



THE SENATE OF CANADA

SPEAKER: Hon. Élie Beauregard

Official Report of Debates

1950

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SECOND SESSION—TWENTY-FIRST PARLIAMENT

14 GEORGE VI

OTTAWA

EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
KING'S PRINTER AND CONTROLLER OF STATIONERY

1950

THE CANADIAN MINISTRY

According to Precedence as at January 18, 1950

- THE RIGHT HONOURABLE LOUIS STEPHEN
ST. LAURENTPrime Minister and President of the
King's Privy Council for Canada.
- THE RIGHT HONOURABLE CLARENCE
DECATUR HOWEMinister of Trade and Commerce.
- THE RIGHT HONOURABLE JAMES
GARFIELD GARDINERMinister of Agriculture.
- THE HONOURABLE JAMES ANGUS
MACKINNONA Member of the Administration and
Minister without Portfolio.
- THE HONOURABLE HUMPHREY
MITCHELLMinister of Labour.
- THE HONOURABLE ALPHONSE
FOURNIERMinister of Public Works.
- THE HONOURABLE BROOKE CLAXTONMinister of National Defence.
- THE HONOURABLE LIONEL CHEVRIERMinister of Transport.
- THE HONOURABLE PAUL JOSEPH JAMES
MARTINMinister of National Health and
Welfare.
- THE HONOURABLE DOUGLAS CHARLES
ABBOTTMinister of Finance and Receiver
General.
- THE HONOURABLE JAMES J. MCCANN....Minister of National Revenue and
Minister of Mines and Technical
Surveys.
- THE HONOURABLE WISHART McL.
ROBERTSONLeader of the Government in the
Senate.
- THE HONOURABLE MILTON FOWLER
GREGGMinister of Veterans Affairs.
- THE HONOURABLE ROBERT WELLINGTON
MAYHEWMinister of Fisheries.
- THE HONOURABLE LESTER BOWLES
PEARSONSecretary of State for External Affairs.
- THE HONOURABLE STUART SINCLAIR
GARSONMinister of Justice and Attorney
General.

- THE HONOURABLE ROBERT HENRY
WINTERS Minister of Resources and Development.
- THE HONOURABLE FREDERICK GORDON
BRADLEY Secretary of State of Canada.
- THE HONOURABLE HUGUES LAPOINTE .. Solicitor General of Canada.
- THE HONOURABLE GABRIEL EDOUARD
RINFRET Postmaster General.
- THE HONOURABLE WALTER EDWARD
HARRIS Minister of Citizenship and
Immigration.

PRINCIPAL OFFICERS OF THE PRIVY COUNCIL

Clerk of the Privy Council and
Secretary to the Cabinet N. A. ROBERTSON, Esquire.

Assistant Clerk of the Privy Council ... A. M. HILL, Esquire.

SENATORS OF CANADA

ACCORDING TO SENIORITY

FEBRUARY 16, 1950

THE HONOURABLE ÉLIE BEAUREGARD, SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
THOMAS JEAN BOURQUE.....	Richibucto.....	Richibucto, N.B.
JAMES A. CALDER, P.C.....	Saltcoats.....	Regina, Sask.
ARTHUR C. HARDY, P.C.....	Leeds.....	Brockville, Ont.
SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.....	North York.....	Toronto, Ont.
WILLIAM ASHBURY BUCHANAN.....	Lethbridge.....	Lethbridge, Alta.
WILLIAM H. MCGUIRE.....	East York.....	Toronto, Ont.
DONAT RAYMOND.....	De la Vallière.....	Montreal, Que.
GUSTAVE LACASSE.....	Essex.....	Tecumseh, Ont.
CAIRINE R. WILSON.....	Rockcliffe.....	Ottawa, Ont.
JAMES H. KING, P.C.....	Kootenay, East.....	Victoria, B.C.
ARTHUR MARCOTTE.....	Ponteix.....	Ponteix, Sask.
CHARLES COLQUHOUN BALLANTYNE, P.C.....	Alma.....	Montreal, Que.
WILLIAM HENRY DENNIS.....	Halifax.....	Halifax, N.S.
LUCIEN MORAUD.....	La Salle.....	Quebec, Que.
RALPH BYRON HORNER.....	Blaine Lake.....	Blaine Lake, Sask.
WALTER MORLEY ASELTINE.....	Rosetown.....	Rosetown, Sask.
FELIX P. QUINN.....	Bedford-Halifax.....	Bedford, N.S.
IVA CAMPBELL FALLIS.....	Peterborough.....	Peterborough, Ont.
GEORGE B. JONES, P.C.....	Royal.....	Apohaqui, N.B.
ANTOINE J. LÉGER.....	L'Acadie.....	Moncton, N.B.
HENRY A. MULLINS.....	Marquette.....	Winnipeg, Man.
JOHN T. HAIG.....	Winnipeg.....	Winnipeg, Man.

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
EUGÈNE PAQUET, P.C.....	Lauzon.....	Rimouski, Que.
WILLIAM DUFF.....	Lunenburg.....	Lunenburg, N.S.
JOHN W. DE B. FARRIS.....	Vancouver South.....	Vancouver, B.C.
ADRIAN K. HUGESSEN.....	Inkerman.....	Montreal, Que.
NORMAN P. LAMBERT.....	Ottawa.....	Ottawa, Ont.
J. FERNAND FAFARD.....	De la Durantaye.....	L'Islet, Que.
ARTHUR LUCIEN BEAUBIEN.....	Provencher.....	St. Jean Baptiste, Man.
JOHN J. STEVENSON.....	Prince Albert.....	Prince Albert, Sask.
ARISTIDE BLAIS.....	St. Albert.....	Edmonton, Alta.
DONALD MACLENNAN.....	Margaree Forks.....	Port Hawkesbury, N.S.
CHARLES BENJAMIN HOWARD.....	Wellington.....	Sherbrooke, Que.
ELIE BEAUREGARD (Speaker).....	Rougemont.....	Montreal, Que.
ATHANASE DAVID.....	Sorel.....	Montreal, Que.
SALTER ADRIAN HAYDEN.....	Toronto.....	Toronto, Ont.
NORMAN MCLEOD PATERSON.....	Thunder Bay.....	Fort William, Ont.
WILLIAM JAMES HUSHION.....	Victoria.....	Westmount, Que.
JOSEPH JAMES DUFFUS.....	Peterborough West.....	Peterborough, Ont.
WILLIAM DAUM EULER, P.C.....	Waterloo.....	Kitchener, Ont.
LÉON MERCIER GOUIN.....	De Salaberry.....	Montreal, Que.
THOMAS VIEN, P.C.....	De Lorimier.....	Outremont, Que.
PAMPHILE RÉAL DUTREMBLAY.....	Repentigny.....	Montreal, Que.
WILLIAM RUPERT DAVIES.....	Kingston.....	Kingston, Ont.
JAMES PETER MCINTYRE.....	Mount Stewart.....	Mount Stewart, P.E.I.
GORDON PETER CAMPBELL.....	Toronto.....	Toronto, Ont.
WISHART McL. ROBERTSON, P.C.....	Shelburne.....	Bedford, N.S.
TÉLESPHORE DAMIEN BOUCHARD.....	The Laurentides.....	St. Hyacinthe, Que.
ARMAND DAIGLE.....	Mille Iles.....	Montreal, Que.
JOSEPH ARTHUR LESAGE.....	The Gulf.....	Quebec, Que.
CYRILLE VAILLANCOURT.....	Kennebec.....	Levis, Que.
JACOB NICOL.....	Bedford.....	Sherbrooke, Que.
THOMAS ALEXANDER CRERAR, P.C.....	Churchill.....	Winnipeg, Man.
WILLIAM HORACE TAYLOR.....	Norfolk.....	Scotland, Ont.
FRED WILLIAM GERSHAW.....	Medicine Hat.....	Medicine Hat, Alta.
JOHN POWER HOWDEN.....	St. Boniface.....	Norwood Grove, Man.
CHARLES EDOUARD FERLAND.....	Shawinigan.....	Joliette, Que.

SENATORS OF CANADA

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SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
VINCENT DUPUIS.....	Rigaud.....	Longueuil, Que.
CHARLES L. BISHOP.....	Ottawa.....	Ottawa, Ont.
JOHN JAMES KINLEY.....	Queen's-Lunenburg.....	Lunenburg, N.S.
CLARENCE JOSEPH VENIOT.....	Gloucester.....	Bathurst, N.B.
ARTHUR WENTWORTH ROEBUCK.....	Toronto-Trinity.....	Toronto, Ont.
JOHN ALEXANDER McDONALD.....	King's.....	Halifax, N.S.
ALEXANDER NEIL McLEAN.....	Southern New Brunswick..	Saint John, N.B.
FREDERICK W. PIRIE.....	Victoria-Carleton.....	Grand Falls, N.B.
GEORGE PERCIVAL BURCHILL.....	Northumberland.....	South Nelson, N.B.
JEAN MARIE DESSUREAULT.....	Stadacona.....	Quebec, Que.
JOSEPH RAOUL HURTUBISE.....	Nipissing.....	Sudbury, Ont.
PAUL HENRI BOUFFARD.....	Grandville.....	Quebec, Que.
JAMES GRAY TURGEON.....	Cariboo.....	Vancouver, B.C.
STANLEY STEWART McKEEN.....	Vancouver.....	Vancouver, B.C.
THOMAS FARQUHAR.....	Algoma.....	Little Current, Ont.
JOSEPH WILLIE COMEAU.....	Clare.....	Comeauville, N.S.
GEORGE HENRY ROSS.....	Calgary.....	Calgary, Alta.
JAMES GORDON FOGO.....	Carleton.....	Ottawa, Ont.
JOHN CASWELL DAVIS.....	Winnipeg.....	St. Boniface, Man.
THOMAS H. WOOD.....	Regina.....	Regina, Sask.
JAMES ANGUS MacKINNON, P.C.....	Edmonton.....	Edmonton, Alta.
THOMAS VINCENT GRANT.....	Montague.....	Montague, P.E.I.
HENRY READ EMMERSON.....	Dorchester.....	Dorchester, N.B.
J. J. HAYES DOONE.....	Charlotte.....	Black's Harbour, N.B.
JOSEPH ADÉLARD GODBOUT.....	Montarville.....	Frelighsburg, Que.
WILLIAM ALEXANDER FRASER.....	Trenton.....	Trenton, Ont.
WILLIAM HENRY GOLDING.....	Huron-Perth.....	Seaforth, Ont.
GEORGE H. BARBOUR.....	Prince.....	Charlottetown, P.E.I.
ALEXANDER BOYD BAIRD.....	St. John's.....	St. John's Nfld.
RAY PETTEN.....	Bonavista.....	St. John's, Nfld.
THOMAS REID.....	New Westminster.....	New Westminster, B.C.
ROBERT WILLIAM GLADSTONE.....	Wellington South.....	Guelph, Ont.
J. WESLEY STAMBAUGH.....	Bruce.....	Bruce, Alta.
VINCENT P. BURKE.....	St. Jacques.....	St. John's, Nfld.

SENATORS OF CANADA

ALPHABETICAL LIST

FEBRUARY 16, 1950

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.	Rosetown	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G.	North York	Toronto, Ont.
BAIRD, ALEXANDER BOYD	St. John's	St. John's, Nfld.
BALLANTYNE, C. C., P.C.	Alma	Montreal, Que.
BARBOUR, GEORGE H.	Prince	Charlottetown, P.E.I.
BEAUBIEN, A. L.	Provencher	St. Jean Baptiste, Man.
BEAUREGARD, ELIE (Speaker)	Rougemont	Montreal, Que.
BISHOP, CHARLES L.	Ottawa	Ottawa, Ont.
BLAIS, ARISTIDE	St. Albert	Edmonton, Alta.
BOUCHARD, TELESOPHORE DAMIEN	The Laurentides	St. Hyacinthe, Que.
BOUFFARD, PAUL HENRI	Grandville	Quebec, Que.
BOURQUE, T. J.	Richibucto	Richibucto, N.B.
BUCHANAN, W. A.	Lethbridge	Lethbridge, Alta.
BURCHILL, GEORGE PERCIVAL	Northumberland	South Nelson, N.B.
BURKE, VINCENT P.	St. Jacques	St. John's, Nfld.
CALDER, J. A., P.C.	Saltcoats	Regina, Sask.
CAMPBELL, G. P.	Toronto	Toronto, Ont.
COMEAU, JOSEPH WILLIE	Clare	Comeauville, N.S.
CRERAR, THOMAS ALEXANDER, P.C.	Churchill	Winnipeg, Man.
DAIGLE, ARMAND	Mille Isles	Montreal, Que.
DAVID, ATHANASE	Sorel	Montreal, Que.
DAVIES, WILLIAM RUPERT	Kingston	Kingston, Ont.
DAVIS, JOHN CASWELL	Winnipeg	St. Boniface, Man.
DENNIS, W. H.	Halifax	Halifax, N.S.
DESSUREAULT, JEAN MARIE	Stadacona	Quebec, P.Q.
DOONE, J. J. HAYES	Charlotte	Black's Harbour, N.B.
DUFF, WILLIAM	Lunenburg	Lunenburg, N.S.
DUFFUS, J. J.	Peterborough West	Peterborough, Ont.
DUPUIS, VINCENT	Rigaud	Longueuil, P.Q.

SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DUTREMBLAY, PAMPHILE RÉAL.....	Repentigny.....	Montreal, Que.
EMMERSON, HENRY READ.....	Dorchester.....	Dorchester, N.B.
EULER, W. D., P.C.....	Waterloo.....	Kitchener, Ont.
FARFARD, J. F.....	De la Durantaye.....	L'Islet, Que.
FALLIS, IVA CAMPBELL.....	Peterborough.....	Peterborough, Ont.
FARQUHAR, THOMAS.....	Algoma.....	Little Current, Ont.
FARRIS, J. W. DE B.....	Vancouver South.....	Vancouver, B.C.
FERLAND, CHARLES EDOUARD.....	Shawinigan.....	Joliette, P.Q.
FOGO, JAMES GORDON.....	Carleton.....	Ottawa, Ont.
FRASER, WILLIAM ALEXANDER.....	Trenton.....	Trenton, Ont.
GERSHAW, FRED WILLIAM.....	Medicine Hat.....	Medicine Hat, Alta.
GLADSTONE, ROBERT WILLIAM.....	Wellington South.....	Guelph, Ont.
GODBOUT, JOSEPH ADÉLARD.....	Montarville.....	Frelighsburg, Que.
GOLDING, WILLIAM HENRY.....	Huron-Perth.....	Seaforth, Ont.
GOUIN, L. M.....	De Salaberry.....	Montreal, Que.
GRANT, THOMAS VINCENT.....	Montague.....	Montague, P.E.I.
HAIG, JOHN T.....	Winnipeg.....	Winnipeg, Man.
HARDY, A. C., P.C.....	Leeds.....	Brockville, Ont.
HAYDEN, S. A.....	Toronto.....	Toronto, Ont.
HORNER, R. B.....	Blaine Lake.....	Blaine Lake, Sask.
HOWARD, C. B.....	Wellington.....	Sherbrooke, Que.
HOWDEN, JOHN POWER.....	St. Boniface.....	Norwood Grove, Man.
HUGESSEN, A. K.....	Inkerman.....	Montreal, Que.
HURTUBISE, JOSEPH RAOUL.....	Nipissing.....	Sudbury, Ont.
HUSHION, W. J.....	Victoria.....	Westmount, Que.
JONES, GEORGE B., P.C.....	Royal.....	Apohaqui, N.B.
KING, J. H., P.C.....	Kootenay East.....	Victoria, B.C.
KINLEY, JOHN JAMES.....	Queen's-Lunenburg.....	Lunenburg, N.S.
LACASSE, G.....	Essex.....	Tecumseh, Ont.
LAMBERT, NORMAN P.....	Ottawa.....	Ottawa, Ont.
LÉGER, ANTOINE J.....	L'Acadie.....	Moncton, N.B.
LESAGE, J. A.....	The Gulf.....	Quebec, Que.
MACKINNON, JAMES ANGUS, P.C.....	Edmonton.....	Edmonton, Alta.
MACLENNAN, DONALD.....	Margaree Forks.....	Port Hawkesbury, N.S.

SENATORS OF CANADA

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SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
MARCOTTE, A.....	Ponteix.....	Ponteix, Sask.
MCDONALD, JOHN ALEXANDER.....	King's.....	Halifax, N.S.
MCGUIRE, W. H.....	East York.....	Toronto, Ont.
MCINTYRE, JAMES P.....	Mount Stewart.....	Mount Stewart, P.E.I.
MCKEEN, STANLEY STEWART.....	Vancouver.....	Vancouver, B.C.
MCLEAN, ALEXANDER NEIL.....	Southern New Brunswick..	Saint John, N.B.
MORAUD, L.....	La Salle.....	Quebec, Que.
MULLINS, HENRY A.....	Marquette.....	Winnipeg, Man.
NICOL, JACOB.....	Bedford.....	Sherbrooke, Que.
PAQUET, EUGÈNE, P.C.....	Lauzon.....	Rimouski, Que.
PATERSON, N. McL.....	Thunder Bay.....	Fort William, Ont.
PETTEN, RAY.....	Bonavista.....	St. John's, Nfld.
PIRIE, FREDERICK W.....	Victoria-Carleton.....	Grand Falls, N.B.
QUINN, FELIX P.....	Bedford-Halifax.....	Bedford, N.S.
RAYMOND, D.....	De la Vallière.....	Montreal, Que.
REID, THOMAS.....	New Westminster.....	New Westminster, B.C.
ROBERTSON, W. McL., P.C.....	Shelburne.....	Bedford, N.S.
ROEBUCK, ARTHUR WENTWORTH.....	Toronto-Trinity.....	Toronto, Ont.
ROSS, GEORGE HENRY.....	Calgary.....	Calgary, Alta.
STAMBAUGH, J. WESLEY.....	Bruce.....	Bruce, Alta.
STEVENSON, J. J.....	Prince Albert.....	Prince Albert, Sask.
TAYLOR, WILLIAM HORACE.....	Norfolk.....	Scotland, Ont.
TURGEON, JAMES GRAY.....	Cariboo.....	Vancouver, B.C.
VAILLANCOURT, CYRILLE.....	Kennebec.....	Levis, Que.
VENIOT, CLARENCE JOSEPH.....	Gloucester.....	Bathurst, N.B.
VIEN, THOMAS, P.C.....	De Lorimier.....	Outremont, Que.
WILSON, CAIRINE R.....	Rockcliffe.....	Ottawa, Ont.
WOOD, THOMAS H.....	Regina.....	Regina, Sask.

