges.]

Mr. MacNICOL: The minister is a new minister and I hope he will interest himself in the subject. It would be worth his while to make a trip up there, because I know he would be delighted to see the white whales around Churchill. What about the fish caught in Great Slave lake, Great Bear lake and lake Athabaska?

Mr. BRIDGES: Two surveys were made in two different years. Considerable information was gathered, and the department is deciding just what should be done in the future. I am not in a position to say more than that.

Item agreed to.

DEPARTMENT OF LABOUR

Departmental administration, $526,002.

Mr. MacNICOL: I should like to refer first to one or two of the minister's observations as recorded at pages 3625 and 3626 of *Hansard*. I am not sure that the minister has been correctly reported where he says, referring to the hon. member for Vancouver East:

As my hon. friend knows, the Department of Labour is a placement agency.

Is that correct?

Mr. MITCHELL: Yes.

Mr. MacNICOL: I am glad to hear that because that is the opinion I have had of the department. I have always maintained that part of the duty of the Department of Labour was to find employment. Am I right in that?

Mr. MITCHELL: Yes.

Mr. MacNICOL: That being so, I am going to suggest to the minister that he and the Minister of Reconstruction collaborate and cooperate and discuss closely and often the problems of supplying labour. I wish to help the minister and the Minister of Reconstruction. It is absolutely necessary that the two departments collaborate and cooperate, because today the biggest job in this country is and will be for some time to come, in spite of what anyone else says, the problem of finding jobs.

On the next page the minister says:

When we realize that during the last four months we have placed over 750,000 people in the employment stream—

I admit that that is a lot of placing, but I am sure that the minister will agree with me that a lot of that was temporary or seasonal employment. Of course a percentage of our people do not want more than temporary or seasonal employment, but the people I am thinking of are those who not only want a job but have aspirations and ambition to work

up in the jobs they have. That is the type of men and women with whom I have been associated most of my life, those employed in industry, and I am sure that the minister never at any time meant that during the last four months 750,000 people were placed in jobs in industry.

Mr. MITCHELL: I gave the figure of 750,000, but 783,000 is the correct figure.

Mr. MacNICOL: The figures for the last normal year tabulated in the Canada Year Book, 1937, give the number of business establishments, small and large factories and all institutions that supply labour, as 18,000 odd. In that number of large and small businesses some would employ two or three thousand employees and some as low as two or three employees. The total number employed in those 18,000 odd establishments in 1937 was 660,000. That figure does not correspond at all with the figure of 750,000 given by the minister, which he now says should be 783,000.

Mr. MITCHELL: That figure includes far more than industry. It includes mining, logging and commerce as well as industry.

Mr. MacNICOL: I want the minister to understand that I am trying to help him. My whole life has been in labour and in industry, and I shall not say anything that would cause him grief or interfere with his programme for employment. Anything I say is intended to increase the number of employees. So that when I say that 660,000 were employed in 18,000 plants, large and small, in 1937, I hope that that number will be increased, and I think it can be increased as I hope to show later on. The minister also said:

This is a seasonal country.

That is true, but it is not true of industry. You, Mr. Chairman, from your long experience in your own city, where there are so many manufacturing establishments just as there are in Toronto and in other cities represented by hon. members representing industrial centres, do not want our industries to be seasonal. I know the minister did not mean that, but was referring to logging, harvesting, and so forth. What I am trying to point out is that the men we are in contact with in industry want permanent work with a chance to advance.

The minister also referred to unemployment insurance, and I am going to throw out a warning in that connection. The minister knows that I was one of the first in this house to be concerned with unemployment insurance many years ago. After making a thorough survey and spending a lot of time in England studying the whole problem of unemployment insurance I advocated it here in this house long before it came into effect, and when the Bennett government was in power, I made an address on this subject, as the minister knows.

Mr. MITCHELL: I remember quite well. I was listening.

Mr. MacNICOL: And the minister knows that I always listened to what he had to say. I like listening to men who know what they are talking about.

Mr. MacINNIS: That is why you sit close to me.

Mr. MacNICOL: I have not lost anything by sitting close to my hon. friend. Coming back to unemployment insurance, I remember quite well, following my survey in England, that unemployment insurance had not been in operation for many years following the first great war and it had piled up a fund of hundreds of millions of pounds. But when the soldiers came back and unemployment rose to a high peak the vast number of millions of pounds stored up in that fund by those who had paid into it was quickly dissipated and the fund went back several hundred million pounds. So that I throw out the warning to the minister: Do not depend on unemployment insurance to do the impossible. That was not the intention of those who inaugurated it. It was rather to tide over a period when men were out of employment.

The minister also said that he was not fearful of the future. I am not either if we can only rise to the stature we should have and if we can be assisted by the country and with the will of God. Then we have no reason to fear the future. On the other hand, I think we should be apprehensive if we do not make a study of the problem to see that we shall have no reason to fear the future. I urge the minister not to relax under any circumstances but to look forward and plan and collaborate in every possible way to see that there are jobs, not two jobs for every man, as the Minister of Reconstruction said a few weeks ago. That would be a grand situation, but having been in business all my life and having had a lot to do with employment I know that condition cannot obtain. But if the minister with the help and collaboration of the Minister of Reconstruction and the help of everyone who is willing to help him can bring about a condition where every man and woman will have a job I shall be thoroughly satisfied and I am sure the country will be, too.

In this connection one of the very first things which should be done is to find some means of eliminating strikes. The minister

has been making some effort in this direction in collaboration with the labour minister of Ontario and, perhaps, the other provincial labour ministers, all of whom have experience and are able to help. The Windsor strike, which is in all our minds, is typical of many others. I know quite a number of the men who formerly worked in the Ford factory; in fact I have some relations working there. We read that there are approximately ten thousand men and women unemployed in the city of Windsor. Assuming they have received an average of six to eight dollars a day—at any rate a substantial wage—in the ninety-odd days during which they have been unemployed they have lost in wages between six and seven million dollars. That is a tremendous loss, which nobody wants to have continued. From a personal acquaintance with many of the business men of Windsor I am sure that the loss of six or seven million dollars of purchasing power has affected the city seriously, and the minister and everyone of us should concentrate our best efforts on trying to eliminate the cause of strikes.

Long ago I arrived at the conclusion that the federal Minister of Labour should take the initiative in calling to Ottawa, for conference in the railway committee room or some other suitable place, the country's outstanding employers—I mean men who collectively employ between 100,000 and 150,000 of the 660,000 persons employed in industry in 1937—and also the heads of Canadian labour. The government could bring them here at its own expense, get them around a table and see if they cannot iron out their difficulties. What is the reason that labour and industry cannot get along together? They are all human; their interests should be to work together. I am sure that the employer to-day is the same as I was. He knows that when the wheels are not turning nothing is being produced; one is just adding to the cost of that which will be produced later. As for the labour man, he knows that he is losing his very livelihood. All these should sit around a long table and try to iron out their differences. It was never more necessary than now, when we are entering a period of post-war competition and Canada has a golden opportunity to expand if only we keep our wheels turning and our men working. How can this be done? Perhaps it can be done by calling representative men together.

If we view the matter from another aspect, is our legislation complete to-day? The minister made, in conjunction with the minister of labour of Ontario, a vigorous and honest effort to end the strike at Windsor. I should like to hear something as to why it was not stopped; and if it cannot be stopped, is there any legisation we could bring into effect which would stop it and strikes of a similar nature? While the strike was on, I went one day to Montreal to discuss with some of the biggest labour men in the country how a settlement could be brought about, and it was suggested that perhaps, over and above the machinery which is now at the disposal of the minister, there might be appointed a judicial board, headed by a jurist like Judge Gillanders, with whom could be associated an outstanding labour man like Howard Chase, and one of the minister's capable departmental officials, Bernard Rose, K.C., whom I do not know, would be obtainable or not. At any rate there could be a board consisting of men of capacity, similar to the three I have mentioned, with power to say what shall or shall not take place, and with authority above the boards which the minister now has, so that strikes may be eliminated and men will be able to work. I cannot help thinking of the wives and families of the men in Windsor and what they are enduring to-day. They are the last who should have to suffer. So that if the minister, either during the recess or shortly afterwards, can figure out any way to bring in legislation, somewhat along the lines I am suggesting, which would eliminate strikes he would be doing a marvellous thing for this country. Once this problem is solved, we should be assured of some measure of security. We all agree that the man working in the factory is entitled to security. To-day he does not have it. Times without number I have seen the result of men being laid off. I will not enlarge on this at the moment; I have referred to it before.

I want to point out some of the problems which will need specific attention. A great many men in the armed services never had a job before they enlisted. I refer, of course, to the young men. They are untrained. I suggest that special consideration be given to these lads who had no jobs before the war. I pray that they will not come home, after serving for years in the blood and mud of Europe, to the same conditions they were in before they went over there.

Then there are multitudes of young men who went into the war late, because at the time it broke out they were not old enough to enlist. They were young lads who had just started in high school—seventeen, eighteen and nineteen-year olds. These boys, too, have not had any opportunities and I hope consideration will be given to them. Some have suggested that they should be kept temporarily on the payrolls of the country. I have arrived at the same conclusion. If a job is

available they ought to take it. If a job is not available they should not be abandoned to the cold mercies of the world, because in this northern climate the world can be pretty cold.

We have also numbers of men who, when the war broke out were between fifty-five and sixty years old. During the war they were engaged in industry at good pay, better probably than they had ever before earned in their lives. These men are too young for the old age pension and too old to be thrown out in the cold. They present another problem.

I wish to offer some suggestions as to how things could be improved. I am convinced that industry will do its part. The minister said as much Saturday night. Nearly every executive I know of—and I know them by the hundred—started as I did at the bottom of the plant and worked to the top of it. The hearts of these men are responsive to appeals to provide employment, and I have great hopes that industry will do everything it can to re-tool, make what they made before, and undertake new lines to provide for this vast backlog of required employment.

I am convinced that family allowances will help a great deal. I supported the family allowance legislation, because I have seen during the depression so many boys and girls half-starved and half-dressed. Family allowances will eliminate that condition. When mothers are able to buy, nobody can beat the mothers in looking after their young sons and daughters. I see everywhere around me where the money is being used to make purchases for family needs. Perhaps in the odd case the money is squandered, but in the aggregate, I am convinced, Canadian people using the allowance will use it to the best advantage, and thereby in their turn, promote further employment. That, too, will provide a good deal of employment, and that is the reason I voted for it. The corner store, the little shoemaker, and all the small businesses round about will benefit. I am glad to see that the provinces are helping, and I hope the minister will consult with his colleague the Minister of Reconstruction. I say to the Minister of Labour: Do not let that minister put it over you.

Mr. MITCHELL: Take a look at me.

Mr. MacNICOL: I say to the minister: You have determination—so has the Minister of Reconstruction—and when he tells you that you cannot have $50,000,000 for this purpose, double up your fists, stick out your chin a little further, and say to him, "I want something for these men who are unemployed and I am determined to get it." If the Minister of Labour does this I am with him.

I am glad to see that the province of Ontario is going to spend $70,000,000 in connection with hydro development on the Ottawa river. Why could we not extend that programme? There is little hydro development in the west except to some extent in Manitoba and Alberta, and there should be plenty of opportunity all along the line for the minister to urge his colleague to do everything in his power to see that Canadian men and women are given employment.

Then there are the municipalities. The Toronto transportation commission is ready to undertake the spending, I believe, of some twenty or twenty-five million dollars to build a subway throughout the city. But, of course, it will be expected that the Department of Reconstruction and the Department of Labour will assist. Perhaps they plan to do so. The federal government might contribute half the cost, and in any event it should render some assistance. The same applies to Montreal. These are two great Canadian cities; I would call them devoted cities. They have done a great deal for Canada in their subscriptions to the victory loans. They have subscribed to the last dollar in every loan to carry this country through. Other cities, of course, and the Canadian people generally have also played their part, but I mention these two cities because they are entitled to consideration. I am not overlooking other cities when I say that.

Then there are the industrial commissions. The Toronto industrial commission during the last sixteen years has done very good work and now under the leadership of John A. Tory, and formerly under Charles Burton of the Simpson company. Through their efforts they have brought to the city of Toronto 221 plants large and small which have given employment to thousands of people in that length of time. In 1944 they brought in a sufficient number of plants to cover 112 acres of land. I suggest to the minister that he get in touch with every industrial commission in Canada, and where there are no commissions they should be urged to establish such organizations. I might mention Stratford, Peterborough, Brantford, Windsor, Sherbrooke, Quebec, which are only a few of a multitude that might be named. If the minister would get in touch with the various industrial commissions he would obtain invaluable assistance. All I want to do is to help the minister to provide employment.

In the United States they are going in for the construction of roads in a big way. They are going to vote some three billion dollars. Well, goodness knows, Canada is one country

where such work can be carried out to advantage. The Minister of Reconstruction and the Minister of Labour should collaborate on a proper road construction policy for Canada. Our distances are too great by the circuitous routes that have to be followed in most cases. Let them introduce a programme that will shorten distances between cities, by straightening out roads, and so cutting down the cost of travelling. If you cut down the cost of travelling and traffic you will cut down correspondingly the cost of production. Everything possible should be done by the Departments of Labour, Reconstruction and Finance to reduce production costs in Canada, because otherwise we cannot hope to compete successfully against all comers. But whatever is done, I am opposed to a reduction in wages. Far from it; I think wages ought to be increased. They are not too high as it is. When one considers the rents that have to be paid, and the cost of living, the workingman's wages have not gone up proportionately. But it ought to be possible to cut down production costs by providing cheaper power. The Almighty has endowed this country with the cheapest kind of power, hydro electric, and that is an avenue which can well be developed. If we do that and shorten the routes of traffic to bring materials to factories at lower cost we are bound to reduce the cost of production. But do not cut down wages; increase them, so as to bring up the standard of living.

I could speak at greater length on this subject, and no one knows better than you do, Mr. Chairman (Mr. Golding), how important it is, because you have devoted a good deal of your time to industry. My heart is attuned to the interests of the working class, and you cannot do anything to help them unless you pay them good wages.

Mr. MITCHELL: If I might reply briefly to my very good and hon. friend, he said something about not relaxing. Let me say frankly to the committee that the way we have been carrying on since this session began is inhuman, and I say that as Minister of Labour. I do not think any human being should be asked to stand the strain that we have had to bear, in the last two weeks especially, and administer departments at the same time. We talk about a forty-hour week and take-home pay, or arrive-home pay, as it is sometimes called, which is a slightly different thing from take-home pay. In my opinion the time is long overdue for an amendment of the procedure of the House of Commons. To spend hours and hours on estimates in this committee is not right. I say this construc-

tively, because I think that the sooner we adopt the British practice of having estimates studied in committee rooms instead of on the floor of the house, the better it will be for all concerned. When we do that we shall do better work on the basic legislation that comes before parliament every year.

My hon. friend said something about the elimination of strikes, and he mentioned one large industrial dispute that is going on in the dominion. I do not wish to say anything that might influence the decision in that dispute; it would not be wise for me to do so. We all hope that in the course of the next few days it will be terminated. At the same time, I believe that leaders of labour and industry, as well as governments, both federal and provincial, should take some credit for the fact that this country has fewer disputes than any other in the world. At this moment we have only one major dispute, at Windsor, and one or two smaller ones, and this, in a population of 12,000,000 people. I have tried to analyse the situation to find the reason for this.

My hon. friend spoke about the passing of laws. I think you can have too much law. If I may say it without the slightest intention of offending, I think our good friends to the south of us have too much. They think they can solve a thing by the mere passing of a law. I do not think that is the answer; the answer lies in the hearts of men. I am convinced, as I have said before, not in this parliament but in the last one, that character is the basis of trade union agreement. Where you get character on both sides of the table, together with an understanding of the economics of industry and a willingness to give and take, you have what spells for success in trade unionism, as exemplified in this dominion.

My hon. friend spoke of a national meeting. If I may say so with deference, we have a meeting complex. There are so many people running up and down the country that they do not have time to think. I believe it is far better for officials and their principals to go to national conventions and organizations —labour organizations and employer organizations—so as to get not only their official but their off-the-record opinions. I think you get a better understanding of the problems in that way, both from industry and from labour.

Mr. MacNICOL: Could you not get the heads of each together in one room?

Mr. MITCHELL: I have sat in many rooms of various kinds. I say this in a kindly way, but Mr. Truman held one of these

meetings the other day, and I do not know that it accomplished a great deal. I would not say that our method of doing business is better than theirs, but if I may say so, the results tell the story.

Then my hon. friend spoke of returned men, and I think I should say a word or two about that. So far, more than three hundred thousand men and women have been discharged from the armed forces, but at the present time only ninteen thousand of these people are registered as having been unemployed for more than fifteen days. My hon. friend spoke of training. We have ample training facilities, in cooperation with the provinces, for any returned men who want it. The Minister of Veterans Affairs has pointed out the educational facilities that are available to any man or women with the necessary qualifications, after discharge from the armed forces.

I think I have gone over pretty well all the ground covered by my hon. friend, but I wish to say that I agree with him that no wage can be high enough if the production is there. It is the unit of production that counts, and I believe that wages should be paid in proportion to that unit of production.

Mr. STEWART (Winnipeg North): On several occasions this session attacks have been made on individual civil servants from a certain position on the government benches. I think any member of parliament who attacks a civil servant by name is indulging in unseemly and ill-becoming behaviour. If anyone has to take responsibility the minister himself should be attacked; he is quite capable of looking after himself.

I mention that as a preface to what I am about to say, because I intend mentioning the name of a civil servant. I cannot avoid doing so, because I am going to quote from a document which has been sent out by the information division of the Department of Labour. This particular copy got into the hands of the Winnipeg labour council. It is dated November 22, 1945, and headed "Jobs, and selected jobs." It goes on to say:

> Mr. MacNamara, deputy minister of labour, would appreciate any local publicity that you might get on the following editorial from the Ottawa *Journal*, November 20, 1945.

I am not going to quote the entire editorial, but this is the concluding paragraph:

> We hear much these days about "full employment." That (if it is attainable at all, which we doubt) doesn't mean work for everybody at the jobs they like, or a home for everybody in the place they like. Full employment means that people must move to jobs, not jobs to people, and that there must be enough people willing to take all the sort of jobs that are offered. In a collectivist state, towards which we seem to be moving, full employment may even mean that people must work at what they are told to work at, where they are told to work, and at what hours and wages.

This release from the Department of Labour was the cause of much discussion and some alarm among those at the meeting of the Winnipeg labour council. It appears to many that the government subscribes to these policies, or that this is the policy of the government, and I should like some clarification by the minister in that respect.

Mr. MITCHELL: Let me say first, without equivocation, that this does not represent the policy of the government or my own personal opinion. When I was charged with responsibility for selective service on both the military and civilian sides I made this observation to this House of Commons, or words to this effect; that I hoped nothing I had to do would in any way damage the basic principles of freedom that have made the Canadian people what they are. No doubt hon. members have followed our actions with respect to selective service, and they will agree that we went about removing controls perhaps more quickly than any other department in the government. I believe in a free country; I believe that people suffer for their sins if they do the wrong thing. That is basic.

Getting back to this letter, may I tell my hon. friend that I receive the information service from one of the other departments, I forget what it is just now, and sometimes see articles which are critical of myself. That is a government agency. In the Department of Labour we have an information service from which editorial and newspaper comments from all sections of the press are sent to civil servants across the country. The article in question here came from the Ottawa *Journal*. When I speak about the basic principles of freedom, let me say that I know something about Mr. MacNamara, or at least I should; and he thinks exactly as I do in these matters. By that I mean he is a liberal mentally; I do not know what his politics were before he became a civil servant. I wish to say further, Mr. Chairman, that this nation can thank goodness for Arthur MacNamara. I do not care about your O.B.U. or W.C.T.U. or any of the rest of them; let them say what they will. I am not addressing this particularly to my hon. friend, of course; I am speaking in vigorous terms because I believe what I am saying—

Mr. STEWART (Winnipeg North): I do not think the W.C.T.U. would care much about it.

Mr. MITCHELL: Well, you cannot tell; sometimes people do silly things, even the W.C.T.U., although I do not wish to cast any reflection upon them. I do not know much about them; I belong on the other side of the fence. But I do resent that attack on Mr. MacNamara, because I know something of the contribution he has made to the life of this country. I know something about his social outlook, naturally, too. No doubt this editorial did appear in the Ottawa *Journal*. I do not know what prompted it, but certainly neither the party of my hon. friend nor the party which is to his left, nor the official opposition nor the government of the day—

Mr. MacINNIS: The party that were to his left.

Mr. MITCHELL: I do not mean the party down in the corner. I stopped right there; I am not fooling myself about these things. None of these parties subscribe by one iota to any expression of opinion in any newspaper to the effect that we are inevitably drifting toward collectivism. For one thing, the Canadian people are not foolish. When it comes to freedom I know of no nation on earth that has a deeper regard for the basic principles of freedom that have made the British people what they are.

Mr. MacINNIS: At this stage of the session I suppose it is too late to make a speech, which I regret; so that I shall content myself with asking the minister a few questions. I imagine we shall be back here in about two months and a half, and perhaps all we need be concerned about now is that provision is made for situations which may develop in that time. It is too late this session to discuss policy, unless we intend to stay here until after Christmas.

If the minister has the information I should be glad if he would give the committee the latest figures as to applications for employment; placements; the number of those placements which are permanent, by which I mean in occupations which will continue for a period of time and which are not seasonal; the number that are seasonal, together with the number unemployed at the date mentioned, that is the number for which no jobs were available. If the government has any policy for assisting provinces and municipalities where large-scale unemployment takes place, I should like to know what it is.

Mr. MITCHELL: I am sorry we have not the figures respecting seasonal and other kinds of employment. As a matter of fact, it is only since the establishment of unemployment insurance that we have really gone into the statistical feature of the matter. I have before me some figures which I shall have boiled down so as to give some indication of the number of vacancies.

Then, the hon. member asked as to any special arrangements with the provinces. At the present time we have none. However, as he knows, the matter is now under discussion, in connection with the dominion-provincial conference on reconstruction.

Figures which have been handed me just now show that unfilled vacancies at the present time total 88,845 while unplaced applicants number 184,523.

Mr. MacINNIS: I am somewhat disturbed about the unemployment insurance commission, something in which, as a trade unionist for many years, I have been keenly interested. When the measure was introduced I supported it and, along with some other hon. members, most of whom are not in the chamber this afternoon, considered it in the special committee. I believe the feeling at that time was that the bill was not a bad one. At the close of the session I did my best to have the unemployment insurance measure accepted throughout the country. There was some resistance to it, although not very much.

The Unemployment Insurance Act makes provision for administration by three commissioners, the first of whom was to be the chairman, the second to be appointed after consultation with employers, and the third after consultation with trade union organizations. The business of the commission can be carried on only after the vote of a majority of that commission has been secured. At the present time, and for some months past, only one commissioner has been acting. I do not know when the employers' representative resigned, but I understand that it was some time early in the autumn. Then, the term for which the workers' representative was appointed ended in September. Obviously, since that time the commission must have been carrying on without legal authority. If a majority of the commission is required, then that would mean that two would have to be present. When only one is present, clearly it is not functioning properly.

There is a provision in the act which states that if a commissioner is absent, and is not in a position to perform his duties, a substitute may be appointed. This indicates that when the measure was drawn up there was an understanding that there should be a full board at all times. All cases which come before the board present two points of view, namely those of the employers and those of

the employees, both of whom are contributors under the act. If decisions are made without representatives from those two groups I suggest that the way is left open for all sorts of suspicion that things are not being done properly.

On what date did Mr. Mitchell resign, and when did Mr. Talon's term expire? How has the commission been carrying on since those dates?

Mr. MITCHELL: The date of Mr. Mitchell's resignation is July 31, and Mr. Talon's term expired on September 23.

As the hon. member knows, when I was in charge of organizing selective service certain powers were turned over to me, namely the powers of direction of the employment service. That order in council is still in operation. Perhaps it is more necessary to-day than it was when we first tried to organize the civilian population for war purposes.

The question of filling vacancies on the commission is under consideration, and in due course after this long session is over, and when we have had some rest, the country will be informed as to the composition of the commission.

Mr. MacINNIS: Did the order in council provide that the minister could function without the unemployment insurance commission? I do not recall having seen any order in council which made provision for disregarding the unemployment insurance commission. If such order in council was not passed, then in my opinion a general order in council does not give the minister the right to dispense with the services of the commission set up under an act of parliament, and to perform the functions of the commission himself. This is a serious matter.

Mr. McMASTER: In what may have been a state of righteous indignation the minister, speaking a short time ago, made use of certain letters some of which sounded familiar to me. I was wondering whether he used only a jumble of letters, or whether he intended those letters to represent any particular organization.

Mr. MITCHELL: No; there was nothing sinister in my mind at the time. I was simply reaching out for letters. In fact, I am not quite sure what the letters W.C.T.U. stand for—although I believe it is a temperance organization. However, I want it clearly understood that I was not casting any reflection on any organization.

Mr. CASTLEDEN: The minister has said that the strike at Windsor is the only labour disturbance of major importance at the present time. That strike has been going on much too long and, in view of the fact that other strikes have been settled more rapidly it seems to me that, had the minister been willing to take the necessary steps, the Windsor strike might have been settled more quickly.

In a strike of this kind between thousands of workers and the owners of a wealthy organization the time element is an important one. The people of Windsor are learning that, to their sorrow, to-day. They are learning, too, that in the type of struggle they are having, in which they seek to establish and maintain certain basic rights—and I believe the minister will agree that they are basic rights, since they include the right of union security—delay assists the owners. The very existence of the workers depends upon work. They are learning the truth of the assertion that those who own the machinery of production own their very way of living, their very lives. If the workers have no control over union security they are entirely at the mercy of those who hire and fire them.

It would appear to me that the delay has been much too long. Whether we say we are taking one side or the other does not make very much difference if the delay works to the disadvantage of one side or the other. The minister has stated several times that this strike is the responsibility of the province, that the province must deal with it. Apparently that was not the attitude taken in connection with other strikes. I remember the threatened strike in the packing industry when the department went ahead and appointed a controller and the matter was settled very quickly.

I should like to know if at the coming conference between the provinces and the dominion the government is going to make definite representations to bring about a decision as to whether these labour matters shall be left in the hands of the dominion or in the hands of the provinces. I think the federal government is right in trying to secure uniformity in these matters.

The Windsor strike is a very serious matter. It is a most unfortunate thing to have happen during our reconversion period. Some decision should be made with regard to legislation, so that this could be settled. I am sure the house and Canada are waiting anxiously to know whether it is possible to reach some settlement in the near future without prejudicing the rights of these people for union security. Probably some mistakes have been made on both sides. I think the union has had some leadership that was in error. I suppose the choice of leadership was their own, but perhaps there was some blame on the other side.

So far as the management is concerned, they did come out with a statement: You pass legislation which grants to people union security, the same as they propose to do on the other side, and we will abide by it. You should not make us obey a certain rule and not make the rest of the manufacturers obey it. Set down your rules with regard to labour and we will follow them, but what is good for us must be good for the other fellow. I think they were right in that regard.

Mr. MITCHELL: I do not really know how to answer the hon. member, but I know from his remarks that he has made a profound study of labour matters. There is no country in the world which recognizes by law the union shop; the only place where that is done is the province of Saskatchewan.

An hon. MEMBER: What is wrong with that?

Mr. MITCHELL: I do not know, but you will learn what is wrong with it. You will probably have to suffer for your sins. I know I would put the judgment of Mr. Phil Murray and Mr. William Green and Mr. John L. Lewis against the judgment of my hon. friend, and even myself, in connection with industrial matters.

Mr. CASTLEDEN: Rackets.

Mr. MITCHELL: My hon. friend says "rackets", but I do not think that is a fair thing to say about Mr. Phil Murray.

Mr. CASTLEDEN: There can be union rackets.

Mr. MITCHELL: I do not think that is a fair thing to say about Mr. Phil Murray. If my hon. friend had the same chivalry toward men in public life that Mr. Phil Murray has—

Mr. CASTLEDEN: I did not say a word about Phil Murray.

Mr. MITCHELL: I mentioned three men and the hon. member said something about rackets. However, that is beside the point; let us get on with the business. At the recent conference on industrial matters with Mr. Truman it was made quite clear by the American Federation of Labor, the C.I.O. and the railroad brotherhoods that they did not want even arbitration by law, let alone some of the things my hon. friend talks about. Do not forget when you put those things into force you are getting almost into that collective state at which my hon. friend and myself take offence; that is what will happen when the government says to a man, "This is the organization you have to belong to."

An hon. MEMBER: Not necessarily.

[Mr. Castleden.]

Mr. MITCHELL: I know of what I speak; that is what it means. The dividing line between freedom and persecution is so thin that trade union leaders, the older trade union leaders, have shown that they have more sense than to talk about compulsion and coercion by law. They have reached a stage of maturity not as yet reached by the younger people who have not had so much experience. My hon. friend spoke about the Ford strike, but at the moment I am not going to say any more about it. I do not think it would be wise for me to do so.

Mr. BRACKEN: The minister has been receiving a great deal of attention from different quarters and has been asked a number of questions about several things. I am neither going to give him advice nor ask him questions, I am just going to make two or three suggestions from one who is a layman. I am not an expert on labour matters. There are several members on this side who have been studying this question; they are not here at the moment and I do not want them to be blamed for what I am going to say.

First, I should like to refer to the comments the minister has just made. He said that we should thank goodness for Arthur MacNamara. I think he is putting that in the wrong way. I think we should thank the province of Manitoba for letting him come here, and I think we should thank one of the outstanding governments of Manitoba for having trained him for twenty years before he came here.

The minister said something about the rules of this house. I believe that every hon. member will agree with what he has said. I suggest that he give the same speech to the cabinet the next time it meets, so that the changes he suggests may be approved and we can avoid these long hours and hurried discussions during the late days of the session.

I have three suggestions to make. The first is in connection with low wages paid in certain places. The second is in connection with wages in relation to shorter work weeks. The third concerns the controls that have been hampering men in seeking the work they desire.

I suggest first, that the wage freezing order be lifted or modified with respect to sub-standard wages. I know the minister will have an answer that perhaps satisfies him, that that can be done by application to certain of his labour boards and so on, but I suggest that at this time there should be a general lifting of that order in so far as those receiving sub-standard wages are concerned.

There are also some industries in provinces which now have a forty-eight hour week

regulation, as well as in other provinces, industries which are willing to give the same weekly wage for a forty-eight hour week as they now give for a fifty, fifty-two or fifty-four hour week. Government regulations now prevent that from being done. These men should not have to go through the present red tape to get that benefit. My third suggestion is that there be an abandonment of such controls as hamper men in seeking the work they desire. I do not intend to take more time with these suggestions. I am aware that many controls have been removed, and possibly more have been removed than we know of, but there are still some in effect that should be lifted.

I shall take just a couple of minutes more to amplify this suggestion. Wage control order P.C. 9384, controls sub-standard as well as other wages. The freezing of those particular wages was widely protested. It does not do any good now to say that one doubted the wisdom of freezing wages that were below standard. We recognize that controls were necessary during the war and possibly could not be avoided, but now that the war is over, my suggestion is that the freezing orders affecting sub-standard wages should be lifted.

My second suggestion is with respect to the 48-hour week. Some of the provinces now provide for that. But there are industries employing men for fifty, fifty-two and fifty-four hours a week which are willing to pay them the same total weekly wage for a 48-hour week. My suggestion is that where industries are willing to do that, no regulation should prevent it from being done.

My third point is with respect to men seeking employment. Prior to the war, men were free to seek employment where they could find it and choose the work that suited them, but during the war regulations were imposed to place men in particular lines of employment. The war is now over. I recognize that, while many of our veterans are still away and for other reasons perhaps, some regulation may still be necessary with respect to preventing men from seeking employment where they can find it. Generally speaking, however, the sooner the regulations which hamper men from finding employment best suited to them are removed, the better.

I am not an expert on these matters, and if I have made any errors I trust the able officers—around the minister, will not point out to him that what I suggested should not be done.

Mr. MITCHELL: The mind of the leader of the opposition I think travels very much along the same line as my own. The wage control order is, at the moment, under review. I would think, or I anticipate that the last vestige of selective service will disappear on the 1st of January. We still have the permit system left. We continued that for two reasons. One was to stop the drift from agriculture. We needed to keep the men in agriculture to get this year's crop out. They were given protection during the war because of the tremendous drift from agriculture into the armed services and into industry, and it was necessary to retain the permit system in order to get off the crop. The other reason was to permit us to give priority to veterans when vacancies occurred in industry and commerce.

Mr. CASTLEDEN: The minister did not reply to my question whether the department was taking action at the dominion-provincial conference to establish a national labour code of uniform procedure dealing with labour disputes.

Mr. MITCHELL: We have one now.

Mr. CASTLEDEN: I mean establishing it on a solid basis.

Mr. MITCHELL: I understand the implication of my hon. friend's question, but, as he knows, we have a constitution in this country known as the British North America Act which gives jurisdiction in these matters to the provinces. The only way in which this government or any other federal government in power can assume responsibility for a national code such as he has in mind is by amendment of the British North America Act. You cannot do it by agreement. You cannot break the law by agreement, as my legal friends will appreciate. I would think we should get back to free collective bargaining in the not too distant future. Then, of course, the constitutional rights enjoyed by the provinces will be assumed by them.

Mr. CASTLEDEN: Is the department making representations in this regard to the dominion-provincial conference?

Mr. MITCHELL: We are discussing it and have discussed it at the conference.

Item agreed to.

***105.* Combines Investigation Act, $29,000.**

Mr. STEWART (Winnipeg North): Canadian Industries Limited, as I pointed out some time ago, has a virtual monopoly and stranglehold over many materials used in this country. I shall deal with one only. In western Canada there is a company called Merchants Consolidated Limited, which is made up of a great number of small retailers who got together to purchase their goods whole-

sale. C.I.L. refuse to sell to Merchants Consolidated sporting ammunition and Merchants Consolidated cannot buy it from any other firm in Canada, although they could import it if they were willing to pay heavy import duties. I think this is a case of monopolistic practice which could very well be investigated. Has the minister any intention of using the Combines Investigation Act to investigate these companies which are monopolistic in tendency, especially C.I.L.?

Mr. MITCHELL: I am very glad to tell my hon. friend that the Combines Investigation Act is no longer under my jurisdiction.

Mr. BENTLEY: Then what is this vote here for?

Mr. MITCHELL: The jurisdiction was transferred about August 1 to the Department of Justice.

Mr. BENTLEY: I am interested in this matter, because it certainly looks as if there was some discrimination on the part of the explosives division of C.I.L. Since this item appears in the estimates of the Department of Labour for 1944-45, I think we are entitled to ask the minister what his department did about this matter when it was under his jurisdiction.

Mr. MITCHELL: It comes under the jurisdiction of the Combines Investigation Act registrar, who upon representations or complaints from a certain number of persons—I have forgotten how many—can investigate any industry that is considered to be a combine. But the over-all controls of the government during the war were so rigid that it was well nigh impossible to operate a combine. Possibly, when we get back to a freer economy, if I may call it that for want of a better word, there will be need for investigations under the act.

Mr. BENTLEY: We have waited until this item came up, thinking it was under the jurisdiction of the minister. I have here a long submission on behalf of Merchants Consolidated Limited and Falcon Hardware company against the explosives division of C.I.L. I do not want to hold up the committee. If I send it over to the minister will he see that it gets into the right hands because, so far as we who are interested in this matter are concerned, this item still comes under his department.

Mr. MITCHELL: I shall be glad to do that. Will my hon. friend send it with a covering letter?

Mr. BENTLEY: I will send it across the room to the minister now.

[Mr. Stewart.]

Mr. CASTLEDEN: Let me give the minister an instance of the difficulties in which men are placed by the present controls. A man in my own part of the province, fifty-eight years of age, being unemployed, wrote to a packing company in Moose Jaw to find out whether they had the type of work he could do. A man of that age is not capable of doing very heavy work such as carrying around quarters of beef, but there is a certain type of work that he can do. The employment manager of Swift Canadian said that they had such employment for him but that he would have to get permission to go there from his local employment officer. This man interviewed his local officer and said that he had employment in Moose Jaw and would like to get a permit to go. The chap in charge of the Yorkton office said, "Did you get a permit from us to go? Did you ask permission of us to write to this man?" He said. "No". The official said. "Well, we are giving you no permit; you do not go." The man said, "I would like to get work here but I could not find any." That man was compelled to go through the whole winter of 1944-45 looking for work. In the spring of the year he was unemployed, but he went around digging gardens and doing one thing and another. On the 5th of June the following year he received a sort of mimeographed letter. It came in with the rest of the mail and he thought it was of no particular consequence, but it was in actual fact a directive telling him that he was to go from Yorkton to the Swift Canadian company and take employment there. By this time he had established himself. He was working in the summertime at home, and he was satisfied with conditions. He thought this was merely a permit informing him that he could go if he wanted to; he did not understand its significance.

Mr. MITCHELL: Was this man a farmer?

Mr. CASTLEDEN: No, he was not. He works on a farm in the summertime, and he threshes in the fall. He works in the spring, and in the wintertime likes to get employment such as in the packing plant. He went on getting a living at small jobs around town in June and July, went out threshing in August, came back the first of September, and was met by a police officer who handed him a summons for not having obeyed the directive. He appeared at the police court and was fined some $55 for disobeying the directive. The man was absolutely innocent; he had asked for work, and had been constantly refused by the local officers. Then, receiving this letter and not recognizing that it was a directive,

he went on with his employment and was penalized in court to the extent of $50 and costs. That sort of thing has a serious effect on the attitude of some people toward the government.

The other case relates to unemployment insurance and will be brought up under the appropriate item. I bring this matter to the attention of the minister with a suggestion that when these directives are given the man should be notified of the seriousness of the offence in case he fails to obey, because this man was quite innocent of any intention of disobeying the law, and in view of the fact that he had been refused permission when he needed work he did not think the notice he afterwards received meant anything more than that he could go to this job if he wanted to.

Mr. MITCHELL: I think it can be said that in my department we act with expedition on receiving information of cases like that to which my hon. friend refers; and if I might say this in a kindly way, I think that is better than to bring such cases up on the floor of the House of Commons. I suggest that the telephone is the right way to get answers to a lot of questions which are asked in this chamber. I have been told that it costs $60 a minute to run the House of Commons. If a member rises to make general suggestions on policy or present basic principles, that is different. If my hon. friend will turn this case over to our department, even at this late date, with the other case he has, I will endeavour to see that the men obtain justice.

Item agreed to.

109. Payments to the provinces under agreements, including undischarged commitments of previous years, $750,000.

Mr. STEWART (Winnipeg North): I do not know whether this is the place to bring up a question I have in mind. Some years ago there was administered a youth training grant. I did some work on that in Mantioba in cooperation with the present deputy minister and with the leader of the opposition, who was then premier of Manitoba, and although the amounts given by the dominion government were niggardly and miserly, the work which could have been done there was tremendous—work along the lines of eduction, teaching youngsters to live with each other and to use their leisure properly—and I think it could well be continued in the future. Could the minister give us any idea whether this plan will start again next year or in some predictable future time?