SENATORS OF CANADA

BY PROVINCES

FEBRUARY 16, 1950

ONTARIO—24

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 ARTHUR C. HARDY, P.C.....	Brockville.
2 SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.....	Toronto.
3 WILLIAM H. MCGUIRE.....	Toronto.
4 GUSTAVE LACASSE.....	Tecumseh.
5 CAIRINE R. WILSON.....	Ottawa.
6 IVA CAMPBELL FALLIS.....	Peterborough.
7 NORMAN P. LAMBERT.....	Ottawa.
8 SALTER ADRIAN HAYDEN.....	Toronto.
9 NORMAN MCLEOD PATERSON.....	Fort William.
10 JOSEPH JAMES DUFFUS.....	Peterborough.
11 WILLIAM DAUM EULER, P.C.....	Kitchener.
12 WILLIAM RUPERT DAVIES.....	Kingston.
13 GORDON PETER CAMPBELL.....	Toronto.
14 WILLIAM HORACE TAYLOR.....	Scotland.
15 CHARLES L. BISHOP.....	Ottawa.
16 ARTHUR WENTWORTH ROEBUCK.....	Toronto.
17 JOSEPH RAOUL HURTUBISE.....	Sudbury.
18 THOMAS FARQUHAR.....	Little Current.
19 JAMES GORDON FOGO.....	Ottawa.
20 WILLIAM ALEXANDER FRASER.....	Trenton.
21 WILLIAM HENRY GOLDING.....	Seaforth.
22 ROBERT WILLIAM GLADSTONE.....	Guelph.
23 .....	.....
24 .....	.....

QUEBEC—24

SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
THE HONOURABLE		
1 DONAT RAYMOND.....	De la Vallière.....	Montreal.
2 CHARLES C. BALLANTYNE, P.C.....	Alma.....	Montreal.
3 LUCIEN MORAUD.....	La Salle.....	Quebec.
4 EUGÈNE PAQUET, P.C.....	Lauzon.....	Rimouski.
5 ADRIAN K. HUGESSEN.....	Inkerman.....	Montreal.
6 J. FERNAND FAFARD.....	De la Durantaye.....	L'Islet.
7 CHARLES BENJAMIN HOWARD.....	Wellington.....	Sherbrooke.
8 ELIE BEAUREGARD (Speaker).....	Rougemont.....	Montreal.
9 ATHANASE DAVID.....	Sorel.....	Montreal.
10 WILLIAM JAMES HUSHION.....	Victoria.....	Westmount.
11 LÉON MERCIER GOUIN.....	De Salaberry.....	Montreal.
12 THOMAS VIEN, P.C.....	De Lorimier.....	Outremont.
13 PAMPHILE RÉAL DUTREMBLAY.....	Repentigny.....	Montreal.
14 TÉLESPHORE DAMIEN BOUCHARD.....	The Laurentides.....	St. Hyacinthe.
15 ARMAND DAIGLE.....	Mille Iles.....	Montreal.
16 JOSEPH ARTHUR LESAGE.....	The Gulf.....	Quebec.
17 CYRILLE VAILLANCOURT.....	Kennebec.....	Levis.
18 JACOB NICOL.....	Bedford.....	Sherbrooke.
19 CHARLES EDOUARD FERLAND.....	Shawinigan.....	Joliette.
20 VINCENT DUPUIS.....	Rigaud.....	Longueuil.
21 JEAN MARIE DESSUREAULT.....	Stadacona.....	Quebec.
22 PAUL HENRI BOUFFARD.....	Grandville.....	Quebec.
23 JOSEPH ADÉLARD GODBOUT.....	Montarville.....	Frelighsburg.
24.....	.....	.....

NOVA SCOTIA—10

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 WILLIAM H. DENNIS.....	Halifax.
2 FELIX P. QUINN.....	Bedford.
3 WILLIAM DUFF.....	Lunenburg.
4 DONALD MACLENNAN.....	Port Hawkesbury.
5 WISHART McL. ROBERTSON, P.C.....	Bedford.
6 JOHN JAMES KINLEY.....	Lunenburg.
7 JOHN ALEXANDER McDONALD.....	Halifax.
8 JOSEPH WILLIE COMEAU.....	Comeauville.
9 GORDON B. ISNOR.....	Halifax.
10 CHARLES G. HAWKINS.....	Milford Station.

NEW BRUNSWICK—10

THE HONOURABLE	
1 THOMAS JEAN BOURQUE.....	Richibucto.
2 CLARENCE JOSEPH VENIOT.....	Bathurst.
3 ALEXANDER NEIL McLEAN.....	Saint John.
4 FREDERICK W. PIRIE.....	Grand Falls.
5 GEORGE PERCIVAL BURCHILL.....	South Nelson.
6 HENRY READ EMMERSON.....	Dorchester.
7 J. J. HAYES DOONE.....	Black's Harbour.
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PRINCE EDWARD ISLAND—4

THE HONOURABLE	
1 JAMES PETER McINTYRE.....	Mount Stewart.
2 THOMAS VINCENT GRANT.....	Montague.
3 GEORGE H. BARBOUR.....	Charlottetown.
4	

BRITISH COLUMBIA—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 JAMES H. KING, P.C.....	Victoria.
2 JOHN W. DE B. FARRIS.....	Vancouver.
3 JAMES GRAY TURGEON.....	Vancouver.
4 STANLEY STEWART McKEEN.....	Vancouver.
5 THOMAS REID.....	New Westminster.
6	

MANITOBA—6

THE HONOURABLE	
1 HENRY A. MULLINS.....	Winnipeg.
2 JOHN T. HAIG.....	Winnipeg.
3 A. L. BEAUBIEN.....	St. Jean Baptiste.
4 THOMAS ALEXANDER CRERAR, P.C.....	Winnipeg.
5 JOHN POWER HOWDEN.....	Norwood Grove.
6 JOHN CASWELL DAVIS.....	St. Boniface.

SASKATCHEWAN—6

THE HONOURABLE	
1 JAMES A. CALDER, P.C.....	Regina.
2 ARTHUR MARCOTTE.....	Ponteix.
3 RALPH B. HORNER.....	Blaine Lake.
4 WALTER M. ASELTINE.....	Rosetown.
5 J. J. STEVENSON.....	Prince Albert.
6 THOMAS H. WOOD.....	Regina.

ALBERTA—6

THE HONOURABLE	
1 WILLIAM ASHBURY BUCHANAN.....	Lethbridge.
2 ARISTIDE BLAIS.....	Edmonton.
3 FRED WILLIAM GERSHAW.....	Medicine Hat.
4 GEORGE HENRY ROSS.....	Calgary.
5 JAMES ANGUS MacKINNON, P.C.....	Edmonton.
6 J. WESLEY STAMBAUGH.....	Bruce.

NEWFOUNDLAND—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 ALEXANDER BOYD BAIRD.....	St. John's.
2 RAY PETTEN.....	St. John's.
3 VINCENT P. BURKE.....	St. John's.
4	
5	
6	

SENATORS OF CANADA
NEW BRUNSWICK

PRINCIPAL OFFICERS OF THE SENATE

L. Clare Moyer, D.S.O., K.C., B.A., Clerk of the Senate, Clerk of the Parliaments, and Master in Chancery.

Rodolphe Larose, E.D., First Clerk Assistant.

Louvigny de Montigny, Litt.B., Second Clerk Assistant and Chief Translator.

John F. MacNeill, K.C., LL.B., B.A., Law Clerk and Parliamentary Counsel.

Major C. R. Lamoureux, D.S.O., Gentleman Usher of the Black Rod.

Arthur H. Hinds, Chief Clerk of Committees.

H. D. Gilman, Chief Treasury and Disbursing Officer.

H. H. Emerson, Editor of Debates and Chief of Reporting Branch.

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Thursday, February 16, 1950

The Parliament of Canada having been summoned by Proclamation of the Governor General to meet this day for the dispatch of business.

The Senate met at 11.30 a.m., the Speaker in the Chair.

Prayers.

OPENING OF THE SESSION

The Hon. the Speaker informed the Senate that he had received a communication from the Governor General's Secretary informing him that His Excellency the Governor General would arrive at the Main Entrance of the Houses of Parliament at 3 p.m., and, when it had been signified that all was in readiness, would proceed to the Senate Chamber to open the Second Session of the Twenty-first Parliament of Canada.

NEW SENATOR INTRODUCED

Hon. Vincent P. Burke, C.B.E., of St. John's, Newfoundland, introduced by Hon. W. McL. Robertson and Hon. A. B. Baird.

The Senate adjourned until 2.30 p.m.

SECOND SITTING

The Senate met at 2.30 p.m.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

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

Honourable Members of the Senate:

Members of the House of Commons:

The conference with representatives of the provincial governments forecast in my speech closing your last session was held in January. This conference marked a promising beginning in working

out a satisfactory procedure for making within Canada whatever amendments to the constitution may from time to time be required. Agreement was reached on certain general principles and a continuing committee was established to further the work of the conference.

The governments of all the provinces have also been invited to participate in a general conference between the federal and provincial governments early next autumn to consider other matters of mutual concern. The several provincial authorities have been asked to make suggestions as to the principal topics they will wish to have discussed at this conference.

In the meantime negotiations are proceeding with the provincial governments for the implementation of the legislation adopted at your last session respecting housing, a transcontinental highway and forest conservation.

The National Health Program has been extended to the province of Newfoundland and further satisfactory progress has been made, in co-operation with the provinces generally, in the development of more adequate health facilities and services.

In the international sphere, our country continues to give full support to the charter of the United Nations. A Canadian delegation is now attending a session of the Economic and Social Council to which Canada was elected at the last session of the General Assembly.

The recent conference in Ceylon of the foreign ministers of the nations of the commonwealth demonstrated that there is a continuing and substantial community of outlook among the nations of the commonwealth both in the East and the West in their approach to current problems of foreign affairs.

The measures for the preservation of peace and the restoration and maintenance of prosperity contemplated by the North Atlantic treaty are being devised and applied as expeditiously as circumstances permit. The wholehearted co-operation of all the signatories to the treaty is encouraging evidence of their determination to deter aggression by a combination of actual and potential strength calculated to remove the possibility of successful aggression.

The cold war nevertheless still continues and imposes on all the free nations heavy burdens for the provision of defence forces and modern armaments. Preparedness to meet any sudden onslaught is essential and the means must be provided. But the free nations also face a test of endurance, and our staying power could be endangered by attempting to achieve complete preparedness at the expense of our adaptability to new developments in weapons and techniques of warfare or the efficiency of our social and industrial systems.

In the development of Canada's defence forces, constant attention is being given to the best use of our resources, to the encouragement of joint research and experimental development and to the co-ordination of Canadian efforts with those of the other signatories of the North Atlantic treaty.

The measure to consolidate existing legislation respecting our defence forces and to provide for a purely Canadian disciplinary code to be made applicable to all the forces will be re-introduced.

Employment and prosperity remain at a high level in Canada. The prospects are good for continued private investment in construction and capital development throughout the present year. The demand for consumer goods of all kinds continues to be strong. However, seasonal and local factors have given rise to a significant amount of temporary regional unemployment during the past few months, and the security provisions established under unemployment insurance legislation have been called upon to meet the first important test since they were brought into effect.

Although a high proportion of persons temporarily unemployed are actually in receipt of unemployment insurance benefits, you will be asked to give consideration to a bill to widen the scope and extend the benefits of unemployment insurance.

Circumstances outside Canada have been responsible for some downward adjustment in the price of farm products. Measures have already been taken to reduce the impact of these adjustments. In order to provide authority for continuing price support to that end for the primary products of our farms and fisheries, you will be asked to amend the Agricultural Products Act, the Agricultural Prices Support Act and the Fisheries Prices Support Act.

Within the past year, the International Wheat Agreement has been brought into operation. In view of Canada's participation in that agreement and the recent decision to market coarse grains through the Canadian Wheat Board, you will also be asked to consider a measure to renew the existing powers of the board.

During the past year Canadian exports were maintained at close to record levels, but continued difficulties arising out of the world-wide dollar shortage have resulted recently in reduced purchases of a number of our export products.

Canadian representatives continue to participate actively in co-ordinated international efforts to bring about improvement in the underlying conditions of world trade. The government is also pursuing policies designed to develop new markets for our products and to assist overseas customers to increase Canadian earnings. My ministers will continue their efforts to secure reductions in trade barriers. To this end preparations are actively under way for further multilateral trade negotiations later in the present year.

While prevailing exchange difficulties will require continued readjustments, we have reason to expect that our export trade as a whole will remain at a high level during the present year.

You will be asked to give consideration to the legislation required to implement the policy concerning the control and the orderly decontrol of rents announced by the government during your last session.

A measure will be introduced to amend the Canada Shipping Act to incorporate changes suggested by the Safety of Life at Sea Convention of 1948 and to define duties of Canadian consuls and conditions of registration in Canada of Canadian ships.

You will be asked to consider a bill for the revision of the Indian Act.

A bill will be submitted to substitute a uniform and systematic procedure for existing legislation concerning publication and tabling in parliament of regulations and orders made by the Governor in Council or Ministers or other agents of the Crown in the exercise of powers conferred by statute.

Bills will be introduced to implement the policies announced at the last session respecting prize money; the inclusion of veterans of British and allied forces within the scope of the War Veterans Allowance Act; and grants to municipalities in which there is an exceptional concentration of federal property.

Other measures requiring your consideration will include bills to amend the Militia Pension Act; the Criminal Code; the Government Annuities Act; the Post Office Act; the Consolidated Revenue and Audit Act; the Currency Act; the Trust Companies Act; the Canadian and British Insurance Companies Act, 1932; the Foreign Insurance Companies Act, 1932; the Customs Act; the Maritime Marshland Rehabilitation Act; and the Northwest Territories Power Commission Act.

Members of the House of Commons:

You will be asked to make provision for all essential services for the next fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

I pray that Divine Providence may bless your deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

Hon. Mr. Hugessen (for Hon. Mr. Robertson) presented Bill A, an Act relating to railways.

The bill was read the first time.

CONSIDERATION OF SPEECH FROM THE THRONE

MOTION

Hon. Mr. Hugessen (for Hon. Mr. Robertson) moved that the Speech of His Excellency the Governor General be taken into consideration on Tuesday next.

The motion was agreed to.

COMMITTEE ON ORDERS AND PRIVILEGES

MOTION

Hon. Mr. Hugessen (for Hon. Mr. Robertson) moved:

That all the senators present during the session be appointed a committee to consider the orders and customs of the Senate and privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

The motion was agreed to.

The Senate adjourned until Tuesday, February 21, at 3 p.m.

THE SENATE

Tuesday, February 21, 1950

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

Prayers and routine proceedings.

COMMITTEE OF SELECTION

MOTION OF APPOINTMENT

Hon. Wishart McL. Robertson: Honourable senators, with leave of the Senate I would move:

That pursuant to Rule 77 the following senators, to wit: The Honourable Senators Aseltine, Buchanan, Gouin, Haig, Howard, Lambert, McDonald, Moraud and the mover be appointed a Committee of Selection to nominate senators to serve on the several Standing Committees during the present session; and to report with all convenient speed the names of the senators so nominated.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Wishart McL. Robertson: Before the Orders of the Day are proceeded with may I state, for the information of honourable senators, something about which I was a little doubtful until a short while ago, namely that the Senate will be in session next week. What will happen later will depend on the business before us.

THE LATE SENATORS SINCLAIR AND ST. PÈRE

TRIBUTES TO THEIR MEMORY

Hon. Wishart McL. Robertson: Honourable senators, it is my painful duty to draw your attention to the fact that since we last met we have lost two of our esteemed colleagues.

The Honourable John Ewen Sinclair, P.C., of Queen's, died December 23, 1949.

Senator Sinclair was born at Summerfield, P.E.I., on December 24, 1879, the son of the late Peter Sinclair, M.L.A., and his wife, the former Margaret McMurdo. Educated at Springfield, P.E.I., Senator Sinclair stayed on the farm where he was born, and became one of Prince Edward Island's most successful and progressive farmers. In 1909 he was appointed a member of the "Swine Commission" that visited Europe.

He was first elected to the House of Commons in 1917, and was re-elected in the general elections of 1921 and 1926. In 1921 he became a member of the Privy Council and was appointed Minister without Portfolio.

Senator Sinclair is survived by his wife, the former Rebecca Harding. He had three

children who are all living: two daughters, Mrs. A. B. Cutcliffe of Charlottetown and Mrs. I. W. Jardine of Kensington, and one son, John Crawford, at home. Senator Sinclair's brother Peter, who was also a member of the House of Commons, predeceased him some years ago.

Senator Sinclair was very active in Masonic work. He was a member of the Scottish Rite and Past Grand Master of the Grand Lodge of Prince Edward Island A.F. & A.M. He was an elder of the United Church at Summerfield and, for many years, superintendent of the Sunday school.

He was summoned to the Senate in 1930.

It is difficult for us in this house to realize that the familiar figure of John Sinclair will be no longer with us. A member of the Senate for twenty years, he was faithful in his attendance in this chamber and in committees. He served for years as the Chairman of the Standing Committee on Finance, and occupied that position at the time of his death.

Possessing a deep sense of responsibility, he was loyal to his beliefs and to those with whom he was associated. He was intensely proud of his native province, and strove unceasingly to accomplish what he could for the welfare of its citizens. His sound judgment was always available to those who sought his advice, and his kindly manner radiated charm to all with whom he came in contact. His passing will be mourned by many, and not the least of these will be his colleagues in the Senate of Canada, who knew him so well for so many years.

The Honourable Edouard Charles St. Père, of De Lanaudière died January 31, 1950.