Mr. MITCHELL: All that my hon. friend has said about the scheme may be true. I was very close to Mr. MacNamara myself in those days as an executive assistant under the Hon. Norman Rogers. I would say that this plan laid the foundation of the war training programme under which we trained, I think, over 400,000 people. We had to build ships and tanks and guns and aeroplanes and other things which had never before been built in this country, with a small base of trained mechanics; and out of the experience we gained in the youth training scheme we used the same organization in cooperation with the provinces and built that tremendous industrial machine and the trained personnel necessary to operate it. The $750,000, I think, is in the estimates this year for that plan. Of course, in addition to that there are much larger amounts for the training of people coming back from the various theatres of war. I shall have the figure looked up in a minute. It runs into the millions, anyway.

Mr. STEWART (Winnipeg North): I should like to point out that what was done in one place was to take a great number of young teachers and bring them together for a month to study together citizenship and life. It was a profitable experiment for the country.

Item agreed to.

Unemployment Insurance Act, 1940—
112. Government's contribution to unemployment insurance fund, $13,500,000.

Mr. STEWART (Winnipeg North): How many applications for benefits under unemployment insurance have been received up to the most recent date of which the minister has record, and how many are now receiving benefits?

Mr. MITCHELL: We will look it up. I think it is around 60,000.

Mr. STEWART (Winnipeg North): While it is being looked up, may I ask if the government is giving any consideration to shortening the waiting period for those who receive unemployment benefits?

Mr. MITCHELL: The answer is, no.

Mr. STEWART (Winnipeg North): Has the minister given any consideration to including others under unemployment insurance, for instance longshoremen and loggers?

Mr. MITCHELL: That is being done continuously. We have an advisory committee made up of employers' and employees' representatives to advise the commission, who in turn advise me as minister. My own view of unemployment insurance is that I would

have everyone, even members of parliament, under unemployment insurance. I think it is absolutely sound. Of course, in operating a big administrative machine like this you have to learn, and it takes time to develop so large an organization. The British scheme started off with seven trades. We started off, I think, with between sixty and seventy per cent of the people engaged in industry in this country. But I agree with my hon. friend that the quicker we can expand it to cover everybody, the better it will be for this dominion.

As to the figures the hon. member was asking for, live claims in October were 61,563; number of insured, two and three-quarter million.

Mr. SKEY: Would the minister include women under the statement he has just made in respect of unemployment insurance?

Mr. MITCHELL: They are already under the act.

Mr. SKEY: What balance has the government in hand at the present time?

Mr. MITCHELL: It is over $300 million.

Mr. PROBE: I should like a short explanation from the minister of the item under administration of Unemployment Insurance Act for temporary assistance; it is somewhere in the neighbourhood of $10,668,000 as compared with a little over one million dollars for the permanent staff. There must be some special reason for the apparent disproportion of temporary to permanent staff. Could we have a brief explanation for the benefit of one who is not so familiar as the minister with the workings of the staff?

Mr. MITCHELL: My hon. friend will appreciate that the unemployment insurance commission was set up during the war, and of course men who have served overseas have a priority in appointments to the civil service. That is basic law. For that reason the great majority of the people employed by the commission are on a temporary basis. That is in keeping with the law.

Mr. PROBE: Is the situation such that this $10,000,000 or any large proportion of it will become a permanent payroll?

Mr. MITCHELL: Yes. I am thinking ahead of my hon. friend.

Mr. PROBE: So long as we get the answer.

Item agreed to.

DEPARTMENT OF TRANSPORT

Railway service—

375. Hudson Bay railway—To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operations during the year ending March 31, 1946, not exceeding, $500,000.

[Mr. Mitchell.]

Mr. JACKMAN: May I ask the minister what he expects will be the financial results of the Hudson Bay railway project; not just the estimate for the present year, which is rapidly coming to a close, but what he expects will be the financial results for the next four or seven year period? I understand that during the brief hearing we had, while the manager was before the railways and shipping committee, it was pointed out that many of the structures and the right of way of the Hudson Bay railway were getting old, and that inasmuch as this railway does not set up any depreciation fund it is necessary to look after these rentals when they occur, so that obviously when the railway is new the rentals are not very costly, whereas, when the railway gets older, they mount up. Will the minister throw some light on anticipations for the next few years?

Hon. LIONEL CHEVRIER (Minister of Transport): The position of the Hudson Bay railway is pretty much the same this year as it was last year. There is a decrease of $64,940 in the deficit and the amount of operating revenues has increased slightly this year as compared with last year, while operating expenses have also increased. I doubt whether any good purpose would be served by going into this matter at any length, because, as the hon. member knows, the manager of the Hudson Bay railway was here during the sitting of the railways and shipping committee and he gave evidence. I was under the impression then that the committee had obtained from him practically all the information that was desired at the time.

Mr. PROBE: With reference to the Hudson Bay railway, I went to the report of the committee, on the recommendation of the minister the other evening, to find out what was contained in that report, because it had slipped by me the last couple of weeks, and while it contains a logical enough explanation for the figures that are before the committee, I consider that we should have a statement from the minister so that in some way we can tie up the future of the Hudson Bay railway with the port of Churchill and the northeast gateway of the prairies. It is thirty-six years now since we started building what we look upon as a more or less natural gateway into and out of the prairies. Because the weight of the House of Commons and of the people of Canada generally is away from that section of the world, those of us who believe that we can improve our economy by making use of the

facilities which are at our door, imperfect though they may be in part, believe that we have had neither a complete and fair report on the possibilities of that harbour nor a recent note of optimism from the department as to what we can do with respect to that northeast gateway. Must we just forget about it and consider it a dream, or can the minister give us a constructive hope, shall we say, that "there's gold in them thar waters up there?"

Mr. JACKMAN: Ice anyway.

Mr. CHEVRIER: I went into this whole subject at great length on the discussion of the resolution of the hon. member for Churchill, and at that time I put on *Hansard* a number of tables and statements having to do with the capital cost of construction of the railway, of the harbour and other matters which I thought were of interest to the house. Apart from that there was the statement made by the manager of the railway before the railways and shipping committee. I can tell the hon. gentleman generally that the railway is being operated as efficiently as it possibly can be, and it is being operated by the Canadian National as agents for the Department of Transport.

Mr. PROBE: That is not what I am getting at. I am not disputing the efficiency of the railway; I am thinking of the future success of that route. We feel in the west that it has not had a chance. I read the report of the committee, and I saw nothing in there that would indicate that the government is going to change its policy with respect to the disuse of the port of Churchill. Yet at the same time the minister himself refers to a resolution that was concurred in by a fairly handsome majority in this house during the session that is now closing. What is to be done?

Mr. CHEVRIER: The hon. gentleman asks me for a statement. I can only say that I have no other statement to make than that which I made on that occasion. If he wishes to know what the policy of the government is, it will depend on the amount of trade that can be taken out of that part of the country. The complaint thus far has been that there is no ingoing cargo. There is wheat to be taken out of Churchill to other parts of the country and other parts of the world, but there is no ingoing cargo. That, as I say, has been the complaint. Hon. gentlemen opposite say: Well, if means were adopted to keep the port open for a longer period, perhaps something could be done. I do not disagree with that, but I say that, according to the experts of the Department of Transport, unfortunately the port can be kept open for only a small portion of the year, and unless that position is changed I am afraid the outlook is not too bright. Again, something was said about assisting shipping interests to go into that port. In that regard I can say that the national harbours board and the Canadian shipping board have done a great deal in that direction, and are still working in an attempt to get grain out of Churchill. At this date I think it is too early to make any announcement about possible shipments in the spring.

Mr. PROBE: I do not want this matter closed just yet. With regard to incoming cargoes, surely our trade commissioners in all parts of the world could arrange to have cargoes brought to Churchill, just in the same way that they foster the promotion of international trade generally. This does not look to me at all like an insurmountable problem. Supposing we can operate Churchill for only three months, or for only four months. I do not believe either of these figures is given by any official with finality, and if the government were sincere in operating the port of Churchill and the Hudson Bay route I suggest that it would use the facilities it already has all over the world in connection with bringing imports to this country. I should like the government to say that they will give this thing a trial for at least three or four years, using perhaps what is left of the Park Steamship company. Run it as a government proposition; let the government take the loss—that agrees with private enterprise principles anyway—and then if it should be profitable turn it over to private enterprise. If not, wash it out and we shall forget about it. We still think it is feasible.

Mr. JACKMAN: I believe that point is well taken. As the matter stands to-day, the country is losing half a million dollars a year on the Hudson Bay railway, and seems destined to lose a great deal more as the line gets older. I believe, with the hon. member for Regina City, that the route should be given a fair trial. Now that the war is over, I believe the minister should see whether it will be possible to send enough grain shipments through Churchill, and perhaps get enough incoming shipments, to give the line a fair trial once and for all, and let us discover whether we have a white elephant on our hands or whether the hopes of many people in the west are justified. Let us discover whether this line will at least carry itself, if not make a profit, and so take a burden off the taxpayers of this country. Could the minister say whether anything can be done by his department or by the government to give this line what

might be considered a fair trial in the opinion of those people who come from the west and who know something about the territory there?

Mr. CHEVRIER: I can add nothing to what I have said already.

Item agreed to.

Air service—civil aviation division—

386. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $304,000.

Mr. SKEY: I should like to ask the minister if the licensing of private pilots and transport pilots comes under his department under this item.

Mr. CHEVRIER: No; this part of the department is under the Minister of Reconstruction by virtue of the Transfer of Duties Act. The Minister of Reconstruction controls civil aviation, and the operation of the Aeronautics Act and the regulations thereunder.

Mr. SKEY: Does the minister anticipate that this branch will again come under his jurisdiction as part of the Department of Transport, or will it remain in the other department?

Mr. CHEVRIER: That will be a matter for the governor in council to decide, and the policy will be made known in due course.

Mr. SKEY: Would the minister object if I made an observation on this item?

Mr. CHEVRIER: Certainly not.

Mr. SKEY: During the war many service personnel qualified in many aspects of air transport including pilotage, navigation, wireless operating, meteorology and all the other subjects which any aircrew member had to study. They have qualified under service regulations, but they are still forced by the Department of Transport to try examinations before they have the same privilege of operating aircraft under civil administration that ordinarily they would have under military administration. I refer particularly to their green licence cards which entitle them to fly blind over an airways route. All service pilots with any experience are qualified in the subjects which the Department of Transport now requires them to take in order to requalify for this licence. I have in mind the position in the United Kingdom, whereby the air ministry has control of the licensing of private and transport pilots; and any pilot or other aircrew category qualified under the military regulations is automatically given civil qualification. I should like to bring this point to the consideration of the minister, because even at the present time we have in the service men who are requalifying, wasting their time in studying subjects they have already taken.

[Mr. Jackman.]

Mr. CHEVRIER: The only thing I can say is that I will bring these suggestions to the attention of the Minister of Reconstruction.

Item agreed to.

Air service—radio division—

395. Radio direction finding stations, radio beacons and radiotelegraph stations, operation and maintenance, $748,375.

Mr. JACKMAN: May I ask the minister a general question? We find that many of these estimates are for items which are used almost exclusively by Trans-Canada Air Lines, although they would be available to private services if there were such private services in this country.

Mr. CHEVRIER: May I ask the hon. gentleman if he is speaking to item 395?

Mr. JACKMAN: I am just on the general question. Could the minister give the committee the total amount that has been spent on airfields in Canada, including meteorological devices, radar equipment and so on? Perhaps I should divide the question into the amounts spent under civil estimates and out of war expenditures, so that we might have some idea how much is invested on capital account in these various matters of equipment.

Mr. CHEVRIER: Will the hon. gentleman allow the question to stand for the time being? It is a detailed one, part of which was answered by the Minister of Reconstruction on the war estimates. As to the other part, I shall try to get the hon. gentleman a reply as quickly as possible.

Item agreed to.

Air service—radio division—

397. Issue of radio receiving licences—(transport department only), $216,975.

Mr. ROSS (St. Paul's): Would the minister tell us exactly how much it costs to collect the $4,018,000 in radio fees? I have never been able to get this straight. In the radio committee a year ago we were told that something like $230,000 was paid in vendors' commissions and $306,000 in administration costs. Is this $216,000 in addition to all that, as the cost of collecting some $4,000,000?

Mr. CHEVRIER: The total cost of collection of licence fees for the fiscal year 1944-45 is $217,348.60, and it is not included in the amount of fees received.

Mr. ROSS (St. Paul's): The way I figure it out is this: First of all, licence fees collected in those years, amounted to $4,018,000. Vendors' commissions amounted to $230,000, and there was an amount of $306,000 for administration fees. Then we have a further amount of $216,000 on top of that. If that is so, it means that it costs $753,000 to collect $4 million.

Why should we collect licence fees from those who own radios? Everybody listens to the radio and is interested in it. Why should the individual who owns the radio have to pay a nuisance tax of $2.50, when everyone in Canada gets the benefit of radio? The fact that it costs $753,000 to collect $4 million is simply ridiculous. What is the difficulty?

Mr. CHEVRIER: The total cost of the collection of fees is $521,472.75, which is made up of, first, commissions deducted at the source, amounting to $304,124.

Mr. ROSS (St. Paul's): I do not think that can be quite right. There is more involved in it than that. First of all, we have vendors' commissions of $230,000, as was explained in the radio committee, and administrative costs of $306,000. Where does this other figure come into the picture? Let us suppose we take only the first two items of $230,000 and $306,000—and these certainly are in the report —we would have a total of $536,000 which it costs the country to collect $4 million. Why should anyone who owns a radio have to pay for that privilege, in these modern days when everyone enjoys the benefit of radio?

Mr. BOUCHER: How much does it cost to investigate and to prosecute or to threaten prosecution in connection with those who do not buy their licences?

Mr. CHEVRIER: I can give the hon. member for St. Paul's the break-down, as I have it, of the cost of collecting radio licence fees. To the administration is charged $188,211 on account of the radio division and $29,136 on account of the treasury branch, making a total of $217,348.60. Then there are commissions deducted at the source, and not included in gross revenue, of $304,124.15, making a grand total of $521,472.75. That is the break-down of the total cost.

Mr. ROSS (St. Paul's): What was the total amount of commissions collected from the public?

Mr. CHEVRIER: It amounts to $304,124.15.

Mr. ROSS (St. Paul's): And the total amount of revenue was $4 million?

Mr. CHEVRIER: The total revenue was $4,000,801.

An hon. MEMBER. Carried.

Mr. ROSS (St. Paul's): No, it is not carried yet.

Mr. CHEVRIER: I cannot give details as to the cost of investigations or prosecutions. Those figures are not kept separately, but I shall ask if they can be obtained.

Mr. ROSS (St. Paul's): We find that it costs $500,000 to collect $4 million. Does the minister not think that in the interests of economy it would be better to collect the money through the Department of National Revenue, and save that $500,000? Does the minister not think that each individual should contribute to radio, instead of limiting it to those who buy radios?

Mr. MACKENZIE: I completely disagree with my hon. friend, because this is one of the finest form of occupation for those who have served their country in various ways in Canada. This is a very modest amount that they receive, and I say that it is a fine investment to help them along, in their employment.

Mr. ROSS (St. Paul's): I would rather do it in some other way.

Mr. MACKENZIE: You would.

Mr. ROSS (St. Paul's): I would rather do it in some other way. After all, we have to think about economy in this country. In 1938 we had 44,000 civil servants in Canada, and to-day we have 150,000. While in 1938 we paid $88 million for the conduct of our civil service, to-day we pay $229 million. May I remind the government, which sits opposite, that we must think about economy in this country. That is why I have brought this matter up.

Item agreed to.

Government-owned enterprises—non-active accounts—National harbours board—

420. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act to meet expenditures applicable to the calendar year 1945 on any or all of the following accounts:

Reconstruction and capital expenditures—

Generally,—unforseen and miscellaneous, $200,000.

Mr. JACKMAN: Is this the item under which the grain elevator at Churchill might be discussed?

Mr. CHEVRIER: No.

Mr. JACKMAN: Is the elevator under the minister's administration?

Mr. CHEVRIER: Yes.

Item agreed to.

Special—Deficits—Prince Edward Island car ferry and terminals—

421. Amount required to provide for the payment during the fiscal year 1945-46 to the Canadian National Railway company (hereinafter called the national company) upon applications approved by the Minister of Transport, made from time to time by the national company to the Minister of Finance, and to be applied by the national company in payment of the deficit certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calender year 1945, $713,000.

Mr. McLURE: When will the new car ferry between Tormentine and Borden be completed? I probably could have brought up this matter under vote 376, but perhaps it is not too late to bring it up under this item. We have had many answers to our questions about when this new boat would be completed. The S.S. *Charlottetown* was lost in 1941. She was insured for $1,000,000, the first time insurance was carried in the history of the boat. When can we be assured of a ferry? It was not until 1944 that it was announced that the contract was let. We have had different excuses given about this matter. First, they were going to salvage the old boat. Then they were going to complete a causeway, or they were going to think about it. Then there was talk about a tunnel. Finally, the minister, not the one who at present adorns this portfolio, stated in 1944 that a contract had been let to be completed in 1945.

Then came a lot of excuses about shortage of materials or no materials for the construction of such a boat. But different stories leaked out from the yards at Sorel. We found that those yards were not being closed on account of a shortage of materials because they were building many types of vessels. In September, 1945, we had a definite statement from the minister who at present adorns the portfolio, in answer to a question that I submitted, that we could expect this boat in the late summer of 1946, or, as we say in the east in Indian summer, which means that it may never come.

Would the minister give us a full statement about this matter? When I spoke on this matter before I emphasized the fact that we should have a boat at an early day. The S.S. *Charlottetown* was lost in 1941, and if the government intended to live up to the terms of confederation they could have had this boat built in the United States. But that idea was cancelled from some source that I do not know of, and they said, "No, the people of Prince Edward Island can wait." However, I am not going to go into the terms of confederation under which this boat is absolutely due us, because I dealt with that before and I do not wish to hold up the committee any longer.

[Mr. Chevrier.]

Every government in Canada has known full well the terms under which my province entered confederation. No government, either Liberal or Conservative has fulfilled the term of that agreement with reference to transportation. I will give credit to the government of the late Robert L. Borden for trying to implement the terms of confederation, but no credit can be given to any other government. When my leader visited Prince Edward Island last year he made a special study of this problem, having had some practical experience with our disadvantages in transportation. At his opening campaign speech in Charlottetown he promised on behalf of his party that he would give us a full implementing of the terms of confederation having to do with transportation. However, his party was not elected to power. The government that is now in power should solve our transportation problem.

I should like to refer to one matter that I mentioned previously, namely the traffic that goes over the Borden-Tormentine ferry. In 1944—the 1945 figures are not yet available—a total of 42,282 freight, passenger and baggage cars were carried on this ferry. There were 175,662 passengers carried, and 12,052 automobiles. This was only half the number of automobiles carried in 1939 and 1940, because gasoline rationing had had an effect on this traffic. There were 5,858 carloads of potatoes carried, and there would have been at least another thousand cars if shipping conditions had not been interfered with by the ice.

I should like to refer to another matter I mentioned before, and I want the minister to take notice of this because I should like to have it rectified. We are handicapped as no other province is handicapped in connection with truck transportation over the Borden-Tormentine ferry. The department should eliminate the prohibitive rates that we have to pay at the present time. This is what is charged a 5-ton truck going from Borden to Tormentine. First, there is a charge of $10 each way for loading on flat cars, because the tramways and the boat itself are not capable of carrying a 5-ton truck. That totals $20. Five tons of first-class freight at twenty cents per 100 pounds gives a total of $40 both ways. Then the driver's return fare is $5. That makes a grand total of $65. After I made my previous statement, I received a letter from the president of the Prince Edward motor carriers association who stated that I was wrong. Here is his actual experience. In effect the charges on a truck carrying a 5-ton load is, taking it both ways $72, and he says, "You are in error $12 or thereabouts." However, even with the figure I have here of $60.65 it is a

prohibitive rate. That is the C.N.R. rate. Why should they make rates over a ferry owned by the government? I want the Minister of Transport to set the rate himself.

Mr. CHEVRIER: The Minister of Transport cannot set the rate.

Mr. McLURE: Does the minister tell this committee that he has no authority over rates?

Mr. CHEVRIER: I said that the minister could not set the rate.

Mr. McLURE: Does the minister mean by that, that the government cannot set the rate?

Mr. CHEVRIER: I will explain what I mean when I answer the hon. gentleman.

Mr. McLURE: Then I do not know just where I stand in this matter. But no matter what rates are set on this ferry owned by the government of Canada, the government of Canada are in duty bound to fulfil their part of the contract and give us a rate which is in proportion to all the other rates on ferries for similar traffic. They are not giving us this rate now and we are the ones who are suffering. I have no complaint to make with reference to the Canadian National Railways. That is their business. If they can extract more money, that is for the benefit of themselves. Their service is all right; but their charge is prohibitive, and without any reason or satisfaction to the people of my province. Imagine a rate of $60.65 for carrying a truck a distance of eighteen miles! According to the transportation laws and the transportation commission which sat a few years ago in Ontario and established the rates for transportation by truck, this is a prohibitive rate to a great degree, and again I say to the minister that before another session of this house I want him to establish the rates on trucks. He may tell me and tell this committee that he has no authority to do that. I disagree, because his department and the government are the owners of this means of transport. I could say a great deal more with reference to these prohibitive rates on the car ferry, but I do not want to delay the committee.

Let me say, in closing, that we expect in our province at least fair treatment. It does not matter to the Canadian National Railways whether the rate is $10.60 or whether it is $60.65, because every dollar that they lose in operating this ferry they bill the government for, and it is paid, and correctly so, according to the terms of agreement under which we entered into confederation. But I want to see an individual who is operating a business so protected by the new rates that he can deal with the maritime provinces of Nova Scotia and New Brunswick by truck traffic. I want the Minister of Transport to make a mental reservation regarding this matter and to provide us in the near future with a rate that is at least fair and equitable.

Mr. CHEVRIER: The hon. gentleman has raised a number of questions to which it would take some time to reply. I should like to reply at some length, but I feel that in justice and in fairness to the committee I should not go into any detail. But I wish to reply briefly to some of the questions he raised.

He said that the government should look after the transportation problems in Prince Edward Island. I say to him that the government has looked into those problems; is giving them serious consideration, and is spending a considerable sum of money. My hon. friend is not unmindful of the fact that already we have made commitments for improving the facilities at Tormentine and Borden.

Mr. McLURE: That is under the Minister of Public Works.

Mr. CHEVRIER: It does not matter under whose department it is. At the moment it is under the Department of Transport, but that is aside from the question. We are spending on these facilities somewhere in the neighbourhood of $5,500,000. That is over and above the new ferry boat, which will cost between $4,500,000 and $5,000,000. That is over $11,000,000 for these facilities. So that I am sure the hon. gentleman cannot say that we are not looking with interest into the transportation problems between Prince Edward Island and the mainland.

He also asked with reference to the ferry boat. In my answer to his question on the order paper I stated that it would be late in the summer of 1946 before we could expect the ferry boat to be completed. There are many reasons why this could not be done sooner. I should like to be able to go into those reasons fully, but I feel that I should not take up the time of the committee. I have a long statement here showing just what progress has been made with reference to this Prince Edward Island car ferry, and I should be glad to show it to my hon. friend. It is a progress statement as of November 28, 1945, and shows what progress has been made on the construction of various units of the car ferry. It is an interesting document, but too lengthy for me to read at this stage.

Mr. McLURE: Would the minister put that statement on the record?

Mr. CHEVRIER: With the consent of the committee, Mr. Chairman, I shall be glad to put it on *Hansard*. The statement follows:

New Prince Edward Island Car Ferry
Progress to November 28, 1945
Hull
(under construction at Marine Industries Limited)

Steel construction in hull up to car deck, including 9 strakes shell plating, floors, 90 per cent erected.

Deck plating, bulkheads and longitudinal stringers, 50 per cent erected.

Structure above car deck, 15 per cent erected.

The loft moulds for remaining shell plating, fenders, rail supports, mezzanine deck plating, top side framing and top side bulkheads, 85 per cent finished.

Stem completed.

Lower portion stern frame machined.

Pattern for shaft brackets completed.

Diesel Engines
(under construction at Dominion Engineering Works)

8 Main Propulsion Units—

Unit No. 1, completed and tests to commence to-night, November 28.

Unit No. 2, practically completed and tests expected to be commenced soon after No. 1 tests have been completed.

Unit No. 3, on erection bed—80 per cent finished.

Unit No. 4, on erection bed—80 per cent finished.

Unit No. 5, on erection bed—70 per cent finished.

Unit No. 6, on erection bed—50 per cent finished.

Unit No. 7, on erection bed—35 per cent finished.

Unit No. 8, on erection bed—20 per cent finished.

(One unit comprises 2-6 cylinder Diesel engines.)

Auxiliary generating units—parts passing through machine shop.

Motors and Generators
(under construction at Canadian General Electric Company)

8—1050 K.W. Main power Generators—

Units No. 1 and No. 2—now ready for test.

Units No. 3 and No. 4—Shop tests completed and units delivered to Dominion Engineering Company.

Units No. 5 and No. 6—Assembled on test beds.

Unit No. 7—75 per cent complete.

Unit No. 8—65 per cent complete.

3—330 K.W. Auxiliary Power Generators—

All 3 armatures completed and field poles being installed—85 per cent complete.

4—3850 H.P. Propulsion Motors—

Unit No. 1—60 per cent complete.

Unit No. 2—50 per cent complete.

Units No. 3 and No. 4—35 per cent complete.

Auxiliary Power Generator Switchboard—

Structural steel case—95 per cent complete.

My hon. friend raised several other questions. He laid stress on truck transportation and the rates paid on these trucks when carried by the ferry. He is of the opinion that the Minister of Transport should eliminate what he calls these prohibitive rates. I say to him that the minister has no authority to do that. The rates are filed with the board of transport commissioners on automobiles and trucks carried by the Canadian National Railways on the ferry between the island and the mainland, and it would appear from the information I have at hand that anyone who wishes to complain about these rates can do so before the board. I am not prepared to disagree with the hon. gentleman upon the amount of these rates. The explanation given before the railways and shipping committee by the president of the Canadian National Railways was that in fixing the rates on the ferry regard had to be had to similar railway rates. He also gave other explanations, which the hon. gentleman can find in the evidence of that committee. For the hon. gentleman's information I am sending over to him three photographs showing the progress of the Prince Edward Island car ferry as it is now in course of construction at Sorel.

Mr. McLURE: With reference to these rates, I understood the minister to say that the commission set these rates, and that he as minister of the Department of Transport did not have the authority to go into them in detail or have them reduced.

Mr. CHEVRIER: To fix the rates.

Mr. McLURE: There is another ferry operating between Woods islands and Cariboo, and the rates on that were fixed by this government, which pays a bonus to the people operating that ferry.

Mr. CHEVRIER: That is right.

Mr. McLURE: The rates on that ferry on small trucks are less than half of what they set on the other, although the distance is twice as far, and I take it from the minister that the only redress we can have is to take the matter before the commission. Unfortunately, or probably fortunately, I was not a member of parliament in time to take this matter up when the railway committee was meeting. Had I done so, I believe that they would have left it to the discretion of the minister to place a proper rate on auto trucks.

Mr. CHEVRIER: The reason for the discrepancy between the two sets of rates is that a subsidy is paid on the Woods ferry, and in the payment of the subsidy it is set out what the rates shall be.

Mr. McLURE: At the same time we are paying a subsidy to the Canadian National here, according to this vote, or $721,000.

Mr. CHEVRIER: We pay $713,000 of a deficit.

Mr. McLURE: Well, that is a subsidy to it for carrying on the service.

Item agreed to.

Special deficits—National harbours board—

422. To provide for payment to national harbours board, of the amount hereinafter set forth, to be applied in payment of the deficit (exclusive of interest on dominion government advances and depreciation on capital structures) arising in the calendar year 1945, in the operation of Churchill harbour, $90,000.

Mr. JACKMAN: If the minister would be agreeable to answering certain questions in connection with the grain elevator at Churchill in the railways and shipping committee, I would defer them until then. I want to inquire about the amount of depreciation, the capital involved and the interest charged as set out there, but we can go into it better, I think, in the railways and shipping committee if that is agreeable to the minister.

Mr. CHEVRIER: I would prefer that.

Item agreed to.

Mr. BRACKEN: Did I understand that there might be a brief discussion later of item 422?

Mr. CHEVRIER: No; that has been passed.

Mr. BRACKEN: A question was raised in connection with No. 422 and the railways and shipping committee.

The CHAIRMAN: No; item 422 was carried.

Mr. BRACKEN: The question I wanted to ask was with respect to the harbour at Churchill.

Mr. CHEVRIER: I understood from the hon. member for Rosedale that he asked if I would prefer to have the discussion before the railways and shipping committee next session. I agreed, and I think the committee did, but if the hon. gentleman wants to ask a question on the item I shall be glad to answer it if I can.

Mr. BRACKEN: The question may be something like the one the hon. member for Rosedale wished to ask. It has not to do directly with the harbour, although I should like to know if the government plans to make any expenditures in connection with that harbour this year or the coming year.

Mr. CHEVRIER: The answer to that question is that the expenditure is set out in these estimates. So far as expenditures for next year are concerned, they will be in the estimates for 1946-47.

Mr. BRACKEN: May I ask if the minister will answer this question—

Mr. CHEVRIER: Perhaps I should answer the question by saying that there is a sort of a floating vote for the Hudson Bay railway on capital construction, which we passed some days ago, for $20,000. That is used for capital construction.

Mr. BRACKEN: Well, in a previous item, No. 375, there appears an item of $500,000 for the Hudson Bay railway. I do not want to keep the minister more than a minute or two, but probably he can answer my question briefly. I should like to know what is the net deficit on that railway. This figure may or may not be the net deficit. This figure probably does not include interest on the investment; it may or may not provide for depreciation. Would the minister let us know what is the real net loss per year in the operation of that railway?

Mr. CHEVRIER: The real net estimated deficit is $500,000. The actual deficit will be a little less than that, because, now that we have reached the month of December, it is possible to know with greater certainty. I cannot tell the hon. gentleman what the amount will be, but it will be less than the estimated amount.

Mr. BRACKEN: But does that include the interest on the investment? I am afraid it does not.

Mr. CHEVRIER: No, it does not.

Mr. BRACKEN: Well, then, that is not the actual deficit. Does it also include provision for depreciation, or would that, too, have to be added to the $500,000 in order to show the actual loss per year from that project?

Mr. CHEVRIER: Yes, it would have to be added to the amount. The hon. gentleman remembers the discussion which took place on the motion of the hon. member for Churchill. I tabled a number of statements showing the deficit on capital, the deficit on interest, and I think there was a reference to depreciation.

Mr. NICHOLSON: It is all on *Hansard*.

Mr. CHEVRIER: The hon. member says, that it is all on *Hansard*, and I believe it is.

Item agreed to.

Civil aviation division—

600. Airways and airports—construction and improvements, including lighting and radio facilities—capital—further amount required, $178,900.

Mr. GREEN: Can the minister tell the committee whether a policy has yet been decided upon with regard to assistance to municipal airports which are on the feeder lines? For example, there is to be a feeder line running from Vancouver to Penticton, Cranbrook, and then into Lethbridge. There is an airport now at Cranbrook, but I believe they have no hard-surfaced strip, and they have asked the government to give them some assistance in putting down a proper strip. Has any policy been decided upon for assistance of that type?

Mr. CHEVRIER: I am informed that the air transport board is working on the details of the policy all across the country, but they have not materialized to a sufficient extent to enable them to be made public at this time.

Mr. GREEN: Will any assistance be given to these cities where they show that they are willing to assume their fair share of the cost of improving these airports?

Mr. CHEVRIER: I am sure there will be, because before the war we gave these airports assistance, and while I am not in a position to say what it will be, it will not be less than it was then.

Mr. BLACK (Cumberland): Is it the policy of the department to utilize the Debert airport in connection with Trans-Canada Air Lines? More than $3 million has been expended on that airport, and often planes connot make the landing on the eastern passage near Halifax. The service to the central and eastern part of the province is important. Can the minister say whether the airport can be used to a greater extent?

Mr. CHEVRIER: The airport has not been declared surplus to War Assets Corporation; but when it is, consideration will be given the question whether it can be used for the purpose asked.

Item agreed to.

DEPARTMENT OF RECONSTRUCTION

308. Departmental administration, including expenses incidental to organization, $1,500,000.

Mr. CHEVRIER: There are just one or two items of the Minister of Reconstruction and the Minister of Munitions and Supply. This item was discussed at full length on the war appropriation estimates, and the minister said that this amount of $1,500,000 was duplicated in civil estimates as well. There has been ample opportunity therefore for discussion.

Mr. STEWART (Winnipeg North): I am rather upset by the treatment that the house has received from the government. Several of us had questions on the order paper asking for specific information, and we were told to defer those questions until the war expenditures committee met. We cooperated and deferred the questions and, the war expenditures committee having met, we have not been able to ask the questions in committee. I am not blaming either the chairman or the committee; there happened to be too much work to allow us to get down to the details. I do not like the idea of the minister having such unlimited powers without any check on him until the house meets at the next session, when the committee is set up again. I have suggested before that, on this question of war assets and the realization of moneys therefrom, there should be a continuing committee or a royal commission sitting until the house meets again. There are a number of things we want to know, and many things will be happening while the house is in recess. Dominion Magnesium Limited ought to be thoroughly investigated and so should Research Enterprises plant. The Minister of Reconstruction has power to do whatever he likes under the act, and that power is far too great for any minister, no matter how capable or honest he may be. Already he has sold one building and he has told us that he is going to close the plant. There is also the Cardoza matter that has to be investigated. The government should carefully consider the advisability of setting up the committee I have suggested.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF EXTERNAL AFFAIRS

39. Departmental administration, $526,085.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The leader of the opposition asked a question on Thursday last relating to external affairs, and I might give my hon. friend the answer immediately. He inquired whether the government had received an invitation from the United States government to attend an international trade conference. My hon. friend went on to inquire whether, if such an invitation should be received, the government would give favourable consideration to making its delegation to the proposed conference a non-partisan delegation rather than one representing only the government itself.

The position is that the United States government has proposed that the united nations

organization, once it is established, should take steps to convene a general international conference on trade and employment, if possible by the summer of 1946. The Canadian government has warmly welcomed the initiative which the United States government has taken in this matter and will give its full support in the united nations assembly to the proposal that such a conference be held. In the meantime I can only say that no consideration has yet been given to the composition of the Canadian delegation to such a conference.

I should like to take this opportunity of informing the committee that the government of Canada has accepted an invitation from the government of the United States to participate in a preliminary meeting, which will probably be held during the spring, to prepare concrete and concerted measures for the reduction of tariffs and other trade barriers, and generally to prepare the way for the successful accomplishment of the general objectives which we hope the united nations conference on trade and employment will be able to realize. I need not emphasize again the importance to Canada of restoring the world trading economy on the fullest and freest basis possible. No country has a greater stake in the attainment and consolidation of these objectives and we must be prepared to take our full part in cooperation with other like-minded nations in this great task.

Mr. GREEN: Is the Prime Minister not making a general statement on this item?

Mr. MACKENZIE KING: I have not a prepared statement. I rather anticipated that a number of questions might be asked which I would seek to answer. In one way or another at different times during the session there have been extensive references to the more important matters of external affairs, and at this stage of the session I have not had an opportunity to prepare a statement of any length.

Mr. GREEN: There are three questions I should like to place before the Prime Minister having to do with the Department of External Affairs. Before doing so, may I say that I consider it very unfortunate that the debate on external affairs should have come on so late in the session. The Prime Minister has been back from his trip to the United Kingdom and the United States for almost a month, and in the best interests of the country as well as of the house it would have been wiser for him to bring on this debate shortly after his return. The Canadian people have not had many opportunities over the last decade to consider foreign affairs. I think it has been a weakness of this parliament that we have not had enough discussions on these topics, and as a result it has been difficult for public opinion to crystallize. Then, of course, it is particularly unfortunate because so few members of parliament are here this week. Most of them have gone home, and only a comparative few will have had the privilege of listening to the discussions on external affairs which have taken place to-day.

My first question has to do with Canada's position in the key negotiations which take place from time to time. For example, negotiations are now under way in Moscow, and there were similar negotiations in London in the early fall. They are of great importance. They may be settling the peace terms. In any event, there is no doubt that many of the terms will be settled at these conferences which means that they may involve war or peace in the future. Canada is very deeply concerned with these negotiations, not only because of the part she has played in the recent war but also because of the part she undoubtedly would have to play in any future war, and more particularly because we are now one of the three trustees of atomic force. That has tremendously increased the responsibility of Canada as a nation in external affairs in the last year; I am confident the Prime Minister will agree with that statement. At this time the Canadian people are far more directly involved in the issues that have to be settled between the nations.

I suggest to the Prime Minister and to the committee that some procedure must be established so that Canada can take an active part in reaching these vital decisions. At the present time we are largely confined to complaining about the decisions after they have been reached and to trying to change them, which is a difficult thing to do. Once a decision is reached, it is almost impossible to make any far-reaching changes. The Prime Minister showed that this was Canada's position when he spoke in this house on September 27, referring to his projected visit to Europe. At page 491 of *Hansard* he said:

> **In this entire matter the understanding of the Canadian government, as I have already intimated to the house, is that any draft treaty that results from the discussions of the council of foreign ministers will be of a preliminary character and that there will be an opportunity for Canada, as well as for other interested united nations, to express their views at a later stage.**

It would be far more satisfactory if some method could be worked out whereby the Canadian house and the Canadian people could have additional knowledge of the facts and of the trends; have the time to consider them, and to hold discussions with the United

Kingdom and with other nations of the commonwealth, before decisions are reached. I have no doubt that something along that line is being done at the present time, under present practice; but it must go a great deal farther. I believe that Canada could get whatever procedure she wished; that the United Kingdom and other nations of the commonwealth would follow our lead to a great extent if we suggested a change. So that, I repeat, my first question is for an explanation of Canada's position in respect of negotiations such as those being carried on at this time in Moscow.

My second question has to do with Canada's policy in the Pacific. I would ask the Prime Minister to explain the attitude of his government toward Pacific affairs. That area has increased greatly in importance. In fact, I think the centre of world activity has now shifted from Europe, certainly to America and perhaps to the Pacific.

During the course of the war against Japan the United States did a great deal to open up areas in the Pacific. Russia has expanded and she is now taking an active interest in Manchuria; she is also very active in the northern part of the Pacific. China, of course, is like a giant just awakening from a long sleep. No one can tell what developments there may be on the mainland of Asia in the next decade or generation, but it is almost certain that they will be very great.

Then, Australia and New Zealand have developed remarkably during the war. They have taken a most aggressive position in Pacific affairs, and have told the rest of the world in no uncertain language just what they think their part should be in that area. What is Canada's policy on such questions as the allied advisory commission on Japan, which has been set up in Washington? Apparently the Russians wanted to have an allied control commission, functioning not in Washington but right in Tokyo. What position is Canada taking on that suggestion?