Senator St. Père was born at Ste. Mélanie, Quebec, on September 24, 1876. He was the son of Zéphirin St. Père and his wife, the former Eugénie Brissette. Senator St. Père was educated at the local school of Ste. Mélanie and the Joliette Seminary, where he obtained his B.A. degree. In 1902 he joined the newspaper *Le Canada* as sports editor.

His career in the field of sports was one of the most outstanding in Canada. Senator St. Père's efforts were constantly devoted to the organization of associations that would protect the integrity of sports and ensure them good administration. His interests embraced almost every form of athletic activity. He was one of the founders, and the president, of the National Lacrosse Union. He also served as president of the Montreal City Baseball League and the Montreal City Hockey League. He was founder and long-time president of the Montreal Amateur Athletic Association, and it was largely

through his efforts that the National Amateur Athletic Association, now known as "La Palstre Nationale", was founded.

In 1921 he was elected to the House of Commons, and was re-elected in the general elections of 1925, 1926, 1930 and 1935. He represented Canada at the International Labour Conference at Geneva in 1936, and was summoned to the Senate in 1940.

Senator St. Père is survived by his wife, the former Anna Gingras, and two children, Cecile of Washington, U.S.A., and Mrs. W. C. Appleton of Montreal.

It is inevitable, of course, that in a house such as ours, with a membership of upwards of one hundred, there should exist different degrees of intimacy between colleagues. I cannot claim that I knew our late colleague as intimately as others, but I remember quite well that when I was first appointed to the Senate, and later when I assumed the responsibility of the position which I now hold, the late Senator St. Père was one of the first to extend his good wishes.

Senator St. Père had a wide circle of friends, was particularly interested in the welfare of the younger generation, and during his long and active political career was most attentive to the interests of those he represented. He was a faithful attendant at meetings of the Senate and was exceedingly well versed in public affairs. He will be greatly missed by the many who knew him so well.

Hon. John T. Haig: Honourable senators, in the death of Senator Sinclair I feel as if I had lost one of my very dear friends from this chamber. When I came to the Senate some fifteen years ago he was one of the first members I got to know, because I had the pleasure and honour of knowing his married sister in Winnipeg, who for many years was my next-door neighbour. Even though he was on an opposite side of the house from me, I felt that in him at least I had a friend on whom I could depend. The years that followed taught me that John Sinclair did not take a stand on any question unless he thoroughly believed in it himself and thoroughly believed also that it was in the best interest of not only Prince Edward Island but of all Canada.

As has already been pointed out, he served as Chairman of the Finance Committee, but so far as I am concerned and so far as my colleague on my left (Hon. Mr. Aseltine) is concerned, the most outstanding service that he rendered here was on the Divorce Committee. That committee is constantly being battered about in this chamber and in another place, and it was always good to know that we could depend upon John Sinclair being

present at the committee's sittings every Monday, Tuesday, Friday and Saturday morning, to do his job there and do it well.

It is members such as John Sinclair who make this house what it is. They come here determined to give service to their own provinces and to Canada as a whole. I am sure that all my colleagues and I will miss him very much indeed. His widow and his family may well feel proud of the important work he did for Canada over a long period of years as a member of the House of Commons and of the Senate.

As to the late Senator St. Père, it was an unusual kind of friendship that developed between him and me. After a sitting of the Senate I used to love to drop into his room and listen to his conversation. He was interested in sports. So am I. And when he was in his place here and I had the pleasure of speaking, I was always sure of an ardent listener—especially if I spoke on the subject of rent control. I do not say that he took a very active part in the debates of this house, nor do I suppose that he took a very active part in the debates of another place; nevertheless he will be greatly missed, for he loved his country, and he thought that by training young men and young women in amateur sport he was making a great contribution. I entirely agreed with him. All Canada is indebted to the province of Quebec for the valuable service performed by this son of hers in stimulating interest on the part of young men and young women in sports and other healthful physical activities. I do not believe the juvenile courts would have so much work to do if the people of Canada realized that young people of the age of fifteen years and up, who have the energy for sports and do not participate in them, are very apt to fall into undesirable habits.

Hon. James P. McIntyre: Honourable senators, as the government leader has just told us, since we last met we have lost two highly respected members of this house, in the persons of Senator St. Père and Senator John E. Sinclair, one from the province of Quebec, and one from Prince Edward Island.

Prince Edward Island has produced some outstanding public men, but I think I can truthfully say that none were more outstanding than John Ewen Sinclair. His long political service to his native province and to Canada will forever stand as a monument to his memory.

The late senator was a member of the United Church at Summerfield and was superintendent of the Sunday school in that community. He was a member of the Masonic Order, and gave to it many years of useful service.

Senator Sinclair entered politics in his native province in 1908; he was elected to the House of Commons in 1917, and in 1930 was summoned to the Senate. He stood high in the councils of his party, and will be greatly missed in political circles. However, the late Senator never allowed his political differences to mar his friendship with anyone with whom he came in contact. His wide circle of friends extended far beyond the confines of his community and the boundaries of his province. His long career in parliament made him known in all parts of the Dominion.

He was endowed with keen judgment, and his advice was often sought. No one stood higher in the estimation of the members of this chamber than did Senator John E. Sinclair; but while all here mourn the loss of an esteemed colleague, I personally have lost a true and loyal friend.

I extend my sincere sympathy to the bereaved wife and family in their loss of a beloved husband and father and a loyal servant of the people of Canada.

Hon. W. M. Aseltine: Honourable senators, I wish to pay a brief tribute of respect to my dear friend Senator John Sinclair, who passed away since we last met.

Senator Sinclair was one of the first senators I met when I came to Ottawa some sixteen years ago. He was keenly interested in agriculture, and so was I. We became close friends, and I thought a great deal of his sound judgment and good common sense. Later we sat together on the Divorce Committee. Senator Sinclair sat to my right, and I always considered him my right-hand man. I always found his judgment to be of the very best. I was particularly pleased with him because he never voted against the Chairman.

Though I knew Senator Sinclair was not feeling well, his passing, following so closely the death of his room-mate the late Senator Copp, shocked me very much.

I extend to the wife, the family and the relatives of our late colleague my deepest and most sincere sympathy in their bereavement.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate proceeded to the consideration of His Excellency the Governor General's Speech at the opening of the Second Session of the Twenty-First Parliament of Canada.

Hon. William Henry Golding moved:

That the following Address be presented to His Excellency the Governor General of Canada:—

To His Excellency Field Marshal The Right Honourable Viscount Alexander of Tunis, Knight of the

Most Noble Order of the Garter, Knight Grand Cross of the Most Honourable Order of the Bath, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Most Exalted Order of the Star of India, Companion of the Distinguished Service Order, upon whom has been conferred the Decoration of the Military Cross, one of His Majesty's Aides-de-Camp General, Governor General and Commander-in-Chief in and over Canada.

May it Please Your Excellency:

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

He said:

Honourable senators, in proposing this resolution I should like at the outset to express my thanks to the leader of the government for the honour which I feel has been conferred upon me in being asked to perform this historic function. Down through the years, in both houses of parliament, it has always been considered an honour and a privilege to be chosen to discharge this very pleasant duty. But one cannot undertake a task like this without some apprehension, and some feeling of inferiority, perhaps, when one thinks of the many able and competent parliamentarians who, during the past eighty years and more, have performed a similar function. One can only try to follow their example and endeavour to discharge one's duties and responsibilities to the best of one's ability.

I feel also, in having been chosen to perform this duty, that an honour has been conferred upon my section of Western Ontario, particularly the counties of Huron and Perth, parts of which I had the honour to represent for many years in another place. Having been born in Perth county, where I spent many years on a farm, and later having settled in the town of Seaforth, Huron county, I am by birth a native of Perth county and by adoption a resident of Huron county, and I know them very well indeed.

They are both exceptionally fine counties. The people there are frugal and industrious, and have always made a real contribution to the welfare of their community and of the nation. As honourable senators probably know, these counties are largely agricultural, containing choice, fertile land and, therefore, exceptionally fine farms which produce splendid crops and are stocked with the choicest breeds of animals produced on our Canadian farms. Over the years, and particularly during the war periods, this area has produced tremendous quantities of high quality food-stuffs. It also contains many fine industries which are making a worthwhile contribution to the Canadian economy. Speaking generally, our people are good citizens in every

respect. They are kind and generous; and they are good Christian folk who will give little consideration to any of the "isms" by means of which it is sought to supplant Christianity with materialism. I am sure that any visitors to our district will invariably receive a kindly welcome; and naturally it is my personal feeling that those who have not had the privilege of visiting it have missed a good deal. I could say much more in praise of our section of the province, which extends as far as Lake Huron, but I do not wish to use an occasion of this kind to do any boasting of our particular district. I may be allowed however, to add that I regard it as a privilege and an honour to have had the opportunity of representing such a splendid district, and such admirable people.

It seems to me that at the opening of this session it is right and proper that we should pause to pay our tribute of loyalty and affection to His Majesty the King, and to his gracious consort Queen Elizabeth. We have always appreciated and admired the sincerity which has characterized Their Majesties in the discharge of the duties of their high office. This quality, and their kindness to their people, have touched our hearts in a very definite way. I am sure that every Canadian citizen is most happy to know that His Majesty is gradually recovering from the serious physical disorder from which he was suffering. We shall never forget Their Majesties' visit to this country in 1939, and we look forward hopefully to their return. On that occasion they established, I believe, a record, in that never before had a reigning monarch paid a visit to one of the nations of the British Empire.

I think that we as Canadians, are also interested in Prince Charles, born to Her Royal Highness Princess Elizabeth and the Duke of Edinburgh on November 14, 1948, and that we shall all look forward with interest to the growth and development of this young prince.

Having expressed our thanks to His Excellency the Governor General for his gracious speech delivered to both Houses of Parliament, I should like to take the opportunity of tendering to the Right Honourable Viscount Alexander of Tunis, our Governor General, and to Lady Alexander our sincere appreciation of the very kind and most efficient manner in which they are carrying out the duties and the responsibilities of their high office. They have, indeed, won our hearts by their kindness and their helpfulness. They have travelled across this country and mingled with our people to such an extent that they are favourably known and spoken of from coast to coast. We would assure

them that we appreciate more than words can express the excellent service which they are rendering.

When the Allies finally won the terrible conflict which is now known as World War No. 2, all of us, I think, had high hopes that the nations would settle down and together endeavour to build a world of peace and good will. But evidently that is not to be. Some of the nations which were Allies in that grim struggle are now divided against each other, and this situation is forcing the western nations to spend millions upon millions of dollars on measures of security. Had peace in our time really been an accomplished fact, this money could have been spent as it should have been, on the welfare of our people. But in fact, as indicated in His Excellency's Address, as a matter of self-preservation, our defence estimates loom large. As peace-loving Canadians we regret the necessity of spending these huge amounts for purposes of this kind, but we must try to co-operate fully with those who are united in the North Atlantic pact, and stand firm to protect our own freedom and our own way of life. For why should any nation or any group, through doctrines of materialism or their own ideologies, try to drive out of our life or out of our nation the things which are spiritual? If we permit this to be done we shall start on a downward course from which we may never recover. I believe that any nation which starts on such a course—though it may take a little time—ends in disaster. Therefore, I say, no matter how much we love peace, we must never lower ourselves individually or as a nation by failing to stand firm for what we believe to be right.

Honourable senators, when we review the leadership given to some of the other countries and realize the plight in which their people now find themselves, it seems to me that we should be extremely grateful for the leadership we have enjoyed in Canada. Our leaders in both houses of parliament have not been content to devote their time and energy to planning our material welfare alone; in addition, they have had a high sense of duty and responsibility in spiritual matters. Time will not permit me to make a general review of all who have served us as leaders; but I think it is right and proper to say that they have all been good men. There have been differences of opinion regarding matters which have affected our internal economy, but fundamentally our leaders have been sound and have always had their feet on the ground.

I should like to say a few words about our most recent leaders. Under the leadership of the Right Honourable Mr. King, the Liberal

party in Canada accomplished many fine things. Mr. King himself established a unique record by occupying the position of Prime Minister of his country longer than any other Prime Minister in the British Empire. Mr. King was a good man in every way; he was a man of peace; he possessed exceptionally high ideals, and devoted his life to trying to promote the best interests of Canada. Not long ago he found it necessary to retire from active participation in the struggle to maintain the freedom, liberty and welfare of Canadian citizens. We all owe him a debt of gratitude, and in his retirement we can certainly assure him that the job which he undertook to do so many years ago was done exceptionally well.

Honourable senators will recall that when Mr. King announced his intention of retiring there was for some time great speculation as to who would take his place. Then that fine, cultured, Christian gentleman, the Right Honourable Louis St. Laurent offered his services to his country. I am sure that every one of us who has any knowledge of these matters realizes that this step meant a tremendous personal sacrifice to Mr. St. Laurent. He was received with confidence by our people and took his place as the first citizen of Canada, ready to carry on where his predecessor had left off. And what a remarkably fine job he is doing as our Prime Minister! He is demonstrating that he is an excellent administrator; and our people can rest assured that under his leadership the government will do its utmost to give sound, sensible business administration.

This chamber for many years enjoyed the leadership of the late Right Honourable Senator Dandurand, a gentleman who was always honest and conscientious in the discharge of his duties. But time marches on, and he was suddenly called to his reward.

His place was taken by our good friend and colleague, the honourable senator from Shelburne (Hon. Mr. Robertson), another thorough gentleman and one who has devoted much of his life to the service of his country, both in public affairs and in the armed forces. His ability, kindness and courtesy have won for him the confidence and respect of honourable senators as well as that of the Prime Minister and his cabinet, and of Canadians generally.

In the leader of the opposition in this chamber (Hon. Mr. Haig), we have another kind, friendly and honest gentleman, one who has devoted many years of his life to the service of his country, and is still making a worthwhile contribution in his present position.

What I have said about the leader of the opposition in this chamber may be said about the leaders of the opposition in another place. So, I repeat, that as Canadians we should be more than grateful for the leadership we have been given. Our leaders have set an example for those in other countries to follow, and I am quite sure that had this example been followed the sacrifices that have been made would not have been required, and today we would be living in a world of peace and good will.

Honourable senators, except for the odd black spot, of which I am sure honourable senators are aware, what I have said about our leaders may also be said about the membership in both houses of parliament. I particularly wish my words of commendation to apply to the lady members in this chamber.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Golding: Honourable senators, in trying to assist in the conduct of the business of this nation we can never hope to be entirely free from disturbing and perplexing problems, and we now find ourselves confronted with the serious problem of trying to establish suitable markets for the products of our basic industries. Owing to our exchange situation and the present disturbed conditions of world trade, we now find that the markets we tried so hard to cultivate are not as secure as we expected they would be. So we must be patient and endeavour to make contacts in other markets and find new outlets for our products. I am optimistic enough to believe that these outlets will be found. Scientists are repeatedly telling us that because the population of the world is increasing so rapidly and the productivity of the soil is deteriorating so much the people of the world may be facing a condition of starvation in the not too distant future. It is a fact that millions of people are already facing starvation; so I sincerely hope that some way or other will be found to get our splendid food products to these suffering people.

In any event, it is especially important that markets be found for our products, particularly our farm products. Our farmers today are equipped to produce tremendous quantities of fine quality foods, and as an indication of how they have been trying to put themselves in this position I need only point out that during the last three years they spent on machinery and equipment some \$504 million, whereas only about \$450 million was spent for the same purpose in the preceding nine years.

It is essential to our whole economy, I submit, that agricultural products be marketed

at a price that will give producers a reasonable profit. Personally I believe we should do everything possible always to keep agriculture, our basic industry, in a sound, healthy, prosperous condition. I am glad to note from His Excellency's address that some attempt is going to be made to stabilize prices. I believe that all our farmers expect prices to come down, but at the moment the farmers are being squeezed because, as always happens, the prices of their products are the first to fall.

I am glad also to note from His Excellency's address that attempts will be made to remove trade barriers, so that we may have a freer flow of trade. Such attempts are helpful. I believe that expenditures which help to keep agriculture prosperous are never wasted but, on the contrary, are a good investment, because agricultural prosperity is reflected in increased business in other industries, and this in turn means more employment and more prosperity for all. On the other hand, falling agricultural prices could easily start an undesirable recession, with all its far-flung ill effects.

I know, honourable senators, that during the past decade there has been a good deal of controversy about the prices at which our farm products have been sold and the methods adopted to sell them. I do not think we should complain against people for engaging in such controversy, if they believe some political advantage can be obtained by doing so, because, after all, constructive criticism is necessary and in the interest of our whole national life. But no useful purpose will be served by spending too much time on these arguments. We should remember that during the same decade much water has passed under our bridges, and to try to undo what has been done with regard to prices obtained for agricultural products or with regard to the methods of selling them would be just as futile as it would be to try to push back all that water. I personally believe that those who were charged with responsibility towards our agricultural industry did try to do what they believed to be in the best interest of all concerned. One thing is sure, they had the endorsement of parliament, and they have had the endorsement of the people themselves.

I feel that Britain would be glad to purchase our products, if she were in a financial position to do so. I therefore hope most sincerely that no unkind words will be spoken by Canadians against Britain or by British people against Canada. It should always be remembered, and especially by those of us who are trying to give public service, that unkind words once spoken can never be recalled, and usually they serve no useful purpose.

Honourable senators, I do not know just what the prevailing opinion across this country is, but it seems to me that those who in any way represent the public cannot but view with alarm the constant and ever-increasing demands for more and more government services and government assistance of all kinds.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Golding: This growing tendency of our people to expect the government to solve all their problems, individual and otherwise, is gradually developing into the most serious situation that our governments will have to face. I may be wrong, but it seems to me that in the younger days of most of us in this chamber that was not the attitude of the people. As a matter of fact, our forefathers, did not, in laying the foundation for the building of this nation, hope or expect that the government would meet all their requirements and solve all their difficulties. They believed that it was their duty and their responsibility to provide for themselves and their families, and they had faith and confidence in their ability to do that job better than anyone else could do it for them. That confidence in themselves gave them the courage, the initiative, the will and the vision to lay the sound foundation on which they expected our nation would continue to build. It seems to me that that spirit must be reborn in our people if we are to build the vigorous nation of independent people that our forefathers envisioned in their day and generation.

In these times the government has to meet many demands and many complaints. On the one hand, people are demanding more and more control and more and more government action on this, that and the other thing; while, on the other hand, people are complaining about government regulations, control, interference with business, and so forth. Some of our people seem to forget that the government has been trying to carry out a policy of orderly decontrol. As a matter of fact there is an almost continuous file of delegates and delegations appearing before our government or some of its members day after day. These delegations represent various groups, organizations and individuals, and in the main all are asking for government assistance, concessions or protection of some kind or another. Unfortunately for the government there is a great diversity of opinion between these different delegations. For instance, today representatives of the employees of our great railway systems may be asking for increased wages and additional concessions, with fewer hours of work, and tomorrow representatives of the patrons of the roads may protest vigorously against any increase in freight rates or

other charges. There is the same conflict of interest between labour organizations and employers, and between civil service organizations and taxpayers. One day representatives of civil servants may demand increased wages and changed working conditions, and perhaps the next day organized groups of taxpayers will protest against our high rate of taxes and insist that the government reduce expenditures in every way.

These conflicting problems are continuously being placed before the government, and my feeling is that even more than the patience of Job will be required if these problems are to be untangled and solved to the satisfaction of all. As a matter of fact, it cannot be done.

If we are to expect the government to shoulder the full responsibility of providing jobs, increased incomes and a high standard of living for all, then we must concede to it the power and authority to command and dictate, to implement and carry out with certainty and continuity all of the policies which it believes will help in the solution of the problem. I think it only reasonable that authority go with responsibility. It is my opinion, honourable Senators, that in these modern times no government will exist for long that does not provide some system of social services for its people. The socialists and similar groups are not the only ones who believe in social welfare. On the contrary, free enterprise is just as anxious as any other group to improve the lot of the ordinary citizen. We are repeatedly told that the real test of any political, economic or social system is what that system does for the ordinary man and woman. I agree with those who contend that when that test is applied to Canada it will be found that our country stands high in the list of countries whose citizens have shared in the benefits of a highly developed civilization.

I believe that our government has gone all out in an effort to meet the needs and wishes of our people, but I often pause and wonder how far we should go in the interests of the people themselves, in encouraging them to lean on the state and expect it to solve all their problems, many of which they themselves could solve and be infinitely stronger men and women by so doing.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Golding: In a young, vigorous and undeveloped country like Canada we can never hope to reach our highest destiny if our people continually prefer to lean on a beneficent or paternalistic government, rather than exercise their own minds and muscles in an atmosphere and spirit of freedom. We are told that our country today

is just at the beginning of its greatness, and I think we will all agree with that. We therefore need men and women who are willing to work and exercise their skill and ability in doing things for themselves, with the expectation, of course, that they will receive some reward.

There are some people in this country—perhaps in other countries too—who denounce what is known as the profit system. They think the system is bad, and they never miss an opportunity to condemn it. They argue that production should be for use and not for profit. But one usually finds that these people wish to apply that principle to everyone else but themselves. I think it reasonable that our people should have some incentive to encourage them to exert themselves and induce them to put forth their best efforts, whether it be in business or some other occupation; and I know of no better incentive than our profit system has proven to be.

I believe that Canadian citizens should have confidence in themselves and in their ability to do things for themselves. It is my belief that they should have an ambition to own a home of their own, to own a farm or a business, to have an occupation or profession of some sort which will ensure sufficient income to provide for a family. Good Canadian citizens, who are willing to exert themselves consistently and qualify themselves for a position or some other means of earning a living are, I contend, entitled to some reward for their efforts. But if we take the advice of some of our people and deliberately destroy our profit system—a system which has helped to build this country—we will deprive all of an incentive which has produced excellent results.

I disagree with such advice. It is my belief that we should continue to build this country in an atmosphere of freedom, where every citizen has the right to select his own legal method of earning his living. We must always remember, however, that freedom should never be used as a cloak for personal greed or selfishness; nor should our profit system be allowed to develop into a means of exploitation. Freedom does not include the right to exploit labour or to waste our natural resources; neither does it include the right to a monopoly, whether it be on the part of the state, labour or free enterprise, for the purpose of restricting production and increasing prices. How many times have we heard the sound truth that a handful of men, or even one man, conducting a business or acting on behalf of labour, with no thought for the rights of others, can create more public resentment against our economic system and

our method of doing things than can be overcome by a hundred thousand men guided by humanitarian principles and sound business ethics?

I think that the social services which we have are good and helpful, but I believe the whole system should be based on the assumption that our nation is just one big family. In the old days a good Canadian family had a keen sense of family responsibility, and would do everything possible to try to take care of any member of that family who was not able to take care of himself; but such people would rebel at being expected to take care of someone who was able and competent to look after himself. So it should be with our nation: all able and competent citizens should feel it a privilege and a duty to do things for themselves and try to look after themselves. Further, they should feel it their duty to make some contribution to any system by which the state endeavours to look after those who through illness, blindness, or other physical or mental defects, are not able to look after themselves.

I believe that any permanent social security plan we attempt to set up in this country should be on a contributory basis; and I hope that some scheme of this kind will be the outcome of the conferences which are being held between the provincial and federal governments. The constant demands upon the government to extend and increase services of all kinds involve, of course, tremendous additional expenditure, with resulting increases in taxes. Careful consideration is desirable lest the government undertake expenditures that involve such an increase in taxation as will impose upon businessmen and farmers, wage earners and salaried people, such deductions from income as will make it impossible for them even to purchase homes, whereupon, finding that they cannot make any progress, they will become thoroughly frustrated and discouraged. I think we all appreciate the position in which the government finds itself. Our war debts must be met; the administrative costs of this country must be paid. We have pension plans, social service schemes, and a multitude of other projects, too numerous to mention, that must be provided for. Yet, as I have remarked, demands for more and more expenditures, with resulting higher taxes, are continually being made. I think the government should try to determine the extent of the tax burdens which our people are able to bear, and should hesitate long before going beyond that point.

What I should like to emphasize at this time, not with particular reference to honourable senators, but to all citizens of the country, is that if we are to have a healthy,

happy, prosperous nation, we must make up our minds to do our bit to bring about that result. These things have to be worked for; they do not just happen. We talk about the wealth of the country. Let us remember the simple truth that though there is wealth in our hills, in our rich and fertile soil, in our forests and rocks, in our mineral and oil deposits, and in many other resources, it can be extracted only by the labour of our people. Governments have no magic pot of gold from which to draw. The revenues with which a government does things for people come from those who work and toil to provide for our basic needs; from those who, by ingenuity and skill, manufacture what we require; from business people; from professional people; and much of the revenue comes from the ordinary individual, the average citizen.

We are told that at the present time developments are taking place which will make Canada one of the world's outstanding nations. I doubt whether any country offers more freedom or more opportunity than this country of ours. So that we, as Canadian citizens, can go forward with hope and optimism, we should endeavour to cultivate the closest unity and good will between all races and creeds, and in particular, the two great races of our country. I consider that my parliamentary experience has been most valuable in having brought me into close relationship with fellow Canadians from our neighbouring province of Quebec. I have great admiration for these honourable colleagues in both houses of parliament. I have always found them kind, courteous, honest and sincere in their views, and determined, by unity and good will, to make this Canada of ours a country of which we can all be proud.

I deeply appreciate this opportunity of speaking from my place in this chamber. Once again I would compliment honourable members of the Senate for the very efficient manner in which they conduct their business, and upon the thorough study which is given to bills sent to the various committees. As members of the Senate we should endeavour to co-operate in every way we can with the other branch of parliament to give this country the best possible legislation and leadership. Personally, may I say, I have found that the Senate is doing a much better job and making a far greater contribution to the business and the welfare of this country than it is usually given credit for. I hope we shall continue that good work.

Before I take my seat I should also like to pay my tribute of respect to our departed colleagues, the late Senators Sinclair and St. Père. I always had a very high regard

for Senator Sinclair's ability and good sound common sense. As to the late Senator St. Père, for many years he and I were members together in another place. At that time he was very active in discharging his duties and responsibilities as whip for the province of Quebec. During all the years we were in that place, and since, he was a frequent visitor to my room, and I found in him an excellent friend.

I should also take this opportunity of joining with other honourable senators in extending a welcome to our new colleague from St. John's, Newfoundland (Hon. Mr. Burke). We are very happy that his province has linked itself with this dominion; and we wish for him every success in his new field of service.

(Translation):

Hon. C. J. Veniot: Honourable senators, I have the pleasure and great honour of seconding the motion of the honourable senator from Huron-Perth (Hon. Mr. Golding) for the adoption of the Address to His Excellency, the Governor General, in reply to the speech from the throne. My first thought in addressing you is to congratulate most warmly my honourable colleague for the skilful manner in which he performed his task. You all know that the honourable senator is not a newcomer in the Canadian parliament, and I cannot help but envy the ease with which he takes part in the discussion of the most important topics of the day.

I also wish to offer my most sincere thanks to the right honourable the Prime Minister, as well as to the leader of the government in this house for the honour they have bestowed on the population of my constituency in linking my name with that of the mover of the address.

No doubt they also wanted to honour the memory of two men who, for more than half a century, played an important part in the political affairs of Gloucester and New Brunswick and left their mark in those districts—I mean first the one whose name I bear, whose place I took in the House of Commons and to whom was given the name of "Father of the bilingual postage stamp"—and also the late Senator Onésiphore Turgeon, my immediate predecessor in this house and distinguished father of two sons who also were outstanding in the political affairs of Western Canada—my friend the honourable senator from Cariboo—and his honour Justice Alphonse Turgeon, Canadian ambassador to Ireland, and now chairman of the Royal Commission on Transportation.

It is the second time in less than a year that the Prime Minister has cast his eyes towards Gloucester county. You know of

course that last July, after an electoral campaign of unusual intensity followed by a victory unprecedented in the annals of Canada, the Prime Minister travelled with his family to the fine and pleasant beaches on the south shore of the Baie des Chaleurs a few miles from my home town of Bathurst, to spend there three weeks of well-deserved vacation. He found there all that a man may wish for his entertainment and rest: salt-water swimming on fine gray sand and velvety beaches; cod and mackerel fishing in the open sea; salmon and trout fishing in our rivers and lakes; and, incidentally, I may say that the catches were good and that the Prime Minister showed himself as skilful in fishing as in electioneering. Finally, he found in our district a splendid golf course, pleasant walks through enchanting scenery, first-class weather without extreme heat in the day-time and with cool and restful nights.

Hundreds of people crowded at the station to greet him on his arrival, but after this first public demonstration, they carefully and scrupulously respected his hours of rest and completely refrained from visits, interviews and receptions. He spent three Sundays in our midst and it was after the parish mass at the University of the Sacred Heart, the church of Sainte-Famille de Bathurst-Ouest and the church of Saint-Polycarpe du Petit-Rocher that our people were able to enjoy his presence and show not only their admiration but also their affection for this man who succeeded in winning so many hearts in every part of Canada. It was in those moments of intimacy with the good people of our parishes that he revealed the greatness of his soul in the most outstanding way through his frankness, simple manners and kindness towards them.

We wholeheartedly thank our Prime Minister and repeat to him our sincere invitation to visit us often.

The county of Gloucester, apart from its charm for those who wish to spend a pleasant vacation, offers many other attractions. Its 50,000 population—nine tenths of which are of Acadian origin, forming thereby the largest group of Acadians in America—engage especially in deep sea fishing, agriculture, lumbering, and paper-making in all its branches including pulpwood.

For many years, our cod fishing schooners formed one of the strongest fleets of the Maritimes, fit to compete with the famous Lunenburg fleet in Nova Scotia. Our fishermen of Caraquet, Shippigan, Lamèque and Miscou always rank among the best on the Atlantic coast. Their cold storage plants and canneries place on the market some of the

most varied and most delicious seafoods. The Baie des Chaleurs salmon and lobster have won a place of honour on the Canadian and American markets. Each fall the markets of eastern and central Canada are filled with our Caraquet and Shippigan oysters and we have earned first place among the Maritime Provinces for the production of this delicious mollusc, for which there is such a great demand. In winter, our silver smelts are the delight of Canadian and American gourmets. Our various paper industries give work, in the woods or in the plants, to 2,000 people. The lumber industry is one of our greatest sources of revenue. Finally, since a few years, we have a brand new industry, the peat industry. The important peat-bogs of the large plains of Shippigan and Lamèque have brought to these parishes an industrial development of a high order which, in turn, has completely changed the economic outlook of this part of Gloucester.

The prosperity and happiness of a country usually go hand in hand with the intellectual development and educational standard of its citizens. In this connection our Canadian colleges and universities have played a most important part in the development of Canada and the establishment of the unparalleled prosperity which we now enjoy. The importance of our universities, from a national point of view, was clearly demonstrated by their representatives in each one of the provinces visited by the Massey Commission. The deans of these universities also underlined the growing financial difficulties with which they are faced. Since the end of the war and in all the provinces, the student body has been much greater than the universities were equipped or could afford to handle. I know, we all know of dozens of young men who are prevented from even starting their technical or professional training because of the overcrowding of our schools of higher learning.

With the ever-increasing cost of education, private donations, public subscriptions and provincial grants are no longer adequate to meet annual expenses.

In order to maintain the intellectual development of Canadian citizens at a high standard, it becomes increasingly evident that the federal government will eventually have to play its part and lend assistance to our universities, along the lines adopted to remedy the shortage of hospital beds as a means of ensuring national health. In the national economy, intellectual health is as necessary as physical health. If we want doctors, dentists, nurses, engineers and technicians, if we want to further scientific research, our universities will have to have more funds.

There is a way to provide for these needs without encroaching upon the sacred rights of provincial autonomy.

It is to be hoped that the Massey Commission will make recommendations which take the needs of our universities into account. We have mentioned intellectual health. As a doctor, I would be remiss in my professional duty if I failed to mention the government's plans for improving the physical health of the Canadian people.

For more than a third of a century, the different political parties have advocated national health programs or health insurance. But it took the last war and the appalling revelations of the defects and weaknesses uncovered by the medical examination of our recruits to show the urgent need of setting up immediately a far-reaching and national plan for the preservation and improvement of the health of our people.

During the war, all the living strength of the nation was bent upon the defeat of the enemy. Within the limits of their means and in their usual manner, the provinces continued to care for public health which for that matter was their sole responsibility. But it became more and more apparent that it would be necessary, and without further delay, to set in motion a wider plan, providing better co-operation and financial resources of a national order to meet the health deficiencies which had astonished us at the beginning of the war.

That is why, as early as 1943, the speech from the throne indicated the government's intention to launch a far-reaching health insurance program meant to co-ordinate federal and provincial services and to include the establishment of a health insurance plan. Unfortunately, it was impossible to obtain the federal-provincial co-ordination upon which the success of a national plan depended because, at the federal-provincial conference of 1945, it was not possible to reach an agreement with certain provinces, so that the plans set forth in 1943 were left in abeyance.

Finally, in 1948, the Dominion Government, conscious of the ever-growing need for implementing certain health measures with more vigour and energy amended the original proposals placed before the provinces in 1945 and voted the necessary appropriations in order to carry out the new health programme outlined by the Prime Minister on May 14, 1948.

The grants voted on that occasion were to be made available for the following purposes:

1. General public health services.
2. Tuberculosis control.
3. Mental health care.
4. Venereal disease control.
5. Grants to crippled children.
6. Professional training in public health matters.
7. Public health research.
8. Cancer control.
9. Grants for the construction of hospitals.

You are all aware of the public health programme which has been launched in this country; however, the public at large so frequently enquires what the Government is doing in order to improve the health of the Canadian people that I seize this opportunity to remind them of the benefits which they enjoy without realizing it.

Grants to provinces for health purposes exceed 31 million dollars per year. Already, although two years have not yet elapsed since the programme has been put into practice, progress is apparent. The fight against tuberculosis and venereal diseases, in particular, show gratifying results.

In 1948, there was a shortage of 60,000 hospital beds. By the end of 1949 the accommodation had been increased by 20,000 additional beds and it is hoped that the shortage will have been remedied by the end of 1951.

Canada spends per capita at present much more than the United States for practically all our health services. For instance, our grants for the construction of hospitals are twice as large; for tuberculosis control, five times as large, for the control of cancer, fourteen times as large and for the care of mental diseases, sixteen times as large.

All the nations of the world have acclaimed our comprehensive health programme. The entry of the federal government in the field of public health, so soon after the adoption of its various social legislations such as family allowances, pensions for the aged and the blind, unemployment insurance, and allowances for veterans' rehabilitation, is the latest step taken by our government in order to ensure to each citizen the best opportunities for developing his personal skills and enjoy social security. The Minister of Health and Welfare, Honourable Paul Martin, was quite

justified when he said: "Owing to this close co-operation between the Dominion and the provincial authorities in all matters of public health and thanks also to these additional financial means which will enable us to control diseases on a united front, we may, in all confidence, expect to accomplish continued progress in all our health services. The primitive health methods followed by Canada in the past will now be replaced by an enlightened public health programme in order that we may reach our ultimate goal: radiant health for all our Canadian citizens."

(Text):

Honourable senators, it is not my intention to repeat in English the remarks which I have made in the language of my Acadian ancestors. I do, however, wish to extend to the mover of the address (Hon. Mr. Golding) my sincere congratulations on the excellent way in which he acquitted himself of his task.

Some Hon. Senators: Hear, hear.

Hon. Mr. Veniot: I admire the ease and grace with which the honourable senator, who is no newcomer to parliamentary circles, discusses questions of state of such great importance as those which he covered today.

I should like now to devote some remarks to a question which is of great importance to all Canadian citizens who dwell along the Atlantic coast, namely, the fishing industry.