Are we in favour of a regional council for the Pacific? Some of the nations have been suggesting that there should be a council for that region, and Canada should take some position on the question. It is, of course, of vital interest to those Canadians who live on the Pacific slope. We should like to know what the Canadian government has in mind about a regional council for the Pacific. There is much to be said for such a council, because there are many problems which are peculiar to the Pacific area.

Then, what is Canada's policy with regard to a united nations trusteeship of the former Japanese territories in the Pacific area? That, again, is a most important question; and we should like to know whether or not the government believes that such trusteeship should be established.

My third question has to do with the work of the house itself in connection with external affairs. This year for the first time there was set up an external affairs committee. It is a very good committee, and the members who served on it took their work most seriously. On November 12, when the Prime Minister was away, that committee brought in a report, the last paragraph of which read as follows:

> Your committee further recommends that it be empowered to consider matters connected with external affairs and report from time to time any suggestion or recommendation deemed advisable to the House of Commons.

That, of course, was a wide-open recommendation. The committee asked that it be given power to consider anything having to do with external affairs.

A few days later, on November 16, on a motion for concurrence, the Minister of Justice (Mr. St. Laurent) moved in amendment that the words "be now concurred in" at the end of the motion be struck out, and replaced by the following:

> That the report be referred back to the said committee and that it have power to reconsider the recommendation expressed in the last paragraph of the report.

In moving that amendment, the Minister of Justice said that he thought the new committee had gone too far and had asked for powers that were much too wide. His suggestion was that they should consider only what was referred to them by the house.

In this matter there is a clear difference of opinion. Perhaps some middle ground can be found. May I suggest to the Prime Minister that the estimates for the Department of External Affairs might very well be referred to the external affairs committee. That is done now in respect of certain items in the Department of Transport which are referred to the special committee on government-owned railways and shipping. If this were done, if these estimates were referred, it would give the committee reasonable scope in the discussion of external affairs, and at the same time would not deprive the house of the right to discuss those estimates subsequently.

This new committee must not be crippled at the outset. There was great hope for it, in the speech of my leader when he proposed that it be set up, in the speech of the Prime Minister when he accepted the proposal, and in the speeches of the leaders of the other parties.

As I said at the opening of my remarks, matters connected with external affairs have not been discussed at any great length in the Canadian parliament. However, they have become more and more important, until now there is nothing much more important which could be discussed either in committee or in the house. The standing committee could get at the various facts in connection with the estimates. It could call officials of the department, and could hear witnesses. It could help to keep the Department of External Affairs more closely in touch with the Canadian people. There would be valuable training for the members serving on the committee and the result would be to help the people of Canada to understand and to follow external affairs better than they do at the present time. Further, if my suggestions were followed it might be possible to reach unanimity on many questions connected with external affairs. So that I repeat my suggestion that the government adopt the policy of referring estimates of the department to the standing committee on external affairs at the beginning of the session.

Those are the three questions that I have to place before the Prime Minister to-night. It is impossible to overemphasize the importance of external affairs. Twice in twenty-five years young Canadians have sailed from our shores to fight, and in many cases to die, because of issues that arose beyond our boundaries. They have had to do that in order to prevent war from approaching our land. I believe that if the Canadian people are told the facts, if they are given an opportunity to discuss and to understand the various issues, they will reach the right decision. But the leadership must come from the house itself. Therefore I suggest that in another session the Prime Minister see to it that more opportunity is given for a thorough examination of all questions having to do with external affairs.

Mr. MACKENZIE KING: Mr. Chairman, may I say to the hon. member for Vancouver South that I agree with practically all he has said this evening. Personally I am sorry that it was not possible to have these estimates brought down at an earlier time. I can give him an explanation which, however, he may regard as an excuse. The fact is that when I returned I found there was quite a lot to do. My hon. friend knows that part of the time was taken up with presiding at the dominion-provincial conference and studying questions in relation to it. He knows also that there were a number of very important measures which still had not been considered by the house, or if they had been considered, had been considered only in one stage, and it was desired by the house to have them debated before anything else was taken up, or at least I so gathered. I met with the leaders of the three parties when I came back and we had a discussion as to how the business of the session should be arranged for the remainder of the session in order that we might get through about this time. In that discussion it was clearly emphasized that there were certain measures—for example, the emergency powers bill, the budget resolutions and other matters—which it was felt it was all-important should be dealt with by the house as soon as possible. I agreed to do all I could to see that those measures were brought forward as rapidly as possible. If I am not mistaken, I undertook to see that estimates which it might be requested should be brought down before others would be given priority. I do not recall any particular request that the estimates of external affairs should precede other estimates. I have been holding back, in part, to allow the business of the house to get along as rapidly as possible. I agree with my hon. friend that it is unfortunate that we should be discussing at this late stage of the session many matters that relate to external affairs.

I agree with my hon. friend that there is perhaps no more important phase of the government's work than that which relates to external affairs. I think he will agree that the importance of external affairs in the work of government has in Canada come to the fore very suddenly. During the period of the war there were strong reasons why we had to follow the course we did in regard to making our voice heard on many questions. I have said to the house that at times we found ourselves in an extremely embarrassing position. Decisions were being made by the Prime Minister of Great Britain associated with the President of the United States. Some of these decisions had to be made very quickly, and in a few instances we did not learn about them until after they had been made. But those cases were very few and there were good reasons for the haste that was required.

I had at that time to make up my mind whether I would protest each time we had been overlooked or whether I would look at the matter in a reasonable light and say, "Everything considered, as we are in a war, we had better allow this to pass without too much in the way of protest." But I can assure my hon. friend that there never was an occasion, while we may not have said much in the way of protest in public, that we did not place our position very strongly on record.

Coming to this present period, now that we are out of the war, I did as my hon. friend has

read from *Hansard* make a strong protest before I went across the Atlantic at Canada being invited to come for purposes of consultation on matters related to the settlement of the peace, and not invited to come as a principal, to sit as such with others. One reason why I felt it important to go to England was to discuss that very phase of the situation with the prime minister and the minister of foreign affairs there. I thought that matters of the kind could be referred to much better in conversation than to be made an occasion for discussion across the Atlantic. I would say that I believe that the members of the British government have had and have every desire to see that Canada secures her full representation in important international negotiations, but to some extent the matter has been beyond their control.

My hon. friend has referred to the meeting of foreign ministers that took place in London. If I remember correctly, that meeting was the outgrowth of the conference held at Potsdam. Similarly, there is a conference taking place at Moscow to-day at which are present only the foreign ministers of the United Kingdom, the United States and the Soviet Union. That conference is the outcome of the decision reached at Yalta that the foreign ministers of the great powers involved in the war should meet every once in so often, I think it is every three or four months, to become—I do not say better acquainted with each other—better acquainted through conferring with one another, with all aspects of questions as they come up.

President Truman himself has said that he does not think there should be any more peace settlements by the great powers alone. In that connection I am sure the President was referring to a peace conference and the final settlement of peace terms. Canada has made her position very clearly known in that connection. In regard to matters that relate to the peace we expect to have all the powers recognize the great part which Canada played in this war, the great sacrifice of life that has been made, all that has contributed to victory on the part of our armed services, to say nothing of the much lesser but nevertheless very important contributions that Canada has made in the way of furnishing supplies, making loans, in fact giving assistance where it was needed without any consideration. We do expect and will expect that this country shall be given full recognition along with other powers that may have to do with these international matters that affect the future.

May I deal with the last subject to which my hon. friend referred before going on to the other two questions he asked? I think it would be all to the good to have the estimates of the Department of External Affairs referred to the committee on external affairs. That committee was formerly known as the committee on industrial and international relations, but its designation was changed at the beginning of this session. My impression is that I suggested at a previous session that we should refer the estimates of the Department of External Affairs to the committee on industrial and international relations. I know that I did advocate that course in regard to the estimates of different departments, namely, that they should be referred to committees, and I did so for two reasons; first, in order that all members might be better informed on the work of the government in these matters and also because I believe it would involve a real saving in time in taking up the estimates themselves. I agree with my hon. friend that if the committee does go into these matters and takes up the estimates of any department—I am speaking now particularly of External Affairs—that should not preclude the fullest discussion on any of the items for external affairs when the report of the committee comes back to the house. I do think that the committee of supply might well decide that there are a large number of these items which the standing committee had gone into so fully that there was no need of bringing them up again here and taking up the time of the house, but that it would rather pick out the items which it was felt should receive attention here.

The leader of the opposition also asked whether it was the intention to reappoint the committee on the revision of the rules of the house. I would answer him now by saying that that committee will certainly be reappointed, and I hope that it will consider very carefully how time can be saved in the House of Commons by a revision of the rules in some respects along the lines I have already suggested. The recommendation of the committee to which my hon. friend referred was that it be empowered to consider matters connected with external affairs and to report from time to time any suggestions or recommendations to the House of Commons. I think that was construed as being something very broad and as rather a departure from the rules we follow generally in the house; namely, that when matters are referred to committees, they are referred to them specifically. For example, this committee on external affairs in its report referred to certain conventions they approved, and there were also the treaty of extradition and

one or two other matters which they considered. I think that is the right way in which to refer matters to a committee.

But with regard to External Affairs there is one very special reason why care must be taken as to the extent to which the committee might be authorized to go in investigating External Affairs generally. My hon. friend knows that in the Department of External Affairs there is a great deal of correspondence with different governments on matters that are under consideration and one thing above everything else that we have to watch is to see that where other governments are concerned their consent is obtained in advance of the disclosure of information that may be the subject of communication between those governments and our own. The committee might quite unconsciously, unless there was someone watching the situation pretty carefully, be going into some matters about which, if they were brought up in the House of Commons instead of in the committee the minister in charge would have to take responsibility. But I do not press that consideration too far. I think that what my hon. friend has in mind is that if the estimates as a whole were referred to a committee it could bring before it the officials of the External Affairs Department and if they had doubt as to the propriety to certain matters arising in the committee the matter could be considered and dealt with by the minister in the house. I am happy to join with my hon. friend in the move to have the estimates of External Affairs referred to the standing committee and I would hope that that committee might, as I have already suggested, bring down to a few topics the matters which subsequently need to be referred to in the House of Commons. Possibly later, when we call this particular resolution, and the amendment which has been proposed to refer the matter back for consideration the amendment might be allowed to pass as the committee will not be meeting again before another session.

My hon. friend asked me about Canada's position in certain key negotiations. I have touched on that to a limited extent. I cannot emphasize too strongly the right of this country to be one of the principals in any matters that have grown out of the war and relate to the making of the peace. I can assure him that we shall watch the situation carefully and press for our rights in that regard.

My hon. friend has made reference to Canada's policy in the Pacific. I had anticipated that some questions would be asked in regard to the Pacific and I should like to answer his question as follows:

I should like to summarize briefly the situation with respect to the occupation and control of Japan. It will be recalled that, in October, Canada was invited to participate in the work of the far eastern advisory commission, a body convened in Washington to consider political matters connected with the fulfilment by Japan of its obligations under the instrument of surrender. The invitation was accepted, as the house was informed, and the Canadian ambassador in Washington was named as Canadian representative. A number of preliminary meetings have been held which have been chiefly devoted to examining the manifold problems with which the committee will have to deal and discussing the way in which its work can most profitably be arranged. The members taking part in these meetings, in addition to Canada, are the United Kingdom, the United States, China, Australia, France, India, the Philippine commonwealth, the Netherlands and New Zealand.

So far, the Soviet Union has not sent a representative to the commission, but it is my understanding that discussions are now proceeding between the four powers signatory to the Potsdam declaration with a view to reconciling certain differences of opinion which have been expressed over methods of procedure. It is hoped that these discussions will result in the attendance of a Soviet representative, which will be genuinely welcomed by all.

It is premature as yet to attempt to predict, with any exactness, how the far eastern advisory commission will function and what role it will play. The important thing is that machinery has been created which will provide for joint discussions by all the nations directly concerned with the Pacific of the intricate and far-reaching political problems occasioned by the defeat of Japan. An opportunity is thus afforded to the Canadian government to express its views on matters of concern to it and to share in the formulation of the policies that will be applied to Japan. I am hopeful that the far eastern advisory commission will make a worth-while contribution to the problem of creating conditions which will encourage the development by the Japanese people of a peaceful and democratic government.

Canada will be represented on the far eastern advisory commission during its forthcoming visit to Japan by Mr. E. H. Norman, a member of the external affairs service. Mr. Norman served at the Canadian legation in

Japan before the war and is a specialist in far eastern affairs. He will act in place of Mr. L. B. Pearson, the official Canadian representative on the commission, who will not be able to leave his post as Canadian ambassador in Washington for the time required for this visit to Japan.

Colonel L. M. Cosgrove of the trade commissioner service, has been appointed as economic consultant to the Canadian representative. Colonel Cosgrave served for many years as a trade commissioner in the far east and has more recently been military attache at Canberra.

May I say a word with respect to China. The sense of relief experienced by all the united nations with the final surrender of Japan was surely nowhere felt more profoundly than in long-suffering China. To that great country it brought not only release from over eight years of war—indeed from fourteen years of continuous resistance—but a removal of the shadow of Japanese domination that had marked many more years of uncertainty and fear. We may well recall at this time the debt of gratitude the world owes to China for her resistance in those early days when she was willing to withstand the might of Japan. By a happy coincidence, on the very day when Japan signed the formal surrender terms in Tokyo bay, the Premier of China was the guest of our government, and as Prime Minister I was able to express to Dr. Soong Canada's congratulations and thanks, and to assure him of Canada's continued aid as China addressed herself to her tasks of reconstruction.

Canada with the other united nations looks with expectation and hope to China as she takes up her task of economic reconstruction and political development. Her leaders are fully aware that the task will not be without difficulties. News of recent days indicate a political condition yet unsettled and disturbed. At this stage we can only affirm our confidence that the Chinese people will be able satisfactorily to solve their own internal problems. Good neighbours and far-off friends alike must be united in the hope that she may be completely successful in attaining the unity and strength that will enable her to take her place as a bulwark among the peace-loving and democratic nations of the world.

My hon. friend asks specifically with regard to the regional council in the Pacific. The government's policy has been to keep in touch with all these matters that relate to the Pacific as they have come up for consideration, but we have not thus far decided that it is advisable for us to become members of a regional council. It may be that the developments which will take place within the next short time will show the wisdom of Canada being a member of the regional council, but I think we have much to gain and nothing to lose by not taking too immediate a step in regard to what is most advisable in the intricate situation which exists at the present time in the Pacific.

Mr. GREEN: I also asked the Prime Minister the attitude of the government toward a united nations trusteeship of Japanese possessions.

Mr. MACKENZIE KING: There is really nothing I can say at the present time about it, and it is felt that it would be unwise to make any particular statement on that subject at the present time.

Mr. MacINNIS: I have a few remarks to make on a specific point and, perhaps, a few questions to ask to which, I think, a great many people in Canada would like to get fairly specific answers from the Prime Minister. Before I do that, however, I wish to associate myself with the points made by the hon. member for Vancouver South in regard to the unsatisfactory condition in which we find ourselves with this Department of External Affairs; indeed, it applies also to a great many other departments. We have to go back to our homes without having an opportunity of getting information on many points which we would like to have clarified. Perhaps, however, the blame for this state of affairs does not rest with the government alone. It rests with the government for having failed to take the initiative in arranging the business of this house so that we can deal with matters with more satisfaction and more dispatch; but in my opinion, it must have the support of the opposition side of the house. I hope that when another session comes around, one of the first things we shall do will be so to arrange the work of the house that we shall deal more with practical matters rather than make speeches which in the end do not amount to anything anyway.

The Prime Minister said in another debate the other day that external affairs were of tremendous importance, that almost every subject we discussed to-day touches our affairs with other countries. I agree. May I say here that I was extremely glad when the Prime Minister found time earlier in the session—perhaps he did not find time; he just took it—to go to Great Britain and acquaint himself with many things at first hand. We criticize him, and we are going to continue to do so, but I admit that I felt somewhat relieved when he took that trip, because I

considered at that time that international conditions were as bad as they could be without an eruption, and I believe to-day they are somewhat better. I hope that either the Prime Minister or whoever is in charge of external affairs will find time in the future to visit other countries with which we have intimate international relations.

What I wish to touch on more specifically is a matter which was discussed in the session of 1944 under the estimates of the Department of External Affairs. I do not see any item concerning it in the estimates before me; but since this point was discussed and the Prime Minister made a very full statement on it at that time, I am going to bring it up to-night. I refer to the position of our citizens of Japanese origin. Their position has not been satisfactory to them and certainly not satisfactory, I think, to other Canadians, and now that we have come to the stage where the war is over, there must be some final solution in this important matter.

I am sure the Prime Minister has received communications from many organizations across Canada, organizations which are waiting to hear what he has to say on this subject. Had there been more time, I would have quoted at length from the Prime Minister's speech of August 4, 1944, with which in large measure I agree. The fault which I find with it is that that policy, in my opinion, has not been carried out. I will content myself with reading from part of the paragraph which appears on page 5916 of *Hansard*. The Prime Minister said:

> Those who are disloyal must be removed. That is clear. Surely however it is not to be expected that the government will do other than deal justly with those who are guilty of no crime, or even of any ill intention. For the government to act otherwise would be an acceptance of the standards of our enemies and the negation of the purposes for which we are fighting.

I agree with that whole-heartedly; it expresses my point of view absolutely. But I maintain that we have not dealt justly with these people, and it is for that reason that I wish the Prime Minister to-night, if he can, to give an assurance not only to these people themselves but to the people of Canada that democratic principles and the principles of freedom will be observed in our treatment of them. I should like to know if those who signed for repatriation and now wish to reconsider their signatures—

The CHAIRMAN: Order. I do not see anything in the estimates with regard to this matter. In fact it is my recollection that it was discussed previously in this committee under a different department.

Mr. MACKENZIE KING: I recollect, Mr. Chairman, that there was an understanding that, if we took up these estimates rather hurriedly at the end, considerable latitude would be allowed, and I should hope that this question would be one which we might permit to be discussed. Your ruling is strictly correct as to the particular item, but the understanding was that we would allow considerable latitude. That was the general agreement, and possibly the discussion can be continued.

The CHAIRMAN: If that is the wish of the committee the hon. member may proceed.

Mr. MacINNIS: I wish to thank the Prime Minister. You will recall, Mr. Chairman, that I drew your attention to the fact, when I began to speak, that there was not an item in these estimates under which I might speak. I was going to raise a few points on which I believe the people of Canada would like to have some assurance. First, will those who signed for repatriation and now want to reconsider be given that opportunity? Second, will children under sixteen years of age who are Canadian citizens and who are taken to Japan by their parents have their citizenship rights safeguarded? There is another question. When will the restrictions on the freedom of movement of these people be removed so that they can again take up their lives as free citizens of a free country? On these particular points I should like the Prime Minister to reply if he will.

There is another matter, and I refer to it particularly for the leader of this group, who is not able to be here to-night. It arises out of an item that appeared in a Vancouver newspaper on May 31, 1945. It was a statement made by the hon. member for New Westminster (Mr. Reid) during the election campaign, and it refers to high-ranking members of the Department of External Affairs, who are not named. I quote:

> Tom Reid, Liberal candidate for New Westminster, took issue with Prime Minister Mackenzie King on the Japanese question here Wednesday when he charged:
>
> "Prime Minister Mackenzie King is advised by men who had fine trips to Japan and were bribed by the Japanese previous to the war."
>
> Declaring his policy regarding the Japanese question differed from that of Mr. King, he said:
>
> "These higher up civil servants are putting in a plug for the Japanese on every occasion. When he was asked in the house to name an individual who had been bribed by the Japanese, he refused, but said he would write the name in a letter and send it to Mr. King. He did this and was later summoned to an interview attended by Mr. King and Norman Robertson, Assistant Secretary for External Affairs."

The interview was brief, Mr. Reid said. Mr. King asked Mr. Robertson if the individual named in the letter denied the charge. Mr. Robertson made no reply and the interview was over. Mr. Reid declared his only mistake was in failing to mention two others in the same category.

These are serious charges. The people concerned, although no names were mentioned, feel that they were the ones in question, and if this statement is true, then these people have no business in the Department of External Affairs. They have no business in the service of the Dominion of Canada, and the Prime Minister should remove them from their positions at the earliest possible opportunity. If, however, the statement is not true, then the character of these people should be cleared, and it should be done publicly. I suggest that this is a matter that the Prime Minister cannot leave as it is now. He cannot do so in fairness either to the people of Canada or to the gentlemen concerned.

Mr. MACKENZIE KING: I expected that my hon. friend or some other hon. member would bring up the question of the present position of the Japanese, and I am glad to have this opportunity to give to the house copies of orders in council which were passed on the fifteenth instant and which I think will in themselves serve to answer the questions my hon. friend has asked.

This is a matter to which the government has been giving very careful attention. It is not an easy matter to settle or to deal with, and as my hon. friend has rightly said, I had mentioned before that we would seek to deal with the whole question justly. May I say that we have sought to deal with it, and in doing so we have followed the ancient precept of doing justly but also loving mercy, and the orders in council which I now table will give expression to that approach.

I have in my hand three orders in council, P.C. 7355, P.C. 7356, and P.C. 7357 of December 15, all of which have been passed under the War Measures Act, to carry out the policy announced by the government on August 4, 1944, and November 21, 1945, with respect to Japanese people in Canada.

It will, I believe, assist in the understanding of these orders if I give a brief explanation of their purpose and effect. With the permission of the house I should like to table the orders before we rise this evening, and in the meantime I will give the substance of them. I will endeavour briefly to review the situation.

The general outline of the government's policy with regard to the Japanese was given in my statement of August 4, 1944, to which I have referred and which my hon. friend has also mentioned. As a first measure in its implementation, the government sought to determine which of the Japanese now in Canada did not wish to remain here after the war. On November 21 the Minister of Labour referred to the number of applications that had been received for movement to Japan. The minister announced that the government intended to order the removal from Canada of Japanese nationals who had applied for repatriation; of naturalized persons of Japanese origin who had similarly applied and who had not revoked their applications prior to midnight on September 1, 1945; and of Canadian-born Japanese who wished to go to Japan and who did not renounce such intention before an order for their deportation was made. The first order in council P.C. 7355, simply provides that the Minister of Labour may carry out this policy. He is not ordered to have the persons deported, but he is given the power to arrange for their movement.

In all cases in which removal from Canada is to be effected, it is provided that the persons involved shall be able to take out their personal property and all cash and other movable assets, and that they shall be able to sell or otherwise dispose of their real property or of anything else they do not wish to take with them. In addition, they are to be assured minimum liquid assets to assist in their resettlement to the extent of $200 for each adult ordered deported, and $50 for each dependent. In cases where the person going to Japan has a certain amount of cash, but less than $200 plus $50 for each dependent, he will be advanced the difference in order to bring his cash assets up to the minimum I have mentioned. In those cases where the persons to whom cash is advanced have assets with the custodian, the minister will recover his advances out of such assets.

The other clauses of the order simply provide the necessary administrative machinery to carry out the terms of the order.

The second order in council, P.C. 7356, provides for the removal of British and Canadian status from any naturalized persons who now leave Canada for residence in Japan, or are deported from Canada pursuant to applications made and orders issued under P.C. 7355. It has, of course, no application to Japanese nationals, nor does it apply to persons born in Canada. Its application is only to persons naturalized in Canada who have expressed a wish to go to Japan and who have not, as I have said, revoked this application, and also to naturalized persons who come under the third order which I shall now describe.

The third order in council, is P.C. 7357. Hon. members will recall that, in my statement to the house on August 4, 1944, I said that the government intended to establish a quasi-judicial commission to investigate the loyalty of certain of the Japanese in Canada "to ascertain those who are not fit persons to be allowed to remain here". The time has now come when this commission should be appointed. We now know with certainty that same persons do not wish to remain here. There is no object in examining them. There are, however, among the Japanese nationals and naturalized Japanese who wish to remain, a number whose behaviour casts doubt upon their loyalty and before deciding what should be done about them, it is proposed to have a full and fair examination of their cases. Some of these are persons who were interned during the war and whose conduct in wartime has been such as to raise question as to whether in the national interest they should not be deported.

In general, the order in council provides that the governor in council shall appoint a commission of three persons to inquire into the loyalty of "Japanese nationals and naturalized persons of the Japanese race in Canada in cases where their names are referred to the commission by the Minister of Labour". It will be noted from this that the commission will examine only Japanese nationals and naturalized persons. It will not examine any persons born in Canada. It will, moreover, have the power, where recommended by the Minister of Labour, to examine the cases of naturalized Japanese who applied to be sent to Japan and who did not renounce such application prior to midnight on September 1, 1945.

The commission will, where it deems fit after examination, have the power to recommend deportation. In such cases, any Japanese national or naturalized Japanese who is ordered deported will be deemed to come within the terms of the two orders in council previously mentioned. The conditions with regard to property and minimum assets will apply and, in the case of naturalized persons, they will be divested of their British and Canadian status as of the time they leave this country.

The problem of dealing with the question of the Japanese is difficult in the extreme. In its solution, the government is endeavouring to avoid unnecessary hardship. The orders that have been passed involve no change in principle from the general provisions that already exist under our statute law. The Immigration Act contains provisions for the deportation of "enemy aliens or persons who have been alien enemies" in certain cases. In general, the deportation of certain "prohibited classes" is a recognized principle. The Naturalization Act similarly recognizes the principle of revocation of the status of a naturalized person who has shown himself by act or speech to be disaffected or disloyal. The circumstances of war and the peculiar character of the present problem require more expeditious and broader action that the present statutes allow. But the orders that have been passed to permit effective action raise no new principles, nor do they depart from any established principles.

My hon. friend spoke of another matter, that is, certain charges against officers of the external affairs department, to which reference was made in a paragraph he read to the committee to-night. May I say that I personally had a talk with the hon. member for New Westminster. I asked him if he could substantiate the statements that had been made. He said that at the time he made the statements he had reason to believe that they were founded on fact, but that he was now quite prepared to say that he would not countenance the statements at all and withdrew what he had said at that time. May I say that I cannot believe we have in any department of government more honourable members of the public service than we have in the Department of External Affairs; and I am sure it was a pleasure to the hon. member for New Westminster, as it was to myself, to have the opportunity of saying that on further examination and consideration he felt that any charge which would in any way discredit an official of that department had not been well founded.

Mr. STEWART (Winnipeg North): I found it difficult to get the purport of order in council P.C. 7356. As I understand it—and I should like to be corrected if I am wrong—there are two groups of Canadian citizens: those who applied for the revocation of their applications to go to Japan before September 2 and those who did not, who were in the great majority. Can this latter group have the right to appeal to the quasi-judicial commission which is being set up?

Mr. MACKENZIE KING: Let me repeat what I said about the second order in council. It provides for the removal of British and Canadian status—I do not whether that is the order to which my hon. friend is referring.

Mr. STEWART (Winnipeg North): P.C. 7356.

Mr. MACKENZIE KING: Yes. It provides for the removal of British and Canadian

status from any naturalized persons who now leave Canada for residence in Japan, or are deported from Canada pursuant to applications made and orders issued under P.C. 7355. Naturally we do not wish to have in Japan, in the person of anyone who was deported, a person still carrying the status of a Canadian citizen; I think we will all agree that should not be permitted. This order, however, has no application to Japanese nationals, nor does it apply to persons born in Canada. Its application is only to persons naturalized in Canada who have expressed a wish to go to Japan and who have not, as I have said, revoked this application before September 1, 1945; and also to naturalized persons who come under the third order which I have already quoted.

Mr. STEWART (Winnipeg North): For one reason or another a great number of Canadian citizens did not revoke their applications before September 2. Does that mean that automatically they will be deported, or do they have a right to appeal to some body?

Mr. ST. LAURENT: Perhaps I may be permitted to say a word, in view of the fact that I had something to do with the preparation of some of these orders. These orders purport to deal only with those who have asked to be deported, whether they be Canadian born or naturalized in Canada or Japanese nationals. With respect to those born in Canada who may not want to go at the time we can arrange to have them go, no decision has yet been made, because there was nothing in the statutory legislation which permitted of their being dealt with. The only ones who are to be forcibly dealt with under these orders are the naturalized Canadians of the Japanese race, or Japanese nationals. These orders do not purport to deal with Canadian-born persons of Japanese ancestry who had expressed a willingness to go, and who had revoked before September 1, nor with those who had expressed a desire to go, and had not revoked before September 1.

It was found upon examining the Immigration Act and the Naturalization Act that if anything was to be done about them, further legislation would be required; and it was not felt that it would be proper for the governor in council to enact that legislation under the War Measures Act or under the Emergency Powers Act, but that if and when it is done, it should be done by parliament itself.

Mr. STEWART (Winnipeg North): I should like to pursue this matter further. I am dealing only with Canadian citizens who are naturalized. Those who did not apply to revoke before September 2 are to be deported?

[Mr. Mackenzie King.]

Mr. ST. LAURENT: Yes.

Mr. STEWART (Winnipeg North): In other words, there will be a distinction between Canadian-born citizens, and Canadian citizens who took out papers in this country?

Mr. ST. LAURENT: Yes.

Mr. STEWART (Winnipeg North): I think that is wrong; it is unjust.

Mr. ST. LAURENT: Apparently parliament did not think so when it passed the legislation now on the statute books.

Mr. GIBSON (Comox-Alberni): Would the Prime Minister give the committee the assurance that no persons of Japanese ancestry will be allowed at any time to return to the Pacific coast?

Mr. MACKENZIE KING: I do not think I can give that statement.

Mr. GREEN: What is the Prime Minister's answer?

Mr. MACKENZIE KING: Does the hon. member wish me to give a statement that persons of Japanese origin will not be permitted to return to the Pacific coast? I cannot give that statement.

Mr. MATTHEWS (Kootenay East): Mr. Chairman, I know the committee is eager to complete its business; yet as a new member I believe I have had as little to say as anyone. I have tried to be a good listener, and I have been gaining impressions every day so that a little later on I would be able to have a clear idea as to what really constitutes our Canadian parliament.

When this matter was being discussed under the estimates for the Department of Labour, the Minister of Labour made two statements which caught my attention. If I understood him correctly, he said, first, that this is no time for sitting on a fence. I understood him to mean that this is the time when people should take a stand on matters of vital interest.

Mr. MITCHELL: I think the hon. member has the dates wrong. I said that when a nation is in jeopardy is no time to sit on the fence—when you have your back to the wall, and when you are hanging on the ropes as we were when we stood alone in 1940 and 1941. That was the time I referred to; but not now. It is easy to sit on the fence now.

Mr. MATTHEWS (Kootenay East): I stand corrected.

The CHAIRMAN: I was afraid there would be reference to a previous debate, and that was why I mentioned to the hon. member for Van-

couver East that I had seen no estimate in the Department of External Affairs with respect to Japanese. I was fearful there would be a review of this question and a reference to a debate which took place in the house a few weeks ago. Since it has been agreed that there will be some discussion on the Japanese question, I suggest that there should be as little reference as possible to the debate which has already taken place on this subject.

Mr. MATTHEWS (Kootenay East): I am asking only for the latitude granted at the request of the Prime Minister to the hon. member for Vancouver East.

The CHAIRMAN: I am not trying to circumscribe the hon. member in what he has to say. However, I do not think the hon. member for Vancouver East referred to an earlier debate. If he did, it was only to a limited extent. I would ask hon. members not to revive the debates which have already taken place.

Mr. MATTHEWS (Kootenay East): To the best of my ability I shall keep within those limits.

It seems to me that as a member from British Columbia I should express my views, because I know I hold a view which is shared by a great many people in my province. The impression has gone out that practically all the people of British Columbia are desirous of the deportation of these Japanese. That is not true, because I hold in my hand clippings from the Vancouver *Sun*, which is looked upon as a good Liberal paper. In one of these clippings I notice that the members of the Student Christian Movement, from the campus of the university of British Columbia, urge Ottawa to refrain from sending to Japan those Japanese-Canadians who signed up for return but now wish to remain in Canada. The article goes on to say:

> We urge that the government give due consideration to the conditions of perplexity and despair under which many Japanese-Canadians expressed the wish to be sent to Japan.

And here is another extract:

> Six interior locals of the International Woodworkers of America petitioned Ottawa following a week-end meeting in Kamloops. The union thus goes on record as being the first major organization to demand that Japs be allowed to return here permanently, now that the war is over, and enjoy the franchise.
>
> Harold Pritchett, president of the B.C. district, IWA, said his union has many Japanese members in the interior.
>
> The IWA is of the opinion selective service should establish an appeal board to which loyal Japs would have recourse if they want to stay west of the Cascades.
>
> At present Japanese face deportation to other parts of Canada if they choose to remain in this country.

I should like to make myself quite clear that I hold no brief for the Japanese in Japan, not even for their god-emperor Hirohito. I believe that war criminals must be punished, in whatever country they may be found. But I have great love for justice, and all that I would ask hon. members to keep in mind is that justice should be done.

I came to Canada forty years ago, in the spring of 1905. One of the things that influenced me in choosing Canada as my future home was the fact that it was under the union jack, a flag that has always stood for justice. Hon. members in the debate on the flag spoke strongly and pleaded that nothing should be done now that would jeopardize national unity. Yet I feel that if this question of the Japanese is not handled very wisely it will have a definite effect on empire unity in the days ahead.

I believe that in the past Canada has not acted clearly or wisely so far as racial minorities are concerned. I believe it was in 1914 when we had in Canada what was known as the *Komagato Maru* question. A Japanese vessel of that name came into Burrard inlet loaded with Hindu men and women seeking entry into Canada. They were refused admission, and the vessel sailed back with that load of people. Remember, these were men and women migrating from one part of the British empire to another. They came to Canada from a country under the union jack. Then sometimes we wonder why to-day India is so antagonistic to the British empire.

Speaking of racial prejudice, we have had a lot of that in British Columbia. I know that for some years, coloured people were refused admission to the Crystal swimming pool in the city of Vancouver, but I am glad to see in the issue of the Vancouver *Sun* of November 8 that the Vancouver parks board have decided to lift the colour ban. That is all to the good, but what is not so good is the fact that the Ottawa *Evening Citizen* of Friday, November 15, tells of the colour ban being applied in Toronto "the good". Let me read this article:

> A Toronto negro, tears in his eyes, told the city board of control to-day that his fifteen-year old son had been refused admission to an ice rink in North Toronto. The negro, Harry Garrey, concluded with an apology for "taking up your valuable time."
>
> "I don't know that we have any work more important than trying to overcome things like this," Mayor Robert Saunders told Garrey. "We assure you this matter will be investigated."
>
> The control board was told by Alderman Norman Freed that young Garrey and five of

his white school friends purchased entrance tickets at the rink and when filing through the turnstile to the ice surface the negro lad was told by the manager: "Sorry, no coloured boys allowed here." The other five refused to enter and left the rink with young Garrey.

I know that the situation has now changed considerably with regard to the Japanese people. As a member from British Columbia I have always resented the fact that this question has been allowed to become a provincial one. It should always have been considered as a matter to be decided by the federal authorities. I personally have accepted the Prime Minister's statement of August 4, 1944, as a statesmanlike solution of this problem. I agree with him that not another Japanese should be allowed to come into Canada. I agree with him that those who are in Canada and who are to be allowed to remain should come before a quasi-judicial board so that their loyalty may be proved, and that those who remain in Canada should be distributed among the various provinces of this dominion. I submit that British Columbia should be willing to take her share of these people, but the other provinces should also stand their share of this particular burden. Oftentimes the impression is left that none of these people are any good. I should like to read a letter from a soldier which appeared under the date line of Esquimalt, British Columbia. It reads:

Lance-Corporal Stewart Ganton of Prince George, who arrived here with other repatriates from Hong Kong, declared that "there was a good Jap in Hong Kong—and he came from Vancouver."

Mr. REID: May I ask the hon. member what newspaper he is reading from?

Mr. MATTHEWS (Kootenay East): The *New Canadian*.

The report stated that Ganton, who was in auxiliary hospital when Hong Kong fell, said the man was formerly of Vancouver who had worked in a city lumber mill.

"He served as interpreter. He liked Canada and apparently had been given what he thought was good treatment over here. So he tried to do the same for us, such as giving us cigarettes," he said.

A few weeks ago I had the privilege of attending a meeting in a church here in Ottawa and listening to Captain U. Laite, a chaplain of the United church who had been released from Hong Kong, recounting some of his experiences in that captured city. He spoke most kindly of some of the Christian Japanese and related their kindnesses to himself and other prisoners in their care. A few weeks ago the hon. member for Fort William said that this is a great time for some forgiving. I would reiterate that statement and repeat that it is a great time for some forgiving. Punish the criminals in Japan. By all means. They have asked for it; they must take it and like it. Punish the criminals in Europe also for that matter, but do not let us punish innocent and helpless people here in Canada and then call it an expression of patriotism. Just before Nurse Cavell faced the firing squad during the first great war for her work in assisting British prisoners to escape, she is reported to have said, "Patriotism is not enough." There is a feeling that goes deeper than patriotism, and I believe that we here in Canada should try to follow the greatest of Christian principles:

Therefore all things whatsoever ye would that men should do to you, do ye even so to them.

During a previous debate the hon. member for New Westminster asked if we would be willing to allow the soldiers who had been released from Hong Kong to settle this matter of the Japanese. To that question I would say, "no." We in Canada have never been willing to allow any section of the people to settle our national problems. I believe that is a matter for the parliament of Canada to settle and not the soldiers alone. When we start looking back over what happened at Hong Kong we realize that there are two sides. I hold in my hand an editorial which appeared in the Vancouver *Sun* entitled, "The Blackest Page." It reads:

"We were shipped into a trap. It was a mess."

In fewest words, Private Harry Gyselman, of Winnipeg, summarizes the 1941 Hong Kong fiasco. Lack of equipment and too little of everything, men and munitions, spelled defeat even before the arrival of the ill-fated expedition.

The fact that the Japanese would probably have won anyway does not excuse our failure. Why the Canadian high command handled the situation so badly has never been explained.

It will be remembered that the men were here in Vancouver ready to sail, but their heavier equipment was still on its way from eastern Canada, stranded in half a dozen places. There were empty holds in the troopship. General Alexander—

The CHAIRMAN: I must inform the hon. member that this has nothing to do with the estimate under discussion.

Mr. MATTHEWS (Kootenay West): It was stated previously that the soldiers should be allowed to settle this matter of the Japanese. I would ask to be allowed to finish this and then I am through.

The CHAIRMAN: The discussion must be confined to the estimate before the committee.

Mr. MATTHEWS (Kootenay West): Then I can only say that it is the truth that hurts.

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: The hon. member who has just taken his seat has made a reference which might be misinterpreted and misconstrued and do a great deal of harm if it were not corrected. During the course of his remarks he has referred to the treatment given by Canada to British subjects from other parts of the empire. He referred to the *Komagato Maru* which arrived off the coast of British Columbia in 1914 with a large number of the subjects of India aboard and which was sent back to India without its passengers being permitted to land. It was sent back to India without these persons being permitted to land.