During the present session amendments will be proposed to the Fisheries Prices Support Act to provide continuing support to the primary industry of the fisheries. There will also be an increase in the estimates of the Department of Fisheries, to take care of the proposed expansion of the department's activities. When the estimates for the Department of Fisheries were up before the other house in December last, the Honourable Mr. Mayhew, the Minister, made a statement concerning future developments of his department which elicited congratulations and praise from members of all parties in that house. In my estimation it was the most comprehensive, the most far-reaching and the most encouraging pronouncement ever made by a Minister of Fisheries. I wish to associate myself with the many thousands of Canadians who rejoice at the news that such important forward steps are to be taken by the department to expand its activities, and I extend to the minister my heartiest congratulations.

Several parts of the minister's statement seem to dovetail perfectly with thoughts

which I expressed in 1937, when I was a member of the other house. At that time I pointed out several major factors which were responsible for the depression of the fishing industry in many sections of the Maritimes. Chief among these factors were the antiquated methods of catching and processing fish and the lack of proper and adequate equipment. I established a comparison between the constant progress of agriculture in its several branches and the stagnation of the fisheries, and pointed out the difference between the assistance and leadership given to the farmer by government bodies and the utter neglect and misery in which fishermen were allowed to wallow. While millions were spent each year by governments for the advancement, development, and rehabilitation of agriculture, and for the education and the protection of farmers and farmers' sons, fishermen continued to be the outcasts, the "poor geezers" who risked their lives on the high seas, at the mercy of winds, storms and wrecks.

Fishermen of the Maritimes justly claimed that something more radical than the mere making of regulations with regard to fishing seasons should be done for the restoration and rehabilitation of the fisheries. As primary food producers, they considered themselves entitled to the same kind of assistance and guidance, educationally and otherwise, as was provided for the farmer. Their contention was that the 1937 set-up of the Department of Fisheries was not in tune with the trend of the times; that the department was not abreast of the changes which the fishing industry in other countries had undergone.

Martime members of the day called for a complete revamping of the Department of Fisheries, so as to give it a set-up comparable to that of agriculture. From a "stand-pat" department of regulation, patrol and conservation, which it had been since confederation, there was urgent need for its transformation into an active, wide-awake department of leadership and education, of initiative, expansion and development in its relation to the several fields of the industry, namely:

1. Production and catch of fish.
2. Collection and storage.
3. Preparing and processing.
4. Distribution and marketing.

These four points were considered in detail, emphasis being laid upon the need for the more modern methods employed all along the line in other countries. I pointed out the urgency—if we were to win the American and the home markets—of breaking away from the traditional products of dry salted fish and pickled cod.

This appeal for leadership, for constructive action and development of the industry, was made in the interest of 20,000 Canadians from the Maritimes—fishermen and their families—and as many more from other sections of Canada, whose bread and butter and very existence depended entirely on such leadership as they themselves could not develop because of their lack of training and abject poverty. They did not want charity; they only asked for light and guidance in their own field of endeavour, such as other countries gave to their fishermen to help them develop their natural talents and their inherited tendencies to live off the sea.

Those of us who lived in the lean years when the Department of Fisheries was influenced by but one man, and when successive ministers could not make a single move without the o.k. of that official, will recall the insuperable objections raised against the slightest suggestion of change in the operation of the department or in the general picture of the fisheries industry. Year after year members from the Maritimes continued to press the claims of the fishermen, but it was not until changes were brought about in the personnel of the department that the government was able to initiate some measure of progress in the department and in the industry. This had to be done piecemeal, a slice at a time, following more or less the method of trial and error, until new personnel could be developed and trained to take care of the innovations.

Beginning in 1938, subsidies were granted for the construction of cold storage plants and frozen bait plants and depots; for several years free bait was distributed in the more distressed areas; with the assistance of federal and provincial grants, a large freezing and processing plant of 150,000 pounds daily capacity was established at Caraquet, in Gloucester county. Each year substantial sums have been voted for co-operative education among the fishermen. Instructors were sent out now and then to show fishermen the latest methods of curing and processing fish, and the preparation of boneless cod, and during winter months short courses were occasionally given in fish processing and canning; immediately after the war the Fisheries Prices Support Act was passed; federal-provincial fisheries conferences have been held at regular intervals to study the problems of the industry, and substantial sums have been set aside by provincial and federal departments to establish a loan fund for the

construction of boats of the dragger type. Twenty-two such vessels now operate from Gloucester county with marked success. The Fishery Research Board has been enlarged. In each of the Maritime Provinces a department or section of a department of fisheries has been set up to co-operate with the federal department in assisting the fishermen.

Now this is, perhaps, an incomplete list of the steps taken in recent years for the betterment of the fishery. I think it has been very fortunate for the industry that the same political party continued in office over a goodly period of years, thus giving officials in charge an opportunity to gradually develop and maintain a continuity of policy and action which could not have obtained if governments of different political colour had followed each other in office, with varying policies concerning the fisheries, and with, perhaps, entirely different views concerning the importance of this primary food-producing industry.

As a consequence of what has taken place, the picture of the fishery today has substantially improved over what it was thirteen years ago. However, much yet remains to be done to bring it to the level which exists in other fish-producing countries; and it is the filling in of this gap and the co-ordination of all the department's activities which, no doubt the minister had in mind when he outlined the recently-developed policy of his department.

In bringing my remarks to a close, I should like to give honourable senators a summary of the minister's statement. As a preface to it he appropriately announced that during the eighteen months he had been in office he, accompanied by some of his departmental staff, had visited every province in Canada to discuss fisheries, prospects, and betterment, with provincial government officials, with fishermen themselves, with processors, wholesalers, cold storage and warehouse interests. These visits were for the definite purpose of gathering first-hand information for a composite picture of the whole industry to be presented to the government and to parliament. In his statement he reviewed the situation thoroughly, put his finger on all the weak points, and outlined what he termed "the framework for fishery development", which is aimed at removing all hindrances to expansion.

Briefly, his program is divided into two parts: phase one, expansion of North American and overseas markets; phase two, development of backward areas of the industry.

The first part of the program aims at producing quality as the essential factor in expansion of markets. To that end there

will be three services, as follows: First, the fish inspection service will be enlarged; it will extend from sea to table—in boats, in plants, in freezers, in the selling trade, in kitchens of hotels, restaurants and homes; second, technical services will provide fishermen, small plants, and the wholesale and retail distributors of fish with technical help for the improvement of their individual operations; third, a consumer service branch will supply education to the consumer by giving demonstrations and lectures on fish cooking to women's groups and schools, thus encouraging more Canadians to eat more fish. The consumer will be shown how to buy fish, what to buy, how to cook, and how to serve fish.

Phase 2 announces steps to help the east coast fishing industry to modernize catching operations at lower costs by issuing trawler licences more frequently and increasing the number of dragger boats, so as to multiply the catch and help fishermen meet the growing market demands for fresh and frozen fish.

The Minister gave new hope to the fishermen in the following words:

In the backward areas, there is special need for the establishment of technical and demonstration services to fishermen and small plants, particularly in Newfoundland and the Maritimes. These services are as necessary to the fisheries as experimental farms and demonstration stations are to agriculture. We plan accordingly to use the new technical services division to demonstrate to each of the main fishing areas the best that is known on fishing and fish-handling methods. We propose also to develop an intelligence service to fishermen, one of the most important functions of which will be to advise on the whereabouts of fish schools during various seasons.

This is the first time in the history of fisheries in Canada that a minister of this department has stood up in his place in parliament and made a definite, all-embracing statement on policy concerning the much needed development of fisheries through the department. I consider it a red-letter day in the history of Canadian fisheries.

Those of us who come from Newfoundland and the Maritimes, where most of the undeveloped areas exist, will realize what such a program means to the fishery. I feel confident that the leadership given by the minister will go far towards assuring to his department and to the fishing industry the position of importance which belongs to them in the economy of Canada.

On motion of Hon. Mr. Haig the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, February 22, 1950

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

Prayers and routine proceedings.

PUBLIC LANDS GRANTS BILL

FIRST READING

Hon. Mr. Robertson presented Bill B, an Act respecting Grants of Public Lands.

The bill was read the first time.

TERRITORIAL LANDS BILL

FIRST READING

Hon. Mr. Robertson presented Bill C, an Act respecting Crown Lands in the Yukon Territory and the Northwest Territories.

The bill was read the first time.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. John T. Haig: In rising to take part in the debate on the Speech from the Throne, I first want to pay my respects to the mover of the motion (Hon. Mr. Golding). I was delighted to hear his excellent speech yesterday afternoon. It sounded so pleasant to me that I looked around two or three times to see whether it was one of my own friends talking. I kept wondering about this, and finally I got our Whip to count our members, and I learned from him that the gentleman speaking did not belong to our group. He is a government supporter, but I want to congratulate him on his excellent address. I regret that I could not understand the first part of the speech of the seconder of the motion (Hon. Mr. Veniot), but I gathered that there is a fishing problem in the Maritime Provinces. If my honourable friend wishes any assistance with respect to that problem, he is certainly free to call upon the members from Manitoba, Saskatchewan and Alberta, who will tell him all about the technique of growing and marketing wheat.

I should like at this time to say a word of welcome to the new member from Newfoundland (Hon. Mr. Burke). Within the last month a very distinguished member of the government, the Secretary of State (Hon.

Mr. Bradley), who comes from Newfoundland, visited my city. Both he and his wife had a pleasant time, and I know that the citizens of Winnipeg enjoyed their visit very much. Later a certain gentleman said to me, "Do you know, Senator Haig, these people from Newfoundland are very nearly civilized". I said, "Well, the ones I have met are civilized, but I do not know about the rest of them. There is a new man from there in the Senate this year; I have not met him yet; he may be civilized, but I am not sure". Seriously, I do want to say to honourable senators from Newfoundland that the Secretary of State made a fine impression on the people of the city of Winnipeg, and in that respect his good wife was not second best.

Now, coming to the Speech from the Throne, I honestly think it can be described in three words, "bits and pieces". After a careful reading of the Speech I was unable to find in it any new program to meet the pressing problems of the day. Such matters as amendment of the constitution, the United Nations, the conference in Ceylon, the cold war and such kindred subjects are discussed, and no doubt these are important in themselves, but there is no suggestion as to any cure for the difficulties arising therefrom.

I will not go into a discussion of the constitution. There was a conference between the federal government and the provinces, and so far as it went I am glad of the progress that was made. But I am not one of those who becomes extremely optimistic all at once. That conference was only a sort of cocktail party preceding the real discussion of the constitution. Cocktail parties are, for some of us, very pleasant affairs, as this conference was, but the real problems will arise at the subsequent conference when the categories are dealt with. I will only say at this time that as a Canadian I hope that conference will reach a conclusion satisfactory to all the provinces. I say "all the provinces" advisedly, because the united Canada which we all desire can be achieved only if every part of the country feels that it has got a fair deal from all other parts.

I hope that the premiers and their colleagues and assistants from the various provinces will come to that meeting with the idea that they are going to get a fair deal; and that they will get one. We do not want any constitutional arrangement that will breed trouble in the years to come. I do not believe the public men of this generation are so much abler than the men who drafted the British North America Act of 1867 that members of this house will not rise in their places fifty or eighty years from now—for I think the Senate will still be in existence then—and

complain that constitutional changes made in 1950 did not work out as they were expected to do. But I am sure that if the delegates to the conference enter upon its work with the same spirit of good will and co-operation as prevailed among the Fathers of Confederation, the work done now will be as good as what was done then. That is all I can hope for.

The problems facing Canada today have to do with trade, unemployment, communistic influence and increasing expenditures with decreasing income. I will deal first with communism and the cold war.

I live in a city that has a very large communistic vote. Indeed, I doubt if in any other city in Canada a larger proportion of the population votes continuously for communistic candidates in municipal, provincial and dominion elections. On the Winnipeg school board we have one communist out of fifteen members; in the city council we have two out of eighteen; in the legislature we have one out of twelve. In each case the proportion is quite large. And what is the motive of these communistic representatives? Well, take the school board for instance. The communist member on the school board constantly advocates maximum expenditures. Possibly he believes in the soundness of what he advocates, but I really doubt that he does. I think he hopes that extravagant expenditure will break down the educational set-up in our city. The same is true of the communists in the city council. The constant agitation for increased civic expenditures is an attempt to break down the municipal government. There is similar agitation in the legislature of the province of Manitoba, but to a lesser extent, because the population of the city of Winnipeg is only about one-quarter of the population of the province. Our people must understand that the purpose of spreading the doctrines of communism in our country is to wreck our economic system. If we examine the propaganda technique employed in all the European countries which have fallen under communistic influence, we will see that its purpose was to break down the municipal, provincial and state governments, and then to overthrow them.

I was delighted to hear the honourable senator from Huron-Perth (Hon. Mr. Golding) say that we who do not believe in communism fail to preach enough against the present tendency of many people, when they are in trouble, to go to the government. We have failed to tell the people of this country that money does not grow on berry bushes, and that the money expended by the government—and I am not criticizing the present government particularly—is money taken from you and me, and everyone in Canada,

by way of taxation. I think the honourable mover of the Address took the proper stand when he said that we have to recognize that many of our people take this attitude, and find some way of remedying the situation.

If we in our calm judgment decide that such social services as old age pensions, unemployment insurance and war veterans' pensions should be continued, I have no objection. I do, however, object to the propaganda that is being spread across this country, by many people, that all deficiencies should be made up by the government. I may be treading on dangerous ground, but I say that by means of this kind of propaganda the communists are trying to break down our system of government.

We in this country believe—some more than others, perhaps—in the Christian religion. The communists are atheists. What makes their propaganda powerful is the fact that in our country certain people who do not deserve it get something for nothing; and we are going to have trouble with that element as long as this propaganda goes unchallenged. I do not think that we will see a war within a year or two, but unless we stop the spread of the communistic doctrine in our country war is inevitable.

It is shocking to note that at the last municipal election in the city of Toronto—I am not familiar with Montreal—30,000 votes were recorded for the communist party. I know that in my home city of Winnipeg there were nearly 8,000 communist votes cast. As I say, it is shocking to think that in this country, with its acme of freedom through the democratic system, so many people should vote in sympathy with a country which does not understand or practise democracy. When a communist is cornered on the subject, he will admit, if he is honest, that Russia has the worst form of dictatorship, because it has a system that is democratic in appearance. At election time one name appears on the ballot and a citizen may either vote for the candidate or put in a blank ballot, which is the same as voting for the candidate. That, to me, is not democracy at all.

I am perturbed about the spread of communism in Canada and in the United States, not because it can make real progress and upset and overthrow the governments, but because in our attack against it something is lacking, and we fail to meet the propaganda that is circulated. Some may tell you that communism will be overcome if people are given lots to eat and plenty to wear. But that will not meet the Communist tactics. Fundamentally, they preach that there is nothing that a government cannot do if it wants to do it, and that they will do what is wanted if they get the power.

Our people spent last year on military preparations \$384 million, and probably \$400 million will be voted this year. Within ten years a great part of the equipment purchased will be obsolete, and much of our present-day training will be valueless. I am not without knowledge of this matter. Take a young man of twenty and train him two years for air service: when his course is over, and he is twenty-two years old, his further term of usefulness will not be more than four or five years. A young man I know had a brother, a very distinguished airman, twelve years younger than himself. When the war outlook seemed desperate, in 1943, he wrote to his brother and told him he thought he would join the Air Force. The airman wrote back: "Dear brother, don't do it; you would just be another arm-chair soldier, and no good at all to anybody; in fact you would be dangerous to everybody with whom you came in contact;"—and this, for reasons which are clear enough to those who understand what air training involves. If a plane engine is hit by an anti-aircraft gun and set on fire, the pilot has one minute to put the fire out, or the engine will explode, and "good-night", the crew are in ternity. So it can easily be understood that in ten years, or even less, an enormous part of our current military expenditures will be useless. I do not object to this money being spent, because, like almost everybody else, I realize that under present conditions we must be ready, if war breaks out, to take our place at a moment's notice in the struggle against aggressive nations. So much for communism.

The next question with which I want to deal is unemployment and what it involves. The generation represented by those sitting in this chamber has a much better understanding of this problem than any which preceded it. Until 1930 we in Canada did not know what unemployment meant. True, a certain amount occurred in the winter, and sometimes there was suffering in the summer, but mass unemployment, here and elsewhere, was unknown. Now we have resolved—and I do not think this resolution is confined to any one party—that never again shall men and women suffer as they did in the thirties for lack of food, clothing and shelter. I do not know how serious our unemployment situation is. The government have indicated, I believe, that it is now mainly seasonal. I doubt this. While some part of it is due to seasonal fluctuations, there is a slow decline in sales of goods of every kind, both primary products and manufactured articles. To meet this trend, employers are letting out this man and that man, and the numbers of unemployed constantly increase.

I know that the subject presents many difficulties, but it is my hope that whatever the government undertake in this regard will be done in pursuance of a long-term policy. One factor in the problem is that in many industries wages have risen to very high levels. I am not discussing whether this state of things is justified; I am merely pointing to the fact. Although, for instance, the railway companies recently were granted a rate increase of 21 per cent, practically the entire revenue so obtained has been absorbed in increased wage rates; and a new application is now under consideration. I repeat, I am not arguing that the men are not entitled to what they get, although I have my own opinion about it; but if further wage increases are granted, the railways will be compelled to apply for another increase of rates; and so the cycle will be repeated. Now, when we run into a depression, it is the higher-paid and the senior men, for the most part, who stay with their jobs, while the lower-paid and part-time employees drop out. Taken as a whole, our economy is very difficult to keep in balance. I know that in discussing it I am on dangerous ground. But, to speak candidly, I believe we must realize that it cannot be carried on unless the primary producers get a reasonable return for their products, and I include those of the fisheries, the forest, the mines and the farms. To my mind this is fundamental so far as Canada is concerned; some other countries may be in a different position. Some of our friends may say that I have disregarded other important elements in our economy, but that is not so: I am trying to be realistic. Canada's prosperity at present, and probably for some years to come, depends very largely on the return we receive in the world's markets for our primary products. Even some manufactured goods brought here for the purpose of manufacture and sale in their finished form abroad may be regarded from the viewpoint of primary products. However I believe that the returns received by our fishermen, lumbermen, farmers and other primary producers have never been exorbitant in relation to a proper standard of living. It may be that in the past three or four years, owing to world conditions, our primary products have secured rather higher prices than usual in the markets of the world, with the result that the producers have been able to buy a little more and pay off some of their mortgages. But by and large they have never had too big an income; and they are now facing the possibility of a decline.