My hon. friend has left the impression that Canada was not treating honourably and properly subjects from another part of the British empire. May I say to him that I used to know a good deal about matters of the kind because at one time I investigated under royal commission in the province of British Columbia the whole question of immigration from the orient, and subsequently I was sent by Sir Wilfrid Laurier to see Lord Morley in London when he was Secretary of State for India to seek to arrange with him a plan that would avoid anything that could look like discrimination so far as these British subjects of India are concerned. Later I went to India and dealt with this matter with the government of India, and the government of India took the position that Indians under their own law should not be permitted to be taken under indenture to other parts of the British empire—the question came up first in relation to South Africa—and there be exploited by contractors who were responsible for bringing them to other parts of the empire.

In order to keep persons from coming here who were going to become public charges, our law required that anyone who had not a contract of employment or someone responsible for him should have in his possession the sum of at least two hundred dollars, I think it was. None of these men aboard that ship would have been eligible to enter Canada under our Immigration Act, and to the extent they were under indenture, they would be coming to Canada in violation of the laws of India. Far from there being any effort on Canada's part to discriminate against people from another part of the Brtish empire there was an effort on Canada's part to see that the laws both of Canada and of India were observed in a manner which would avoid conflicts of that kind.

May I say that the arrangements made at that time, as long ago as 1908 or 1909 have stood from that day to this, and have helped to lessen what otherwise might have raised a very serious difficulty in our relations with the great empire of India.

Mr. MATTHEWS (Kootenay East): Was as much publicity given to the solution of that difficulty at that particular time as has been given to this?

Mr. MACKENZIE KING: May I say that if my hon. friend had been following matters as closely at that time as he is to-day he would have seen that full publicity was given to it. May I say that I made a report for the government of the day on the whole question of immigration from India. The report exists and is on the files of the Department of Labour and will be found in the sessional papers in the library of parliament. If my hon. friend looks at it he will find that the report covers the very points mentioned to-night. The report was tabled in this House of Commons at that time, and received much publicity at the time.

Mr. STEWART (Winnipeg North): Mr. Chairman, I make no apology for holding up the committee at this stage on a matter of fundamental importance to democracy. I want to be absolutely clear in my own mind that I am right before I proceed. The matter has been explained to me, and I think I grasped the gist of it, and I am going to speak on it now. I have no argument against P.C. 7355 or against P.C. 7357; my argument is against P.C. 7356. I do not know why it was brought down so late in the session. The Prime Minister and the committee know that the matter of Japanese Canadians has been exciting interest all over this country, and to bring it down on almost the last day of the session is not fair to this parliament. As I understand it,, every Canadian citizen of Japanese descent who did not apply for cancellation of his repatriation request before the 2nd of September of this year is going to be deported. It that right.

Mr. MACKENZIE KING: I am glad that my hon. friend has brought the matter up anew. May I make the situation perfectly clear?

There were certain naturalized Japanese who, when Japan was doing its utmost to destroy the British empire asked to be returned to Japan. When we were fighting Japan these naturalized Japanese wanted to go back to the enemy country. What the government said was that any man who in time of war wished to go back to the enemy must have believed pretty strongly at the time that the enemy was going to win and wanted to be with

them; he was more anxious to be with them than to remain here in Canada. The government's position is this, that anyone who has shown that spirit and that sort of attitude deserves to have his naturalization revoked, and these people are having their naturalization revoked for that reason.

Mr. STEWART (Winnipeg North): I am sorry I disagree with the Prime Minister. He assumes, as did the Minister of Labour and others, that because the signers of these repatriation requests put their names to these forms, they were all disloyal. That is a *non sequitur*. It does not necessarily follow because, despite statements made to the effect that coercion was not used, I say coercion was used.

Mr. MITCHELL: Let me state—

Mr. STEWART (Winnipeg North): Wait until I have finished. Coercion is not a matter of sticks or bludgeons or clubs.

Mr. CHEVRIER: You are using sticks and bludgeons now.

Mr. MITCHELL: I say without equivocation—

Mr. REID: Say it strongly, too.

Mr. MITCHELL: I am an old country man like my hon. friend, and proud of it, and I know something of the traditions of our people. To say that coercion was used is not a statement of fact, and I say that with all the emphasis of which I am capable. As a matter of fact, the whole thing was looked over by the International Red Cross, which vindicated the position that the Canadian government took. I do not know of any better agency than that. What I get a little tired of is some people trotting out their consciences like a lavaliere worn around a woman's neck. I do not take second place to my hon. friend or anybody else in acting decently toward other people, irrespective of their race or colour or creed. May I say this to my hon. friend—

Mr. STEWART (Winnipeg North): If you are asking a question, all right. If you are making a speech, I have the floor.

Mr. MITCHELL: Well, I am just about fed up with—

Mr. STEWART (Winnipeg North): You will be more fed up after I am through with you.

Mr. MITCHELL: Let me put it clearly to my hon. friend as I did to the hon. member for Kootenay East. When a nation has its back to the wall—

[Mr. Mackenzie King.]

Mr. STEWART (Winnipeg North): On a point of order, Mr. Chairman, is the hon. gentleman asking a question or not?

The CHAIRMAN: I understood that he was to put a question, but if the hon. member for Winnipeg North does not desire a question to be put, he has the floor.

Mr. STEWART (Winnipeg North): I am willing to have a question asked, but not to have the minister make a speech in the midst of mine.

The CHAIRMAN: The hon. member for Winnipeg North.

Mr. STEWART (Winnipeg North): I have here the Winnipeg *Free Press*, which is not notoriously unsympathetic to this government, and on the 19th of September of this year it had an editorial headed "We will regret Racialism". The editorial says in part:

> A government spokesman has said that if it can be shown that a Japanese Canadian refuses to move out of British Columbia this may be counted against him.

What is that but mental coercion? There is more than one kind of coercion, I should like the hon. gentleman to understand.

We have had several policies in this matter in the last few years, two or three of them deplorable. We had the policy of the Prime Minister of the 4th of August last year; we had the policy of the Minister of Veterans Affairs last September, which was iniquitous; we had the policy of the Minister of Labour some time ago; and now we have certain amendments made by the Prime Minister to that policy to-night. I assume that the orders in council tabled fit in pretty well with a statement which was in the Ottawa *Citizen* of November 24, in a story by Mr. H. R Hardy that Arthur MacNamara, deputy minister of labour, stated the previous day that preparations to expatriate ten thousand Japanese were being rushed just as fast as possible. The Prime Minister now comes to the conclusion that these people were enemies of the country, but when he spoke on this matter on August 4 of last year he had to admit that not one of them had committed an act of sabotage against Canada.

Mr. GIBSON (Comox-Alberni): They did not get the chance.

Mr. STEWART (Winnipeg North): They had plenty of chances. I should like to know why it is that the Japanese are being singled out, why the same action is not being taken against the Germans and against the Italians.

Mr. MACKENZIE KING: May I say to my hon. friend that if there was a naturalized

citizen of Canada who had been a German national and he wanted to go back to join the Germans instead of remaining in Canada, I for my part would have done all I could to see that his naturalization was revoked.

Mr. STEWART (Winnipeg North): I doubt very much whether these citizens who signed these forms did so willingly, knowing how far this Liberal government would go.

Mr. GIBSON (Comox-Alberni): Call your evidence.

Mr. STEWART (Winnipeg North): I have quoted the Prime Minister. I think the committee know the speech. These people were coerced.

Mr. MITCHELL: They backed the wrong horse; that is all.

Mr. STEWART (Winnipeg North): I quoted the Winnipeg *Free Press*, and if the government has any greater friend I should like to know who it is.

Mr. MACKENZIE KING: I hope my hon. friend will make it perfectly clear that we are talking about naturalized persons, men who were accorded by this country the privilege of being naturalized, and while the war was on signed a document to the effect that they wished to go back to Japan, which was fighting this country at that time. I say that is prima facie evidence that their naturalization should be revoked.

Mr. STEWART (Winnipeg North): Were naturalized Germans and Italians asked to sign similar documents? They were not asked to do the same thing at all. I want to remind the Prime Minister of a statement which he made in Winnipeg. He said that any man who lends his voice or his pen to the stirring up of racial and religious strife is an enemy of mankind.

Mr. MACKENZIE KING: Hear, hear.

Mr. STEWART (Winnipeg North): I suggest that he has some of those men sitting behind him to-night.

Mr. REID: Name them.

Mr. STEWART (Winnipeg North): The hon. member for New Westminster is one of the worst.

Mr. REID: You are raising up hatred of class against class, and you know it.

Mr. STEWART (Winnipeg North): I am raising no hatred. I am pointing out what kind of Liberal government—

Mr. REID: You can't tell me.

Mr. STEWART (Winnipeg North): I will tell you; I will tell you again.

The CHAIRMAN: Order. May I remind all members of the committee that all remarks must be directed to the Chairman. The hon. member for Winnipeg North.

Mr. STEWART (Winnipeg North): I should just like to read this statement of policy by the Minister of Veterans Affairs, in direct contradiction to the policy of the Prime Minister as it was announced last year. The minister said, on September 19, 1944:

> Not a single Japanese from the Rockies to the sea.

One can imagine him airing his Highland rhetoric, as he goes on—

Mr. MACKENZIE: Take them into Manitoba, if you want them.

Mr. STEWART (Winnipeg North): The minister said:

> I ask my fellow-citizens of Vancouver Centre, and of British Columbia as a whole, to range themselves beside me on this issue and to serve notice of the rest of Canada that we will not have Japanese in this fair province.

Mr. MACKENZIE: That is right.

Mr. STEWART (Winnipeg North): What an example of racial intolerance from a Liberal!

Mr. MACKENZIE: You speak for your province; I am speaking for mine.

Mr. STEWART (Winnipeg North): I am telling the minister what I think of him, and it is not very much. I should like to mention this, too. We have been told on more than one occasion that we follow the traditions of Westminster, not always closely, not always exactly the same traditions, but by and large we do; and there is a tradition there about cabinet solidarity. The theory is this, that in a cabinet, where a minority disagrees with a majority, they accept the verdict of that majority, or they are in honour bound to resign.

Mr. MACKENZIE KING: That is not true.

Mr. STEWART (Winnipeg North): On the other hand, where a cabinet minister goes out and makes a declaration of policy, unless it is denied, that is the policy of the cabinet.

Mr. MACKENZIE KING: Where did my hon. friend get the idea that a majority of the cabinet necessarily control?

Mr. MACKENZIE: In the Book of Job.

Mr. STEWART (Winnipeg North): How does this government control, except by a

majority? That is how it is in control here. I say this, that the policy that is to be carried out as regards these Japanese Canadians is certainly not Liberal.

Mr. GIBSON (Comox-Alberni): It is generous.

Mr. STEWART (Winnipeg North): What I would call a Liberal policy would be to have all those who signed their names given an opportunity to revoke their signatures. Where there are those who want to go back to Japan, by all means send them back; where there are those who are proven enemies of Canada, by all means send them back. But every Canadian citizen, be he black, white, or yellow, Catholic or Protestant, believer or unbeliever, should have exactly the same opportunity in this country. To-day we are singling out one particular group as objects of our hatred.

Mr. MITCHELL: That is playing both ends against the middle.

Mr. STEWART (Winnipeg North): The democratic principles which the Liberal government are supposed to hold are being shamefully violated.

Mr. MACKENZIE: May I tell my hon. friend that I fought an election on that issue and I am here on this side, to the right of the Speaker.

Mr. STEWART (Winnipeg North): The hon. member may be here, but that reflects no credit on his constituents.

All I want to say is that I regard this policy as a direct negation of Liberalism and of decent, elemental, fundamental democracy. I will go farther and say this, that in carrying through this policy, in deporting these Canadian citizens of Japanese origin, the Liberal government has merely proven itself to be what many of us have long suspected, an organized hypocrisy.

Mr. MACKENZIE: A government which is in office and in power.

Mr. MACKENZIE KING: I ask that that term be withdrawn. No hon. member has any right to say that any other hon. member or any government is an organized hypocrisy. Those are words which must be withdrawn.

Mr. STEWART (Winnipeg North): I will withdraw the words if I am out of order. I should have said, the Liberal party.

Mr. MITCHELL: Statements of that kind are all right on a soapbox, but you cannot make them here.

Mr. HACKETT: I ask the Prime Minister if, in the negotiation of the extradition treaty to which he made reference earlier in the evening, full recourse was had to the information and guidance of the department over which he presides.

Mr. MACKENZIE KING: I think it would be correct to say that it was, yes.

Mr. HACKETT: Would the Prime Minister be good enough to say for what reason the treaty was kept a secret or kept away from parliament for three years?

Mr. MACKENZIE KING: I cannot give my hon. friend the exact reason, but I have had enough experience in watching some of these international negotiations not to be surprised that it took three years. It might have taken four or five. I think the subject itself has been such a complicated one that there has been some delay.

Mr. HACKETT: I am afraid I have not made myself clear. The agreement itself was signed by the high contracting parties on the 29th of April, 1942, and my query is, why was it kept away from parliament during the period which elapsed between the 29th April, 1942 and October, 1945?

Mr. MACKENZIE KING: I cannot give my hon. friend an answer. I am informed that it was modified once by a protocol. That is all I can say about the—

Mr. HACKETT: It was modified on the 3rd of October of this year. But it would have interfered with so many national undertakings, and with some enterprises in my own constituency, that I have been prompted to be unduly curious about it. I draw to the attention of the Prime Minister that the treaty appears to have been dealt with most expeditiously in the United States. It was signed on April 29, 1942; on May 6, 1942, it was sent by the President to the senate of the United States, the committee on foreign relations dealt with it and made a report in the month of May, 1942. It appears to have been ratified by the senate within a few weeks after it was executed. I am prompted to inquire why Canada delayed in dealing with it. There was nothing in the treaty to be concealed because of the war in which we were engaged. After having seen it, I can understand why there may have been some hesitancy in introducing it into parliament, but I should like to know if there is some high reason for having held it in abeyance away from parliament for such a length of time.

Mr. ST. LAURENT: I think I can satisfy my hon. friend's curiosity, although I cannot agree with all he has said. He said that the

treaty had interfered with the operations of firms in his constituency. It cannot have interfered yet, and it will not interfere with anything done in Canada until it becomes effective, and it will not become effective until instruments of ratification have been exchanged between the high contracting parties. But as to the reason for not bringing it to parliament before this year, the fact is that the protocol had not been arranged before this year. The treaty became public and became the subject of objections as soon as it was signed, and those objections were for a very long time under discussion. It was not until October of this year that the protocol was arranged to restrict its application when it did become effective; and after that protocol had been arranged, both the treaty and the protocol were brought to the houses of parliament for their consideration before the government would undertake to exchange instruments of ratification. When it was brought to this house it was referred to the committee on external affairs. Many of the objections that had been urged against the treaty in its original form were repeated against the treaty as modified by the protocol. The committee on external affairs has reported the evidence and has recommended that both the treaty and the protocol be reconsidered. There has not yet been time to give consideration to that recommendation of the committee on external affairs. Until there has been time to give consideration to that recommendation of the committee, and also to the evidence that was adduced, there will certainly not be any exchange of instruments of ratification, and I would be very much surprised if it did not again come before the committee on external affairs before the government undertook to make the exchange of instruments of ratification.

Mr. HACKETT: I wish to tell the minister that if I said that the treaty had interfered with enterprise in my constituency I said something I did not intend to say, and I do not think I did say it. I said that the treaty was in such terms that, were it ratified in the form in which it now stands, it would have that effect. I should like to make this suggestion to the minister. I understood from the Prime Minister that all the resources of the department had been called into play in the negotiation of the treaty. If that be true, may I, with the utmost respect for the department, suggest that they go a little outside it for inspiration when the document is being redrafted, if it be redrafted, because it is quite evident that those who dealt with the matter were neophytes who had never had anything to do with extradition and were possibly not very much interested in it. I suggest, therefore, that when the matter is taken up afresh, the usual care of the department be exercised in availing itself of all help that can be had to make a treaty which will be in the general interests of Canada.

Mr. MACDONNELL (Muskoka-Ontario): May I ask the Prime Minister a question with regard to the basis on which the number and character of our representatives in different foreign countries are determined. I have in my hand a white paper entitled, "Canadian Representatives Abroad", dated October 1, 1945, and it seems to include both diplomatic and trade representatives. On what basis is our representation determined? Is it on the extent of business generally, or perhaps business anticipated, or the nature and importance of our diplomatic relationship with the respective countries? The reason for the question is that I do not find it immediately apparent why our representation as set out in this document is as it is. For instance, we have one representative in India, a trade commissioner; one representative in Luxembourg, a minister; one in Greenland who is a vice consul; four representatives in Peru, all of whom are diplomatic; twelve representatives in France, who are apparently all diplomatic, although one or two are referred to as commercial attachés, none of them being referred to as trade-commissioners; five diplomatic representatives and three trade commissioners in Australia; in Brazil five representatives; diplomatic, and no trade commissioners. In Sweden we have no trade representatives at all, although we have in Norway. It is not immediately apparent on what basis we selected these. Some of the results seem surprising, and it is a matter of interest to me, and as a matter of public interest I wonder if the Prime Minister would be good enough to explain the basis on which representation abroad is determined.

Mr. MACKENZIE KING: A variety of considerations have governed in this matter. As my hon. friend is aware, prior to the war certain legations were opened. Some of them have since become embassies. They were opened in a limited number of countries, but during the war a large number of representatives of other countries came to reside in Canada, and, where opportunity was afforded, the government gave assurances that when the appropriate time came we would reciprocate in the matter of representation. That would account for some of the countries to which representatives have not yet been appointed where they otherwise would have been appointed. In connection with each mission I

think there has usually been some special reason why that appointment was made at the particular time it was. The government has not found it possible to have missions in all countries. We hope we will have them by degrees, but during the war many who would have been excellent persons to represent Canada in different missions were not available; they were serving overseas, and we have been waiting until the war was over in the hope that out of the numbers who served abroad there would be found good candidates for our diplomatic service. The aim of the government is to have representation in all important countries, but it will take time and we have to deal with these matters as circumstances will permit. Take the case of India, which my hon. friend has mentioned. For some time we have been seeking to make an appointment of a high commissioner to India. I think we should have a high commissioner there but it is much better, I am sure my hon. friend will agree, to defer making an appointment until the most suitable person is available.

I agree it is anomalous that in certain of these countries there should be a larger representation than in others; but as I have said, in many cases representatives have been appointed because of special considerations which it was necessary to take into account at a particular time. With regard to the trade commissioners I may say that in posts where we have diplomatic missions they are listed as commercial attachés. If my hon. friend would ask questions as to any particular representation I would seek to give him a word of explanation. I would make clear that the problem the Department of External Affairs has faced in all these matters of representation is one that has been very hard to solve owing to the extreme difficulty of securing a sufficient number of suitable persons during the period of the war. Perhaps my hon. friend will agree with me that the question of representation is one that might appropriately be discussed by the committee on external affairs. Perhaps the committee could deal with questions of that kind more effectively than they could be dealt with on the floor of parliament.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to press the matter, but I should like to ask one supplementary question. Let us take France, for example; and this raises the whole question of the relative importance of our diplomatic and trade representation. I noted what the Prime Minister said about the commercial secretaries. In France, as far as I can understand, out of twelve people there is only one whose designation suggests that he has anything to do with trade; and by the way I notice there are two newspaper men. I wonder if the Prime Minister would answer this question. What is our objective in a country like France, for example? What do we aim at in the way of relative strength as between commercial representatives and diplomatic representatives? I can quite understand that it has not been possible to cover the whole situation, but will the Prime Minister say a word as to what are the relative objectives, because at the moment it would appear that the commercial side is away under represented?

Mr. MACKENZIE KING: With regard to the commercial side, as my hon. friend is aware the situation in regard to trade between France and Canada is still far from normal at present. As business opportunities develop, we would certainly expect to have a larger commercial representation than we have at the present time.

Mr. JAQUES: As a member of the committee on external affairs I should like to make a few remarks; but before doing so, I wish to take this opportunity of saying a word of welcome to the Prime Minister on his return from his travels. We have not seen very much of him in the house this session. I can only hope that we shall see more of him next session, and certainly that the external affairs estimates will come up before the last day of the session.

I wish to make a few remarks about a country that is very much in the news these days; and, since the question is a thorny one, I intend to follow my notes pretty closely. We read and hear a good deal about Palestine, not only in the press and on the air but at organized public dinners and meetings. I have no brief for either Arabs or Jews, but it seems to me that the public hears only the Zionist arguments, never the Arab side of the question. As I have said, I have no brief for either side; my sole concern is to establish the truth, for just as truth and freedom are indivisible, so mutual faith in the given word is the basis of friendship, individual and international. Once that faith is destroyed or even impaired, trust and friendship turn to suspicion and hatred. But instead of historic fact, the Zionists base their case on racial, cultural and commercial superiority. These claims on behalf of a favoured nation and a chosen people are upheld especially by leftists and internationalists, by the very people who denounce racism and nationalism. They also are the people who claim especially to be the world's peacemakers but who, in the face of

continued and fatal rioting in Palestine, are going out of their way to embarrass Great Britain in her efforts to maintain peace by encouraging tolerance by both Arab and Jew. Some time early in the session I received a pamphlet issued by the Canadian-Palestine committee. In answer to that, I wrote the director of that committee for a little more information, and received this letter from Mr. Herbert Mowat, executive director of the Canadian-Palestine committee:

Dear Sir:

Your letter of October 25 greeted me on my return to Toronto . . . and I wish to make the following comments.

The Arab population of the middle east totals 16,000,000, not 60,000,000, and the position of Iraq, Iran, Lebanon, Syria, Saudi Arabia and Egypt is the same in respect to Palestine as is that of Canada—membership in the united nations which is the official authority in regard to the disposition of Palestine. If the Arabs fight a united nations decison on Palestine it is apparent that they have forfeited their place of good standing in this world organization. Our committee represents the united nations point of view and technique in respect to Palestine. If the Arabs fight what the world agrees should be done about Palestine they fly in the face of world law and order and, so far as the united nations organization is concerned they are outlaws and as such are subject to military measures to be taken by the security council of the united nations, a body which Canada is bound to support in whatever action it takes according to the unanimous adoption of the united nations charter which took place in our Canadian House of Commons and Canadian Senate not long ago. Whatever responsibility rests on Canada through membership in the united nations organization accruing from the situation in Palestine our committee believes should be accepted.

I do not think Arab threats directed at Great Britain, the United States and other members of the united nations organization should be taken too seriously. They are a species of blackmail from a primitive people by which they have profited in gold and various concessions in the past. Threats of violence have been the Arabs' most profitable stock in trade. How much longer are the great powers going to appease them? There is no doubt that a policy on Palestine agreed upon by the United States, Great Britain, and the other united nations will be one to which the Arabs will be forced to adjust themselves. Such adjustment will be achieved with great benefit to the Palestinian Arabs; this has been substantiated clearly in the experience of the Jewish national home project up to now. Our committee believes that the broad humanitarianism which motivates the Jewish national home project in Palestine on the part of both Jews and non-Jews will ultimately vindicate itself by incontestable benefits to both Arabs and Jews in Palestine.

Yours sincerely,
H. A. Mowat.

I maintain that this reply by the Canadian-Palestine committee not only is prejudiced and one-sided, but is not even a true statement of facts, as I shall show. The contemptuous and dictatorial tone adopted by this committee toward the Arab people exhibits an evident and biased partisanship which, in the end, will not advance their cause. The statement shows clearly that the united nations organization is to be regarded as an instrument for clubbing the small states, and of power politics.

Let me refer briefly to the history of the Arab-Zionist question and the Palestinian problem. In the first place, the Arabs have made Palestine their own home for thousands of years, continuously for the past thirteen centuries. However, I shall not refer to anything that happened before the first world war.

Early in 1915 Great Britain needed the help of the Arabs to defend the Suez canal from the German-led Turkish forces; and therefore, on behalf of the British government, Sir Henry McMahon began to netotiate with the Arab leaders. In May, 1915, the Arabs stated their conditions for their aid against the Turks. Their terms were the recognition by Great Britain of Arab independence within certain boundaries. I will not go into detail, but a main point in the dispute is whether Palestine was included in the Arab territory.

The whole situation is complicated by secret pledges and treaties; that is, subsequent agreements which, unknown to the Arabs, were concluded between the great powers: for instance, the Sykes-Picot agreement signed in London in May, 1916. This deals with the disposal of the former Turkish empire between Great Britain, France and Russia. This agreement was made six months after the last note exchanged between Sir Henry McMahon and the Arab leaders. By this agreement, under Zionist pressure, Great Britain broke her pledge for Arab independence.

Next came the Balfour declaration of November, 1917, which reads:

His Majesty's government views with favour the establishment in Palestine of a national home for Jewish people and will use their best endeavours to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country.

The confusions and misunderstandings of the Palestine question mainly are due to the different interpretations to be put upon the phrase "National home in Palestine". For the political Zionist and for a great many of their leftist fellow travellers and agents a national home has come to mean a national state, with or without consent of the Arabs. Cultural zionism had been spreading slowly in Palestine even before the present century Probably a Jewish national home is supported by some, though not by a majority of the Arabs. But all of them are opposed to a Jewish state in Palestine.

Confidence in the great powers by the Arab leaders, already shaken by a long chain of broken promises and pledges finally was lost by the decision of the supreme council at St. Remo in 1920, which placed all the Arab territory between the Mediterranean and Persia under mandate to Great Britain and France.

In 1922 the United States congress passed the following resolution:

> That the United States favours the establishment in Palestine of a national home for Jewish people, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of Christians and all other non-Jewish communities in Palestine shall be adequately protected.

Since 1921, there have been from time to time serious troubles in Palestine which have resulted in the publishing of general white papers, the most important of which was issued in May, 1939. In this the British government proposed that within ten years an independent state be created in Palestine, but it limited Jewish immigration into Palestine to 75,000 for the next five years. After that date Arab consent would be necessary for further immigration; and it provided that land purchased by Jews would be prohibited in some districts and restricted in others.

Zionists and their henchmen in Great Britain, Canada and the United States have maintained terrific propaganda and political pressure to open the doors of Palestine to the fullest possible extent, so that ultimately it may become a free Jewish commonwealth.

In 1920 the Jews formed eight per cent of the people of Palestine. In 1943 they comprised thirty-three per cent, while the rapid development of political zionism and its growing power naturally increased the anxiety of the Arab people.

To sum up:

1. The Zionists claim Palestine is their own, on historical and religious grounds. So do the Arabs, who have been there for many centuries, while the Jews left in A.D. 71. To three hundred millions of Molsems Palestine is a holy land. A Moslem family has been entrusted with the keys of the holy sepulchre for several generations.

2. Zionists claim that the Arabs benefit from the colonization of Palestine. Sir John Hope Simpson's report states:

> It ceases to be land from which the Arab can gain any advantage whether now or at any other time in the future. He is deprived forever from employment on that land, nor can any one help him by buying the land and restoring it to common use. The land is in mortmain and inalienable.

3. Zionists claim they brought the benefits of civilization to the Arabs of Palestine.

Arabs have not benefited from Jewish education, since the language in Jewish schools is Hebrew. And as to medical facilities, Arabs do not frequent Zionist hospitals. According to the latest report to the league of nations, out of 12,000 patients admitted to Zionist hospitals, only four were Moslems; seven were Christians; nearly 12,000 were Jews.

4. Zionists claim that by industrialization Palestine can support a large Jewish population. Facts are that industry in Palestine is supported by charity and discriminatory tariffs. But the real issue cannot be settled on a material basis. The fundamental question is one of freedom. According to the Atlantic charter we agreed, first, to seek no territorial changes that do not accord with the freely expressed wishes of the people concerned and, second, to see sovereign rights and self-government restored to those who have been forcibly deprived of them. It may be replied that the Atlantic charter does not apply to Palestine, but in a letter to King Ibn Saud, dated April 5, 1945, President Roosevelt stated:

> Your Majesty will also doubtless recall that during our recent conversation I assured you that I would take no action in my capacity as chief of the executive branch of this government which might prove hostile to the Arab people.

President Truman, in his speech on navy day, October 27, 1945, said:

> We believe that all peoples who are prepared for self-government should be permitted to choose their own form of government by their own freely expressed choice, without interference from any foreign source. That is true in Europe, in Asia, in Africa, as well as in the western hemisphere.

The story of Palestine is one of broken promises and secret agreements by the great powers—of power politics. The late Colonel T. E. Lawrence—Lawrence of Arabia—whose actions and writings prove him to have been a very great and brilliant Englishman, and an honourable man, led the Arab revolt against the Turks in the first great war. When he heard of the broken pledges to the Arabs he refused all the honours offered by his country, enlisted in the ranks and finally committed suicide.

I submit that the *Pax Britannica* was maintained by faith in British pledges and that Palestine is a graveyard of that peace. Certainly those who are working hardest for Britain's downfall are to be found among the Zionists, their agents and communist cousins.

Mr. WARREN: I submit that on other occasions it has been ruled that members are not permitted to read speeches.

Mr. JAQUES: I stated at the beginning that I was dealing with a thorny subject. If

my speech does not please the hon. member, may I suggest that he just go to the other side of the curtains.

The CHAIRMAN: It is not a question of whether or not the speech pleases another hon. member; the only question is whether or not the hon. member is in order.

Mr. JAQUES: I will recall my remark and regret that I made it.

In regard to the objection that has just been raised, I may say that I have been here for ten years, and I do not think any one has ever accused me before of reading a speech. I do not think there are many hon. members who can say that.

The CHAIRMAN: I did not rule that the hon. member was reading his speech.

Mr. JAQUES: Thank you very much. Principles have been sacrificed for expediency, for which we have broken faith with our friends and faithful allies, such as the Poles, the Yugoslavs and the Arabs in Europe, Asia and Africa.

Quite recently it was reported that the national leader of the C.C.F. at a public meeting in Washington, "urged the immediate opening of Palestine for Jewish immigration to the fullest possible extent so as to provide a refuge from the terror of their persecutors." In the light of the present critical conditions in Palestine, I would ask the leader of the C.C.F.: Can he assure us in making those demands that he is promoting the interests of world peace? Does he realize that such demands are calculated to embarrass Great Britain and if insisted on may lead to a clash of interests between the British empire, the United States of America and the U.S.S.R.? In the event of war in Palestine and the near east, is he prepared to commit Canadians to active service in such a war? If not, whom would he expect to fight it? The nazis having been destroyed, from what persecutors and terrors does he seek refuge?

About a year ago the C.C.F. leaders were denouncing Great Britain's efforts to protect Greek civilians from communist terrorists, and now they are hindering her efforts to protect Palestinian civilians from Zionist extremists. To show the extent of the propaganda that is being used, may I quote from a pamphlet which was recently sent to me by a business friend in Toronto who told me that he found it pinned to an invoice which he received from another business man. I shall not read the whole thing, but I should like to make one or two quotations. It is headed "Pretend You're a Jew" and reads:

Offhand would you say Jews are entitled to a break now? You say without reservation that these three million surviving Europen Jews deserve to be left alive.

But (and here's where your non-Jewish neighbours are amazed to hear about it), England doesn't think so. England thinks they ought to die as fast as possible. And England is seeing to it that they may really die as fast as possible.

And further down:

England's new Labour government is still barring Palestine to the Jews. And the Jews are desperate. The European Jews are desperate to get in. The Palestine Jews are desperate to get them in.

So there's friction. Friction between Palestine's Jews and the English authorities. Only the English colonial office, being good publicity men, are careful to tell the world that the trouble is between the Jews and the Arabs and that the English are just the poor referee.

And England keeps sending troops into Palestine, and it's not for the troops' health either. She even goes so far as to transport one hundred thousand anti-Russian and anti-Jewish Poles to Palestine. These Poles are afraid to go back to Poland, and England sends them to Palestine instead of to Canada or Australia or New Zealand. England is fixing to have plenty of man-power to quell any revolt of the Jews.

But whether you're interested in more of the story or not, just bear it all in mind when you see those little stickers that the undersigned has been putting on his business correspondence.

And the sticker reads:

As proud and self-respecting Canadians we will buy no goods made in England as long as England bars the Jews from Palestine.

That statement is signed and the name and address of the writer is given. I do not know that I should advertise the author but, if the committee wishes, I will give his name and address.

Mr. PROBE: Certainly; give them the works.

Mr. JAQUES: It is signed by I. M. Gringorten; the address is 272 Van Horne street, Toronto, and it is dated October 1, 1945. You may say that that is an irresponsible individual, but here is a statement that was recently made by Doctor Stephen Wise, president of the World Jewish Congress in a national radio address in the United States. He charged:

The anti-Jewish riots in Tripoli were instigated by the Arab league under the leadership of reprehensible underlings of the British colonial office.

That statement was made by the president of the World Jewish Congress, and these statements are being made to inflame the feelings of millions of people in America and elsewhere, who thus are being taught to become anti-British. There can be no doubt that this biased and misleading propaganda by well-

known public men is sowing the seeds of racial, national and religious hatred among people everywhere. Let me quote a statement that was printed in *The Statesman* of Calcutta on April 13, 1944:

> The shocking twaddle spoken and written by United States publicists and the press about Palestine contains more than one danger . . .
> The more the strongest and more democratic existing nation undertakes permanent responsibilities on peace-loving men's behalf outside the American continent the better we shall be pleased. But if that happens there is already danger that it will have initially to contend with widespread Muslim suspicion.
> Owing to American propaganda about the Palestine problems, which is presumed to reflect American general opinion, many Muslims now suppose the U.S.A. to be anti-Islamic. For that reason comments such as have recently come from the U.S.A. on the very delicate and complex problem of Palestine which excites Muslim interest everywhere appear to us to be deplorable.

That statement is from the Calcutta *Statesman*. There is another curious side of this question, which is presented by Doctor Charles Watson, of the American university of Cairo. He wrote in April, 1944:

> The reason given for the disturbances at this time is that as soon as Europe is open to a return of now exiled Jews, there will be a mass exodus of Jews from Palestine back to their homes in Europe which will weaken seriously the Zionist cause and support. The time to strike is therefore now.

In the "Reader's Digest" of May, 1944, Frederick C. Painton stated:

> The Jewish agency people fear that the skilled refugees who make many of these products (exhibited in Tel Aviv) will return to their native lands when the war is over. The Czech Jews were being absorbed in their nation until the war—they knew no persecution. They look upon themselves as Czechs, not Jews, and want to go home. The Dutch diamond cutter intends to go home to Holland. Strangely enough, scores of the German Jews want to go back to Germany. This failure to sink roots deeply applies to American Jews; of 5,500 such in Palestine less than 100 have given up their American passports. The other Jews in Palestine know this and fear it and it is one reason why the extremists are making the trouble now. Many leading Jews told me they feared they would lose their main argument at war's end by having more emigrants than immigrants.

According to these Zionists the non-Jewish inhabitants have not been injured; they have been benefited. But it is curious that the lucky Arabs should be so blind to their own welfare that they resist the gifts and benefits which the Zionists and their agents of this Palestine committee are so anxious to bestow, even by force if necessary. How would we Canadians appreciate a few million aliens being forced upon us who thereupon proceeded to buy up our land, with the proviso that no Canadian ever again could own the land or even work on it. Would we be primitive and guilty of blackmail if we resisted such an invasion?

The CHAIRMAN: I must remind the hon. member that his time has expired.

Mr. JAQUES: I have just three lines more, Mr. Chairman. Had we known that the united nations would force us to accept such terms, would we have ratified the united nations charter? Let me repeat, my whole object is to establish the truth and so to promote world peace based on international good faith in international promises.

Mr. McLURE: After all these $64 questions put to the Prime Minister, I have but one simple question to put to him. I would ask the Prime Minister, as Minister of External Affairs, this question. I have four personal friends, now good citizens of Canada and good taxpayers in Canada, who owned considerable property in Berlin and who have the deeds to that property at the present time. They have asked me to find out how they can proceed to get recompense for their property taken from them by Hitler. I have written to the Department of External Affairs but have not yet received an answer. I know that the hon. Minister for External Affairs can advise me so that I can advise these people.

The CHAIRMAN: I must remind the hon. member that we are dealing with the Department of External Affairs. I believe the matter to which he refers comes under the Department of the Secretary of State.

Mr. McLURE: No.

Mr. MACKENZIE KING: May I say, Mr. Chairman, that it would be possible for the friends of my hon. friend to file their claims with the Department of External Affairs, and action would be taken on their claims in accordance with the procedure which is being arranged at the present time.

May I answer the hon. member for Wetaskiwin on his question respecting the Arabs in Palestine? It may be that he has served his own purpose better by giving us a speech than by putting any question to which I could reply. But in regard to this question of Palestine, I would say it was, when I was in England, as burning as any other issue which was being considered by the British government. As my hon. friend knows, the British government invited the government of the United States to join with them in appointing a committee of inquiry into the whole question. The government of the United States agreed to accept the invitation of the British government and a committee of inquiry was ap-

pointed. I believe that on the 10th of this month the President of the United States and the Prime Minister of the United Kingdom announced the personnel of that committee. I could give my hon. friend and the committee a statement of the matters which they have been authorized to examine, but I do not think I need take up time in doing it at this hour of the day. They are comprehensive and they cover, I think, all that is uppermost in the minds of those who are greatly concerned about this question. I take it that the peoples of this continent and of Great Britain feel that the right procedure has been adopted in having the whole matter gone into by this joint Anglo-American committee, which will report, I believe, very soon.

Mr. JAQUES: I thank the Prime Minister for his reply. I only wish to say that my purpose was to do what little I could to expose the activities of certain organizations which are handicapping the efforts of people of good will, like the governments of the United States and of Great Britain, to promote good feeling and peace in Palestine and elsewhere.

Mr. STEWART (Winnipeg North): I am not going to refer to what the hon. member for Wetaskiwin said, for the simple reason that, were I to do so, I might imply that he should be taken seriously, and that would be regrettable. What I wish to do is to advance another suggestion to the government, for which I hope to get a more tolerant acceptance than the last one I made. The situation in the Argentine to-day is one which must cause alarm to many people. We see arising in that country what is nothing less than a fascist dictatorship. This is not the time to appease fascism. We have learned our lesson, I hope, from the past. There are hundreds of thousands of loyal democrats in the Argentine who are looking northward for help and for some inspiration; and I would suggest to the Prime Minister that, if we occupy the position we say we do, that of a leader among the middle powers, we should realize the responsibility which goes with it and should show our condemnation of what is happening in the Argentine by withdrawing from that country our ambassador.

Mr. ADAMSON: Before this item carries, I feel that, as a member of the committee of external affairs and as a member of the steering committee which drew the report that was finally adopted by the whole committee and presented to this house, and which report was unfavourable to the ratification of the treaty and protocol and recommended that it be reconsidered, I should at this time give briefly some of the reasons why both committees came to their conclusions.

The conclusions the committee came to were, I think, based on four fundamental points. We—and I speak because I do not see any other members of the steering committee here—felt that while an instrument of extradition was essential, the instrument which was presented was so drawn and violated so many fundamental principles that we could not on the face of it recommend its adoption. Basically the principles which the treaty violated were these. First, it did away with the time-honoured and, I believe, historic principle of dual criminality. In other words, extradition could be sought by the requesting country for an offence which was not an offence under the laws of the requested country. A great deal of evidence and a great deal of learned evidence was produced on this matter. It is all in the record, and I do not propose to go into it at this late hour; but I suggest through you, Mr. Chairman, to the high contracting parties that when they redraw this instrument of extradition they should not disregard the basic principle of dual criminality.

The second fundamental point which the committee felt was detrimental to the acceptance of this instrument was that the treaty by its various clauses greatly enlarged the offences for which extradition might be sought, and it not only enlarged the offences which time has brought to mean the offences for which extradition could be sought—that is criminal offences—but it enlarged them to include regulations not brought about by legislative bodies but by committees appointed by legislative bodies, and these regulations were considered to be not in the best interests of this country or the best or even good extradition practice.

The third reason—and this was an important one—was that we were not satisfied that the treaty and protocol as drawn were not ultra vires of this parliament with regard to the rights of property and civil rights as vested in the provinces under the British North America Act. We had a degree of learned opinion on this matter, including the attorney general of British Columbia. I am not myself learned in the law, but I venture to suggest to those whose duty it will be to redraw this instrument that that point be carefully and definitely looked into before the treaty is again presented.

Then—and this is not a legal point; it is perhaps a physical point—we felt that the restrictive clauses which were mentioned in the

treaty, subsections 26, 31, 32, article III, article IX and article XII, section 1 of the treaty, would definitely restrict the opening up of our great natural resources. May I suggest to the high contracting parties that this is one of the fundamental economic necessities of the entire North American continent, and if our great natural resources are not expanded to the fullest extent not only we but the republic to the south, that great and friendly nation, will suffer. We specifically refrained from mentioning sovereignty. I believe we realize, as the Prime Minister pointed out this morning when discussing atomic energy, that no question of narrow sovereignty can carry real weight at the present time, and we feel that we should reject any appeal to present this adverse report on the treaty and the protocol on a question of sovereignty. I am not going to speak at length on the individual parts of the treaty, but I would suggest—and the report was a unanimous one—that, when this treaty is redrawn and reconsidered, these fundamental and basic points of international agreement shall not be violated.

Item agreed to.

449. Canada-United States permanent joint board on defence, $2,500.

Mr. GREEN: Will the Prime Minister explain why this vote is so small? Is that the total amount for the board?

Mr. MACKENZIE KING: This item relates only to incidental travelling expenses.

Mr. GREEN: What is the total vote for the board?

Mr. MACKENZIE KING: The Department of National Defence and the Department of External Affairs meet the general expenses of the board, and this amount is to supplement what has already been provided.

Mr. GREEN: Is there any intention of doing away with the board?

Mr. MACKENZIE KING: Oh, no.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Chief architect's branch—Ontario—

255. Dominion public buildings—improvements and repairs, London public building—repointing masonry, painting and repairs (revote $15,000), Ottawa—hydrogenation laboratory for the Department of Mines and Resources (revote), Ottawa—central experimental farm—water tank and pump house, etc. (revote $22,000), $480,000.

Mr. CASTLEDEN: What is this item?

[Mr. Adamson.]

Hon. ALPHONSE FOURNIER (Minister of Public Works): This is for improvements and repairs to public buildings in Ontario.

Item agreed to.

Chief architect's branch—

551. Public buildings generally—repairs, alterations, fittings and improvements—further amount required, $75,000.

Mr. CASTLEDEN: In the absence of the hon. member for Selkirk (Mr. Bryce) I should like to ask the minister certain questions in regard to Gimli.

Mr. FOURNIER (Hull): Will the hon. member be good enough to wait until we get to item 565, which is for wharf reconstruction and so forth? There is a vote of $10,000 there for Gimli.

Mr. CASTLEDEN: Very well.

Item agreed to.

Chief engineer's branch—dredging—

552. Maritime provinces—further amount required, $46,200.

Mr. BLACK (Cumberland): May I point out the necessity of undertaking dredging at Pugwash. That is a port where no dredging has been done. It is one of the finest ports in all Canada for depth of water, but it requires some dredging to straighten the channel, which is just a natural channel, in order to take larger steamers. At the present time it is able to take steamers with a draft of about twenty-one or twenty-two feet, which are the 4,700-ton boats; it will not take the 10,000-ton cargo boats, of which so many were built in Canada during the war. For these it would require dredging in certain places to a depth of over twenty-eight feet. I am not going to delay the committee further at this time, but I wanted to point this out to the minister, because it is the general wish of the shippers in that part of Nova Scotia—and this port also serves a considerable portion of New Brunswick—that this work be undertaken by the department as soon as possible.

Mr. FOURNIER (Hull): We shall certainly take note of the remarks made by the hon. member.

Item agreed to.

Chief engineer's branch—construction, repairs and improvements—harbours and rivers—Prince Edward Island—

561. Charlottetown—wharf reconstruction and improvements (estimated cost $340,000), $50,000.

Red Head—wharf extension and breakwater (revote $2,900), $3,500.

Rocky Point—wharf reconstruction (estimated cost $42,000), $20,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken—further amount required, $10,000.

Mr. McLURE: I notice here an amount for Rocky Point wharf. A peculiar situation exists in reference to this wharf. It is half owned by the dominion government and half by the provincial government, and in repairing it they always have two different crews. They always have more bosses on it than workmen. I have often wondered whether something could not be done to have this wharf owned outright by either the federal government or the provincial government. It has always been in a most unsatisfactory condition. If the dominion government does its repair work, the provincial government does not do its work. It has been repaired from time to time, but they have never made a good job of it. Is there any possibility of the dominion government taking it over entirely?

Mr. FOURNIER (Hull): I shall have the resident engineer prepare a report, and see if we can adopt the hon. member's suggestion.

Item agreed to.

Chief engineer's branch—construction, repairs and improvements—harbour and rivers—Manitoba—

565. Gimli—wharf reconstruction (estimated cost $62,000), $10,000.

Selkirk—wharf reconstruction (estimated cost $148,000), $10,000.

St. Andrews—river breakwater (estimated cost $11,000), $5,000.

Mr. CASTLEDEN: I believe the minister was going to make a statement in connection with Gimli wharf. I notice that the total cost is estimated at $62,000 and that the expenditure this year is to be $10,000. I should like to know whether that includes the extension of the breakwater. Probably the minister has a report on conditions there. The breakwater has collapsed to such an extent that the water is now flooding a large area of the town where they have built a home, and is threatening to move in and destroy a great deal of property in the lower part of the town. The board of trade and the town itself are making strong representations that something be done about the breakwater, but there seems to be no estimate for that here. Could the minister give us a statement?

Mr. FOURNIER (Hull): The proposed work is the reconstruction in sheet steel piling of the 850-foot crib and pile wharf, twenty-two feet wide, largely rock-filled. It is also proposed to widen the outer thirty feet of the wharf to thirty feet. I have a report here from the engineer concerning this wharf. He says that Gimli wharf consists of three sections, or legs, at an angle with each other, having a total length of 743 feet measured along the harbour side. The shore leg is 148 feet; the middle one is 345 feet; and the outer leg is 250 feet long. The shore leg is twenty feet three inches; the middle leg is twenty-one feet two inches, and the outer end is twenty-two feet three inches wide. This wharf, along with a jetty to the south, serves to make a harbour of refuge and also a receiving and shipping point for fish. It is generally in poor condition and repair, but still serviceable. It is proposed to reconstruct the wharf as a post-war project, using as much as possible of the existing wharf as a core. On account of the heavy ice shoves that sometimes occur, it is proposed to widen the outer thirty feet of the wharf to a width of thirty feet.

The type of new construction is sheet-pile work on both sides of the shore leg; on the seaward side of the middle leg, and on both sides and end of the outer leg. Where there is danger of abrasive action from ice; that is, the outermost forty-five feet of the harbour side, the outer end and the seaward sides of the outer and middle legs, it is proposed to use steel sheet piles. That is the report I have concerning this work.

Mr. CASTLEDEN: It is probable that the engineers have arranged in their construction to take care of part of the breakwater. It is intended to spend only $10,000 on that construction this year?

Mr. FOURNIER (Hull): Yes. We could not spend more between now and the end of March, but the total estimate is $62,000. That would be the amount required to finish what we have in mind.

Mr. CASTLEDEN: Then, if we have the minister's word that they will try to complete the wharf, probably the people will be satisfied, if that is being taken care of in the estimates for next year.

Mr. FOURNIER (Hull): I might ask for a report on this part of the project mentioned by the hon. member, and let him know.

Mr. CASTLEDEN: If the minister would forward it to the hon. member for Selkirk he would be pleased.

Mr. FOURNIER (Hull): Very well.

Item agreed to.

Mr. McLURE: If I am in order I just wish to say that I made a mistake when speaking on item 561. I notice there an amount of $50,000, and I want to thank the minister for putting that in the supplementary estimates.

POST OFFICE DEPARTMENT

231. Departmental administration, $811,425.

Mr. BRACKEN: Might I ask the Minister of Veterans Affairs to give us the programme from now until prorogation. I have been can-

vassing the situation, and I wish to help the government to get through so that we may be sure to have prorogation to-morrow. I wonder if you, Mr. Chairman, would permit the minister to outline the work we have yet to do.

Mr. MACKENZIE: It was my intention before adjournment to-night, slightly before midnight, to ask the house to meet at 10.30 o'clock in the morning. The items still undisposed of are: finance, nineteen items; insurance, two items; legislation, which is a non-controversial matter, about ten items; munitions and supply, just two formal items which are not controversial; national defence, mostly routine amounts for militia pensions and so on, which are not contentious; national war services, one item; post office, six items, which we are taking up now; reconstruction, three items; national revenue, eight items, and the supplementaries in all departments. That is the whole list.

Mr. BRACKEN: I wonder if the leader of the government would permit my making a suggestion. I have canvassed the situation, and I think there is an inclination on the part of hon. members on this side of the house to try to get through. There may be someone over there who might wish to continue the discussion after to-morrow, but we would like to help the government to get through. I suggest that we go on to-night until 11.30 o'clock; then we come in at eleven o'clock to-morrow morning and plan to take one hour for lunch. I think there is a general disposition to assure the government that we shall be through here not later than five o'clock. One cannot speak for everybody, but I think there is an inclination to do that. Would that be acceptable?

Mr. MACKENZIE: I think that is a most reasonable suggestion. We will adjourn to-night at 11.30 p.m. and come back to-morrow at eleven a.m. We would have only one hour for lunch to-morrow and finish about four or five o'clock in the afternoon for prorogation.

Mr. BRACKEN: Not later than five o'clock. I hope I have not spoken out of turn.

Mr. CASTLEDEN: We will do our best. This group has not any long speeches to make. If government followers do not make long speeches, I think we could get through by that time.

Item agreed to.

234. Railway mail service, $14,651,279.

Mr. STEWART (Winnipeg North): I should like to bring to the attention of the minister the case respecting railway mail clerks with which I have no doubt he is already familiar. These men are the highest class of manipulative workers in the post office department, and they consider they are being discriminated against. I should like to place their case before the minister.

On July 1 of last year post office workers who were receiving sub-standard wages quite properly got an increase ranging from $120 to $180 a year, while railway mail clerks got only $60, thus reducing the differential between ordinary post office workers and railway mail clerks.

I am also informed that railway mail clerks got mileage in their salaries, for the purpose of superannuation; but this did not represent any actual increase. I know that representations were made a year ago to the minister asking that the differential be reestablished. The answer always given is that this is in the hands of the civil service commission, and that until the commission reports nothing can be done about it. Could the minister give me a statement on the matter?

Hon. ERNEST BERTRAND (Postmaster General): Of course, I have no more jurisdiction over these salaries than had my predecessor. The civil service commission regulates these things. However, I may tell my hon. friend that representations will be made very shortly on this point and, as soon as this session is over, I intend taking this matter up with my officials to see what we can do. The hon. member may know that we also have to do something about the war bonus.

I am not ready this evening to state exactly what we shall do. However, we want to be reasonable, and we are going to consider the matter.

Mr. STEWART (Winnipeg North): I am glad to hear that the minister will do everything possible to reestablish the differential.

Mr. BENTLEY: The little city of Swift Current from which I come has been anxious for a long time to have a postal delivery service. Is the minister giving this matter serious consideration? If this were looked into, it would be greatly appreciated. Certainly all cities of that size have this service. It is difficult for many people to get down to the post office, and I should like to have a definite answer from the minister.

Mr. BERTRAND (Laurier): We are inclined to give mail delivery to all cities in which the revenue is $40,000 or more. We should like to give it wherever there are a sufficient number of citizens to justify our doing so. However, we have to follow certain rules. We ask that there be a net revenue of $40,000, and that there be at least 2,000 points of call in order to employ our men.

If Swift Current comes within these stipulations, I am sure we shall be happy to give the service. However, the streets have to be well marked and the houses numbered. I do not know whether Swift Current has those things.

Mr. BENTLEY: Oh, yes, we are quite civilized.

Mr. BERTRAND (Laurier): Or if there are long streets without many points of call, it would not be possible.

Mr. BENTLEY: That is not the situation, at all.

Item agreed to.

235. Air and land mail services, $19,862,725.

Mr. HERRIDGE: In my constituency there has been quite a controversy in recent weeks owing to the awarding of a rural mail contract to a non-veteran, at a price $200 below that offered by veteran tenderers. This subject is fraught with difficulty. Would the minister give consideration to making it possible to give greater preference to veterans in connection with rural mail delivery?

Mr. BERTRAND (Laurier): This is a ques-question which at times is embarrassing, but which we should like to settle in accordance with the wishes of the hon. member. However, we must decide whether we can grant contracts to returned men, in preference to civilians, where tenders are asked. If we did that, it would completely destroy the principle behind the tender. If we ask for tenders we have to be fair with the people who submit tenders, and of course we must give the contract to the lowest bidder, provided that he has the necessary equipment to fulfil his contract. If we were to make an exception and give a contract to a returned man, whether he was a lower bidder or not, in our opinion it would destroy the principle behind the tender, and might become a source of collusion.

Very often in towns or villages where we have rural mail delivery there might not be even one returned man who would be ready to take a contract. Some other people, knowing that a returned man would have a 100 per cent preference, might ask him to tender on their behalf. We think the Post Office Department in these circumstances might lose many millions of dollars throughout Canada. We have to abide by the Post Office Act, which is the law in force to-day, and which obliges us to give contracts to the lowest tenderers.

Mr. HERRIDGE: Has the minister given consideration to the proposals of the dominion command of the Canadian Legion, in which they suggest that the whole question be reviewed, and that the delivery of rural mail be put on a mileage basis?

Mr. BERTRAND (Laurier): That would not be possible. It would have to be a base which could be applied to all Canada. The transportation of mail on the plains in western Canada, and the transportation of mails over the mountains in British Columbia, on difficult roads, would not be comparable, and the same base could not be applied. It has to be a tender for every one of these rural mail deliveries, because conditions are not the same.

Mr. McLURE: The minister has told us how these contracts are made and so on, and I should like to say a few words about rural mail delivery. This is a most difficult job, especially in wintertime, and unfortunately it is the most underpaid service of any of the services of the dominion government. It is quite true that during the last four years the government has paid an extra bonus to rural mail carriers, but that is not on an honest-to-goodness basis. Is there any possibility of bringing these men under the civil service, so that they may be paid for their services?

Mr. BERTRAND (Laurier): It is done by tender, and that is the best way we can do it. The minister may award contracts up to $200. The section of the act is the same as it was in 1867. Sometimes people tender for contracts which will take only part of their time, and in an effort to make a few hundred dollars they calculate at too low a rate. At different times we have had to take over these contracts and ask for new tenders. It was my intention this year to ask to have this limit raised from $200 to $400 to protect these people against themselves, but we cannot do it.

Item agreed to.

DEPARTMENT OF RECONSTRUCTION

308. Departmental administration, including expenses incidental to organization, $1,500,000.

Mr. CASTLEDEN: There are a number of things in connection with the Department of Reconstruction which require clarification. War Assets Corporation is under this department, and the people of Canada have been inquiring about what is being done with the billions of dollars worth of war assets which now stand to the credit of the Canadian people. The people of Canada gave freely throughout the period of the war in an effort to bring the war to a successful conclusion. There was scarcely a question raised during the whole period of the war about the granting of money. We were in the full flush of

production when the war ended, and there were many war assets in Europe, in the United Kingdom and in other parts of the world.

All these are being disposed of through War Assets Corporation, and the Canadian people would like to know what is happening to them. I am of the opinion that the Minister of Finance is anxious that the treasury should be reimbursed as soon as possible for what value is there. The Canadian people consider that these assets belong to them, and they view with considerable alarm one or two aspects in connection with their disposal. In the first place, soldiers coming out of the army find it difficult to get the trucks they were driving around during the war. Jeeps and things like that do not seem to be available at all.

Many questions were placed on the order paper with regard to what was happening. They stayed there for weeks, and finally the Minister of Reconstruction asked that they be withdrawn on the promise that they would be answered fully in the committee. We accepted that in good faith and they were withdrawn. The committee held about ten meetings of about an hour and a quarter each. That committee undertook to study the set-up and organization of War Assets Corporation. The steering committee agreed on that, which was all to the good. However, it seemed that War Assets Corporation was in a constant state of flux. Policies which were placed on the paper with regard to their organization seemed to show one thing, while actual operations seemed to show another.

Farmers inquire whether it would be possible for them to get hold of tractors or trucks. Provincial governments would like to get hold of road-making machinery and aeroplanes, but they are having considerable difficulty. Hospitals wish to know if it would be possible for them to get hold of hospital supplies. People need things such as blankets and clothing, and there are tools which the government could use. There are thousands of schools in the different provinces which could use radio material, generators and other things in their construction and science classes. These things would be of very little loss to the government if they were turned over to these schools.

We were quite anxious that this committee which was carrying on an investigation of this work should continue. As I say, the committee had only ten meetings. A report was tabled in the house, which report stated that the committee would be reorganized at the next sitting of parliament to carry on its work. Between now and the time at which the committee could be set up will be at least three months. War Assets Corporation is receiving into its funds $10,000,000 a month. The report which stated that the committee would not sit until the next session was a majority report, but there was opposition.

We have more to say on this matter than can possibly be said to-night, and since it is close to eleven o'clock I think the committee should rise.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MACKENZIE: With the consent of the house, and as a result of the discussion we had a few minutes ago, I would move:

That when the house rises at one o'clock to-morrow there shall be an intermission until two o'clock p.m., notwithstanding the order passed on November 27, 1945.

Mr. BRACKEN: Can the minister say now at what time prorogation will take place?

Mr. MACKENZIE: It will depend, of course, entirely upon the progress made in the house. Generally speaking, the other place requires an hour's notice after we have finished the active business of this chamber. So that if we finished at three or four o'clock, prorogation would be about five o'clock. But I shall be pleased to let my hon. friend know to-morrow.

May I refer to a question asked by the leader of the opposition this morning when I was engaged on other duties outside the chamber. He asked whether the committee on the orders and rules of the house would be set up again next session. It is the intention to set up that committee as soon as possible after the new session is convened.

Motion agreed to.

On motion of Mr. Mackenzie the house adjourned at 11.35 p.m.

Tuesday, December 18, 1945

The house met at eleven o'clock.

EXTERNAL AFFAIRS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

The house resumed from Friday, November 16, consideration of the motion of Mr. Bradette that the second report of the standing com-

mittee on external affairs, presented on Monday, November 12, be now concurred in; and the amendment thereto of Mr. St. Laurent.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Last evening during the discussion on external affairs I gave the committee an explanation of the government's attitude toward the subject matter of this resolution. I made it clear that the government was prepared to have the estimates of the Department of External Affairs referred to that special committee. At the time it was agreed that when this motion came up this morning, the amendment, and the motion as amended, would be agreed to.

Amendment agreed to.

Motion as amended agreed to.

PUBLIC ACCOUNTS

INQUIRY AS TO PRINTING AND DISTRIBUTION

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I should like to direct a question to the Minister of Finance with respect to the public accounts. A single copy was tabled on November 12, but I am advised that the printed copies are not yet available, though under the statute we were supposed to have had them some two months ago. Can the minister advise when they will be available, and could they be distributed to hon. members even though we have left Ottawa, so we shall not have to wait until next session in order to have them?

Hon. J. L. ILSLEY (Minister of Finance): I will make inquiries and let the hon. gentleman know later to-day when they will be printed. As a matter of fact I had lost touch with the matter; I assumed they would be printed and tabled before this. It would be a great pity to have to mail them, because they are so bulky, I will find out to-day how the matter stands and let the hon. gentleman know before the house prorogues.

Later:

(In committee of the whole).

Mr. ILSLEY: If the leader of the opposition will allow me to state this in committee, he asked a question while the Speaker was in the chair in regard to the public accounts. I have made inquiry, and I am told that the public accounts will not be ready before another month. They will be mailed, however, or expressed to all hon. members of the House of Commons as soon as they are published. The reason for the delay is that we have superannuated a number of employees at the printing bureau who have not been replaced; the session came on, with all the printing tasks which it involved; we have had various royal commissions, and it has been impossible to have this work done.

FAMILY ALLOWANCES

ADMINISTRATIVE STAFF

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I should like to reply to a question the leader of the opposition asked the Minister of National Health and Welfare on December 15, dealing with the staff administering family allowances. I will send him over a copy of the reply, but it can be summed up as follows: the regular staff numbered 458 and casual employees, 543, a total of 1,001.

BUSINESS OF THE HOUSE

ANSWERING OF QUESTIONS REMAINING ON ORDER PAPER

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, I understand there are still nine questions on the order paper.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): They will be referred to during the course of the day. With regard to the question raised yesterday by the leader of the opposition respecting any orders for returns or notices of motion for production of papers which probably could not be produced during the day, may I refer to standing order 81 which states:

> A prorogation of the house shall not have the effect of nullifying an order or address of the house for returns or papers, but all papers and returns ordered at one session of the house, if not complied with during the session, should be brought down during the following session, without renewal of the order.

Mr. BRACKEN: Is there any rule preventing the government's bringing them down earlier than that?

Mr. MACKENZIE: If the government can, it will.

Mr. BRACKEN: I hope it can, and will.

REPATRIATION OF UKRAINIANS

PROTECTION OF INTERESTS OF UKRAINIANS IN MILITARY OCCUPATION ZONES

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, I should like to ask a question of the Prime Minister of which, I regret to say, I have not had the opportunity to give him notice. This morning I received a telegram from the Ukrainian-Canadian committee, a copy of which I believe was sent to the Prime Minister. Has the government any-

thing to say on the subject of further forceful repatriation of Ukrainians from military occupation zones to the east? They are being refused food unless they agree to go. This is a question of great concern to Canadians of Ukrainian origin. Can the Prime Minister make a statement in the matter?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The subject to which the hon. member has referred is one which relates to Europe. I am not in a position to say whether the representations made are wholly correct. I would suppose in that respect that my hon. friend is in the same position as I am. I can assure him however that the government has watched this whole Ukrainian situation most carefully and, so far as it is within our power to control matters, we have sought to see that the course taken would be such as would protect their interests.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF JUSTICE

467. Departmental administration — further amount required, $11,950.

Mr. HACKETT: Will the committee not continue from where we left off last night?

Mr. MACKENZIE: No, not necessarily.

The CHAIRMAN: The committee is now considering the supplementary estimates for the Department of Justice.

Mr. HACKETT: I understood that when we adjourned last night we were to carry on this morning at the point where we left off.

Mr. MACKENZIE: There was no arrangement to that effect.

Item agreed to.

468. Combines Investigation Act, administration—further amount required, $32,000.

Mr. BENTLEY: Yesterday when the estimates of the Department of Labour were before us we asked about combines investigation and the Minister of Labour informed us that that was now under the Minister of Justice, who was not present at that time. I should like to tell the Minister of Justice that there was a little matter that we left in the hands of the Minister of Labour which would come under this particular item. We should like him to look into this as quickly as possible. I refer to the case of Merchants Consolidated Limited and the Vulcan Hardware people in Manitoba and Saskatchewan. We feel that they have something worth investigating and we should like this to be done as soon as possible so that we may have the results.

Item agreed to.

DEPARTMENT OF RECONSTRUCTION

308. Departmental administration, including expenses incidental to organization, $1,500,000.

Mr. CASTLEDEN: Mr. Chairman, when we were dealing with this item last night I was pointing out that the war expenditures committee had brought in a report stating that it was the intention to call the committee together again at the next session. We think it advisable that this or some other committee continue the investigation of War Assets Corporation between now and the time any such committee may be set up at the next session. The sales and operations of the War Assets Corporation leave a great deal to be desired so far as public information is concerned. Purchasers throughout Canada who try to obtain materials from War Assets Corporation find that there is very little information as to what supplies are available. Something of a run-around is being given to these people.

We were told in the committee that a certain price structure had been set up and that a certain policy was being followed in connection with the pricing of commodities, but those who have endeavoured to buy articles from this corporation find that that is not the policy that is followed. People may be asked to make a bid for certain articles but when they try to get hold of them they are told that someone else has purchased them. It is evident that someone has a priority, that someone higher up has the power to sell these commodities and they are withdrawn from the market overnight.

Mr. CHEVRIER: The policy of merchandising was dealt with fully in the committee.

Mr. CASTLEDEN: I agree that is so, but the policy outlined in the committee is not the policy that is followed with these people who are trying to purchase material. As I say, there is a difference between the actual operations of the corporation and the policy that was supposed to be laid down. Take machine tools, for instance. When people tried to purchase these they found that they were not available, or that they were available only to dealers or agents. There appears to be a division of authority. These people find either that War Assets Corporation has no power to sell this material, or that someone higher up has already made a deal. On September 24 I placed a question on the order paper asking:

What was the total value of the buildings, equipment, supplies, and other materials: (a) sold; (b) exchanged; (c) loaned; (d) leased; (e) otherwise disposed of by the Minister of Munitions and Supply as of August 31, 1945, under the Surplus Crown Assets Act?

What is the total amount received by the government for the materials referred to in question 1?

That question was never answered by the committee, and the committee is to be disbanded with the prorogation of parliament. Apparently that information is not to be given. There is a question on the order paper at the present time which I placed there on November 12 and which has not been answered at this late day. It reads:

What persons or companies, if any, have been paid or allowed commission by War Assets Corporation on sales or exchange of goods by that corporation?

What is the amount of commission to each person or company?

Apparently that question is not to be answered. The War Assets Corporation published an annual report as from July 12, 1944 to March 31, 1945. Apparently this corporation has changed completely in its personnel. There seems to be practically an entire new company in operation, because we find this on page 5 of the report:

To obtain the complete picture of surplus disposals in Canada there should be added to the record of the corporation the surplus disposal operations of the Department of Munitions and Supply prior to the formation of the corporation and later running in parallel with it, and there should also be added transactions negotiated by the director general of war surpluses, Department of Reconstruction, Ottawa.

These three operations added together show a total volume of material disposed of amounting to $19,768,000 divided as follows:

As to what that material was and what the original cost of it was, we are given no information. We do not know what kind of deals were made; we do not know what the material was originally worth. On page 12 we find an analysis of sales. In the case of real estate all the information given is that there were two sales of a total amount of $13,000. What good is that? We want to find out whether the Canadian people are getting proper value from these sales. It says there were 2,086 sales of scrap metal totalling $1,257,568.15. For trucks and tractors, there were 1,107 sales—this could mean 11,000 trucks—totalling $871,366.63. There were 1,555 sales of ferrous metals, totalling $840,-180.08. That sort of information is not good enough. As I said, the people of Canada were ready to spend money lavishly to win the war. The war had to be won and war is a costly business. Apparently there is a lot of monkey business in it as well. The Canadian people will deeply resent the giving away or the handing over of assets valued at billions of dollars without a proper accounting. The kind of thing that makes us suspicious is what is set out in a press report from Washington which appeared in yesterday's papers. This reads:

Britons, Canadians who were in Britain, and perhaps some Americans will be a little dismayed to learn that the gasoline used by the Luftwaffe bombers which droned over London every night early in the war was "made in U.S.A." So were the casings of thousands of the magnesium fire bombs which were used in the fire blitzes.

A war department report presented to a special Senate committee here says that I.G. Farben, vast German chemical trust, exploited cartel agreements with American companies to make nazi armies self-sufficient in strategic materials needed to start and maintain the war. From the United States it got new methods for making components of high octane gasoline including tetraethyl lead, and when it could not make tetraethyl lead in time for the start of the war in 1939, it got 500 tons from the Ethyl Export Corporation of the United States.

The report goes on to say that the I.G. Farben company found ways to make through chemistry what was not readily available in Germany. It goes on:

Other things, which it could not make, I.G. Farben obtained through its cartel cohorts in foreign countries.

One of the greatest of these was Standard Oil of New Jersey, which made known to I.G. Farben its revolutionary process of producing iso-octane and utilizing it for motor fuels.

One of the German scientists said in a report brought to light by the War Department investigating committee "production of iso-octane originated entirely with the Americans and became known to us in detail in its separate stages through our agreement with Standard Oil Company of New Jersey and is being used extensively by us. The process for producing tetraethyl lead, essential for the manufacture of aviation gasoline was obtained in exactly the same way."

In addition to making and stockpiling magnesium for bomb castings, the report says Farben Company purchased large stocks of magnesium from the Dow Chemical Corporation of America to build up its reserves for the Luftwaffe.

Farben had about 2,000 cartel arrangements including some with Aluminum Company of America, E. I. Dupont de Nemours, Imperial Chemical Industries of Great Britain, and companies in France and Japan.

It is evident that in the operation of a war there are people who make money out of it, and it is beginning to dawn on the peoples of the world that until we take the profits out of war it will be difficult to end war. When this war is over I think the people of Canada are going to demand a complete investigation of War Assets Corporation to find out what is happening to our assets, who is obtaining

them, and whether Canada is making a good bargain in their disposal. So far as this house is concerned we have no information on these things. It is very difficult to get information. That is why I ask the minister to see that a committee of this house, or perhaps the very committee that was set up to investigate War Assets Corporation, be allowed, under the powers granted to the government by the special powers bill, to continue its investigation.

I personally wanted to visit some of the War Assets plants. I was informed by the minister that he could not give me a blanket pass to visit the plants but that War Assets would have to be notified in advance. He was willing to give me an introduction to the manager of any plant operated by War Assets if I would notify them when I was coming, and would make arrangements for me to make a tour of the plants.

What we need is a committee with power to go around and visit War Assets plants. We do not want this investigation shut off for another three months. That only means that when we come back here the barn door will be open and the horse gone. I would ask the minister to make a statement.

Mr. MACDONNELL (Muskoka-Ontario): I want to say a word or two about the committee that was appointed to investigate War Assets Corporation, and the reason I want to do it is that I feel that I have been called upon as a member of that committee to take part in a solemn farce. I wonder if parliament wants to leave that situation as it is. What do I mean by a solemn farce? I will try to state it briefly.

This committee was set up with twenty-five members, a very sensible lot of men; they looked to me quite sensible. We sat in a large room and I felt quite important, almost as if I were at a peace conference. The newspaper men were all there, solemnly taking down what we said. Official reporters were there taking down our every word as if the whole thing was important. Senior civil servants were there, running in and out. You really felt that something was stirring. I was so much impressed that I believe I wrote a letter to the chairman saying that I felt pleased that something was really going to be done. If I did, hon. gentlemen will be amused about that, though as I look back I do not know whether to be amused or indignant—either one or the other; one either should laugh or be angry. Why? What happened? We had eight meetings. Several of the meetings toward the end were held while the house was sitting, and unless you can split yourself in two or three pieces, and I could not do that, vertically anyway, you could attend only one thing at a time, the house or the committee. In the committee we were given statements by officials of War Assets Corporation, a sensible lot of statements; I had no quarrel with what they said. I think those officials were good men, and what they were doing seemed sensible. But it was made clear that they were not actually dealing with the important things; these were dealt with by the Minister of Reconstruction. I do not know how he deals with them when he is in Bermuda attending an air conference, and if I may digress for a moment I want to say what I said in the house once before that unless the Minister of Reconstruction can split himself in four he cannot do efficiently what he is attempting to do to-day.

Mr. CHEVRIER: He is doing a mighty good job.

Mr. MACDONNELL (Muskoka-Ontario): The minister will speak to that. What I am talking about now is what the committee has done, or rather did not do. The committee got these statements, which I thought were very sensible statements. Then I thought we were getting to the stage where we should be able to get our teeth into something, or, as one member of the committee said, see the work in action. What do I mean? I mean by taking some actual cases.

We had a steering committee, which I thought was going to bring forward some actual cases. We were asked to send cases to the steering committee, and I sent in one or two. What do I mean by cases? Not suggestions of any impropriety. I just mean cases where on the face of it, it looked as if the disposition of a certain property had not been provident, perhaps had been done hurriedly, perhaps with not as great efficiency as might have been.

Let me say again that there was no suggestion of scandal or anything of the kind. It was just a question of trying to get the committee at work on something. I hope that I shall never be asked to sit on such a committee again. I was told by an experienced parliamentarian when this committee was first set up, "Don't imagine it will ever do anything". But I was young in experience here, and I thought perhaps this was a committee that would be different. I just want to say that it was no different. Up to the present we have not been allowed to do anything of any value because we have just had these general principles, and as the hon. member for Yorkton has just said, we were not allowed to see the thing in action.

The way we suggest of seeing it in action is that we should be allowed to go on with

our investigation during the recess. I do not know that I agree with the hon. member for Yorkton that we should go around and visit the different plants. I doubt very much that I would be in favour of that. But I would be in favour of having some continuous connected time for our investigation so that we can really deal with this thing. I ask members present whether it was sensible towards the end of the session to appoint a group of men who could meet only eight times many of whom were not able to be there all the time, and who could only hear a story told them, very pleasantly, of certain things that were happening. But the main things never came before that committee because the main things are the sale of plants, going concerns, and that is dealt with by the Minister of Reconstruction. I am not complaining about that. That may be quite all right. But what I am saying is that either the committee should never have been set up at all or it should have been allowed to do something. I do not want this house to make a fool of itself in the eyes of the public. That is what we are doing. I think that the operation of the committee is inconsistent with the picture that was drawn by the Prime Minister—I wish he were present to hear what I am saying—and with what he said and said so well the other day about the part which this house should play.

I finish as I began, by saying that I object to the history of this committee; I object to our being now dissolved after three or four weeks, for two reasons. First of all, we were just beginning to get hot, as the phrase goes, to get to a position where we could have gone ahead with some intelligence. Now we are going away for two or three months, and when we come back I suppose it will not be possible to set up the committee the first day we return, and if we do, we have a dozen other things to occupy us. This committee is dealing with hundreds of millions of dollars of the assets of the people of this country. One can only look on all this as a bad joke, or something to get angry about, and I alternate between one and the other.

Mr. HACKETT: I suggest to the minister that I might ask a question which he could answer at the same time as the questions he is about to answer.

Mr. CHEVRIER: I want to reply to what the hon. member for Muskoka-Ontario and the hon. member for Yorkton have said. In the first place let me say that in my opinion this discussion is superfluous, and I say this having in mind what the Minister of Reconstruction said when this whole question was debated on his war appropriation estimates. I would not like to take up too much of the time of the committee, but I think in fairness to the Minister of Reconstruction I should point out that in the course of the debate on the war appropriation estimates a large part of the subject matter of this discussion was gone into. I pause for a moment to quote what the minister said as reported in *Hansard*, page 2349.

> I should like to point out that there has been a duplication in the first item, in that departmental administration is also in the civil estimates. I mention that so that when we discuss it now it will not be necessary to discuss it again in the civil estimates.

In the civil estimates we have item No. 308, "departmental administration, including expenses incidental to organization, $1,500,000." That was gone into fully at that time. And I cannot see why it should be gone into now. However, as I said a moment ago, some statements were made here this morning which I think should be replied to. The discussion which took place in the committee had to do with the alternatives which were mentioned a moment ago by the hon. member for Yorkton and the hon. member for Muskoka-Ontario. I do not know whether the hon. member for Muskoka-Ontario made a motion, but I do know that the two alternatives suggested to the committee were, first, that they sit after prorogation, and, second, that a royal commission be set up. It was pointed out that if sittings were to take place after prorogation they would be irregular because of the rules and proceedings of this house. As for a royal commission, I cannot see how a royal commission would be of any value at this time. Nobody has suggested that there were any scandals, nobody has made any charges, and if there were any charges to make, it was before the committee that they should have been made. The hon. member for Yorkton said in his statement a moment ago, "There is monkey business going on." Well, if there is monkey business going on I think it is up to him to say where the monkey business is, and if on his responsibility as a member of parliament he has any charge to make, let him make it.

Mr. MACKENZIE: On his responsibility as a member.

Mr. CHEVRIER: He should have made it before the committee. Did he make it then? I say to him that he did not, but he chooses the dying days of the session to say, "There is monkey business going on." The place to make a charge of monkey business is before the public accounts committee.

Mr. CASTLEDEN: On a point of order, I said the thing that made us suspicious was the kind of thing which happens when profits are made in war. I said that profits are made in war; war is big business, and there is monkey business too, and that is why I read the report.

Mr. MACKENZIE: That is not what the hon. member said at all.

Mr. CHEVRIER: The hon. gentleman has been making statements in this house which are sometimes more or less accurate; and when he speaks as he did a moment ago, I say to him that profits which are made in war have nothing to do with War Assets Corporation. That is not the business of War Assets Corporation. The hon. gentleman knows that when War Assets Corporation was set up last year the powers of the minister were specified and the duties of the corporation were therein set out. It was its business to take over from the crown assets allocation committee any surplus material declared to the latter by other departments and to dispose of it by sale. That is the business of War Assets Corporation.

The hon. member for Muskoka-Ontario says that he took part in a "solemn farce." I am sorry that the hon. gentleman should make that statement. I have a great deal of respect for the hon. gentleman and for the manner in which he has conducted himself since he has been a member of this house; but when he says that that committee is a solemn farce, such a statement is not accurate. He was a member of the committee. He could have complained. The committee held seven or eight sittings and heard as many witnesses and made a report. Surely the hon. gentleman should have objected then, as he does now,—

Mr. MACDONNELL (Muskoka-Ontario): Will the minister allow me an explanation? I intended to say, and perhaps this would be a good time to say, that there was a vote, in which I took part, on a motion that by some means the work of the committee should continue in the recess. Incidentally I might say that that motion came very near to being carried. I think there was a majority of only one or two against it. I think that is an answer to what the minister is saying now. We did our best in the committee.

Mr. CHEVRIER: I say it is not an answer to what I said, because as far as the first part of my statement is concerned there could be no answer; it would be contrary to the rules of this house to sit after prorogation. And does the hon. gentleman suggest that there should be a royal commission on this matter at this time?

Mr. MACDONNELL (Muskoka-Ontario): I should like to say that—

Mr. CHEVRIER: No, I am not going to allow the hon. gentleman to speak at this time.

Mr. MACDONNELL (Muskoka-Ontario): May I not ask a question?

Mr. CHEVRIER: Yes.

Mr. MACDONNELL (Muskoka-Ontario): The minister is perfectly correct in what he said about the committee. It was explained that it could not sit. I was in favour of a royal commission, and it was not in my mind, and it is not in my mind yet, that the institution of a royal commission suggests any scandal. I was careful in what I said a few minutes ago not to suggest any scandal at all. I was very emphatic about it.