On this fundamental issue Canada must take a definite stand. I believe that we, as

men and women who have had some experience in the world, ought to lay down as a cardinal principle that the primary producer, who provides the basis of our prosperity, should have an adequate return for his labour. The situation is hardly the same in the United States and Great Britain, but as so large a part of our own requirements can be satisfied only by bringing in products from abroad and manufacturing them here, our bulk products such as wheat, timber, pulpwood, fish, minerals and so on, have to be sold on the world market, and the money received from their sale used to purchase the other goods we require to maintain our standard of living. I hope that when considering this question of unemployment we will see to it that our standard of living is based on the requirements of the primary producers, and not on the demands of some great union organization or group of lawyers, doctors or plumbers. It should be what we, as reasonable men and women, believe employees should receive in relation to what is received by primary producers for their products.

The next point with which I should like to deal is a little aside from the usual subjects.

Hon. Mr. Howard: Is it on housing?

Hon. Mr. Haig: No. I may say about housing, however, that rent control is being removed so fast that even I cannot keep up with it. In fact, the increase of 18 per cent for unheated property, and 22 per cent for heated property, caused rents to go so high that even I did not have the gall to take full advantage of the increases.

What I want to discuss now, honourable senators, is the serious problem of the cost of education in Canada today. For example, this year the estimate for education in the public schools and collegiates of Winnipeg is approximately \$6 million. Of this amount the province contributes only about \$330,000. Our property owners pay the rest, and they cannot carry this load any longer. I do not care where you come from, you will find the same problem all across Canada. For instance, a fifty-student classroom in Winnipeg costs on the average about \$10,000. I admit that because of our mild climate we do not have to build expensively.

Some Hon. Senators: Oh, oh.

Hon. Mr. Haig: The minimum or maximum salary, whichever way you wish to look at it, is about \$1,500 a year, and of this amount the provincial government pays only \$300 per year per teacher. When I was a teacher and earned only \$420 a year, the government paid \$200 of the salary, and up until a year or two ago they still paid only \$200. Now they are

contributing \$300 on a salary of \$1,500, which is only one-fifth. This situation has been discussed with the provincial authorities, and they say they cannot pay any more. I do not know where the money will come from; but education is more necessary in this country today than ever before.

A new department of Immigration and Citizenship has been formed, and if we are going to make our country greater by bringing people here, we will want them to understand our ways and become part of us. The best way of doing this is through a good system of education. I am sure the teachers of other provinces are just as competent as our teachers in Manitoba, so I can say without fear of contradiction that we have as fine a body of men and women in the teaching profession in our schools, colleges and universities, as are to be found anywhere in the world. They are loyal and energetic, and are anxious to give our children a fine education and make them good citizens. There can be no hope of any curtailment of their salaries; if anything, we shall have to increase them. Whether this is to be done out of federal funds or out of a special account, I do not say; but something has to be done. I have heard it said that the province of Quebec would object to the federal government having anything to do with education in that province. I simply do not believe it; and I do not believe that Manitoba or Ontario or any other province would object. I think my honourable friend from Provencher (Hon. Mr. Beaubien) will agree with me that for the past fifty years our province has enjoyed a reasonably economical administration; yet today we find ourselves faced with a cost of education that is staggering. Our property owners are the ones who have to pay, and they will not be able to carry the load much longer.

I come now to Canada's real problem, world trade. I could discuss the wheat agreement or the restrictions that have been imposed on the sale of cattle and goods to the United States during the past four or five years. I could discuss the devaluation of the Canadian currency—and I think I shall say a word or two about this. For many years in this house I have preached that it would be better for us to have a limited amount of devaluation. Then the honourable member from Toronto-Trinity (Hon. Mr. Roebuck)—to whom I never give much credit—

Some Hon. Senators: Oh, oh.

Hon. Mr. Haig: —convinced me that we should allow our currency to find its own level. I accepted his theory, and for the past two years I have been on his bandwagon. A year ago when Britain devalued

the pound sterling we were forced to devalue our dollar. We did so to the extent of 10 per cent, and since then our dollar situation has improved, just as my honourable friend and I predicted. Today people are asking why is world trade falling off and why our money is going up in value. World trade will never get on its feet until the nations of the world agree that currencies and valuations should find their own level.

What is the real problem underlying our trade with Western Europe? In Winnipeg the other day, Mr. Coldwell—I am not going to quote what he said in the other place—suggested that we should sell our goods to Great Britain and accept sterling in payment. That sounds pretty good, but that is what India, Pakistan, Ceylon, Egypt and the Middle East did. And what happened? Those countries now hold millions of pounds of sterling which will never be repaid by Britain. This is one of the problems facing Britain today. She sends her goods to India, where she can get two prices because India is paying her in dead money. Regardless of who is elected in Britain tomorrow—Davies or Churchill or Attlee—Britain can never come back until that terrific burden of debt is cancelled in some way or another. And if Britain paid us in sterling, what could we do with it? We would have here the same situation as has developed in India and the other countries I mentioned.

I read a speech made by the Minister of External Affairs after his return from the Ceylon conference, and he said that the sum invested in the Far East was too large—or words to that effect, for I am not pretending to quote him exactly—and that we had lent about all the money we could lend. Those of us who were members of this house or of the other house four or five years ago know that we lent China \$50 million, and a great many millions to European countries, including Britain herself. We shall never get any of it back. The government knows that very well, as it shows by some of its actions. It has been trying to negotiate some system whereby Canadian students who wish to attend universities in Britain may have their fees paid out of moneys owed by Britain to this country. So far as it goes, that is all right; but it is something like the kind of arrangement a man will make with someone who cannot pay back a debt, whereby the debtor will be credited with \$100 for doing a job that is worth about \$10. Sterling would be of no use to us. We cannot accept any currency which we are unable to exchange on world markets. The suggestion that we can is simply impracticable.

Hon. Mr. Howard: Just a C.C.F. suggestion.

Hon. Mr. Haig: We Canadians face a world trade crisis the like of which this country has never known before. The first to feel it will of course be the primary producers—fishermen, dairy farmers, fruit and vegetable farmers, coarse grain farmers, cattle farmers, hog producing farmers and, finally, wheat farmers. Of all these producers the wheat farmers are the only ones who may get something for their product. Wheat is of such a nature that it can be preserved for a long time in storage, and it has the greatest food value of any product in the world. The prattle—I emphasize this—the prattle by men like the head of the Food and Agricultural Organization in Canada is disheartening to the people of this country. How can we give our surplus products away and receive nothing for them? Who will put up the money to buy the products that we Canadians need? The United States is very nearly a self-contained country. Canada is not.

Before the war our expenditures for government services in this country were about six to seven hundred million dollars a year, and this year they are about twenty-four hundred million dollars—nearly three and a half times what they were ten years ago. Considering that world trade is falling, I just wonder where the taxes will come from to continue this basis of expenditure. Our present rate of taxation is terrifically high. Since the close of the war we have had unprecedented prosperity, made up from three sources; one, the accumulated surplus wealth that the people saved during the war, and have proceeded to spend since then; second, loans and gifts made by the United States to world economy, and which are beginning to run out; and, three, loans or gifts made by Canada to world economy, now nearly run out.

This period of prosperity is just about over; it is already petering out, and by the end of 1950 we shall find that it has ended. I am not pessimistic, I am simply realistic. There seems to be no such feeling in the ranks of the government; it is said that trade will be found some place. If the world economy outside of Canada and the United States had money to buy goods, then world trade would continue; but in Britain the cost of production is so much higher than in Canada and the United States that British goods are unable to compete with Canadian and American goods and therefore cannot find a market. Much the same may be said of the rest of Europe. And the Far East is, as I said before, in a state of anarchy.

The government talks about price support. Well, the United States have had that policy for the last four years or more, and they have piled up surpluses, some of which will have

to be disposed of at a heavy loss. For instance, potatoes that they are now selling for a cent a bag cost them at least a dollar a bag.

The laws of economics cannot be changed. By one action or another we may hold them off for a time, but ultimately they will catch up to us and exact the full toll, plus a heavy penalty for our attempts to ignore them.

You may say that I am unduly pessimistic, but, as I said before I am simply realistic. And without being boastful, let me remind honourable members that about a year ago on a similar occasion I suggested to this house that the government would hold the election on the 27th of June. Not a single person in this chamber—except myself—thought I was right, and the press paid so little attention to my forecast that they indicated they had no confidence in it. But it came true. Why did I make that forecast? Because trade returns from all parts of the world, as reported in our press and in trade journals, indicated to me at least—and I think to some others—that the boom was running out, and I was persuaded that the government itself knew this and wanted the election over before the ordinary person realized the intensity of the trade depression that was coming on.

As I said before, one camouflage after another has been used to lull the people. What did the government do last spring? It distributed a very large surplus of the wheat money on hand; it made a cut in income tax, especially in the lower brackets; and it refunded compulsory savings made by the people. All this made the people feel that there was great prosperity in Canada, and the result of the election showed clearly that what had been done had that effect on the voters. As someone said—I think it was someone in the United States—"People never shoot Santa Claus." I have no interest at all in the result of the election, nor do I suppose any other member of this house has, and I refer to it only to illustrate what the government has been doing. But it does not matter what has been done. The laws of economics cannot be resisted long, and the tide is beginning to turn.

Someone may ask me what is the use of saying all these things? I think it is of great use to warn the people of Canada to prepare for the situation that is approaching. The suggestion that some government intervention can avert the trade depression that is approaching or is now actually upon us is all nonsense. The people of Canada have got to realize that the honeymoon following the war is now over, and that we have to work

harder, be more diligent and accept a lower standard of living, if we are to ride out the storm. We do not want a repetition of the 30's, in which no action was taken until the storm was upon us, and it was too late. I urge the government to get its house in order and to tell us, as did the honourable senator from Huron-Perth (Hon. Mr. Golding) yesterday, that it can only spend what it takes out of the people in taxes, and if the tax-paying capacity is falling there will be less taxes to take.

In closing, I wish to repeat that Canada is a great country, with tremendous resources of field, forest, ocean and farm, but hard and diligent work is required to make a living under present conditions. There is no easy road for us. May we all be prepared to do our share in trying to avoid another crisis such as this country had in the 30's. Let us be determined that the men and women of this country shall have work and wages, and the chance to make a living for themselves and their families. And that will only be possible when we all realize the problems which, as I have tried to point out, are facing this country.

Honourable senators, that is my philosophy. I am not criticizing the government. Whatever has been done is done—it is water under the bridge. But I am saying that we senators—men and women who have a secure position in life, and who are trying to render faithful service to our country—should realize that we are called upon to make a great effort. As we in this house struggled from 1939 to 1945 to help defend democracy and the cause of freedom, so today we have a grim struggle to keep our men and women from feeling the pinch of poverty and to give to them an opportunity to work and earn wages that will provide for them a proper standard of living.

I do not know why I am a member of this chamber, but I presume that those who appointed me thought I could make at least some contribution to the welfare of Canada. It behooves all of us to be familiar with the problems of our country, such as the falling off of trade and the lowering of personal incomes, and, avoiding criticism, to do our best to assist in making Canada a country worthy of the Canadian people.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, February 23, 1950

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

Prayers and routine proceedings.

COMMITTEE OF SELECTION

CONCURRENCE IN REPORT

Hon. W. A. Buchanan presented the report of the Committee of Selection.

(See appendix at end of today's report.)

Hon. Mr. Robertson: Honourable senators, before the question as to consideration is put to the house, may I say a word of explanation? It may be recalled that a year ago when the report of the Committee of Selection was presented and a motion was made for its adoption, the objection was raised, and properly, that the report should not be adopted before it had been printed in our proceedings. I agreed with the objection and gave the undertaking that so long as I had any responsibility in the house I would not ask that a report of this kind be adopted on the same day as presented. I call attention to that now for a special reason. As I think honourable members know, it is expected that, with the co-operation of the various parties in another place, a bill to amend the Unemployment Insurance Act will be passed there this week, and it is desired to have it passed here also in time to receive Royal Assent not later than the 28th of the month, in order that the measure may become operative on the 1st of March.

If I were to follow the procedure which a year or two ago I undertook to follow, the report of the Committee of Selection would be laid on the Table today and would appear in our printed proceedings tomorrow, when, perhaps, it would be adopted. After that there would have to be organization meetings before the various committees could function. It had been my intention to move that when the house adjourns today it stand adjourned until Monday evening; but if we are to have a committee available to deal with the Unemployment Insurance Bill on Tuesday morning, I have no alternative but to ask either that the report of the Committee of Selection be considered as it is, or else that we meet here tomorrow in order to adopt it. I do not see any other way of handling the matter. I am in the hands of the Senate as to what should be done.

This is the first report of the Committee of Selection for the present session, and it comprises nominations for every committee

except the Committee on Divorce. As to other committees, in most cases the Committee of Selection acquiesced in suggestions made by individual senators. Vacancies have been left in the membership of certain committees, and if after the report has been printed, any honourable senator would like to be appointed to a committee to which he has not been nominated, I shall be happy to take the matter into consideration and, if there is a vacancy, make the appropriate motion for his appointment.

In these circumstances I would ask the house, despite the representations I made a year or so ago, to accept the present report without going through the tedious performance of having all the names read. If that suggestion is not agreeable to honourable members, I see no alternative to meeting tomorrow, in order that a committee may be available for consideration of the Unemployment Insurance Bill on Tuesday. Unless objection is raised, I will suggest that the house give the report immediate consideration.

The Hon. the Speaker: Honourable senators, when shall the report be considered?

Some Hon. Senators: Now.

Hon. Mr. Buchanan: Honourable senators, I move that the committee's report be concurred in.

The motion was agreed to.

JOINT COMMITTEE ON LIBRARY

MESSAGE TO THE COMMONS

Hon. Mr. Robertson: Honourable senators, with leave, I now desire to move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Aseeltine, Aylesworth (Sir Allen), Blais, David, Fallis, Gershaw, Gouin, Jones, Lambert, Leger, MacLennan, McDonald, Reid, Vien and Wilson, have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned and to act on behalf of the Senate as members of a joint committee of both houses on the said library.

The motion was agreed to.

JOINT COMMITTEE ON PRINTING

MESSAGE TO THE COMMONS

Hon. Mr. Robertson: Honourable senators, with leave, I move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable Senators Barbour, Beau-bien, Blais, Bouffard, Burke, Comeau, Davies, Dennis, Euler, Fallis, Lacasse, Mullins, Nicol, Paquet, Stambaugh, Stevenson, Turgeon and Wood, have been appointed a committee to superintend the printing of the Senate during the present session, and to act

on behalf of the Senate as members of a joint committee of both houses on the subject of the printing of parliament.

The motion was agreed to.

JOINT COMMITTEE ON RESTAURANT

MESSAGE TO THE COMMONS

Hon. Mr. Robertson: Honourable senators, with leave, I desire to move:

That a message be sent to the House of Commons by one of the Clerks at the Table, to inform that house that the Honourable the Speaker, the Honourable Senators Beaubien, Doone, Fallis, Haig, Howard and McLean have been appointed a committee to assist the Honourable the Speaker in the direction of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said restaurant.

The motion was agreed to.

STANDING COMMITTEES

MOTION OF APPOINTMENT

Hon. Mr. Robertson: Honourable senators, with leave, I desire to move:

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

The motion was agreed to.

SPEECH FROM THE THRONE

OFFICIAL REPORT

On the Orders of the Day:

Hon. Ray Peppen: I should like to ask the leader of the opposition (Hon. Mr. Haig) if his reference yesterday to Newfoundland is correctly reported in *Hansard*. Certainly the report does not convey the impression which I gathered from his speech when I heard it.

Hon. Mr. Haig: I have not read it.

Hon. Mr. Peppen: It looks very different in cold print.

Hon. Mr. Horner: Read the reference.

Hon. Mr. Peppen: I find on page 16, at the bottom of the first column:

I should like at this time to say a word of welcome to the new member from Newfoundland. Within the last month a very distinguished member of the government, the Secretary of State, who comes from Newfoundland, visited my city. Both

he and his wife had a pleasant time, and I know that the citizens of Winnipeg enjoyed their visit very much. Later a certain gentleman said to me, "Do you know, Senator Haig, these people from Newfoundland are very nearly civilized."

That is not what I gathered from the senator's speech yesterday.

Hon. Mr. Baird: Is there any way whereby this passage can be deleted from *Hansard*?

Hon. Mr. Haig: The passage cannot be deleted, but it can be changed. The word "nearly" can be made to read "highly".

Hon. Mr. Peppen: Thank you.

ADDRESS IN REPLY

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

Hon. Wishart McL. Robertson: Honourable senators, I am not going to criticize the honourable leader of the opposition (Hon. Mr. Haig) for what he said in his speech yesterday, but I do feel that he made one grievous omission. I listened with rapt attention to the excellent and kindly tribute he paid to the mover (Hon. Mr. Golding) and seconder (Hon. Mr. Veniot) of the Address. Needless to say, I heartily agreed with every word he said about them. I am sure, however, that all honourable senators will realize—as should the leader of the opposition, with his long parliamentary experience—that the responsibility of choosing the mover and seconder of the Address falls upon the leader of the government; and I do believe that upon some suitable occasion my honourable friend (Hon. Mr. Haig) should refer to the good judgment which I exercised in having chosen these speakers.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Robertson: Though I am disappointed by this omission, I certainly do not wish to detract in any way from the references he made to the speeches of the mover and seconder. Indeed, judging from the favourable comments I have heard from other senators, I am sure my honourable friend expressed the unanimous opinion of all who had the pleasure of hearing these gentlemen.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: The speech of the mover (Hon. Mr. Golding), was couched in excellent language, and his sentiments were well presented. I envied him his eloquence and his ability to express himself with a minimum of accurately placed words. Like my honourable friend opposite (Hon. Mr. Haig) I was unable to follow everything said in French by the seconder of the Address (Hon.