Mr. CHEVRIER: The hon. gentleman and I agree on that, so let me pass on to another part of the remarks which I proposed to make.

Something has been said by the hon. member for Yorkton about the policy in Washington. Let me tell him this, that the United States policy so far as War Assets Corporation is concerned is very much the same as our own; in fact I can go a step further and say that to a large extent they have copied our policy, or that their organization is based on our policy.

Mr. MACKENZIE: That is right.

Mr. CHEVRIER: They have sent a representative from Washington to Canada to study the manner in which we are disposing of our war surplus material, and they did not send him here because they did not like the manner in which we were doing business; I am sure it is because they approved of it.

I am sorry that I should have had to go into this at greater length than I anticipated. I repeat that the matter was gone into fully by the Minister of Reconstruction, and I cannot see why it should be gone into again to-day. The committee has made its report, it has made its decision. It strikes me that parliament should accept the report, and I ask this committee to do so.

The CHAIRMAN: Shall the item carry?

Mr. HACKETT: I draw your attention, Mr. Chairman, to the fact that I was on my feet and ceded my place to someone else a few moments ago, and I ask the privilege of saying a few words now. I point out to the minister that the complaint advanced by the hon. member for Muskoka-Ontario rests on something which has arisen since the Minister

of Munitions and Supply made his statement on November 21. At that time it was anticipated—

Mr. CHEVRIER: May I interrupt the hon. gentleman and say to him that that is not so. We should not now be dealing with the war expenditures committee. We are dealing with an item for departmental administration. If the hon. gentleman sticks to that then, strictly speaking, there should be no discussion of the war expenditures committee.

Mr. HACKETT: If the minister thinks he can make a statement and prevent a reply for the reason just given, he will have to have the rules amended. I am pointing out that the excuse he gives is of no avail because the objection which was raised by the hon. member for Muskoka-Ontario has arisen since the statement of the Minister of Munitions and Supply. When the minister made his statement it was believed that there would be an opportunity for investigation which has since in the result been denied. That is the ground of the complaint of the member for Muskoka-Ontario. Furthermore, I point out, Mr. Chairman, that the difficulty is the absolute lack of information. It is the secrecy, it is the unwillingness to tell, it is the recrudescence of the spirit of autocracy and buraeucracy that is troubling the people at the present time. This surplus war assets corporation—

Mr. CHEVRIER: May I ask the hon. gentleman a question?

Mr. HACKETT: Certainly.

Mr. CHEVRIER: Is he making the statement, or is he prepared to state, that in the war expenditures committee any official denied any information that was asked for?

Mr. HACKETT: I am certainly prepared to say that no information was given and that no opportunity was afforded for getting it.

Mr. LALONDE: That is not true.

Mr. BRADETTE: It is not correct.

Mr. LALONDE: As a member of the committee I rise to a point of order.

Mr. BRADETTE: It is foolish to make a statement such as that.

Mr. LALONDE: On a point of order—

Mr. HACKETT: I intend to proceed with my remarks.

Mr. COTE (Verdun): I wish to rise to a question of privilege. This may not derive exactly from the remarks made by the hon. member for Stanstead, but it arises directly from the remarks made by the hon. member for Muskoka-Ontario. By the statements he has made in this house he makes me and other members of the war expenditures committee parties—

Mr. HACKETT: May I point out, Mr. Chairman, that this is not a matter of privilege.

Mr. MACKENZIE: It certainly is. The hon. gentleman said something which the member who is raising the point thinks is a reflection upon his attitude in the committee.

Mr. HACKETT: It does not arise from anything that I have said in this committee, and since I have the floor I should not be interrupted.

The ACTING CHAIRMAN (Mr. Golding): If the hon. member will wait until the member for Stanstead concludes—

Mr. MACKENZIE: The rule is that a question of privilege can be taken into consideration at any time.

Mr. HACKETT: Not while another member has the floor.

Some hon. MEMBERS: Order.

The ACTING CHAIRMAN (Mr. Golding): If the hon. member for Verdun (Mr. Coté) will wait until the member for Stanstead is through, he will have an opportunity to state his point.

Mr. MACKENZIE: He does not have to.

Mr. HACKETT: I was saying, Mr. Chairman, when I was interrupted, that the difficulty appears to be that so far as the war assets corporation is concerned, no one can get any information from it with regard to the method of disposal of its assets.

An hon. MEMBER: What information were you denied?

Mr. HACKETT: The assets of this corporation are estimated to be something approaching—

Mr. MACKENZIE: I rise to a point of order, Mr. Chairman, and I would quote standing order 16:

> Whenever any matter of privilege arises it shall be taken into consideration immediately.

Mr. HACKETT: I call the attention of the chair to the fact that no question of privilege arising from my remarks is before the committee.

Mr. FOURNIER (Hull): That is no answer.

The ACTING CHAIRMAN (Mr. Golding): If the hon. member for Verdun will wait until the member for Stanstead is through, he can state his position.

Mr. HACKETT: The rule says "immediately" and three hon. members have spoken since the challenged statement was made.

The ACTING CHAIRMAN (Mr. Golding): The committee will make better progress if it permits the member for Stanstead to complete his statement, and then the member for Verdun can state his point.

Mr. MACKENZIE: That is not according to the rules.

Mr. HACKETT: I was pointing out to the committee that it is absolutely impossible to get from the surplus war assets corporation any information concerning its assets.

Mr. LALONDE: You are not even a member of the committee.

Mr. HACKETT: I am not asserting that I am. I am merely telling the committee that it is impossible to get from the War Assets Corporation any information concerning the assets which it has for sale. The national income of the whole country before the war was four billions, and we are informed that the assets to be disposed of by this company amount to nearly twenty-five per cent of that huge total. For over a year I for one have been attempting to get information concerning the sale and liquidation of these assets, and whenever I have endeavoured to get information concerning the sale of vehicles, trucks, jeeps and sundry machinery, invariably there has come a long letter of explanation intimating that this was not the time, this was not the place, perhaps if I wrote to Calgary or to Vancouver, or perhaps if I waited until next fall, or perhaps if I did not bother with it any more I would get as far as I had got. The complaint is that the War Assets Corporation is absolutely beyond the reach of the Canadian people, absolutely beyond the reach of the ordinary member, at least of members of the opposition; and any information that one seeks from the ordinary vendor of materials, any information that one seeks from any large distributor of materials on this continent, is not forthcoming. It is that type of conduct, it is that type of arrogance, it is that unwillingness to divulge information to would-be purchasers, that constitutes the basis and the genesis of my complaint.

I point out to the minister that in fairness to the Canadian people, in fairness to his own government, these arbitrary methods should be abolished. It should not be necessary that one be forced to resort to extraordinary methods to get elementary information concerning the purchase of commodities which we are told are offered on an equal basis to all Canadians. It is that attitude that is resented, that attitude of the War Assets Corporation that is resented by the Canadian people. It is that attitude that makes one wonder, without knowing, if there is something wrong. It is that attitude that makes people say, "Are we living in a democratic country?" Why was this War Assets Corporation set up? It is away beyond the reach of parliament. We are told it is beyond the administrative powers of the minister. It seems to have been set up as a kind of buffer state between parliament and the people. It is because of this attitude that there is a great deal of unrest and uncertainty and a longing that a few rays of sunlight and fresh air be allowed to permeate the transactions of this body.

Mr. COTE (Verdun): Mr. Chairman, I should like to draw your attention to the fact that the hon. member for Muskoka-Ontario has qualified the proceedings of the war expenditures and economies committee as a solemn farce. As a member of that committee and of the steering committee I want to reply to the hon. member on a point of privilege. I have attended each sitting of that committee, and I think I can draw conclusions much better than an hon. member who has been there perhaps twice or three times, or not at all. I want to say that everything that has been done in that committee has been decided by the members themselves. The committee has been master of its own procedure. The steering committee studied at length the best way and means of progressing within the terms of reference to that committee. A member of the committee had two ways in which he could place any particular fact or request before the committee. He could either put questions himself to the witnesses from the War Assets Corporation or he could communicate with the steering committee. That steering committee received only one complaint; it came from the hon. member for Muskoka-Ontario and was in regard to the sale of Fairmile boats.

Mr. MACDONNELL (Muskoka-Ontario): May I correct the hon. member?

Some hon. MEMBERS: Order.

Mr. MACDONNELL (Muskoka-Ontario): It is a question of privilege. The hon. member is wrong; I think he will find I did not do that at all.

Mr. COTE (Verdun): It may take more than a few moments to make the hon. gentleman understand that this was not a solemn farce, that we have been doing our work

carefully and have achieved some results. As far as the hon. member is concerned he brought only one complaint before the steering committee, in connection with the sale of Fairmile boats, and this was answered most satisfactorily by Mr. Peterson, sales manager of the corporation, in a brief which he presented to the committee. I am satisfied that all those who have read the briefs presented to the committee should be satisfied, because in eight or nine meetings we laid down the basis for our proceedings; we learned the set-up of the War Assets Corporation and were informed about their policies, and we put ourselves in a position to answer any complaints or inquiries that might come to us as members of the committee. We are ready to do a good job again next session, as soon as we resume our activities.

Mr. MACKENZIE: For certain reasons it is necessary to have the Speaker in the chair for a moment or two, and therefore with the consent of the committee we can resume this debate in a few moments.

Progress reported.

PROROGATION OF PARLIAMENT

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Ottawa, December 18, 1945.

Sir,

I have the honour to inform you that the Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the senate chamber on Tuesday, the 18th December, at five o'clock p.m., for the purpose of proroguing the present session of parliament.

I have the honour to be, Sir,

Your obedient servant,

F. L. C. Pereira,
Assistant Secretary to the
Governor General.

SUPPLY

The house in committee of supply, Mr. Golding in the chair.

DEPARTMENT OF RECONSTRUCTION

308. Departmental administration, including expenses incidental to organization, $1,500,000.

Mr. MACDONNELL (Muskoka-Ontario): On a question of privilege, Mr. Chairman, I want to correct two statements made by the hon. member for Verdun. He referred to me as having made a complaint to the steering committee. I want to make it very clear that there was no question of complaint; it was a question of bringing up certain things which I thought should be inquired into. In the second place he was quite wrong in saying that my inquiry concerned Fairmile boats. My inquiry referred to two other companies. That is not important, but I think I should make this correction to show that the hon. member is not quite as knowledgeable as he would appear to want us to think.

Mr. LALONDE: I rose a few moments ago on a question of privilege also, Mr. Chairman. The hon. member for Stanstead said something which in my opinion is not accurate. He made the statement that the right of investigation had been denied in the committee of which I was a member. May I say to the hon. member that he does not know what went on in that committee, because he is not a member of it. If he wants to get some information as to what went on it would be very easy for him to get the pile of papers and briefs that were presented to the committee. Instead of making a statement which he cannot prove it would be better for the hon. member to read with the greatest care all the information that has been given this committee. If my memory serves me well, we received ten or twelve briefs summarizing the work of the War Assets Corporation and the other crown company, the name of which I forget for the moment. The hon. member for Stanstead is a serious man; he is a lawyer of great reputation in my province, and I do not understand how he can rise in his place here and make a statement about which he has no knowledge.

The hon. member said the right of investigation had been denied. I should like to know to whom that right was denied in our committee. I attended perhaps six meetings, and all members were absolutely free to ask any questions pertinent to the briefs presented. So far as I am concerned to a certain extent I cross-examined the witnesses who appeared before us, and I am in a position to declare that we were absolutely free to seek information and to get right to the bottom of the matters put before us. I invite the hon. member for Stanstead to come to our meetings. We have nothing to hide. We are there to do a good job, something else than a solemn farce. I was quite surprised to hear my hon. friend, for whom I have great respect, make the statement publicly in this House of Commons, to be broadcast all over Canada, that the work of our committee was a solemn farce, and I am protesting against this fallacious declaration by the hon. member. It was not a solemn farce. We were doing a solemn work for the good of the people of Canada.

Mr. PROBE: I want to say a few words about the reconstruction phase of the matter which is before the committee this morning. As citizens of Canada we have had six years of self-denial. In public and in private our confreres of the government have taken credit for the efficient prosecution of the war. In her industrial output Canada has made a mark that does credit to all sections of this country. That output was due to the energy and patriotism of our scientists, our service personnel, our war workers and all other classes in the country who made sacrifices without hope of material award, but with the hope and faith that in this country there would be a better post-war condition than the one we left behind us when Hitler challenged our right to live in our way.

In this connection I would recall to the minds of hon. members the first days of the session in September, 1939. At that time the Minister of Munitions and Supply as he was then known, told us, and kept repeating day after day, that not one aircraft contract could be let—

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. PROBE: This is relevant.

The ACTING CHAIRMAN (Mr. Golding): We are not dealing with 1939. This is an item in the Department of Reconstruction for departmental administration, including expenses incidental to organization, and we must confine ourselves to that item.

Mr. PROBE: Very well. In leading up to this point the Minister of Munitions and Supply capitulated to the demands of industry and private capital. He bought equipment; he bought plants with the money subscribed by the war savings of the Canadian people. He arranged for the—

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. PROBE: Are we in this House of Commons not to be allowed to present our points of view?

Mr. CHEVRIER: Will the hon. member please resume his seat?

The ACTING CHAIRMAN (Mr. Golding): In committee of the whole remarks must be relevant to the item before the committee. The hon. member is now dealing with what happened when the war began, something which has nothing to do with this reconstruction item.

Mr. PROBE: Not at all, no.

[Mr. Lalonde.]

The ACTING CHAIRMAN (Mr. Golding): I suggest the hon. member should confine his remarks to the item under discussion.

Mr. PROBE: We got the job done, and the war is over. We thank the government for having piloted us through. Now the people of Canada are demanding certain reconstruction rights which were promised in the years which have passed. We want individual reconstruction of the veterans, the war workers and the small business man, so as to enable rehabilitation and reconstruction of home and business.

Yet we have this farce—and I like that word, as used by the hon. member for Muskoka-Ontario, because it is only too true—of talking about houses when people do not have a place to rest. As a new member I am amazed when I listen to the solemn talk which takes place in connection with these matters, when the job of government should be to get to grips with actual realities. The Liberals have said that they are business people and that they will see the job through and reconstruct Canada. I say that in no small measure we have here the means of reconstruction. Through War Assets Corporation many individuals and small businesses which suffered most as a result of the war could receive a great measure of reconstruction.

During the session dozens of questions were asked of the Minister of Reconstruction as to what was happening with these huge surpluses of commodities. Each one of them was solemnly evaded with the promise that an opportunity would be given to the war expenditures committee, when set up, to investigate every matter fully. And so very late in this session, the government saw fit to establish that committee, of which I was a member. It held its first meeting on November 13, and adjourned a week. It met for one hour and fifteen minutes twice a week for eight complete weeks, and then at its last meeting sat in camera to prepare the report which was presented to the house—and which, in essence, said nothing more than that we had met, and that we hoped some day to meet again.

I should like to read the terms of reference of that war expenditures committee. It was resolved on November 6:

> That a select committee be appointed to examine the expenditure defrayed out of moneys provided by parliament for national defence and demobilization, and for other services directly connected with the war, including the disposal of surplus war assets, and to report, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein.

As a result of the first meeting of the steering committee it was decided that the

preliminary investigations should follow along certain lines. On November 20 the steering committee recommended—

—that the main committee determine its future activities with the understanding that it will first inquire ino the four following subject-matters in the order named, viz:—

1. The Crown Assets Allocation Committee.

That was covered to the extent that we received a report from the president, and asked questions thereon. Then—

2. War Assets Corporation.

That was covered to the extent that we heard half a dozen briefs and were given an opportunity to ask a number of questions. There is still a backlog of questions, the answers to which have been promised by the corporation. Up to this time many very important questions have not been answered. The remaining two were:

3. The Commodity Prices Stabilization Corporation, Limited.

4. The Wartime Prices and Trade Board.

The stabilization corporation was to be investigated on the basis of certain correspondence asked for in the house by the hon. member for Winnipeg North Centre in connection with the Cardoza charges. And then followed the wartime prices and trade board. Neither of these organizations has been investigated—

Mr. CHEVRIER: I am afraid I must object to this procedure. I do not wish to interfere with the hon. member's right of free speech in the house; but surely the two last-named organizations come under the Department of Finance, and could not possibly come within item 308 which we are now supposed to be discussing.

Mr. PROBE: The steering committee had recommended—

The ACTING CHAIRMAN (Mr. Golding): I do not think the hon. member is in order, in the manner in which he is dealing with this item. Item 308 has to do with departmental administration, including expenses incidental to organization.

Mr. PROBE: I bow to your ruling, Mr. Chairman, and I shall postpone anything further I have to say on these two items until we reach the estimates of the Department of Finance.

May I at this time rush through some criticisms—and I hesitate to go quickly, because this matter is too important to discuss hurriedly. These are my observations as to what happened in committee, or what failed to happen. The word "farce" still applies, and I thank the hon. member for Muskoka-Ontario for it.

From questions asked in committee I am satisfied that there has been considerable disposal of war assets by the Minister of Reconstruction without prior knowledge or recommendation of the officials of War Assets Corporation.

Second, the staff is not familiar with the duties of other departments of War Assets Corporation. That is, there seems to be no interdepartmental liaison.

Third, the reconstruction needs of special areas or groups have not been considered. Perhaps I may be permitted to give one example, namely farm tractors. The list of vehicles sold by the automotive branch, as explained to us on November 27, indicated that 189 farm tractors had been disposed of by War Assets Corporation; 40 of which were sold in Quebec, 102 in Ontario, one in New Brunswick, two in Nova Scotia, two in Prince Edward Island, 28 in Manitoba, one in Saskatchewan, 12 in Alberta, and one in British Columbia. The reason that item comes to my mind specifically is that my province is definitely one of the major agricultural provinces of Canada; it is a province which could make use of tractors, and yet its economic need for that particular type of equipment was not considered. That is contrary to the original terms of the policy set out by the Minister of Reconstruction.

There has not been a proper general advertising of surpluses. The priorities as established on paper by this document entitled "How to buy war surplus materials" are not being honoured. There is an unequal availability of these materials by areas, and the sales by provinces which I have given lend strong support to the point I am trying to make. As of October 31, 1945, the sales by provinces of war assets materials were as follows:

British Columbia	$ 1,817,465 71
Alberta	793,877 82
Saskatchewan	377,895 63
Manitoba	685,081 44
Ontario	16,948,100 57
Quebec	11,216,486 84
New Brunswick	661,031 84
Nova Scotia	479,426 71
Prince Edward Island	145,291 71
Newfoundland	172,272 53
Foreign	4,039,605 90
Dominion government	2,796,629 99
Grand total	$40,133,166 59

No special consideration has been given by War Assets Corporation to the need of equipment by farmers and small industrialists or

the special needs of veterans setting up in business for the first time. In fact, these veterans are definitely discriminated against, because the position taken by the corporation is that only dealers who were in business in 1941 are permitted to buy through the regular channels.

Contrary to the policy expressed by War Assets Corporation, the speculator is not being kept out of the picture. This applies particularly to machine tools which are being advertised for sale in the leading papers of Montreal and Toronto by people who have bought them from War Assets Corporation. No attention has been paid to the request of departments of education throughout the country for such things as lens equipment, moving picture projectors, radio transmitting equipment, aircraft frames and engines, kitchen equipment, shop tools for manual training, and things of the kind.

I want to be constructive as well as critical. I brought up some of these points in the committee, and I should like now to indicate briefly what this particular branch of government should be doing. I contend that there should be no direct sales made by the Minister of Reconstruction or his staff without prior advertising in the press of Canada. There should be no distribution on a partial geographic basis. There should be no destruction, that is, making scrap out of what to the casual examiner appears to be worth-while equipment, until provincial and municipal bodies and schools have been given a reasonable opportunity to remove this equipment. The one exception to this would be munitions. If priorities are to be continued as a matter of policy, then they should be made effective. When the crown assets allocation committee notifies War Assets that certain materials are to be allotted to it, at the same time notification should be given to the provincial and federal governments. That would mean only ten copies of a slip indicating the material available, its location, whether used or new and its approximate value. Those bodies should be given two or three weeks to take up their priority. If it is not taken up, then the material could be made available to the general public, with proper advertising of the full particulars of these surpluses.

To let surplus automobiles be distributed by the automobile manufacturers association of this country is ridiculous. Trucks and other merchandise that might be suitable for veterans should be disposed of through the Department of Veterans Affairs. The Minister of Veterans Affairs assured me the other night that he was taking up actively with the Minister of Reconstruction the matter of securing some portion of the tools that are available and which might be used by the veterans. I wish him every success in that. If he does not have any better success in getting that material than we had in getting concrete answers to our questions in the eight meetings of one hour and fifteen minutes each that were held, then the veterans of this country will not receive the consideration that is their due.

A word as to distribution. The ordnance services are still in existence in every military district, and they could be used as distribution agencies for surplus war assets to get these items into the hands of the individuals who need them rather than having them go through the cartels who are going to get them.

Mr. BOUCHER: Mr. Chairman, I do not want to delay the committee, but the government seems to be giving the impression that they do not want an investigation held and the limelight of publicity thrown on the operations of War Assets Corporation.

Mr. CHEVRIER: There is no such impression, and my hon. friend knows it.

Mr. BOUCHER: If my hon. friend has that conviction, he probably reflects the fact that the Minister of Reconstruction has it in his mind and that the cabinet ministers and some members of the government have it in theirs; but let me assure him that it is not in the minds of the Canadian people. They want to know just how this colossal disposal of public property is being taken care of. They want to know whether things are being run correctly. As I listened to the hon. member for Verdun and the hon. member for Labelle I thought that they both spoke too long and said too much for their argument. They explained how the war expenditures committee had met to investigate various matters of war expenditures and economies that needed investigating. I understand that committee held eight meetings. Members had given to them for discussion and consideration eight voluminous briefs, each of which would take a long time to analyse. The members of the committee were told that they were privileged to ask questions on the briefs submitted to them.

The committee got certain advice on certain aspects of this situation, and it made a report. No concurrence in that report was moved in this house, and the same is true of the report of any war expenditures committe which has sat since the beginning of the war. There has been no discussion of those reports in detail. That is not enough where we have a government in power for five or six years, a govern-

ment which has brought a war to a successful conclusion but which has on hand large volumes of war assets to be disposed of. These are things which are short at the present time; the people are anxious to secure them, and in fairness to everyone I think the greatst publicity should have been given to their disposal.

The government may be sure that everything is all right, and everything may be all right, but I think it would be worth their while having the test of publicity and of public opinion placed upon their actions. If they are so sure that they have the most perfect way of disposing of war assets, they should be ready to convince the members of this parliament that their judgment was right, and through the members of this parliament convince the people of Canada that war assets are being properly, efficiently, wisely and fairly disposed of. That is all we ask; surely that is not asking too much. Even at this late date in the session, if there is anything we can do to get the government to bring publicity to bear on the actions of War Assets Corporation, we will do it. The war expenditures committee has sat for about five years, almost every session since it was first set up.

The ACTING CHAIRMAN (Mr. Golding): The item on war expenditures has passed. War expenditures cannot be dealt with on this item.

Mr. BOUCHER: We are dealing with administration and reconstruction, Mr. Chairman, and this is a part of reconstruction. War expenditures have to do with reconstruction as well as with waging war. They deal with the disposal of assets which are a part of reconstruction.

An hon. MEMBER: Louder.

Mr. BOUCHER: I will speak louder, but there are none so deaf as those who will not hear. I might even whisper it in the hon. member's ear. That would be a better way than trying to rush this thing through in the last few moments of the session.

Mr. CHEVRIER: No one is trying to do that.

Mr. BOUCHER: I urge the government to set up the committee early next session, or continue the present committee, if you like; for there is a big work to be done and the public are waiting to be satisfied about what is being done with our war assets. May I appeal to the government to give more publicity to the disposal of this country's goods, to let the public know that everything is being done properly.

Mr. CASTLEDEN: What is the value of the war assets which have been sold to the Netherlands government to date, or say up to October 1? What was the original value of the equipment? What price was received for it?

Mr. CHEVRIER: I am informed that that question was dealt with by the president of War Assets when he filed before the committee a summary, consisting of from ten to fifteen pages, of the custodian sales to November 30, 1945.

Mr. HACKETT: Can the minister state the value of the assets that have been placed in the possession of War Assets?

Mr. CHEVRIER: That statement was filed by Mr. Berry when he gave his evidence before the committee.

Mr. HACKETT: I want to know the cost.

Mr. CHEVRIER: The total amount is set out in the minutes of proceedings of the committee, No. 6, giving a summary of custodian sales for November 30, 1945. That gives the original cost price, the sales price, the terms, and the percentage realized.

Mr. HACKETT: But that is only up to—

Mr. CHEVRIER: November 30, 1945.

Mr. CASTLEDEN: It does not include the sales of assets overseas to the Netherlands government. Another question: What is the amount of commissions paid or allowed by War Assets in the sale of their goods to date?

Mr. CHEVRIER: I think that was the hon. gentleman's question on the order paper. I am sorry I cannot give him that information now, but I will ask the officials of the Department of Reconstruction if they can give him the information.

Mr. PROBE: What amount, if any, of military clothing and equipment has been sold to the Dutch government for use in eastern waters?

Mr. CHEVRIER: If the hon. gentleman is referring to military equipment sold to the Dutch government, that matter comes under the Department of Munitions and Supply. It would be assets that had not been declared surplus to War Assets Corporation, and the Department of Munitions and Supply through its agents would deal with it. On this item I cannot give any more information than that.

Mr. PROBE: The Prime Minister promised us some latitude in asking questions. I am not trying to embarrass the minister unduly. I think it is a fair question.

Mr. CHEVRIER: I am not saying it is not. I am saying that the material is in the possession of Munitions and Supply, and is not the property of War Assets Corporation. Until it becomes the property of War Assets Corporation I cannot give my hon. friend the information.

Mr. CASTLEDEN: A moment ago I asked what equipment had been sold to the Netherlands government, and the minister referred me to the summary appearing in the minutes of proceedings, No. 6. But that summary is a summary of custodian sales of lands and buildings disposed of. It has nothing to do with the 130,000 blankets and other materials sold to the Netherlands government.

Mr. CHEVRIER: If my hon. friend will look at the appendix which was filed with the committee on page 98 of the minutes of proceedings, volume 3, he will find there under the heading, Consolidation of Sales Invoices, the total amount of foreign sales, $4,039,605.80. That is not broken down as between Dutch and other governments, but the sales are itemized and the total is given.

Item agreed to.

DEPARTMENT OF FINANCE

51. Departmental administration, $639,578.

Mr. MACDONNELL (Muskoka-Ontario): No one of average intelligence can doubt that we should try to save as much time as we can to-day. If there are no other reasons for it, there is the eagle glare of the Minister of Veterans Affairs. Nevertheless what we are doing now is not simply disposing of a few millions or tens of millions of dollars. What we are really doing is considering the whole basis of the expenditure of sums which to me still look astronomical, and I think it is fair to spend a few minutes on that. I regret very much that we are dealing with this matter in the expiring hours of the session, but that is something that we cannot remedy now.

When I spoke on October 19, commenting on the minister's budget speech, I pointed out that to my great surprise there was no statement of affairs, one might call it, given to the Canadian people. We were told the deficit of this year, and if I remember aright we were told the estimated deficit from November of this year to November of next year, but as I said then, we were given a mass of figures really related to nothing. I felt that we should have some estimate from the minister of our national income and some projection into the future. We were not going to hold him to a million or ten million, nevertheless I felt that we had the right to ask for some statement of our position, and I do hope that we are going to get it now, because I think it is important.

That statement should contain in my opinion a few simple things. It should tell us roughly what we may anticipate in the way of a reduction in the deficit next year, the year after, and so on. I observed with interest that in the budget speech in London of the Chancellor of the Exchequer he grappled in a general way, though only in a general way, with that question, but he did attempt to forecast when they might expect to get to the stage of balancing budgets. Incidentally let me say here—and I think in this the minister will agree with me, if in nothing else that I say—that we hear bandied about now such phrases as "deficit financing", "expanding economy" and so on. These words properly have a place in our financial jargon, our financial vocabulary and perhaps in our financial thinking, but they seem to lead some people who ought to know much better to talk as if you could go on borrowing and borrowing without limit. I hear men who ought to know much better comforting themselves by saying, "It is all right so long as we borrow from ourselves." My understanding is that the minister does not agree with that view, and I think it would be well if he would take occasion to say something on it to-day.

I mention these things because it seems to me they go to the very root of the matter. The minister must be perturbed, as every thoughtful man is perturbed, when he considers the astounding heights to which our expenditures have risen. I do not think I need say any more about that now. I shall wait in the hope that the minister may be able to do what I am asking him to do.

As to my second point, I speak as a new member, and perhaps in some ignorance, and part of what I say may appear somewhat naive; if so, I am sorry. I watch these estimates going through and I see hundreds of thousands of dollars being voted for various items—I am referring now in particular to the supplementary estimates, because I assume that they would have had particularly careful scrutiny—and I ask the minister, because I regard the matter as of great importance, to what extent is the Department of Finance really effectively acting as the watchdog of the treasury?

Let me illustrate what I mean. The other night there was an estimate before the committee for some hundreds of thousands of dollars; it came before the committee and

actually there was no explanation given on it until it was asked for from this side. Then an explanation was made in general terms, and it did not seem worth while holding up the business of the committee to cross-examine the minister on this or that item; I do not think we could have done it very intelligently at that point. But can the minister say something to indicate how that sort of thing is handled in his department? When some expenditure is proposed, is it merely a case of the department head saying, "Well, this is a useful expenditure, it will be for the good of the people of Canada"; or is there some yardstick which is being used? Has the minister some budget which he is working to; does he know what we can afford or not afford? Those are two things on which I earnestly hope the minister is able to say something to the committee.

Mr. ILSLEY: What was the item that the hon. gentleman had in mind?

Mr. MACDONNELL (Muskoka-Ontario): It was the film board, and the vote, I think, was $335,000. I take that merely as an illustration.

There is another thing I might mention as I am on my feet, although it is really a separate matter. I want the minister to tell us something about the operations of the war-time prices and trade board. I mentioned this to him before. What I suggest is that he might take one of the branches of the department, say food, and let us know how it operates. Also, because I think it is closely related, I should like the minister to say something about the subsidies, and I mean subsidies of all kinds; for example, payments to millers, presumably to keep down the price of flour; payments of freight to bring western grain to the east; all kinds of things which, in my opinion, are in effect subsidies. In elucidating that subject I hope the minister will say whatever he can say as to the policy with regard to subsidies: whether they are confined to the necessaries of life, or as the case may be.

I hope the Minister of Veterans Affairs will think I have been commendably brief. I hope the minister will not be so brief, because I do feel that, in particular, the first question I asked him goes to the very root of the matter. The people of Canada look to him; they respect him; and I would not willingly say anything to add to his burdens. But I think it is one's plain duty to say that we must not be allowed just to wander along hoping for the best. In war time, of course, we had to do that; we could not do anything else. It was not a case of saving money; indeed it was almost a case of determining how fast could we spend money, because we were spending in order to get the munitions of war. Nobody blamed the minister for that; everybody praised him for it. But now the shoe is on the other foot. I sympathize with his difficulties, but sometimes I ask myself, with all proper deference, whether it is possible, having spent tens and hundreds of millions of dollars without really looking at both sides of the nickel, to get down to the present task, which is, as I understand it, to have a plan to work to, and to work to it.

Mr. ILSLEY: The questions are very fair questions. The trouble is that to answer them at all fully would take a long time, and while I do not object to taking a long time I do not think it is the wish of the committee that I should do so.

With regard to the first question—what are our plans for future budgeting?—the answer cannot be very satisfactory, because we are functioning in an atmosphere of great uncertainty at the present time, owing to the unfinished state of the negotiations with the provinces. We made certain offers to the provinces which would involve the assumption of greatly increased social service responsibilities by the dominion government and largely increased subsidy payments to the provinces by the dominion government, and we have no idea whether those proposals will be accepted or not. The provinces have made it fairly clear that they will expect our expenditures and subsidies to be much greater than those which we have proposed, and therefore it is impossible for me to be at all definite as to what our uncontrollable expenditures will be over the next few years. I may mention however that during the last year or thereabouts an interdepartmental committee has been sitting considering dominion-provincial relations and payments from the dominion to the provinces and what responsibilities each should assume. Draft budgets—I think I can call them budgets, although they are not detailed at all—have been prepared covering periods two, three or four years hence, and these are based upon various alternative assumptions in respect of national income. That is, they have been based upon the assumption that our greatest production would be twelve billions or ten billions or eight billions. Perhaps there is another alternative still, but the general principle that will apply to budgeting for the next few years is this, in periods of depressed national income—and by that I do not admit for a moment that we must necessarily have a depression income in any year. But the income in some years will

be less than in others. I might describe the years which we shall have to keep in mind as fair, good and excellent, and in a period of high national income we certainly intend to balance our budgets and have surpluses. In certain other years we shall just be able to balance our budgets, while in still other years we shall have to have deficits. I have announced the policy of the government to be to budget not for a surplus each year, as has been the ambition of ministers of finance in past years, but to budget rather for cycles and to face the certainty that if some adverse conditions strike the country it may be as a result of developments beyond our borders. It may be as a result of weather. There are several causes to which such conditions might be attributable, and it might be necessary for us to have deficits. It is impossible for me to place before the House of Commons now a five-year plan—that is a five-year budgeting plan. It is impossible because we have not completed our negotiations with the provinces, and we do not know within—well, I would take a figure of two hundred or three hundred million at any rate—what our expenditures will have to be as a result of agreements that we make with the provinces. That is a matter that we shall have to iron out.

This question was raised. I was appointed chairman of what was called a subconference of the dominion-provincial conference at the time it met in August, and the representatives of one of the provinces asked the same question. They said: "It is all right for you to ask us to enter into these agreements, but what are your plans? Can you tell us what your budget will look like, what your statement of receipts and expenditures will look like in, say, the fiscal year 1948-49 or 1949-50?" I said in reply: "Yes. I can tell you that, on the assumption that our proposals are accepted; but I dare not tell you that without the deletion of a great deal of information, because it involves plans with regard to tax rates, corporation taxation, individual taxation and so forth, which simply cannot be made public." And I can no more make it public in this house than I could before the dominion-provincial conference. Therefore, a minister of finance, it seems to me, in this month of December in this year 1945, is limited to a statement of general principles. The general principles are that we shall have as our objective the balancing of budgets over a period but not to balance budgets every year. Some years we shall have surpluses, some years we shall strike an almost exact balance, and some years we shall have deficits.

[Mr. Ilsley.]

That is a brief answer to the questions which the hon. gentleman has asked. It may be briefer than the exposition of the subject entered into by the Chancellor of the Exchequer. I do not know. But I have asked myself several times during the last year whether I should not make a speech somewhere in which I should tell the public of Canada how we hoped to finance and what methods we would use in financing for the next few years—to what extent we would raise money by borrowing, to what extent by taxation, to what extent if any by bank borrowings. But every time I approached the subject I backed away from it. I discussed it with the deputy minister of finance two or three times, and backed away from it because of the uncertainty inherent in that situation and necessarily arising from it. The uncertainty was so great. However, we did go as far as we could in the white paper on reconstruction last spring and also in speeches I made in the victory loan campaign, when I made similar statements. I cannot be more definite.

All we can do is to take it a year at a time. We have been definite about the present fiscal year: everything is before the house; and we shall have to be equally definite for the next year when we present our estimates for the next fiscal year and budget for that fiscal period.

I agree that we should not go carelessly on hoping for the best, but should have some principles on which to proceed, and it may be possible to be much more definite if we are able to come to an agreement with the provinces. If we are not able to come to such an agreement—

Mr. MACDONNELL (Muskoka-Ontario): May I ask the minister a question? The sum of $300,000,000 which he mentioned as being the possible variation according as this or that agreement was made with the provinces surprised me by its size. Will the minister enlarge on that?

Mr. ILSLEY: I would prefer to withdraw it rather than explain it. When I made the statement I said I did not know what figure to use, whether one, two or three hundred millions, because there are so many things that have to be considered. There is the question of our share of a health insurance plan, for example. The total cost of a health insurance plan to the governments, if I remember correctly, is about $250 million a year when fully in operation. The total cost of old age pensions on the basis which we proposed is something like $200,000,000 a year, if I remember rightly—that is for the

non-means test old age pensions, those which will be paid to everyone from the age of seventy, regardless of means. Then there is a wide range in the amount which may or may not be payable to the provinces. As regards subsidy arrangements, we have not got down to that. We offered a minimum of $12 per head, rising with national production and with the population of the particular province. Well, I understand, although it has not been very definite, that some provinces think it should be more like $17 per head. What that will work out to I have not dared to write down, but it will make a tremendous difference. And so I am pointing out that when you are dealing with items, several of which are two hundred million or two hundred and fifty million, and you begin bargaining, the swing or variation is not small, when dealing with the provinces. I do not know what we shall agree to. I want an agreement with the provinces, but I cannot agree to an arrangement with them which will make our budgetary position impossible. I cannot do that. The old bad system would perhaps be better than that. The whole thing is that I cannot be definite about the future in the light of present uncertain circumstances.

At one o'clock the committee took recess.

The committee resumed at two o'clock.

Mr. MACDONNELL (Muskoka-Ontario): Would it suit the convenience of the minister if I made one or two comments on his answer to the first question?

Mr. ILSLEY: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Anyone who has tried to think about these matters must realize the difficulty the minister pointed out before the luncheon recess. I have two comments to make. He pointed out that one of the great difficulties he faced arises from the fact that we have had no agreement between the dominion and the provinces. I had thought of making no further comment, except the perfectly proper one that this is another indication of the great difficulty which has been experienced by the Minister of Finance, and no doubt other ministers of dominion-provincial relations, in the delay in dealing with this matter, a delay which in my opinion had nothing to do with the welfare of this country.

The minister pointed out the difficulty—and of course it is a real one—of projecting the financial condition of the country. But he did say—and I fully accept the statement, because everyone knows it must be done—that he had made various projections as to such and such a national income, such and such a tax, and such and such expenditures. My suggestion is that more can be told to the people of Canada than has been told. I am not suggesting he should give all details; of course I am not. But there is no reason why the calculations he arrives at as to national expenditures and national income should not be given, on the different bases.

After all, what is being done now is that this is being left to private enterprise. Various responsible people are putting forward these calculations, and I think the calculations I have read have been intelligently prepared. Why should not the people of Canada have that from their own Minister of Finance? Let me say again that I know there are certain details which it would be unwise to ask the minister to put forward, and of course I would not ask it. I proceed with the suggestion that more can be given us than has been given, and that to withhold it is, first of all, to withhold from the people of Canada what is their own business, and, secondly, it is leaving it with other people who are not as responsible as is the Minister of Finance.

I have just one further comment to make. The Minister did suggest that he had in mind making a speech on this subject. I think he said he had considered making it during the victory loan campaign, and stated further that he had considered that he might make it at some other time. I hope a new member has not become too sensitive about the privileges of the house, but I would venture to say to the minister that this body might have the right to expect that a statement of the kind would be made to it. Of course it cannot be made this afternoon, and I am not proposing to say that it should be. As I said this morning, we have not time for that. But I would certainly leave it with the minister that this is something which is not merely of academic interest, but something of interest to every thoughtful citizen of Canada. It is of interest to all responsible people in business, because naturally they are full of anxiety and concern. Why would they not be? We are all full of anxiety and concern. We cannot see the future clearly. I do think, however, that we are entitled to ask the Minister of Finance to take the people of this country into his confidence. In saying this I repeat that there must be due regard to certain things concerning which he would be entitled to maintain certain reservations.

Mr. ILSLEY: The only thing about making a statement of that kind now is that it would be made on certain assumptions which might prove to be unjustified, as a result of our negotiations with the provinces. That is the only trouble with that. It would be confusing. Projections we have made have been on the assumption that our proposals will be adopted exactly as made. There is no indication that they will be. There may be very wide variations from them, and therefore any statement made would be confusing.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps I did not make myself clear. I am not asking the minister to do it now, although I would point out that even $200 million or $300 million, which is certainly a tidy sum, is not what it was when our total expenditures were $500 million or $600 million. It is not such an overwhelming figure as to dwarf everything else, when our expenditures run into $3,000 million or $3,500 million, as I suppose they will during the next year. However, I am not persisting in that.

I do recognize the difficulty, and what I am talking to the minister about is that as soon as may be possible—perhaps not before this house meets again—we should have a statement to let the people of Canada know what the minister can tell them about their affairs. At the present time I submit that, so far as the minister is concerned, we are just like the babes in the woods; indeed, perhaps we are worse than the babes in the woods, because at least they knew they were lost.

Mr. PROBE: What was the practice with respect to the payment of commissions for the sale of victory bonds to the forces overseas? I notice a large item for expenses in connection with victory bonds. Was the normal practice followed in connection with commissions and, if so, who got the cheques?

Mr. ILSLEY: No commissions were paid for the sale of victory bonds to the armed forces overseas, and no commissions were paid for their sale to employees in plants which were on the payroll plan.

I think I ought to answer the hon. member for Muskoka-Ontario first, as to what extent the minister is really the watchdog of the treasury. He wanted information as to how far the Minister of Finance goes in checking expenditures. That is a long story. I have gone into it at various times in the past; I have been frank about it and my frankness has got me into trouble. I have been criticized in the newspapers for what I said, but I think in the long run frankness is probably the best policy. I shall be frank again to-day.

The chief check that the Minister of Finance has on expenditures in time of peace, when we are proceeding on the basis of bringing in estimates in detail before parliament, is in the preparation of the estimates. Normally we begin about November of each year to ask the departments to submit their estimates for the coming fiscal year. The estimates come in; and the staff of the treasury board, without reference to the minister in the first place, go at those estimates and try to have them reduced. They are successful to a considerable extent in having them reduced. But various departments demur, and some go even farther than that and vigorously and violently protest against the proposed cuts. The matter is then taken up by myself with the various ministers and by the treasury board with the various ministers, and after a considerable amount of argument the estimates are still further reduced until they reach the form in which they appear before the House of Commons.

When speaking in this house on a former occasion about non-war estimates I was severely criticized by one of the leading metropolitan newspapers for saying that I considered my responsibilities pretty well finished at that point; they criticized me for abdicating at that stage. But I really do not abdicate at that stage, because many of the expenditures to be made under items passed by the House of Commons must be made under orders in council passed pursuant to various acts of parliament. Time after time I have taken exception to those orders in council. They are then referred to the Department of Finance for study and report by the Minister of Finance.

So far as my own duties are concerned, I have often said that the most difficult thing is not the control of prices; the most difficult thing is not the borrowing of money; certainly the most difficult thing is not taxation; the most difficult thing is not housing; perhaps the most difficult thing, the thing that is hardest on the nerves is the perpetual watching of expenditures made under authority of orders in council. The reason it is such a strain is that unless the Minister of Finance is very careful, an order in council will be passed which in itself may be sensible and wise but which would set a precedent for expenditures to follow which would be most serious from the point of view of further financing or from the point of view of economy in expenditures. That is the practice in time of peace.

In time of war the difficulties of being the watchdog of the treasury are greatly increased. They are greatly increased, not because expenditures have to be so much greater but because of the flexible system we have to have in time of war. We bring in a War Appropriation Act which enables money voted thereunder to be applied to almost any project or purpose. The various departments decide that money should be devoted to this, that or the other purpose, and the responsibilities of the Minister of Finance thereupon become much greater than if the scope of the expenditure were limited by a parliamentary item. That is the reason why all through the war the tendency of the treasury has been to force expenditures into the estimates as much as possible and out of the War Appropriation Act.

I am afraid I am making a self-righteous speech here, talking about other ministers and so on. The treasury may be wrong about this; in fact the treasury is apt to be very wrong in time of war, because action is more important in war than economy. Other ministers with the very best of intentions, men who get action and so on, desire flexibility. They desire the power to put money to this, that or the other purpose, and they find themselves up against this somewhat financially minded Department of Finance which is cramping their style all the time. I do not know whether on balance to take credit for these watchdog operations or not, but they go on to the best of our ability.

We have an institution called the treasury board. With the exception of the Minister of Public Works the other night, who, thank heaven, did say a good word for the treasury board, I cannot remember of anyone ever saying a good word on its behalf. We talk about putting a watch on expenditures, but how much assistance do we get in this house in watching expenditures? Nine-tenths of the speeches in this house are asking for bigger and better expenditures. That was the case all through the last parliament. While this session did not start out in that way, it finally got that way. If the government is making large expenditures, it is not because the ministers are trying to make those expenditures; it is because of public and parliamentary demands for those expenditures. That is why the expenditures are being made. At times I feel as though I am against the whole world when I try to keep a lot of these expenditures down. We just do the best we can, that is all, and keep them down.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Chairman, first I want to say that I realize what the minister is up against. I have been trying myself to avoid making any suggestion for increasing expenditures because I wanted to be in a position to come along and talk about economies. I am perfectly conscious that we on this side have been suggesting expenditures. In fact we had differences of opinion in the ranks of this party no later than last Saturday night.

There is one thing I should like to ask the minister, a thing which I believe goes to the root of the whole matter. I think he will agree that in the next two or three years economies will have to be made that are just beyond anything that have ever been attempted before by the Department of Finance. If things go on as they are now, first of all the minister is going to break his own heart, which would be undesirable and, second, he will fail, which would be even more undesirable from a public point of view.

I ventured when I spoke on the budget to refer to what is called the Geddes committee in Great Britain after the last war, and I was careful to say that I thought that Geddes' axe went too far and probably produced evil results. Nevertheless I do not believe that there is any hope of getting our expenditures down within any reasonable time until the shoe is put on the other foot, and until somebody—and I cannot see anybody else but the Minister of Finance—tells the other departments what they are to have. Otherwise it seems to me the minister is just fighting a heroic battle, if you will, but a losing battle.

Take just one thing mentioned in the house by the hon. member for St. Paul's, the civil service estimates, amounting to $229,000,000, or half as much our whole pre-war budget. Without taking more time I suggest to the minister that the procedure which he has just suggested will utterly fail in the years that are ahead of him. He must devise some entirely new procedure. I understand that in Britain the shoe is more or less put on the other foot, that the treasury there does call the tune; that it tells departments what they can have. I am speaking without any parliamentary knowledge, just looking at it as a business proposition, and it seems to me that as I said before unless the minister does that he will break his heart, and second, he will fail.

Would the minister care to take a single item in the estimates, the film board item or anything else he likes, just to show the committee what happens when a supplementary estimate comes before him? Perhaps he would take one of his own estimates. There is an item at the top of page 22 of the supplementary estimates, 1945-46, $200,000

for printing and stationery. I would be interested to know just what is done, who is responsible, just what technique was followed in having that item inserted? I am just wondering whether the minister was satisfied that somebody looked into that and arrived at the conclusion that that was the amount required, or did somebody just say: We need quite a lot of money and $200,000 will go through as well as any other figure?

One last comment. I hope—and I am going to suggest this to my leader and I think he will be sympathetic—that at the beginning of the next session we are going to say that these estimates will be looked into in a very different way from this time. We shall have a chance to find out what the score is. That has not been possible in the last few days, but next session I hope we shall be able to do it.

Mr. ILSLEY: The item of $260,000, which includes the $200,000 mentioned by my hon. friend, was not given personal attention by me. The officials in my department put it into the supplementary estimates without comment, and I accepted it, having confidence in the officials. The treasury board officials would have received that estimate from the comptroller of the treasury, Mr. B. G. McIntyre. My confidence in Mr. McIntyre would be such, knowing him to be an old employee of the finance department, having been in the department I should say between thirty and forty years, and having a keen appreciation of the importance of economy, and by the very nature of his work being engaged in checking expenditures all the time, that if he said he needed $260,000 I would know it to be true, and that would not be an item I would check.

Mr. MACDONNELL (Muskoka-Ontario): I would not suggest for one moment that the minister should take his own time to check it. I am speaking earnestly and only with the desire to help him, and with the full conviction that I am right, when I say that unless the minister can devise some scheme which puts the shoe on the other foot he is in for a bad time, and we all are.

Mr. BRACKEN: There was a discussion in the committee of supply the other night on the estimates for the film board, which appear in three different places, in the main civil estimates, in the war estimates and in the supplementary estimates. Could the officials who are with the minister figure out what the total appropriation for the film board is? The total has never been presented to the house. What was the total last year and what is it for this year?

[Mr. Macdonnell.]

Mr. ILSLEY: We will try to get that information and give it a little later.

Mr. ROSS (St Paul's): I do not like to repeat, but I think this will bear repeating. In 1938 we had 44,000 civil servants in this country, and we paid them $88,000,000. In 1945 we had 150,000 civil servants and the amount we paid them for 1944-45 was $229,000,000, according to the return I got. That is about half our normal peace-time budget. My purpose in rising is first to bring that to the attention of the house and the country.

The other thing that I have in mind is this. We have 150,000 civil servants, and with three to a family, this means that 450,000 people in this country are living off 12,000,000. That does not take into consideration the number of civil servants working for the various provincial governments and for municipal governments. That is just a little more than Canada can stand. These 150,000 civil servants have been doing a job and a good job in this war. But that number must be cut down. They are not engaged in constructive effort; they are non-constructive, and what we want to do is put some of them back into useful enterprise. I think that is one of the biggest jobs before the Minister of Finance, the treasury board and the government at the present time. I urge them with all the power at my command to try to cut down this overhead, so that we can cut down the cost of government in this country and reduce the burden of taxation on the individual taxpayer.

Mr. ILSLEY: Before the item carries, I think I should answer the question asked me by the hon. member for Muskoka-Ontario, who wanted me to give some indication of the activities of the wartime prices and trade board. It is hard to cover that subject in a few words. We have an annual report from the wartime prices and trade board which covers the work of the board fully. I presume that the hon. member has read that. He particularly referred to the question of subsidies. He intimated to me very kindly last night that be would be asking me something about subsidies, and I jotted down the main types of subsidies that are paid and the reasons why they are paid. When we imposed the over-all or general price ceiling in the fall of 1941 we realized that some provision would have to be made for imports. That is, if the price of goods went up abroad it would be impossible for importers to import those goods and sell them under the Canadian price ceiling unless they were subsidized. So the first important class subsidy which was authorized was the import subsidy, which has continued from that day to this. The tendency

through the years has been to take more and more articles off the subsidizable list. To begin with we subsidized any import, but with a little experience it became apparent that it was hard to justify the payment of subsidies on the importation of certain types of luxuries, so they were taken off the subsidy list. Those are the import subsidies.

The second class of subsidies I want to mention is an interesting class. It was discovered that retailers were selling in some cases in the base period—the period was a few weeks in the fall of 1941—and that their prices during that period were based upon the purchase price of goods which they had bought perhaps six months before. In the meantime the wholesalers' price had gone up so that it would be impossible for the retailers to continue to sell, say in the spring of 1942 and later, unless they were able to buy the goods from the wholesalers at the pre-basic period price, the price which they charged as early as the spring of 1941 or the fall of 1940. So we then paid these roll-back subsidies, subsidies which rolled the wholesalers' price back to the appropriate period which enabled retailers to sell under the price ceiling. That is a second class of subsidy.

As the years went by, costs increased in various ways to certain domestic producers; and while we have not recognized increased wages as a reason for the payment of subsidies, many other costs are recognized as a reason for the payment of subsidies, and domestic subsidies are paid to some industries to enable them to produce and sell under the price ceiling. That is the third class of subsidy.

Another class of subsidy, of which I believe there is only one example, is the milk subsidy, which was undertaken for the specific purpose, not of keeping the price at what it was during the basic period, but to reduce it two cents below what it was in the basic period, in order to prevent the cost of living index from rising unduly. That is a consumer milk subsidy, a very important subsidy, and virtually the only one of its kind. This is the fourth type.

The fifth which I should mention is the bulk trading losses. Some goods are purchased by government agencies and sold to the trade in Canada or to the Canadian public at a loss. This subsidy applies to dried fruits and to some other commodities which I have forgotten for the moment—it is immaterial.

But these are the main types of subsidies. These are the subsidies which are payable by the Commodity Prices Stabilization Corporation, which is the agency of the wartime prices and trade board.

In addition to these, there are production subsidies which are recommended and paid by the Department of Agriculture. They are for the purpose of encouraging or of maintaining production and to some extent correcting inequities as between farmers and other producers in the country. They are substantial. In that class would come the butter subsidy and the fluid milk subsidy—except this consumer milk subsidy I have mentioned; the canned milk subsidy, the cheese subsidies, and some others: there are certain other subsidies paid by the Department of Agriculture.

These are the subsidies. We are getting out of subsidies as fast as we can.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister say a word about amounts?

Mr. ILSLEY: Yes. The subsidies on bulk trading losses from December 1, 1941 to September 30, 1945 amounted to $296,288,670.

Mr. MACDONNELL (Muskoka-Ontario): I have here the price board's report up to December, 1944. It gives the subsidies from the inception in the autumn of 1941 to December, 1944, totalling for the commodity prices board $200 million, and totalling losses on commodity trading at $25 million.

Mr. ILSLEY: That is right.

Mr. MACDONNELL (Muskoka-Ontario): According to the best additions I can make, if you divide $225 million by three you would have $75 million in the two following years. Including the current fiscal year, the total subsidies are on a much higher scale than that, something in the nature of $150 million.

Mr. ILSLEY: Which year?

Mr. MACDONNELL (Muskoka-Ontario): I am taking the current year. I am looking at the statement of September 28 last, and including such things as millers' subsidies, subsidies for transportation, and so on, and I made it something in the neighbourhoood of $150 million. I do not want to pursue that very far, and if the minister can make a general statement as to whether these subsidies are going up or down I think that will suffice for my purpose at the moment.

Mr. ILSLEY: That Canadian millers' subsidy was not included in the Commodity Prices Stabilization Corporation subsidy; that is a separate subsidy. But the question the hon. gentleman wants answered is whether they are likely to be less, or much less, in 1945 than in 1944. The trend is down. In the first nine months of 1945 the subsidies payable by the

Commodity Prices Stabilization Corporation amounted to $68,584,697. There are two reasons why they should be coming down. One of the important elements in subsidies was the war risk insurance and high costs of freight on some imports; those have gone down very considerably.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say a word as to future policy?

Mr. ILSLEY: We are working on elimination of subsidies. Some of the subsidies have been eliminated already. We intend to get out of these subsidies just as soon as we can. It is a question always whether it is desirable to authorize a price increase or to continue the subsidy; in some cases one seems to be desirable, and in some cases the other seems to be desirable.

Mr. MACDONNELL (Muskoka-Ontario): That matter of price suggests one question I should like to ask. Are the price controls to be increasingly applied merely to necessaries? I pointed out to the minister the other day that it is a serious thing if the price of food rises, but, except to a limited class of the community, it is not a serious matter if the price of jewellery rises. That is an exceptional case. But what is the policy? Is it that as quantities become adequate the minister will take the price controls off?

Mr. ILSLEY: The main reason for price controls is shortage, and when the conditions of shortage disappear the reasons generally for the controls will I think have pretty well disappeared also.

Mr. MACDONNELL (Muskoka-Ontario): But I mean when they disappear specifically, in any particular case.

Mr. ILSLEY: That is not so easy to answer. I could talk about this a long time, but we have not the time for it. However, I have discussed the matter with the officials and I have put this question to them: Why can you not take the price ceiling off jewellery and a long list of other things? We have gone into that question very fully, and it is extraordinarily difficult to do it unless you see the end of price control in sight, because you cannot pick out any class of things that do not enter in some form into the cost of other things. As I say, I have no time to enter into it in detail but it is most difficult. The policy now is an over-all price ceiling, with an increasing tendency towards increases on certain articles.

[Mr. Ilsley.]

Mr. WRIGHT: When the Americans lifted their price ceiling, how did it affect the amount of subsidies we had to pay in Canada?

Mr. ILSLEY: They did not lift their ceilings on articles that we were subsidizing.

Some hon. MEMBERS: Carried.

Mr. MACDONNELL (Muskoka-Ontario): I am sorry to be so disobliging, but I am not making any apologies. This is a serious matter. I do not find myself immediately convinced by what the minister has said about not being able to lift the price in any one case because of its effect on others. I am not disputing that that may to some extent be true, but if that argument is pushed very far it may result in continuing controls beyond the point where any of us would like to see them. One question the minister has not answered is this, and I will make it specific, so as to take up as little time as possible. I do want a picture, very brief, of just how one specific control works. Take food. I was in a little store in my riding and I imagine the amount of groceries in it would not occupy the space of more than twice the size of that table. An inspector had been in during the afternoon checking up what was there. I do not say that he was checking groceries particularly. In fact, two inspectors had been there that afternoon. Will the minister indicate how far the control goes in the case of food, how it gets down to the small man, and what is being inquired into when the small man is investigated?

Mr. ILSLEY: There is a retail price ceiling on the articles that are identical with those sold in the basic period. He must sell at basic-period prices unless there has been an order raising the ceiling on those particular articles. If there are different types of articles there have been orders fixing the respective price ceilings under which he must sell. It may have been an order fixing the wholesale price, with a mark-up permitted him. They are circularized and informed of the prices and the enforcement branch makes checks to see that they are complying with the law. New price fixations run from six thousand to seventy-five hundred per month.

Mr. BRACKEN: The minister spoke of the wartime prices and trade board. Is that the organization that administers meat rationing?

Mr. ILSLEY: Yes.

Mr. BRACKEN: Is there any thought of discontinuing meat rationing?

Mr. ILSLEY: No; there is no thought of doing so. I do not mean that we shall always have it, but there is no thought at the moment of discontinuing it.

Mr. WRIGHT: The minister said in answer to my question that price ceilings had not been lifted in the United States on articles subsidized coming into Canada. I understand that on oranges in the United States the price ceilings were lifted and subsidies were paid on them coming into Canada.

Mr. ILSLEY: We have not subsidized oranges since the 1st of January, 1945.

Mr. BRACKEN: Has the minister with him at the moment any advisers who are familiar with meat rationing?

Mr. ILSLEY: Moderately so, I think. The rationing experts are not here, but the officials who are present could give some advice.

Mr. BRACKEN: I remember when the minister was dealing with this matter two or three months ago he indicated that there had been a tripartite arrangement on the part of Britain, the United States and Canada, in which the United States and Canada undertook to increase the supply of meats sent to the old country and to liberated countries. A meeting was called by President Roosevelt, as I remember. Can he tell me when that meeting was held.

Mr. ILSLEY: In April, 1945.

Mr. BRACKEN: At that time this government undertook to send more meat to the old country. If I remember rightly the government was sending sixty million pounds per month and it undertook to send about seventy-five million pounds per month, and to do that it was proposed by rationing to reduce the average amount consumed in Canada from, I believe, 145 pounds to 130 pounds per capita. I believe that is correct —the difference was about fifteen pounds.

Mr. ILSLEY: It was from 145 to 115, but we undertook to raise it to a little over 130.

Mr. BRACKEN: That was to make it possible to send additional amounts overseas.

Mr. ILSLEY: Not to send more than we sent in 1944, but to live up to the programme that we had outlined as appropriate for us in 1945—more than we otherwise would send.

Mr. BRACKEN: After coming back from that conference you undertook to increase the amount you were then sending overseas.

Mr. ILSLEY: Well, yes; I think that is correct—more than we otherwise would send. It was going down, if I remember correctly, and we wanted to keep up the programme.

Mr. BRACKEN: When dealing with the question of meat rationing the minister made that statement. It is reported at page 393 of *Hansard*. My point is this. The government proposed to increase the amount of meat it was sending overseas at that time. It did so at the very time when it knew that meat production in Canada was going down by double the amount by which it proposed to increase the supply for overseas shipment. The minister will find, by analyzing his own statement at page 393, in the first eight months of this year 270,000,000 pounds less of meat was produced than in the same period last year, 30,000,000 pounds a month less, and the government, in the face of that, undertook to send 15,000,000 pounds more a month overseas. My question is: Why did you not bring in meat rationing then?

Mr. ILSLEY: The hon. member is referring to April? Why did we not bring it in earlier than we did?

Mr. BRACKEN: Yes.

Mr. ILSLEY: There was a good deal of opposition to it and it was something that could not be brought about abruptly. Many preparations were necessary for it and the matter was considered for quite a period before we decided upon it.

Mr. BRACKEN: The only point I wish to make is this, and it will all be found in the minister's own statement. He proposed in September to increase the amount of meat we were sending by 15,000,000 pounds a month, and to do that he asked the Canadian people to eat less. In the very same address and in his own figures he pointed out what the bureau of statistics had always known, that the production of meat in Canada as shown by the slaughterings of live stock was down by more than thirty million pounds a month. My question is: when the government knew that and knew it would have to bring in rationing, why did it not bring in rationing then instead of leaving it until September?

Mr. ILSLEY: It was decided to bring it in long before September, but a great deal of preparation was necessary. I think it was decided about July. The middle of the summer, in the hot weather, is a bad time to bring in meat rationing, and there was continual argument about it. A great many people thought meat rationing would not

increase the amount of meat available for overseas; that there would be so much opposition to it, so much friction, and so on. We had a great deal of opposition and friction; we must not forget that. We had a strike of miners in Alberta lasting for more than a month following the introduction of meat rationing. We had a butchers' strike in Montreal, and we had endless delegations. We persisted, however, and it was the right thing to do; but the restoration of meat rationing was not something to be entered into lightly.

Mr. BRACKEN: I suggest that the opposition to rationing, whatever it was, should not have been allowed to influence the government to postpone that decision when it knew it was increasing the amount of meat going overseas and when it also knew that at the same time production in Canada was down almost twice as much a month as in the previous year. The government undertook to send an additional fifteen million pounds a month overseas at the very time it knew production was down thirty million pounds a month compared with the previous year. Yet it did not bring in rationing until September. The reduction in production was known to the government in January of this year. Its own statistics show that from 200,000 to 300,000 fewer hogs were killed each month from January onward during the first half of this year.

Item agreed to.

Public debt charges—Servicing of public debt—
60. Commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc., $280,300.

Mr. MACDONNELL (Muskoka-Ontario): I wish to ask just one question in regard to the figures shown for the provinces, a statutory item following this one. Do these figures still stand, or has anything that has happened in the interval caused them to be altered? Are these still the working figures?

Mr. ILSLEY: These figures still stand with the exception of the figure for Alberta, which was raised the other day by legislation.

Mr. CASTLEDEN: There is also a statutory item covering the interest on the public debt. Could the minister give us a comparison of this item for 1945-46 with the same item for 1939-40? I see the increase this year is $79,253,628, and I am just wondering whether the debt increased in the same proportion as the public debt charges.

Mr. ILSLEY: I would have to send for the 1939-40 figures; I have not them here.

Mr. CASTLEDEN: The minister could not give me any approximate idea?

Mr. ILSLEY: No; I have not those figures here.

Item agreed to.

Miscellaneous grants and contributions—federal district commission—
66. Maintenance and improvement of grounds adjoining government buildings, Ottawa, and improvements to the parkway system under the control of the federal district commission, $133,500.

Mr. MacNICOL: I understand that the grounds around these parliament buildings now are cared for by the federal district commission. Is that correct?

Mr. ILSLEY: I cannot be sure about that. I thought the public works department had something to do with it, but from this it would seem that the federal district commission looks after the grounds.

Mr. MacNICOL: I am told that they are now cared for by the federal district commission, and I wish to make this comment. Until last year the grounds around these buildings were kept beautifully, and we had flower beds which really enhanced the appearance of the grounds. Last year, however, because they were not cared for by the same staff, the flower beds were allowed to run into the grass, particularly at the west end of this building. I do not know that the commission is doing as good a job as our own men did. Previously the work was very well done, and I have often wondered why the care of the grounds was turned over to the federal district commission. Certainly they are not as beautiful as they were.

Item agreed to.

General—
68. To provide for the expenses of the comptroller of the treasury's office, $5,122,560.

Mr. MACDONNELL (Muskoka-Ontario): There is an increase of $2,000,000 in this item. What are the reasons for that?

Mr. ILSLEY: The increase here is $1,903,040. The vote provides for salaries and expenses of the comptroller of the treasury's office. The Consolidated Revenue and Audit Act, 1931, provides for the appointment of the comptroller of the treasury for the purpose of maintaining more complete control over the administration of the consolidated revenue fund. The act assigns the following duties to the comptroller:

(1) The issue of public moneys out of the consolidated revenue fund by cheque, or other instrument as directed by the treasury board.

(2) Certification that there is a balance available in the appropriation by parliament for the specified service, before any issue of public funds shall be made.

(3) Certification that there is a sufficient unencumbered balance available out of the amount authorized by parliament for the particular service to pay any commitments before any contract or undertaking involving a charge on the consolidated revenue fund is entered into.

Since the outbreak of war, there has been a large increase in the work performed in many of the offices of the comptroller owing to enlarged war-time staffs and increased expenditures. Funds have been made available under the war appropriation, however, for expenditures in connection with distinctly war services.

There is a statement in regard to the increases, but I think it is too long to read.

Mr. MACDONNELL (Muskoka-Ontario): I do not want the minister to read a long statement, but here is an increase of $2,000,000 or about 66 per cent in the expenditures of the comptroller's office in one year, and it comes at the end of the war. There must be some substantial explanation for that. Really I am wondering whether some other expenditures have crept in there, because it is hard to understand why the amount should be almost doubled.

Mr. ILSLEY: Here are some of the items: promotional and annual increases, $113,700; net increase resulting from transfers between normal and war staffs, $69,495. Those are small, but look at this: increase for national health and welfare, $656,500.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister explain just what that is? Is that in connection with family allowances?

Mr. ILSLEY: Largely.

Mr. MACDONNELL (Muskoka-Ontario): Why is that expenditure not carried by national health and welfare? I do not understand that. We have heard quite a lot about the very low cost at which that was operated, and it is astonishingly low. I could operate at a low cost, too, if somebody paid all my expenses.

Mr. ILSLEY: Our system is that when departments pay money they pay through treasury officers. We have our treasury officers, officers of the comptroller of the treasury, in all the departments of government. Very often they are almost regarded as officers of that department, although in actual fact they are really officers of the Department of Finance. If I am correctly informed, that system was introduced in 1931, when the new act was passed. It was considered a reform, and perhaps it is, because it places under the Department of Finance the actual paying of money in all departments.

Mr. MACDONNELL (Muskoka-Ontario): I do not think I need question the matter farther. I did not ask for complete details, and the minister has explained in a general way. I suppose we have to accept it as it is. There is no system whereby a civil servant is graded according to the number of employees he has under him, is there?

Mr. ILSLEY: No.

Item agreed to.

Insurance—

89. Departmental administration, $180,830.

Mr. BRACKEN: Would the minister answer the question I asked respecting the film board?

Mr. McCANN: The expenditures of the film board are in three or four places, and perhaps therein lies the difficulty in finding out what the total expenditures have been. In the main estimates is an item of $810,000, which has already been passed. The details of this are found at page 147 of the estimates.

Mr. BRACKEN: I do not wish to have details. However, we were aware that the items chargeable to this service were to be found in different places. They were not given to us at one time. I just wished to have the totals for this year and last year.

Mr. McCANN: In the main estimates there is an item of $810,000; in the supplementary estimates there is one of $335,000, and under the War Appropriation Act there is an item of $1,280,000, giving a total estimated expenditure of $2,425,000. This amount does not include the $500,000 in a revolving fund, which is recoverable. In 1944-45 the ordinary expenditures were $775,000, with an additional $1,341,000 under war appropriations, making a grand total of $2,116,000 for that year, as compared with $2,425,000, plus $500,000 in the revolving fund, for 1945-46.

If the hon. member is interested in the details in respect of the main part of the item, which came under national war services and amounted to $1,280,000, he would find that detail in *Hansard* for Friday, September 28.

Mr. BRACKEN: I was not in search of detail. What the minister has given is exactly what I wanted. These amounts were available somewhere and, while I am not suggesting that anyone hid them, we could not find the complete story.

Mr. McCANN: Well, does what I have said answer the question?

Mr. BRACKEN: Yes.

Mr. McCANN: I admit it would be much clearer if the various expenditures were consolidated. In past years I have found myself in exactly the same position as the leader of the opposition finds himself in to-day, where it took a lot of ferreting out to determine what the total expenditures in a department might be.

Mr. BRACKEN: The moral to be drawn from this is that it seems to me that when these estimates are brought forward someone should give the committee a frank and full picture of each service, stating that there is so much here, so much there, and so much somewhere else, and that it adds up to a certain amount.

Mr. MACDONNELL (Muskoka-Ontario): Under this item for departmental administration I should have asked if there has been any discussion between the dominion and the provinces with a view to having a little less by way of insurance departments than we have at the present time throughout the country.

Mr. ILSLEY: That matter was mentioned at the last meeting of the coordinating committee, attended by the premiers, but it was not discussed for any considerable time. I should hope that it would be discussed later. It must be remembered, however, that the provinces have always been most retentive of their jurisdiction.

Item agreed to.

458. Royal Canadian Mint, including the Dominion of Canada assay office, further amount required, $47,245.

Mr. ADAMSON: I put several questions on the order paper respecting overages at the Royal Canadian Mint. I received a letter in the matter this morning, and I understand that all overages at the mint go into the consolidated revenue fund, whether they arise from the operation of the cotrelle, or from sweepings.

Mr. ILSLEY: I cannot answer that.

Mr. ADAMSON: Could the minister find out from his officers and let me have the information later?

Mr. ILSLEY: Yes.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Income Tax Division—

225. General administration, including authority to create positions and make appointments within the division, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, $888,073.

Mr. CASTLEDEN: What has the department done in connection with preparing a more simplified form of income tax return to be made out by those engaged in agriculture? I understand that an attempt is being made to spread the income tax over a five-year period. The minister said earlier that the department was doing something in connection with preparing a simplified form, and had hoped to have something ready at this time. I do not want a long statement, but I want something that will be comprehensive.

Hon. J. J. McCANN (Minister of National Revenue): The question of income tax assessment of farmers and ranchers was raised some time ago in the house, and I undertook then to make a statement indicating the basis on which they are assessed, having in mind two particular problems; first, cash versus inventory and, second, what might be called dispersal sales by ranchers and farmers of their cattle.

I am advised that farmers and ranchers are assessed on either the cash disbursed and cash income or on an accrual or inventory basis. The cash basis, as its name implies, takes into account only the cash received and the cash paid out during the taxation year. At the inception of the Income War Tax Act farmers as a class did not keep accurate accounting records, and to a lesser degree that still is substantially true. In the main they only keep memoranda regarding the money received and the money spent. Because of this, farmers, unlike other business concerns, were permitted to use the cash basis and to report as income that which they paid out, the difference representing the income on which they were taxed. This method fitted in with the factual position of farmers, and found general acceptance by farmers because it was simple and could be easily understood. As stated, they regarded that which they sold for cash in the year of sale and that which they bought for cash in the year of purchase as representing income and outgo. They set one off against the other, and the difference indicated their income for that year. This method of determining revenue and expense does not apply to capital assets that were bought or sold during the year, that is, farm machinery was

not an expense in the year of purchase. It was a capital expenditure and was subject to depreciation. Likewise machinery sold was not brought into revenue account.

The second system was, as stated, the accrual or inventory basis. This requires the maintenance of proper accounts and records, taking into consideration not only the cash receipts and the cash outlays but maintaining an accurate record as to inventory of live stock, grain and other revenue producing assets on hand at the beginning and end of each year, so that the cost thereof could be carried forward and offset against the sales in the year of sale. Likewise it required the maintenance of a record of accounts receivable and accounts payable. The number of farmers using this accrual basis is in fact very small. Generally speaking it is not their practice. They are not accustomed to it. They are not skilled in it and, generally speaking, they find it difficult and confusing. The practical application of the income tax law was therefore on a cash basis.

There were practically no objections raised to farmers reporting on a cash basis until the advent of war and the resultant increase in their sales, particularly of live stock at substantially increased prices. Herds had been built up by farmers. The cost of raising or purchasing, maintaining, attending and feeding the cattle had been allowed as an expense in years prior to their sale. Thus all expenses over successive years were taken during the successive years as an expense against whatever income there might be in those years from all sources. The herd, by natural increase or by purchase, continued to grow—that is, expenses continued successively over the years—but no substantial sale of cattle took place. Then a sale of a substantial portion of the stock did take place. The sale price as usual was income in the year of sale. The farmer perhaps felt aggrieved that in the year of the substantial sale of cattle he should be called upon to declare his income on the cash basis, even though that was the usual basis.

Now it is quite clear that he has laid the foundation over the years in respect of which his assessment should be levied, but the high rates of tax, together with the high income, with the resultant heavy tax, creates in him a sense of dissatisfaction. His tax will be much higher than that which he has normally been paying over the past years. Not having felt the weight of such a heavy tax he feels that there is something wrong in asking him to pay a heavy tax in the year of substantial sale on the mere basis of relativity when compared with the prior years of small tax liability.

The taxation division, appreciating the difficulties and the concern of such farmers, under date of February 24, 1944, instructed the inspectors of income tax across Canada that any farmer or rancher who had previously filed his return on a cash basis but who desired to change to an accrual basis would be permitted to do so, and outlined the procedure to be followed in such cases. Briefly the procedure was as follows: First, ascertain the inventory of cattle, grain, et cetera, on hand at December 31, 1935; second, tax that inventory as income of 1935 along with the income of 1935 previously reported; and third, adjust subsequent returns in accordance with the inventory at the end of each year.

The instructions also indicated that where actual inventories could not be accurately determined, a reasonable estimate of such inventories would be accepted, provided that in future the farmer or rancher took actual annual inventories. The inventory values were to be taken having regard to the appropriate stock market and grain market reports in the locality of the taxpayer at the various dates. The effect of this ruling was to spread the income arising from a substantial sale over a number of back years, including the year of sale, instead of considering the total receipts as income of the year of sale. This resulted in relief from an excessive tax burden to the farmer by ascribing his income to the years during which the inventory grew in value.

This method is dependent entirely upon the farmer being prepared to go in future on an accrual basis and keep accurate records henceforth of cattle, grain, et cetera, inventories, accounts receivable, accounts payable, et cetera—in other words to maintain a proper accounting system, if he continues in business. There are no statistics of the number of farmers or ranchers who have changed from a cash basis to an accrual basis, although on general knowledge they are believed to be comparatively few.

Another problem arose in connection with farmers who were giving up business and selling their entire herd and inventories in a bulk sale. The claim was made that it was unfair to tax in one year the proceeds of the sale of stock which had been acquired over a number of years. Again it had to be pointed out that the cost of raising or purchasing that stock had been allowed as an expense of previous years, and having returned their income on a cash basis the cash received on

a bulk sale was strictly income of the year of sale. It was realized, however, that some injustice would be occasioned by taxing on this basis, and the taxation division has permitted a spreading back of the proceeds of the bulk sale over a period of three to five years, including the year of sale.

In doing this several factors have to be taken into consideration, that is, the inventories, accounts receivable and payable, et cetera, at the end of each of the three or five years, and in many cases they have to be estimated. In any case relief from an excessive tax burden enures to the farmer. At page 2745 of *Hansard* of November 30, the hon. member for Souris suggests an example be given of how such a method would be worked out. We will take his arbitrary figure of a bulk sale in 1945 of $10,000. Assume that the farmer's inventory was as follows:

1941	$4,000
1942	5,500
1943	7,000
1944	8,500
1945	10,000

Instead of taxing the total proceeds of the sale of $10,000 in 1945 the taxation division would be prepared, if there were no other factors to be taken into consideration, that is, accounts payable, et cetera, to deem $4,000 to be income of 1941 and $1,500 to be income of each of the four subsequent years. Most cases are not as simple as this, and all factors have to be taken into consideration in coming to a conclusion, but the fact remains in the case of a bulk sale where the farmer is going out of business, a reasonable adjustment is made. The inspector of income tax is always ready to discuss and recommend adjustments in the matter of bulk sales by farmers.

Questions have been raised as to the taxation of the proceeds of breeding animals. Inasmuch as the cost of purchasing or raising such animals has been allowed as an expense, the proceeds of sale represent taxable income. Indeed, the animal may be considered a breeder to-day and to-morrow be slated for re-sale. It is suggested that it is part of the farmer's merchandise; that is, what he deals in, and therefore on sale returnable as income.

With regard to the taxation of the proceeds of wheat participation certificates, the treatment of such is covered by order in council P.C. 6020 of August 1, 1944, which provides that any additional tax found due by reason of including the amount received from the encashment of wheat participation certificates with other income of the farmer in the year of encashment over and above that tax which would have been claimed if the farmer had been taxable in the year of receipt of the wheat participation certificate be remitted in any individual case.

Finally, it might be pointed out that by the 1944 statutes, section 4, subsection 5, chapter 43, provision is made for spreading a loss sustained by a farmer over a number of years, that is, one year back and three years forward; thus a loss sustained in 1944 could be claimed first against the 1943 income, and if not recouped in that year, then successively against 1945, 1946 and 1947.

I think that with that comprehensive statement on the record, hon. members interested who give it a little study will find that it covers in as clear a manner as it is possible to do it the whole question which the hon. gentleman has raised.

Item agreed to.

Income tax division—
226. Internal inspection and verification, $445,774.

Mr. STEWART (Winnipeg North): To what extent is the auditor general responsible for auditing the receipts of this department?

Mr. McCANN: The accounts of the Department of National Revenue taxation division come under the audit of the auditor general in exactly the same way as the accounts of any other department.

Item agreed to.

Income tax division—
227. District offices, $11,075,604.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister explain this substantial increase? Then I wish to make one comment.

Mr. McCANN: The increase is due almost entirely to the enormous increase in staff. No department of government has, I think, grown more rapidly in war years—that is, of all the older departments of government—than has the taxation division of the Department of National Revenue. The expenditures for salaries in 1944-45 were $6,250,000, and for 1945-46, $8,775,000, an enormous increase.

Mr. MACDONNELL (Muskoka-Ontario): What was the expenditure two years back?

Mr. McCANN: I have only the figures for one year preceding.

Mr. MACDONNELL (Muskoka-Ontario): Has the expenditure jumped up this year more than usual?