Mr. Veniot), although I could follow it better than I have been able to do in the past. Honourable senators already know that our honourable friend from Gloucester (Hon. Mr. Veniot) is a distinguished son of a distinguished father, and we cannot but realize from his speech that he possesses a wide experience and an intimate knowledge of one of the major industries in which he and his people are so greatly concerned.

I should like to take this opportunity to compliment the honourable leader opposite (Hon. Mr. Haig) on his excellent address. We hold different views on certain matters, but in the main I feel that his speech was further evidence of his wide knowledge of public affairs.

I am heartily in agreement with his remarks about communism and the danger of the spread of its influence. But I am not so sure that I agree with his suggestion that the living standards of people have little to do with the spread of communism, and that one of the best methods of combating it is by way of propaganda and certain organized efforts. The history of the post-war years shows that with the improvement of economic conditions in Western Europe, the apparent onward sweep of communism was checked and was turned in the direction of those great areas in the East where living standards are deplorably low. I am convinced that would-be dictators, whether they be communistic or Nazi in their outlook, will not find in countries which enjoy freedom from hunger and want any fertile soil in which to sow the seed of their doctrine.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: If I were to attempt to separate from the rest of the world the areas which would be susceptible to the inroads of communism, I would point to those countries where men are starving and where the standard of living is low. These are the fields which are for Nazi or communist agitators.

I agree entirely with the leader opposite, and the mover of the Address, that it is desirable for people to attempt to lessen an apparent tendency—which perhaps was partly brought about by the war—to depend upon governments to assume many responsibilities which in former days rested on the shoulders of individuals. I believe, rightly or wrongly, that in the years which lie ahead governments in every country will have more to do with the general business activities of their people than they had in pre-war days. This is inevitable. Just where to draw the line is the question. It is certain that more active social security and social welfare plans will be put into effect. Practically all of the

western countries are already moving in this direction to a greater or lesser degree. I suppose the practical approach would be to move gradually and not too quickly.

Canada has already gone a long way in this direction, and in due course will go further. As honourable senators are aware, a joint committee of both houses of parliament is now being formed to consider the question of old age pensions with the view of devising a better means test. The question of old age pensions is a broad and important one, and provision for old age is becoming more and more a feature of our life. Everywhere around us public services are incorporating into their structures some scheme of retirement allowances. The question, I should think, is how to make desirable benefits available to almost everyone without upsetting our economic structure. I suppose the only people who are not concerned with a matter of this kind are those who have no intention of growing old. The matter is probably becoming more and more important as high income taxes and low interest rates on money require the setting aside of an increasingly large sum in order to provide even a modest retiring allowance. For my part I not only like the idea in the abstract that there should be some provision for old age, but I had no difficulty in reconciling myself to it when I was appointed to the Senate.

While on this subject I wish to make a suggestion, which can properly come from me, since I would not benefit if it were adopted. When in future this government or another government is considering some form of contributory old age pensions, care should be taken not to overlook one important group of people. I refer to members of the House of Commons who have given long service.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: Canada has reason to be proud of the high standard of its public life. As I move about among people—civil servants, and employees of banks, industries and other organizations throughout this country—and learn of the many varieties of pension plans now in force, I cannot help wondering why members of the House of Commons who have given up their ordinary vocations and served their country well should not participate in some scheme of retiring allowances.

Hon. Mr. Howard: Hear, hear.

Hon. Mr. David: They should; no doubt about it.

Hon. Mr. Robertson: I am unable to think of any logical reason why they should not.

We all can recall instances of members of the House of Commons who sacrificed their own business interests to devote their time and attention to public affairs, and who were not fortunate enough to secure a position entitling them to some provision for their old age. When the turn of the wheel came for them, either through political defeat or voluntary retirement after long service, their financial position was so desperate that their friends had to come to their assistance. It is true that in many such cases, in recognition of the sterling quality of service rendered to the country friends have been glad to assist; but can anyone give me a logical reason why public servants of this character should not be eligible for participation in a general system of contributory old age pensions? I realize that the matter would have to be dealt with on a realistic basis, and that any worthwhile participation would probably have to depend upon long service. At any rate, I think there should be some provision whereby persons who have served the country long and faithfully as members of the House of Commons should be able to look forward to a reasonable measure of security for themselves and those dependent upon them.

I do not think any exception can be taken by my honourable friend's remarks on the desirability of increased educational facilities. Inevitably this subject revolves around the question of cost, and that brings it home to governments, for education, at least primary education, is in general the responsibility of governments. A point that always presents much difficulty is whether the home owner as such should be taxed more or less than other classes in the community for the support of education. I agree with my honourable friend that the problem is not an easy one. Whether or not it is desirable for the federal government to take a direct interest in this subject, which provincial governments have in the past zealously guarded as being within their own exclusive jurisdiction, I cannot say. I remember, though, that a few years ago when a considerable increase in moneys was made available from the federal treasury to the provinces, one of the strong arguments advanced as to the need for increased grants was the growing cost of activities within the peculiar sphere of the provinces. Whether or not the federal government may at some time have to contribute towards the payment of educational costs directly, or indirectly by increased grants to the provinces, is a matter that will have to be left to the future. With my honourable friend's general thesis I agree.

I also agree with his comments that unemployment is undesirable and increased export trade is desirable. The government is of the

opinion that a great deal of existing unemployment is seasonal, and indeed there is evidence already that on the west coast it has reached its peak and is lessening in volume. My honourable friend is quite right in his view that some of the unemployment is not seasonal, but arises directly or indirectly from the trade difficulties with which we are faced. But it is a source of wonder to me that up to this date, almost five years after the war, our unemployment has not been a good deal higher. When I think of the difficulties that appeared to face us at the conclusion of the war, as unstable economic conditions threatened most countries of the world and our immediate task was the transfer of a million or more of our people from war industries and three-quarters of a million from the forces back to peacetime activities, I marvel that for so long a time we have had so relatively little unemployment. Whatever the future may hold for us, it is inevitable that we shall have to face these problems in the light of all known circumstances and reckon with them in the most appropriate manner.

The honourable leader opposite said that Canada had now come pretty well to the end of her period of prosperity. I do not share this pessimistic view. A careful study of his speeches since the end of the war would disclose, I think, that he has periodically uttered such warnings. It is not reasonable to expect that our present unprecedented prosperity will continue indefinitely; I do think, however, that despite the dark clouds there is much reason for encouragement.

The honourable leader opposite suggested that one cause for concern was that Canadians have exhausted their savings. True, incomes have at times been stimulated by the return of taxes and by such items as payments from the Wheat Board to the grain growers. The honourable gentleman seemed to think that such incidents had some connection with the approach of the recent general election. I cannot agree with that deduction; rather, I would consider these incidents as coincidental with the election. On the question of personal savings, I would draw my friend's attention to the fact that one of the by-products of the war years was the habit of saving. The vast amounts of money saved by the Canadian people during that period were largely invested in government bonds, the sale of which was reflected in increased savings deposits. The continued increase in savings accounts in Canadian banks, and the reception accorded to the issues of savings bonds, indicate a continuance of the saving habit throughout the post-war period.

I would commend to honourable senators a recent publication by the Bureau of Statistics,

comprising a valuable compilation of facts about our present financial position. According to this document, the savings of the people of Canada at the half-way mark of the twentieth century far exceed any amount reached in the pre-war years.

The fears expressed by the honourable leader opposite bring to my mind a subject which I should like to discuss briefly, namely, the nature of our prosperity during the past few years and our prospects for the future. In this regard I assure my honourable friends that I speak more as an individual than as a member of the government with some special knowledge. I would suggest that there are three reasons for the pattern of our present prosperity: first, the very large volume of export trade; second, the huge capital investment in Canada; and, third, the distribution of the income of Canadian citizens from those two sources on a reasonably fair and equitable basis, with the result that there was a high consumption of goods and services.

Though various factors will influence our future, the degree to which we can adopt the pattern to which I have referred will furnish the answer, relatively, at least, as to whether or not our prosperity will continue. The main key to prosperity is a satisfactory volume of export trade. If our trade appears likely to continue, the resulting confidence may well be the deciding factor in the continuance of capital investment in Canada. To the extent that we can inspire confidence, capital investments will continue, and to the extent that we can maintain a reasonable distribution of income, we can look forward, under any circumstances, to reasonably happy conditions.

It is desirable, honourable senators, that Canada maintain a satisfactory volume of trade, for this will influence our economy far beyond the dollar value. There are two reasons for this. The first is that the pattern of industry and employment has for a long time been built around certain products of industry which have been produced in such volume as to be in excess of our ability to consume them. The second is that it will be desirable under all circumstances for us to import a large volume of products, and to provide for international payments such as the expenditures of our nationals travelling abroad and interest and dividends on foreign capital invested in Canada, plus payments for such services as freight and shipping and other miscellaneous obligations. The combined cost of these items has been substantial; indeed, in 1949 it was only slightly less than \$4 billion.

It is quite possible that an enlarged manufacturing industry in Canada, together with

the improving skills of our people, will result in the manufacture in this country in the future of some of the goods which heretofore we have imported. On the other hand, a prosperous economy results in an ever-increasing demand, in both volume and variety for goods and services. It must be borne in mind further that in recent years the importation of goods into Canada has, for various reasons, been severely curtailed.

It is of course true that for the discharge of our obligations there are available to us sources of revenue. These include receipts from the sale of non-monetary gold, tourist expenditures by those visiting Canada, interest and dividends accruing to our nationals through investments abroad, freight and shipping revenues and other miscellaneous receipts. During 1949, of a total revenue from these sources of \$4 billion, exports of goods exclusive of non-monetary gold accounted for almost \$3 billion. This is a very substantial figure as compared with less than \$1 billion in 1939.

In considering our future economic development, the major problem facing Canada is how to maintain this volume and value of exports and, if possible, increase it. I know of no problem more challenging; and it can well be the subject of a most penetrating and constructive examination and study. Export trade is vital to our economy; but we would be foolish not to admit that its maintenance at a high level presents many complications. Our large volume of export trade of recent years was made possible by an extraordinary demand in the export market at a time when competitive sources of supply had not recovered from the effects of total war. To a certain extent it was attributable to the fact that we in Canada loaned to our customers part of the means necessary to pay for these exports, and also to the fact that the United States of America, through the Marshall plan, made certain moneys available for the same purpose.

Although the desirability of maintaining this volume of exports continues, we are faced with the fact that the credits which we have made available are almost exhausted; that assistance from the United States of America under the present Marshall plan will cease in 1952; and that alternative sources of supply are becoming available to those who have been purchasers from us in recent years.

Honourable senators, with your indulgence I will pause for a moment to draw attention to a very distinguished group of visitors to Canada who have just entered the gallery. They are a delegation of Japanese members of parliament.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: The purpose of their visit is, as members of the Japanese Parliament, to study the Canadian parliamentary system. I am advised that under the post-war constitution of Japan the system of government there bears a strong resemblance to our own. The delegation, therefore, is particularly interested in such matters as the procedure by which bills are passed, the working of party government, and the background showing how, in a democracy, political parties are formed and developed. Included in the delegation are members of the Secretariat of the Japanese Diet, who are concerned with administrative questions. The delegation has been visiting the United States Congress and State Legislatures.

On behalf of this house—and perhaps my honourable friend the leader of the opposition would like to associate himself with me in my remarks—I extend to these visiting members of parliament and those associated with them our heartiest welcome.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: We wish them well in the great experiment upon which they are embarking, and if there is anything in our procedure or experience which may be useful to them, we shall be happy to make it available to them. I might remark, however, that, in view of the long experience of the East in all matters of public concern, it may not be long before we should make a visit to our eastern friends to benefit from what they, too, have discovered.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable members, I join the leader of the government in welcoming to our chamber these distinguished parliamentarians from Japan. Within recent years we were at war with that great nation, and we did our best to prevail. We are now at peace; and I join with other members of this house and with all our people in the hope that a peace treaty with Japan will soon be adopted and that in its new parliament Japan, as an independent nation, will pattern its affairs on a democratic system similar to those at work in Canada, the United States, Great Britain and other democratic countries. In Canada we believe in democracy not for purposes of democracy but for purposes of freedom, whereby all men and women have rights, and each has the same rights as any other.

We Canadians welcome these distinguished visitors from the Island Kingdom. We hope they will gain something from their experience here, and that Canada and Japan, as

two of the world's Pacific peoples, will soon be able to trade together to their common advantage.

On behalf of the party of which I have the honour to be leader, and perhaps I may speak also for the whole house, I will say that we as Canadians want all the world to be free. We do not believe in the system under which some of the world's democracies are being carried on: we hold that all men and women should have the right to live their lives in freedom under the law.

Again, on behalf of the party that I represent, I wish our visitors a pleasant and educative time in Canada and a safe journey home. I hope they will carry to their people the good wishes of our own.

Hon. Mr. Robertson: We must bear in mind, honourable senators, that as we return to normal peace-time conditions, competition in the export markets of the world will become increasingly keen. The over-all problem is to attempt to shape our national policies while taking all facts into consideration.

What is the nature of the goods and services which we are most likely to be able to supply competitively? How are we to be paid for them in a manner which will enable us to discharge our own obligations? The pattern of our exports in 1949 is relatively clear. Agricultural products and those related thereto accounted for over one-third of our \$3 billion of exports; the products of our forests, to something less than one-third; and the product of our mines, to approximately the same amount; miscellaneous items making up the balance. In any possible pattern for the future, it will probably be found that the major natural resources, which we enjoy in such abundance, will form the basis from which we can produce competitively the goods we are most likely to sell in export markets. It is highly likely that, based on our natural resources, we shall be able to produce competitively a surplus of goods over our needs. The problem is whether we can market these goods, and this problem will revolve around future international trade arrangements and the ability of our potential customers to pay.

Forgetting for the moment the manner of payment, so far as our national payments were concerned the over-all relation between our receipts and expenditures in 1949 was reasonably satisfactory. Our excess of imports from the United States over our exports to that country was in the neighbourhood of \$450 million. We exported \$1 billion worth of goods to the United Kingdom and the countries of the Commonwealth and Empire, and we bought from them goods to

a value of less than one-half this amount. To all other countries we exported goods to an amount of about \$160 million more than we purchased from them.

Under conditions prevailing in pre-World War II days, this over-all picture would have been reasonably satisfactory, and perhaps we could have continued to look forward to an uninterrupted continuation of this desirable condition. At that time the problem of payment as between the dollar and the sterling areas presented no material difficulties, because the huge revenue which Britain received from her investments abroad made it relatively easy for her to pay for her purchases from dollar areas. But as my honourable friend opposite (Hon. Mr. Haig) pointed out, not only were those investments lost to Great Britain, but she incurred a tremendous liability in her sterling balance. This liability is somewhere in the vicinity of \$12 billion, and Great Britain, rightly or wrongly, has undertaken in recent years to liquidate it because of the insistent warnings from the East to the effect that if it were not liquidated communism might spread. I cannot vouch for the accuracy of the figure, but a prominent Canadian economist told a Montreal Board of Trade meeting that Britain's international balances—taking into consideration actual investments sacrificed during the war and obligations imposed—are something in the neighbourhood of \$25 billion. When one realizes the interest lost on the actual investments and the obligations incurred by the sterling balances, one wonders why our pattern of trade was not upset to a greater degree.

As I said before, in pre-World War II days, the problem of payment as between the dollar and the sterling areas presented no material difficulties because the huge revenue which Britain received from her investments abroad provided her with the income which enabled her to pay for her purchases from the dollar areas. Unfortunately, that is a thing of the past. Hereafter, unless the volume of our exports to the sterling areas is to be drastically reduced, we must establish a much closer balance between what we buy and what we sell.

If we can look forward to a vast increase of our exports to the United States that will probably simplify matters greatly. However, there has been an increasing realization that, in future, in the interests of all concerned, it will be necessary for us to import more from the sterling areas if we are to maintain our present rate of exports; and certain efforts are being put forward in this direction.

I do not need to point out that many difficulties will be encountered here. The simple

truth is that in the main—except in specialty lines—the sterling areas have never sold goods in any great volume to this country or the United States. Our present condition of selling more to Great Britain than we buy from her is not new; it has existed in the lifetime of everyone here. As I have said, in former times Britain was able to pay for her purchases from the dollar areas because of the huge revenue she derived from her overseas investments. However, that revenue no longer exists, so the people of Britain are now addressing themselves to the problem of trying to produce goods of a quality and at a price which will make them attractive to the people of Canada.

The point raised by my honourable friend has a bearing on this trade question, because if Britain undertook to discharge her obligations to the areas which hold these sterling balances, and exported four or five hundred million dollars' worth of goods, these goods would not be available to the dollar areas. Even if these goods became immediately available to us, because of various underlying problems, there is no certainty that it would be possible to market them. There is the fact that British industry is reluctant to commit itself too positively to cater to this market, and this is a fundamental reason why Canadians are reluctant to buy capital goods from Britain. So it is not an easy task to solve.

As I see it, we shall not remedy the situation unless we are prepared to lend money to Great Britain to purchase our goods, or unless the United States continues to supply Great Britain with money to purchase American and Canadian goods. The old multi-lateral basis, whereby the interest on investments was a most important factor, no longer exists and probably never will in our lifetime. The fact that last year we sold much less to the United States than we imported from that country has aggravated our currency difficulties. There are indications that the American people are beginning to appreciate our problem in this respect, as well as similar problems of other countries.

I agree with my honourable friend that we might just as well advance credit to Britain as take sterling in payment for our goods, and at the moment that seems out of the question. But it was not out of the question in the United States. The other day I saw published a statement that in the last thirty-five years exports from the United States to all countries, including Canada, had exceeded imports by \$101 billion.

Hon. Mr. Quinn: What was the gross figure?

Hon. Mr. Robertson: The excess of American exports over imports from January 1, 1914, was said to be \$101 billion. One of the great facts facing the United States, and indeed Canada, although the pattern here is a little different, is that goods can only be paid for, in the long run, by other goods. Exchange of currency is simply a means of facilitating transactions. As my honourable friend says we might sell goods to Britain and receive payment in sterling, which would be of no use to us. In effect, and in the long run, we can get paid for our own goods only by accepting other goods. But on this side of the water there is reluctance to import more than very limited quantities of goods from Europe, although Canada does not seem to be as reluctant to import from the United States.