Mr. McCANN: No; there has been a fairly gradual growth during the past four or five years of war.

Mr. MACDONNELL (Muskoka-Ontario): I just wish to make this comment. This in-

crease in expenditure represents a great increase in staff. I do not suppose that it is any mystery to any of us why it is necessary; but I point this out, having regard to what the Minister of Finance said last October, that it was not proposed yet to have a full-dress inquiry into our system of income tax collection, that the time was not yet opportune. I think he was wrong then, and I think he is even more wrong now if it is delayed any longer, for every time we engage a lot more staff—that is inescapable, no doubt—the thing gets more and more set and it becomes harder to make a change. You have more people doing things that you have to change if you adopt a new system. I earnestly suggest to the two ministers concerned that every month they delay does not make it any easier; it only makes it harder. It is a matter that should not be delayed. I am not going to repeat any of the things I said two months ago, particularly because I see that the deputy minister is here. What I said then were strong things, and they were fully accepted throughout the country. Most people are groaning under the various things they groan under in connection with the income tax, apart from the amount of tax they pay, and I earnestly suggest that this inquiry should no longer be delayed, for every month of delay makes the system harder to change. A full-dress and comprehensive inquiry should be instituted at once.

Mr. MacNICOL: The details given on page 146 show that the staff of the district offices has increased by 1,168, and that the staff of the main taxation division has increased by a substantial number. That, of course is to be expected. The details also show that the expenditure for temporary help has gone up by $1,029,000. That is for temporary help, not likely to become permanent?

Mr. McCANN: The increased expenditure has been due to the increased amount of work. During the war years employees were taken on in the department only on a temporary basis. I think the increase in the temporary staff is a little more than the increase in the permanent staff. But it has been due entirely to the increased amount of business and the fact that these employees were not taken into the permanent service during the war years.

Mr. MacNICOL: I quite appreciate that. What is the explanation of the increase of 1,168 in the permanent staff?

Mr. McCANN: That is following the policy of the government in all departments to give employment to returned men and women from the armed services.

Item agreed to.

General—

228. Amount to be paid to the Department of Justice to be disbursed by and accounted for it to customs, excise and income tax secret investigation services, $15,000.

Mr. McKAY: This amount of $15,000 is apparently for secret investigation services in connection with customs, excise and income tax. Is this a separate service conducted by the Department of Justice, or is it part of the work of the Royal Canadian Mounted Police? Have the results justified the expenditure?

Mr. McCANN: This item has to do with services in connection with customs, excise and income tax investigations. Certain people have to be paid a moiety for the amount of work which they do in connection with these investigations. Payments are made on the approval of the deputy minister in whatever division the investigation takes place.

Mr. McKAY: Is it separate, or is it under the Royal Canadian Mounted Police?

Mr. McCANN: Although the Royal Canadian Mounted Police do some work for the customs and excise division these payments are to what might be called casual informers.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

582. Departmental administration — further amount required, $40,480.

Mr. HAZEN: I am sorry that neither the Minister of Trade and Commerce nor the Minister of Agriculture is here, for there is a question I should like to ask the Minister of Trade and Commerce under this item. It is brought to my attention that a large quantity of seed potatoes has been sold from the province of New Brunswick to Spain. All seed potatoes from the province of New Brunswick, I am informed, are sold or supposed to be sold through the special products board of the Department of Agriculture, except those that are sold to Venezuela and the United States and, I think, to Cuba. Under the regulations of the special products board the dealers or shippers of New Brunswick have the business divided between them on a quota basis. All exports are filled by the dealers and handled through the special products board. For example, F. W. Pirie Company, Ltd., of Grand Falls, N.B., got about 16 per cent of the business; Porters Ltd., of Perth, N.B., got 16 per cent; McCain Products Co. Ltd., of East Florenceville, N.B., got 16 per cent; and Hatfield Industries Ltd., of Hartland, N.B., got 16 per cent; the rest is divided among the smaller dealers. My information is that this large sale of seed potatoes to Spain

is not being made through the special products board, as sales are supposed to be made; that the dealers or shippers of New Brunswick were not notified of the sale, that they were not given their fair share of the business, but that, in some way which should be explained, one dealer or perhaps more who possibly had some pull with the government was given the business. The special products board, I am informed, in reply to inquiries which were made a day or two ago, refused to give the quantities of potatoes that were being shipped or the names of the shippers. The board stated that it was done under a private agreement—whatever "a private agreement" may mean. The transaction, I believe, is contrary to the regulations; it is not playing fair with the shippers and dealers; it has the ear-marks of somebody having some particular pull; and it seems to me that light should be thrown on the transaction.

I ask the minister these questions: Have seed potatoes been sold to Spain? If so, how many were sold and at what price; what shipper or dealer supplied the potatoes, and if there was more than one, who were they and how much did each supply? What was the date of the contract and what were its terms? Has an export permit been issued by the Department of Trade and Commerce; and if so, for what quantities was it issued, and when? Was the sale made through the special products board? If it was not made through that board, how was it made, and when? Why were not all the shippers or dealers in New Brunswick permitted to share in the business?

These are questions which, I think, should be answered. It is difficult to understand, if this sale has gone through, why it did not go through in the regular way and why all the shippers or dealers in New Brunswick did not get their fair share of the business.

Mr. McCANN: I must admit that I am not in a position to answer the question, and there is no use in bluffing about it. I am only handling these supplementary estimates for the Minister of Trade and Commerce in his unavoidable absence from the house; but I think I can assure the hon. gentleman that the questions as indicated on *Hansard* will receive the personal attention both of the minister and his staff and that the answers will be sent to the hon. member for St. John-Albert.

Mr. HAZEN: I thank the minister very much. I shall appreciate it if the minister will do that.

Item agreed to.

[Mr. Hazen.]

DEPARTMENT OF NATIONAL DEFENCE

Normal services—

181. Grants to military associations and institutes, as detailed in the estimates, $10,425.

Mr. PROBE: I want to make a very short plea at this stage on behalf of the Canadian men and women in the army of occupation. I have had quite a number of letters, as no doubt all hon. members have, concerning conditions in Europe. I have summarized them briefly, and I should like to have the Minister of National Defence make some statement with respect to them. The most common allegation at the moment is with respect to the inadequacy and bad quality of food received by other ranks in the army of occupation. I was over there at a time when the black market situation was not too good, in France particularly, and United States and Canadian boys were penalized because advantage was taken of the quartermaster. It seems to me that if the men are suffering as a result of this, the Minister of National Defence may have means of investigating it.

The second important criticism which is commonly received is a protest about the lack of educational and vocational training for the occupation troops. I know that an elaborate scheme was set up to provide that material over there, and I wonder whether it has fallen down, whether the staffs have left the continent and the boys are limited to their own initiative.

The third matter is with respect to lack of proper recreational facilities. I have here a number of clippings from the *Overseas Maple Leaf* as late as the 28th and 29th of November complaining about that. I will not read them, but I should like to know what facilities are available.

Of course there is also the perennial complaint, arising from considerable resentment, that former combat men, some of whom were wounded in action, are placed in the army of occupation while N.R.M.A. men have been returned to Canada. Might we have a brief statement from the minister explaining how he is safeguarding the morale of the army of occupation?

Mr. ABBOTT: First, on the question of food: as I said a little while ago, the rations which our men are receiving are exactly the same as the rations issued to the British troops. We have always supplied our troops with the same ration, but we are supplementing it to some extent with fruit juices. The basic ration however is the same as that received by the British army of occupation.

Mr. PROBE: And they are getting it?

Mr. ABBOTT: I have had no complaints as to the inadequacy or bad quality of the ration. The ration on the continent was cut, as I announced in the house some little time ago. Formerly, when the troops were engaged in combat service, there was a surplus ration. Now the ration is the same for all the troops of occupation, that is all the commonwealth troops.

Mr. PROBE: The British standard, supplemented by—

Mr. ABBOTT: Supplemented by fruit juice. As to the lack of vocational and educational facilities, this is the first complaint I have heard. We are doing our best to see that these facilities are provided and will continue so long as our troops are there. As to the provision of recreational facilities, my hon. friend will appreciate that it is somewhat difficult to maintain the same standard and quality of concert parties as we had when more of the troops were there. An effort is being made to see that these facilities are provided because we realize how important it is to the morale of the troops. As regards combat men being retained in the army of occupation when N.R.M.A. men and others are not sent there, the answer is that you cannot run any army with totally inexperienced men, or men with a low degree of training. It has been necessary therefore, in the army of occupation, to have some high-point men who have seen combat service to provide the necessary discipline and supervision, but they are being replaced as rapidly as shorter service men can be sent forward.

Item agreed to.

Normal services—
183. Battlefields memorials, $49,625.

Mr. MacNICOL: Does this vote pertain wholly to battlefields memorials?

Mr. ABBOTT: Yes.

Item agreed to.

LEGISLATION

House of Commons—
117. The Speaker of the House of Commons—salary and motor car allowance, $7,000.
Allowance in lieu of residence, $3,000.
The deputy speaker of the House of Commons—salary, $4,000.

Mr. ADAMSON: I wish to make a suggestion which I think is very timely. We have watched these estimates going through, having sat here nearly a month, meeting at eleven o'clock in the morning and sitting until eleven at night. Some of the estimates have been rushed through with the everlasting complaint of insufficient discussion. First of all I would ask the government to set up the rules of the house committee as one of the first of its acts at the next session of parliament, and to see to it that the committee meets. This session we had only one meeting, and only covered one-eleventh of the work of the previous committee. We brought in only one recommendation.

There is a second suggestion I have to make. The proceedings of the house in the last few weeks have become a travesty. We are ceasing to be an efficient instrument of democracy. We are losing our efficiency, and are ceasing to carry out the function of expressing the will of the people. This is a serious situation. I wish to make one complaint here and now, and to carry on from where the Minister of Labour left off the other day. I suggest that consideration be given the question of having estimates reviewed in a committee of the house before being brought on to the floor, and that when they are brought in here they come down as one item. All contentious debate could be held at this time. The external affairs committee passed through this house, to-day or yesterday, a resolution that the estimates of that department be put through the special committee first. There has been a resolution, and there is general agreement, that the national defence estimates should go to a committee on national defence and be discussed there. I shall not discuss the obvious advantages of being able to have experts questioned orally instead of having them here mumbling and passing over to the minister a piece of paper of which the minister may or may not have full comprehension.

I suggest further that we follow the British practice and institute a limitation upon debate. This session we have had long debates on the speech from the throne and on bill 15. They may have been important debates; possibly that on bill 15 was. But frankly we do a lot of beating the air. The debate on the speech from the throne was not of great importance. I suggest to the government that at the next session serious consideration be given to the limitation of these debates which have been so long, so that we shall not go through the travesty of bringing in estimates as we do and behaving as we have done in the last two or three weeks. Parliament is on trial at this moment as never before.

Mr. MACKENZIE: On behalf of Mr. Speaker, who is in charge of the estimates, may I refer for one moment to the observations of my hon. friend. His leader asked me a question yesterday morning when I was not in the house, and I replied to the question

since then indicating the determination of the government to have that committee set up as soon as possible after the next session is convened. Every single point which my hon. friend has referred to was carefully considered by that committee last year. The question of having estimates referred to committees was one upon which we could not agree, and as regards the limitation of debate we made specific recommendations to the house. We did not however receive great respect or support from the house when our report came in. I hope that at the next session the committee, whoever its members may be, will have greater success than we had last year in regard to the very constructive suggestions of the hon. gentlemen.

Mr. ADAMSON: I suggest that the degree of desperation that is obviously prevalent in this house now may bring results when the committee meets again.

Mr. MACKENZIE: I am sorry my hon. friend feels that way.

Item agreed to.

House of Commons—

120. Estimates of the Sergeant at Arms, $332,767.

Mr. MacNICOL: If I am correct, the house for some time was without a permanent Sergeant at Arms. I should like to know who performed the duties of Sergeant at Arms in the interim and what his remuneration was.

Mr. SPEAKER: During that time, the Clerk of the House, Doctor Beauchesne, acted as Sergeant at Arms.

Mr. MacNICOL: Was he compensated for that considerable amount of extra work?

Mr. SPEAKER: I do not believe he was, and I should be pleased if it were the wish of the house that he should receive some compensation for his services in that regard.

Mr. MacNICOL: Perhaps I should not say anything with the Clerk present, but he has always been very helpful to every one of us. He has always been willing and ready to assist us in any possible way, and if he did all that extra work I suggest that he should receive some compensation. It does not sound reasonable to me that he should not.

An hon. MEMBER: Hear, hear.

Mr. SPEAKER: I am pleased that the hon. gentleman has brought the matter to the attention of the committee, I shall bring his remarks to the notice of the internal committee on the administration of the house, in the hope that we shall succeed in our representations.

Mr. BRACKEN: I suggest that Mr. Speaker use his influence with the government as well.

Mr. MACKENZIE: The suggestion is noted.

Mr. STEWART (Winnipeg North): I wish to bring to the attention of the government a matter that I brought up before when the public works estimates were under consideration. On that occasion I spoke briefly, as I shall again, but I wish the committee to remember that the importance of my remarks is in inverse ratio to their brevity. I spoke then on the lamentable wages and salaries paid to those who work in this house to promote our comfort and convenience. I should like to draw the attention of the Minister of Veterans Affairs and the Minister of Labour to the fact that there are several messengers on this staff, men who were in the army for four or five years and who served overseas, who are going to be out of work when this house rises; and as far as I know no provision is being made by the government for their employment. That is a heartless and callous way to treat these men. The other matter is that the low salaries which are paid do not give the employees of this House of Commons a chance to live in decency, and I would strongly urge the government to review these wages and increase them, so that this parliament may give a lead to industry and commerce in the matter of wages and salaries paid to employees.

Mr. SPEAKER: I will take into consideration the remarks of the hon. gentleman, and he may be sure that I have as much sympathy for the employees of the house as he has. If it is possible to do something in order to be fair to them I shall do it with pleasure.

Mr. STEWART (Winnipeg North): I appreciate Your Honour's sympathy, but these men are going to be out of work in a day or two. Can the Minister of Veterans Affairs tell us if he has made any plans to give these men work to tide them over? They have nothing to look forward to. They fought for this country, and now they get $4 a day here. Surely you are just not going to put them out on the street like that, just before Christmas.

Mr. MACKENZIE: I think I can say that over the years I have had as much sympathy with ex-service men as any man in this house. The case of these men has been brought to my attention, and I have taken action, instead of talking about it.

Mr. STEWART (Winnipeg North): That is very good.

Mr. LENNARD: I want to ask several questions which the rules prevented me from putting on the order paper several months ago. Who is the purchasing agent for the parliamentary restaurant? When was he appointed? Why was he appointed? Is it a full-time or part-time position, and what salary does he receive?

Mr. SPEAKER: The purchasing agent for the restaurant is a gentleman named Martial Rheaume. He has been appointed permanently, and I think his salary is around $2,000 a year. I am told he is making a very fine job of it.

Mr. BOUCHER: I do not wish to let this opportunity pass without referring to the fact that last year in this house we discussed the difference in the pay received by the protective staff of the House of Commons and the protective staff of the Senate, and I do not believe proper action was taken. I would refer that matter to Mr. Speaker also, bearing in mind that the protective staff on this side of the building, although doing more work than those on the other side, receive less pay; and I do not believe the ratio between them is at all fair.

Mr. SPEAKER: During the recess I shall be able to take time to look after my administration. I will look into that matter and do for the protective staff, as for others, whatever may be possible.

Item agreed to.

122. To provide hereby, notwithstanding anything contained in the Consolidated Revenue and Audit Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for payment out of the consolidated revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such extent as the minister may determine and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of four thousand dollars per annum and pro rata for any period less than a year, $40,000.

Mr. MacNICOL: In previous sessions a number of hon. members, including myself, have complained about the fact that the auditor general did not provide the house with full details. I have no complaint this session. I wish to compliment the auditor general on the statement he has given us this year. I am one of those who have studied it very carefully; and next year if it is even more complete it will be all to the good.

Item agreed to.

LIBRARY OF PARLIAMENT

Library of Parliament—

124. General administration, $81,888.

Mr. HAZEN: I would ask if we could not have better lighting in the library. The light is very poor, and I do not see why it should be difficult to have it improved. It is impossible to read there in the evening with any degree of comfort, so that I would ask Your Honour to be so good as to look into this matter. I would suggest also that the whole library system be modernized. There should be an information desk where a member could ask for what he wanted and be directed to where he could find it. I believe the method of conducting the business of the library should be brought up to date.

Mr. SPEAKER: Some days ago I had an interview with the librarians and acquainted them with the complaints of some hon. members. I have asked them to prepare a report for next session. We have a committee on the library; as soon as that committee meets we will study the report, and I hope every hon. member will be satisfied.

Mr. HAZEN: While I am speaking about lighting, might I direct attention also to the lighting in the railway committee room. When we have to meet there at night it is most difficult to read anything.

Item agreed to.

GENERAL

General—

484. Printing of parliament, including salaries of staff of the joint distribution office, further amount required, $510.

Mr. MacNICOL: Is this the last item?

Mr. MACKENZIE: This is all.

The CHAIRMAN: Since this is the last sitting of the committee of supply I wish to take this opportunity to congratulate and thank all hon. members for the respect they have invariably shown to the Chair.

Mr. MACKENZIE: Before the resolutions are reported, may I on behalf of the government, and having had some little responsibility for directing the proceedings of the house, thank the leaders and members of all parties and groups in the house for their excellent and kindly cooperation.

Mr. MacNICOL: Before we conclude, Mr. Chairman, may I thank your assistant the deputy chairman, the hon. member for Huron-Perth (Mr. Golding), for the courtesy he has extended to all members of the committee.

Mr. GOLDING: I was hoping perhaps I would be in the chair so that I might have an opportunity to express my sincere appreciation for the kindness of all hon. members while I occupied the chair helping out our good friend the Deputy Speaker. I should like also to congratulate the new members who have come into this house following the last election. It is a splendid thing to see the young men who have come here taking such an active part in our work. I have been here for quite a few years, and I must say they are a very high class of young men indeed. I wish to thank every hon. member here for his extreme kindness to me while I was presiding over the committee, and to wish you all a merry Christmas and a very happy New Year.

Mr. BRACKEN: I was a little afraid yesterday that I was developing a bad habit, and I am afraid I still have it to-day. I am very glad to add my word of commendation to the two men who have acted as chairmen of this committee during the last two or three months, and as well to all the officials of this house in Mr. Speaker's organization. If it is not out of place I should like to say especially how much we appreciate the services rendered to us by each of the young men I see in uniform over to my right. As a last word I should like to compliment the Minister of Veterans Affairs on the admirable way he has helped the opposition to get the government's estimates through the house.

Mr. CASTLEDEN: I should add a word from the members of this group. We have appreciated the fairness with which we have been treated and the consideration that has been given us, so that we have had an opportunity to speak on all matters.

Mr. BOUCHER: As one of the members for the city of Ottawa I think on behalf of the city I can extend to all a cordial welcome back in a short time, and our appreciation of your visit with us for the past few months.

Mr. MACKENZIE: May I say a final word in connection with the remarks of the leader of the opposition. We often mention the members of our staff here. We very seldom have heard mentioned the hardest working members of the staff of the house, that is the members of the *Hansard* staff, who have sat with us and have listened to some indifferent and some good things until the wee midnight hours. I think the whole house will join with me in extending our thanks to them.

Mr. BRACKEN: Under this new item of business I hope I shall be allowed to make another speech. I am sure the members of the *Hansard* staff know where the indifferent speeches come from—and also where the good ones come from.

Mr. MACKENZIE: I hope so.

Mr. BRACKEN: I wish to thank them for the way in which they have improved the speeches I have made.

Mr. MacNICOL: And there should also be included Mr. Young and Mr. Galbraith.

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

SUPPLY BILL

Hon. J. L. ILSLEY (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1946, the sums of $117,775,292.34 and $21,931,048 respectively be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported and concurred in. Mr. Ilsley thereupon moved for leave to introduce bill No. 244, for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1946.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

CENTRAL EXPERIMENTAL FARM—DISTRIBUTION OF TURKEYS

Mr. AYLESWORTH:

1. Does the central experimental farm at Ottawa intend to distribute turkeys at Christmas time to crown officials, civil servants or staff members? If so, upon what terms?

2. Were any so distributed last Christmas? If so, to whom and upon what terms?

3. Does the said farm sell or otherwise dispose of other produce raised thereon? If so, upon what terms?

Mr. GARDINER:

1. Yes, to the extent of the limited supply available. Cash.

2. Yes, to members of experimental farm staff, etc.

3. Yes. Cash.

PROROGATION OF PARLIAMENT

A message was delivered by Charles H. Larose, Esquire, acting Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, His Honour the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

In the Senate chamber, His Honour the deputy of His Excellency the Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

An Act for the relief of Martha Louise Manful Hatch.

An Act for the relief of Nora Jean Cunningham Brisbane.

An Act for the relief of Therese Bonenfant Fusco.

An Act for the relief of Mildred Euretta MacKay Disher.

An Act for the relief of Mary Emerson Whittemore Schlemm.

An Act for the relief of Andrew Lawrence Card.

An Act for the relief of Annie Morrison Wisely Pitblado.

An Act for the relief of Joe Eisen.

An Act for the relief of Ellen Therese Cramer Watson.

An Act for the relief of Rita Gendron Reid.

An Act for the relief of Evelyine Pearl Edwards Aird.

An Act for the relief of Helen Turner Luke.

An Act for the relief of Lois Elizabeth Allworth Pierce.

An Act for the relief of Armandine Cecile LeBrun Lachance.

An Act for the relief of Grace Irene Paquet Hopkins.

An Act for the relief of Alma Joan Begin Oswald.

An Act for the relief of George Ernest Reed.

An Act for the relief of Sylvia Heather McCulloch Peck.

An Act for the relief of Frederick Keith Beattie.

An Act for the relief of Robert Coull.

An Act for the relief of Violet Beach Meredith.

An Act for the relief of Max Engelberg.

An Act for the relief of Bertha Harris Fineberg.

An Act for the relief of Nils Jens Pettersen.

An Act for the relief of Benjamin Charles Stafford.

An Act for the relief of Florence Mary Daniel Nightingale.

An Act for the relief of Edward Stephen Vasselin.

An Act for the relief of Robert Marshall Miller.

An Act for the relief of Dorina Laurin Wallis.

An Act for the relief of Helen Louise Clark Leet.

An Act for the relief of Dorothy Anita Duffy Gregson.

An Act for the relief of Irene Grace Harman Smith.

An Act for the relief of Lorna Maud Clerk Kingsland.

An Act for the relief of Edgar Jean.

An Act for the relief of Ethel Maybird Wright Latremouille.

An Act for the relief of Marie Rose-Alba Germaine Belair Blanchard.

An Act for the relief of William Bernard McCarrick.

An Act for the relief of Lorne Edward Souva.

An Act for the relief of Edith Gertrude Jackson Holloway.

An Act for the relief of George Allenby Bradshaw.

An Act for the relief of Phyllis Fitch Farber.

An Act for the relief of Vencel Humenay.

An Act for the relief of Waldo James Cousins.

An Act for the relief of Albert Wilson Harvey.

An Act for the relief of Iris Ester Westerberg Duffy.

An Act for the relief of Della Frances Gardner Hudson.

An Act for the relief of Joseph Gerard Fernand Arthur Groleau.

An Act for the relief of Audrey Nathaniel Smith MacNair.

An Act for the relief of Ovila Bernard.

An Act for the relief of Albert Edward Spray.

An Act for the relief of Helen Isabel Dibblee Brown.

An Act for the relief of Robert Hiscock.

An Act for the relief of Jacques Noel Cerminara.

An Act for the relief of Joseph William Henry Beausoleil.

An Act for the relief of Rita Beryl Gwendolyn Scott Lunn.

An Act for the relief of Neil Sinclair McKechnie.

An Act for the relief of Albert Evariste Gelinas.

An Act for the relief of Royal Tessier.

An Act for the relief of Aurore Leblanc Proulx.

An Act for the relief of Margaret Susan Bradshaw Hodgkinson.

An Act for the relief of Lydia Donalda MacDonald Fletcher.

An Act for the relief of Charles Edward Varney.

An Act for the relief of George Louis Bush.

An Act for the relief of John Hall Jones.

An Act for the relief of Madeline Daisy Harvey Bell.

An Act for the relief of Georges Moshonas.

An Act for the relief of Ann Agnes Hyson Kellogg.

An Act for the relief of Anna Ostronoff Smilestone.

An Act for the relief of Doris Alice Davis Stackhouse.

An Act for the relief of Olive Maud Prouse Palmer.

An Act for the relief of Mary Mueller Pierotte.

An Act for the relief of Anthony Malt.

An Act for the relief of Roderick John Elder.

An Act for the relief of Francis George Dennis.

An Act for the relief of Zenon Alary.

An Act for the relief of Gladys Muriel Watson Hooper.

An Act for the relief of Pearl Woodward McGregor.

An Act for the relief of Lily Bromberg Seidlitz.

An Act for the relief of Clarence David Cowan.

An Act for the relief of William John Mitchell.

An Act for the relief of Nathan Labovitch, otherwise known as Nathan Labow.

An Act for the relief of Fannie Bly Blanshay.

An Act for the relief of Annette Lea Marion Macnab.

An Act for the relief of Gerald Franklin.

An Act for the relief of Ivor Edna Nancy Mosher Clarke.

An Act for the relief of Mary MacRury Tait.

An Act for the relief of Ernest Stanley Powell.

An Act for the relief of Anastasia Stack Kormylo.

An Act for the relief of James Christie Miller.

An Act for the relief of Francis Needan Quirk.

An Act for the relief of Virginia Wallace Knowlton Tousaw.

An Act for the relief of Elsie Pearl Craig MacInnis.

An Act for the relief of Celia Calp Hecht.

An Act for the relief of Joseph Marcel Rouleau.

An Act for the relief of William Arthur Smythe.

An Act for the relief of John Guerin Bowles.

An Act for the relief of Molly Margaret Evelyn McCuaig Stead.

An Act for the relief of Robert Kirkpatrick Scott.

An Act for the relief of Emma Hull Mack.

An Act for the relief of Kathleen Annette Rolfe McLaughlan.

An Act for the relief of Catherine Winifred Howard Bailey.

An Act for the relief of Evelo Browning Couch Harvey.

An Act for the relief of Hazel Margaret Robertson McLarnon.

An Act for the relief of Marie Azilda Yvette Rowley.

An Act for the relief of Joseph Adelard Emilien Lemay.

An Act for the relief of Edward Arthur Robinson.

An Act for the relief of Marie Marthe Fabiola Germaine Trempe Barlow.

An Act for the relief of Thelma Ann Tongue Grant.

An Act for the relief of Jean-Jacques Lahiere.

An Act for the relief of Edgar Thomas Lucas Graham.

An Act for the relief of Edith Pearl Roe Gardner.

An Act for the relief of Dorothy Marie Christensen Korning.

An Act for the relief of Frank Edward Quartz.

An Act for the relief of Eileen Campbell Burfind Morris.

An Act for the relief of Elma Eva Inch Evans.

An Act for the relief of Gertrude Rheaume Marchildon.

An Act for the relief of Godfrey John Kool.

An Act for the relief of Eric John Hollingsworth.

An Act for the relief of Pamela Sarah Atkins Berends.

An Act for the relief of Frances Gladys Ruth Leveille Williams.

An Act for the relief of Dorothy Ada Greenwood Pringle.

An Act for the relief of Edward Vaughton Molson.

An Act for the relief of Elizabeth Jean McKay Hepplewhite.

An Act for the relief of Alfred Henry Gray.

An Act for the relief of Dante Antonio Olak.

An Act for the relief of Josephus Barzyk.

An Act for the relief of Florence Mardie Harding.

An Act for the relief of Ernest Lavoie.

An Act for the relief of Samuel Gardner Bradford.

An Act for the relief of Olive May Marks Sanderson.

An Act for the relief of Marie Regina Eliane Arcand Dorval.

An Act for the relief of Joan Frances Timms Couture.

An Act for the relief of Kathleen Helena Henry Bates.

An Act for the relief of Nellie Sapphire Tanham Herring.

An Act for the relief of Edith Louise Boutilier Snow.

An Act for the relief of Cyril James Morgan.

An Act for the relief of Joseph Adolphe Aime Berthiaume.

An Act for the relief of Molly Shusterman Percher.

An Act for the relief of Harold James Chesterman.

An Act for the relief of Emma Grace Kriticos.

An Act for the relief of Donald John Northey Armstrong.

An Act for the relief of Goldie Boltuck.

An Act for the relief of Irene Nelson Johnston.

An Act for the relief of Justinien Joseph Damase Gerard St. Amant.

An Act for the relief of Olive Pashley Mackie.

An Act for the relief of John Graham Gatehouse.

An Act for the relief of Gertrude Violet Kerwin Desjardins.

An Act for the relief of Winifred Madge Jones Brown.

An Act for the relief of Winnifred Catherine Bird Jackson.

An Act for the relief of Archibald John Pratt.

An Act for the relief of Mary Theresa Sharp Mackay.

An Act for the relief of Edith Elise Holbrook Hume.

An Act for the relief of Amy Helen Bowerman Hume.

An Act for the relief of Mary Anderson Bell Graham.

An Act for the relief of Leopold Levesque.

An Act for the relief of Myrtle Elizabeth Fraser Bennett.

An Act for the relief of Sylvia Pamela Solomon Lande.

An Act for the relief of Annie Kandel Ashkanazy.

An Act for the relief of Rose Acomsky Bloom.

An Act for the relief of Ethel Meakings Downs.

An Act for the relief of Evelyn Isabel May Ramsay Jarvis.

An Act for the relief of Arthur John Frederick Temperton, junior.

An Act for the relief of Myrtle Ann Westover Coleman.

An Act for the relief of Marie Gertrude Owens Conant.

An Act for the relief of Louis Rumble.

An Act for the relief of Sarah Silverstone Michelin.

An Act for the relief of Roderick Auguste Robert de Lotbiniere Harwood.

An Act for the relief of Emile Bastien.

An Act for the relief of Cecilia Kate Burrows Andrea.

An Act for the relief of Helen Eaton Gair Curnew.

An Act for the relief of Jack Bailey.

An Act for the relief of Winnifred Pearl Simcox.

An Act for the relief of Robert Dickerson Silverman.

An Act for the relief of Mary Arden Stead Eberts.

An Act for the relief of Omer Guindon.

An Act for the relief of Leona Mary Murphy de Marky.

An Act for the relief of John Robert Mackenzie.

An Act for the relief of Gertrude Silverson Holmes.

An Act for the relief of Herbert Lawrence Loucks.

An Act to provide for a Prize Court and Prize Law in Canada.

An Act to authorize a certain Agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act to amend The Transport Act, 1938.

An Act to amend The Alberta Natural Resources Act.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1945, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to incorporate The Canadian Jewellers Institute.

An Act to incorporate Dominion General Benefit Association.

An Act to incorporate Ottawa Valley Trust Company.

An Act to incorporate The Arctic Institute of North America.

An Act to amend An Act to incorporate The Royal College of Physicians and Surgeons of Canada.

An Act to consolidate and amend the Acts relating to Alliance Nationale.

An Act to incorporate Canadian Slovak Benefit Society.

An Act to amend The Trans-Canada Air Lines Act, 1937.

An Act to incorporate the Central Mortgage and Housing Corporation.

An Act to amend the Aeronautics Act.

An Act to amend the Fish Inspection Act.

An Act to amend The War Charities Act, 1939.

An Act to amend an Act respecting Vancouver, Victoria and Eastern Railway and Navigation Company, The Nelson and Fort Sheppard Railway Company and Great Northern Railway Company.

An Act to incorporate International Air Transport Association.

An Act respecting the Lake Erie and Detroit River Railway Company and Pere Marquette Railway Company.

An Act to incorporate Canada Health and Accident Assurance Corporation.

An Act to incorporate Canadian Conference of the Mennonite Brethren Church of North America.

An Act to incorporate The Catholic Episcopal Corporation of Whitehorse.

An Act to amend The Penitentiary Act, 1939.

An Act respecting The Quebec Railway, Light and Power Company.

An Act to incorporate Compagnie de Fiducie d'Amerique or, in the English language, Trust Company of America.

An Act respecting the Manufacturing, Inspection and Sale of Maple Products.

An Act to amend The War Service Grants Act, 1944.

An Act to amend The Export Credits Insurance Act.

An Act to amend The Excess Profits Tax Act, 1940.

An Act to amend The Dominion Succession Duty Act.

An Act to amend the Special War Revenue Act.

An Act to authorize the Minister of Finance, with the approval of the Governor in Council, to enter into an Agreement with the Province of Alberta to amend the Agreement entered into with that Province under the authority of The Dominion-Provincial Taxation Agreement Act, 1942.

An Act respecting the Department of Reconstruction and Supply.

An Act to amend The Veterans' Land Act, 1942.

An Act to confer certain transitional powers upon the Governor in Council during the National Emergency arising out of the War.

An Act to amend The Canadian and British Insurance Companies Act, 1932.

An Act to amend The Foreign Insurance Companies Act, 1932.

An Act to amend the Income War Tax Act.

An Act to amend The National Housing Act, 1944.

An Act for Carrying into Effect the Agreements for an International Monetary Fund and an International Bank for Reconstruction and Development.

An Act to amend the Trust Companies Act.

An Act to provide Rehabilitation Allowanaces for Veterans.

An Act to amend the Senate and House of Commons Act.

An Act for granting to His Majesty aid for National Defence and Demobilization.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1946.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name His Honour, the deputy of His Excellency the Governor General doth assent to these bills:

Then the Honourable the Speaker of the House of Commons addressed the deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the commons, I present to Your Honour the following bill:

An Act for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1946.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the deputy of His Excellency the Governor General did thereupon say:

In His Majesty's name, the Honourable the Deputy Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

GOVERNOR GENERAL'S SPEECH

After which His Honour the Deputy Governor General was pleased to close the first session of the twentieth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

More than three months have elapsed since the unconditional surrender of Japan, following upon the unconditional surrender of Germany, brought to an end a world war which has lasted for six years. But peace throughout the world had still to be attained. We are now passing through a period fraught with the inevitable difficulties and dislocations of a time of transition from war to peace. Efforts to establish an enduring peace must be the first concern of all nations.

An essential step towards world peace is the relief of human suffering occasioned by war and the restoration of the countries physically damaged by war. To that end, the further appropriations you have made for international relief and rehabilitation will be of the utmost service.

Canada's determination to do her full part in maintaining international peace and security has been expressed by the unanimous approval given by both Houses of Parliament to the Charter of the United Nations. A delegation, including members of both Houses, is at present in London attending the meetings of the Preparatory Commission of the United Nations Organization.

During October, after a brief conference at Washington with the President of the United States, my Prime Minister visited the United Kingdom for discussion with members of the British government and for consultation with Canadian representatives in Europe. Shortly thereafter the Prime Minister joined with the Prime Minister of the United Kingdom in conversations with President Truman at Washington on the subject of atomic energy. Their discussions resulted in an agreed Declaration. The initiative was thereby taken in an international effort to prevent the use of atomic energy for destructive purposes and to promote its use for the benefit of mankind. The approval you have given the declaration will further this initiative.

The visit to Ottawa of the Prime Minister of Great Britain and his address to the members of both Houses of Parliament were deeply appreciated. The visit afforded opportunity for an expression of Canada's admiration for the spirit and resolution of the people of Britain in meeting the difficulties and privations of this post-war period.

Efforts to stimulate the expansion of external trade and the restoration of a world economy have been intensified. These ends will be greatly furthered by the vastly increased appropriations you have made for export credits to allied countries and by your approval of Canadian participation in the International

Monetary Fund and the Bank for Reconstruction and Development. Negotiations are under way to extend export credits to the United Kingdom. Far-reaching proposals on trade and employment for consideration by an international conference have been advanced by the United States government and are now before you. My Ministers welcome the presentation of these proposals.

With your approval Canada became a member of the Food and Agriculture Organization of the United Nations. The first meeting of the new organization was held in Quebec City in the month of October.

In November, the Co-ordinating Committee of the Dominion-Provincial Conference, which includes the Premiers of all the Provinces, devoted several days to a detailed and frank exchange of views with my Prime Minister and other of my Ministers. A Dominion-Provincial Economic Committee was set up by the Co-ordinating Committee to examine and report to the participating governments upon the economic factors affecting Dominion and Provincial proposals and relations. The Co-ordinating Committee will meet again early in the new year. My Ministers are resolved to continue their utmost endeavours to reach an agreement which will place the Federal Government and the governments of all the provinces in a financial position to discharge effectively their several responsibilities.

The members of the armed forces serving abroad have been returning to Canada as rapidly as transport facilities would permit. The release of men and women from the forces is keeping pace with repatriation.

Pending a decision as to the size of the permanent defence establishments, interim arrangements have been made for continued voluntary service in the armed forces of members of the three services who have the required qualifications.

A special committee of the House of Commons, has given close study to the various statutes and orders relating to the care, rehabilitation and reestablishment of war veterans. On the recommendation of the committee, a Veterans' Rehabilitation Act has been enacted and amendments have been made to the War Service Grants Act and the Veterans' Land Act. The Government intends to propose that the committee be reconstituted at the next session to complete its examination of the measures which are being consolidated into a Veterans' Charter.

Steady progress has been made with the conversion of war industries to civilian production. Provision has been made for the amalgamation of the Department of Munitions and Supply with the Department of Reconstruction. The work of the Department of National War Services is all but completed.

War restrictions are being removed as rapidly as this can be accomplished without occasioning inflation or other economic disturbances.

In order to make possible the continuance of controls essential to the welfare of the people, a measure has been enacted to permit the extension of certain specified emergency powers during the period of transition from war to peace.

To accelerate the construction of houses as the supply of materials and the availability of labour increase, amendments have been made to the National Housing Act. Provision has also been made for the establishment of a Central Mortgage and Housing Corporation. Special attention is being given to the provision of low-cost housing for war veterans and to making emergency shelter available during the present shortage of permanent housing.

Provision has been made for increasing the capital of Trans-Canada Air Lines to permit of the expansion of our international air services.

Members of the House of Commons:

I thank you for the financial provision you have made for all essential services, as well as for expenditures arising out of the war and for purposes of reconstruction.

The unprecedented response to the Ninth Victory Loan was heartening evidence of the determination of the Canadian people to consolidate victory.

A measure of relief from the wartime burden of taxation has been a significant feature of the session.

Honourable Members of the Senate:

Members of the House of Commons:

My Ministers were gratified at the approval given to the proposal that Canada should possess a distinctive national flag. At the next session, they will propose that the Select Committee of both Houses be reconstituted in order to complete the task of considering a suitable design for a Canadian flag.

It affords me pleasure to state that a successful beginning has been made in the planned development and beautification of Canada's capital and its surrounding area as a national memorial to commemorate the service and sacrifice of Canadians in the war just ended.

On taking leave of you at the close of this momentous year, I pray that Providence may continue to bless our country, and to guide the nations of the world in their efforts to establish an enduring peace.

This concluded the first session of the twentieth parliament.

END OF VOLUME III