Hon. Mr. Duff: I am still a free trader.

Hon. Mr. Roebuck: Has my honourable friend not overlooked the effect of rents and dividends upon United Kingdom trade? Britain's excess of imports over exports was paid for by credits received from her investments of money abroad.

Hon. Mr. Robertson: Yes, I agree. Those investments financed very large purchases by Britain from the United States. As honourable senators know, the amount of American money invested abroad is relatively small. I am distinguishing now between moneys advanced by the American government and the investment of private capital. I understand that the total of capital investments by the United States in foreign countries is in the order of \$10 billion, of which more than half—I think some \$6 billion—is in Canada.

My honourable friend made one suggestion with which I entirely disagree, and it has to do with a matter of great importance. As I understood him—and if I am wrong he will correct me—he suggested that there could be no permanent solution of our trade difficulties unless currencies were allowed to reach their own levels. He said that originally, though not an advocate of complete lack of control, he had favoured a devaluation of our money in terms of the United States dollar, but that afterwards he had fallen under the sway of the eloquence of the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) and now believed in total relaxation of all currency controls. As I say, if I am wrong in my statement my honourable friend will correct me.

Now, honourable senators, I think that the proposal for complete relaxation of currency controls is both unrealistic and undesirable. It is unrealistic because of the simple fact that if we eliminate all control over currency

in this country we must cease to be part of the International Monetary Fund, whose members have agreed to currency control. At the moment I am not arguing the merits of that organization, but it seems to me that there must be control to some degree if we are to participate in international collaboration for the stabilizing of business. It is true that the countries participating in the international agreement are permitted a certain range within which they may devalue their respective currencies without in any way failing to live up to their obligations. If I remember correctly, the limit of devaluation that may be made in this way is 10 per cent.

Hon. Mr. Haig: That is correct.

Hon. Mr. Robertson: But if a country is able to convince the other participating members that its economy is in a state of fundamental disequilibrium, it may be permitted to devalue its currency more than 10 per cent. Any country receiving the International Fund's permission to do this does not expose itself to the risk of retaliatory action on the part of other countries through the imposition of dumping duties against it. Now apparently Britain was able to show her economic situation to be so serious that she was allowed to devalue her currency by 30 per cent in relation to the American dollar, and of course the approval by the International Fund of this devaluation meant that dumping duties would not be imposed against British goods coming into other countries belonging to the organization. Because we kept our devaluation within the permitted range of 10 per cent, we did not need to get the fund's approval. Had we desired to devalue by 15 per cent or 20 per cent, we should have had to appeal to the fund and attempt to prove that our economic condition made the required devaluation essential. I very much doubt if we could have made a case for devaluation beyond 10 per cent.

The devaluation of Canadian currency by 10 per cent at the time of the British devaluation of 30 per cent was made voluntarily by this country, but there was some difference of opinion as to the wisdom of our course. For my part, as I believe I have stated here before, I was disappointed that we devalued our money at all. I think that in the long run we would have been better off had we not done so. However, that is a matter of opinion.

But, getting back to my honourable friend's suggestion, I do not think we could have removed all control over our currency and still remained part of that international organization of which Britain and the United States are also members. I suppose the United States is probably the leading nation in the great

effort to stabilize trade. I suggest to this house that if we had decided to ignore the International Fund and allowed our currency to find its own level, we might have invited consequences that would have been far from happy for this country.

I do not pretend to be a prophet, but let us consider what would happen if we tore up our international agreements. The effect would be the devaluation of our money by perhaps 25 to 35 per cent. Somebody may say that we could impose dumping duties of 25 to 35 per cent against American goods, and this would be all to the good because it would make our people buy more goods at home. I must confess that such an argument does not appeal to me. Our economy, as evidenced during exchange restrictions, is so tied up with that of the United States that our very industrial existence depends upon harmony with that country. I would hate to see added to our present tariff structure a further increase of from 20 to 30 per cent, with a consequent increase in our living costs.

I believe that in due course conditions will right themselves, but that artificial protection for industry would result in chaos. Some people may point to the financial advantage to Canada of being able to dump her goods on the American market, which would be in direct contradiction with agreements between the countries of the western world, including the United States; but is it practicable for us to believe that the American Congress would be indifferent toward such a policy on our part, and would not request an increase of tariffs on the ground of unfair competition? Indeed, their attitude towards us would most likely be that Canada was not playing the game with the rest of the world. I am merely expressing my views on this controversial question.

Hon. Mr. Haig: May I interrupt my friend to ask him a question? When our exchange was at par with that of the United States, did not the honourable leader of the government oppose my suggestion of a 10 per cent reduction?

Hon. Mr. Robertson: As far as I am concerned, it was just a stronger argument

against a bad policy. I regret the 10 per cent devaluation in our currency, in addition to the tariffs already imposed. It just means that industry and individuals in Canada are paying more for imports from the United States, and I do not believe in it.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Robertson: I do not propose to labour the point, but I warn honourable senators that it would be very dangerous for the business interests of this country to suggest that there is no need for improving our products or reducing our costs of production in the hope of gaining new markets, that all we have to do is wait until this or some other government decides to throw out controls.

It has been suggested to me at different times that the Senate of Canada could render a worthwhile service by inquiring into our vital trade problems. Would not an intensive investigation, looking broadly into the trade questions of the next five or ten years be an excellent contribution to industry and business generally? For instance, in western Canada huge discoveries of oil have been made, and there is concern about whether it can be exported to the United States. Also, great quantities of iron ore have been discovered in Labrador. These commodities can be produced in quantities far in excess of Canada's ability to consume them. Our whole future is dependent upon our ability to maintain a satisfactory volume of exports to be sold in the competitive markets of the world. A proper level of export trade is the key to continued capital expenditures. Beyond that, I hope our judgment will continue sound, so as to assure a reasonable distribution of the proceeds from the development and export of our natural resources.

Though Canada may suffer ups and downs in her economic life, if her trade affairs are properly managed I cannot envisage her as suffering a serious depression.

Some Hon. Senators: Hear, hear.

Hon. Mr. Gershaw: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until Monday, February 27, at 8 p.m.

APPENDIX

REPORT OF COMMITTEE OF SELECTION

Thursday, February 23, 1950

The Committee of Selection appointed to nominate senators to serve on the several standing committees for the present session, have the honour to report herewith the following list of senators selected by them to serve on each of the following standing committees, namely:

Joint Committee on the Library

The Honourable the Speaker, the Honourable Senators Aseltine, Aylesworth (Sir Allen), Blais, David, Fallis, Gershaw, Gouin, Jones, Lambert, Leger, MacLennan, McDonald, Reid, Vien and Wilson. (16).

Joint Committee on Printing

The Honourable Senators Barbour, Beaubien, Blais, Bouffard, Burke, Comeau, Davies, Dennis, Euler, Fallis, Lacasse, Mullins, Nicol, Paquet, Stambaugh, Stevenson, Turgeon and Wood. (18)

Joint Committee on the Restaurant

The Honourable the Speaker, the Honourable Senators Beaubien, Doone, Fallis, Haig, Howard and McLean. (7)

Standing Orders

The Honourable Senators Beaubien, Bishop, Bouchard, Duff, DuTremblay, Godbout, Hayden, Horner, Howden, Hurtubise, Jones, McLean and Wood. (13)

Banking and Commerce

The Honourable Senators Aseltine, Baird, Beaubien, Bouffard, Buchanan, Burchill, Campbell, Crerar, Daigle, David, Davies, Dessureault, Euler, Fallis, Farris, Fogo, Gershaw, Gouin, Haig, Hardy, Hayden, Horner, Howard, Howden, Hugessen, Jones, King, Kinley, Lambert, Leger, MacLennan, Marcotte, McDonald, McGuire, McIntyre, McKeen, McLean, Moraud, Nicol, Paterson, Quinn, Raymond, Robertson, Roebuck, Taylor, Vaillancourt, Vien and Wilson. (48)

Transport and Communications

The Honourable Senators Aseltine, Beaubien, Bishop, Blais, Campbell, Daigle, Davis, Dennis, Dessureault, Duff, Duffus, Emmerson, Euler, Fafard, Farris, Gershaw, Gouin, Grant, Haig, Hardy, Hayden, Horner, Howard, Hugessen, Hushion, Jones, Kinley, Lacasse, Lambert, Leger, Lesage, MacKinnon, MacLennan, Marcotte, McGuire, McKeen, Moraud,

Paterson, Petten, Quinn, Raymond, Reid, Robertson, Stevenson, Veniot, Vien and Wood. (47)

Miscellaneous Private Bills

The Honourable Senators Baird, Beaubien, Bouffard, David, Duff, Duffus, Dupuis, Euler, Fafard, Fallis, Farris, Ferland, Godbout, Hayden, Horner, Howard, Howden, Hugessen, Hushion, Lambert, Leger, MacLennan, McDonald, McIntyre, Nicol, Paquet, Quinn, Reid, Roebuck, Stambaugh and Taylor. (31)

Internal Economy and Contingent Accounts

The Honourable Senators Aseltine, Ballantyne, Beaubien, Beauregard (*Speaker*), Campbell, Doone, Fafard, Fallis, Gouin, Haig, Hayden, Horner, Howard, King, Lambert, MacLennan, Marcotte, McLean, Moraud, Paterson, Quinn, Robertson, Vien and Wilson. (24)

External Relations

The Honourable Senators Aylesworth (Sir Allen), Beaubien, Buchanan, Burchill, Burke, Calder, Crerar, David, Dennis, Doone, Fafard, Farquhar, Farris, Gladstone, Godbout, Gouin, Haig, Hardy, Hayden, Howard, Hugessen, Lambert, Leger, Marcotte, McGuire, McIntyre, McLean, Nicol, Robertson, Taylor, Turgeon, Vaillancourt, Veniot and Vien. (34)

Finance

The Honourable Senators Aseltine, Ballantyne, Barbour, Bouchard, Bouffard, Buchanan, Burchill, Calder, Campbell, Crerar, Davies, Duff, DuTremblay, Fafard, Farquhar, Farris, Ferland, Fogo, Golding, Haig, Hayden, Howard, Howden, Hugessen, Hurtubise, Hushion, King, Lacasse, Lambert, Leger, Lesage, McDonald, McIntyre, McKeen, McLean, Moraud, Paterson, Petten, Pirie, Robertson, Roebuck, Ross, Taylor, Turgeon, Vaillancourt, Veniot and Vien. (47)

Tourist Traffic

The Honourable Senators Baird, Beaubien, Bishop, Bouchard, Bouffard, Buchanan, Crerar, Daigle, Davies, Dennis, Duffus, Dupuis, DuTremblay, Gershaw, Gladstone, Horner, King, McDonald, McLean, Moraud, Pirie, Roebuck and Ross. (23)

Debates and Reporting

The Honourable Senators Aseltine, Bishop, DuTremblay, Fallis, Ferland, Grant, Lacasse and Lesage. (8)

Natural Resources

The Honourable Senators Aseltine, Barbour, Beaubien, Bouffard, Burchill, Comeau, Crerar, Davies, Dessureault, Duffus, Dupuis, Farquhar, Ferland, Fraser, Haig, Hayden, Horner, Hurtubise, Jones, Kinley, Lesage, MacKinnon, McDonald, McIntyre, McKeen, McLean, Nicol, Paterson, Petten, Pirie, Raymond, Robertson, Ross, Stambaugh, Stevenson, Taylor, Turgeon, Vaillancourt and Wood. (39)

Immigration and Labour

The Honourable Senators Aseltine, Blais, Bouchard, Bourque, Buchanan, Burchill, Burke, Calder, Campbell, Crerar, David, Davis, Dupuis, Euler, Ferland, Fogo, Haig, Hardy, Horner, Hushion, Lesage, MacKinnon, McDonald, McIntyre, Pirie, Robertson, Roebuck, Taylor, Turgeon, Vaillancourt, Veniot, Wilson and Wood. (33)

Canadian Trade Relations

The Honourable Senators Baird, Ballantyne, Bishop, Blais, Buchanan, Burchill, Campbell, Crerar, Daigle, Davies, Dennis, Dessureault, Duffus, Euler, Fogo, Fraser, Gouin, Haig, Howard, Hushion, Jones, Kinley,

MacKinnon, MacLennan, McDonald, McKeen, McLean, Moraud, Nicol, Paterson, Pirie, Robertson, Turgeon and Vaillancourt. (34)

Public Health and Welfare

The Honourable Senators Blais, Bouchard, Burchill, Burke, Comeau, David, Davis, Dupuis, Fallis, Farris, Ferland, Gershaw, Gladstone, Golding, Grant, Haig, Howden, Hurtubise, Jones, Lacasse, Leger, Lesage, McGuire, McIntyre, Paquet, Robertson, Roebuck, Stambaugh, Veniot and Wilson. (30)

Civil Service Administration

The Honourable Senators Aseltine, Bishop, Bouchard, Calder, Davies, Doone, Dupuis, Emmerson, Fafard, Gouin, Hurtubise, Kinley, Marcotte, Pirie, Quinn, Roebuck, Taylor, Turgeon and Wilson. (19)

Public Buildings and Grounds

The Honourable Senators Barbour, Dessureault, Fafard, Fallis, Haig, Lambert, Lesage, McGuire, Paterson, Quinn, Robertson and Wilson. (12)

All which is respectfully submitted.

W. A. BUCHANAN
Chairman.

THE SENATE

Monday, February 27, 1950

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

Prayers and routine proceedings.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 8, an Act to amend the Unemployment Insurance Act, 1940.

The bill was read the first time.

SECOND READING

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

Hon. Wishart McL. Robertson: Honourable senators it is important that this measure be considered as early as possible, and if the house sees fit I should like to proceed with the second reading this evening. Therefore, with leave of the Senate, I move the second reading of the bill.

Hon. Mr. Davis: Honourable senators, may I be permitted to ask whether this bill provides unemployment insurance for hospital employees?

Hon. Mr. Robertson: I shall first explain the bill, and then answer my honourable friend's question.

This bill, copies of which are on all honourable senators' desks, is entitled an Act to amend the Unemployment Insurance Act, 1940. This country is possessed of one of the most comprehensive unemployment schemes to be found anywhere in the world. The passage of the Unemployment Insurance Act in 1940 established a first line of defence against an unemployment crisis. It now provides protection for approximately two and a half million workers, and in addition affords protection to the dependents of these workers, who number over four and a half million. There are thus some seven million Canadian people who constantly possess, as a matter of right, a considerable measure of protection against the fear and want that result from unemployment. More than \$223 million has been paid out in benefits since the Act came into force.

One of the most important results of the passage of the Act has been the administrative organization which has been set up across the country. With branches in every major centre of employment. This organization, which is well informed, provides a

highly efficient method by which the government can measure the import of any employment crisis, and take immediate action to stem any abnormal advance of unemployment.

As we all know, the coming of winter in Canada brings great changes in the employment pattern; many forms of employment cease, and others begin. Reports from all sections of Canada make it evident that there is at present a considerable slump in employment. Past experience indicates that this slump is something that we can expect with the coming of each winter season, but that this condition is usually alleviated to a great extent with the arrival of spring.

The purpose of the bill before us is to give added protection to the unemployed during the months when employment is at its lowest point, namely, in the period of from January 1 to March 31 of each year. This added protection would take the form of supplementary payments to persons who under the present act are not receiving benefits during the winter period. To receive this supplementary payment an unemployed person must have engaged in an industry or an occupation which comes under the Unemployment Insurance Act.

Four classes of persons would be eligible:

Class 1: Persons who have exhausted their benefits under the Act.

Class 2: Persons who have not made the minimum number of contributions to qualify them for payments under the Act.

Class 3: Persons who were employed in logging or lumbering occupations for a minimum of 90 days in any twelve-month period during the 18 months preceding the date of application for benefits.

I may say that persons in class 3 are in a special category; the logging and lumbering industry in eastern Canada will not come under provisions of this Act until April 1. This date is too late to enable the unemployed in these industries to be brought under the provision for supplemental payments for the coming month of March. It was therefore necessary to make this added provision to help them this year. British Columbia lumbering and logging industries have been subject to the Act since 1946.

Class 4. Persons who since the 31st day of March preceding their applications for benefits have worked a minimum of ninety days in an industry which has been made an insurable employment in the twelve-month period preceding the date of such applications.

The supplementary benefit rates payable will be 80 per cent of the standard benefit rates authorized under the Act. Provision is made for financing these supplementary benefits by increasing the contributions. Employees and employers will have to pay an additional one cent a day. The government will pay

one-fifth of the additional employer-employee contribution into the Unemployment Insurance Fund. In addition, the government will pay the total cost of benefits paid to persons in classes 3 and 4. This is because these groups have not had time to make the necessary contributions to the fund. Although these financial provisions seem adequate, the government will, in addition, guarantee the Unemployment Insurance Fund against any loss sustained on account of supplementary payments up to March 31, 1952.

As I have said, the whole purpose of this legislation is to make the Unemployment Insurance Act conform more closely to our normal pattern of Canadian employment.

As of February 2 this year there were approximately 375,000 persons unemployed, 125,000 of whom were not in receipt of unemployment insurance benefits. It is expected that the bill before us will bring 100,000 of those who are not at present in receipt of benefits under the Act, and so make possible supplementary payments to them.

The bill will also make effective certain other recommendations of the Unemployment Insurance Commission. For instance, the existing Act insures salaried employees whose annual earnings are \$3,120 or less. It is proposed in this bill to raise the maximum to \$4,800 per annum.

Most of these other amendments of the Act have to do with the mechanics of its operation.

There is one substantive amendment which would increase from \$1.50 to \$2.00 per day the amount which may be earned by any person in receipt of unemployment insurance. I might also mention that payment of supplementary benefits will not affect in any way the future contributions of persons receiving such benefits.

If the bill should receive second reading this evening, I should like to have it referred to the Standing Committee on Banking and Commerce, and if the committee can meet tomorrow morning, I hope to have in attendance the Parliamentary Secretary of the Department of Labour and the Deputy Minister of Labour, as well as other officials, so that questions of a more detailed character which honourable senators may like to ask can be intelligently answered. I shall do my best to answer any questions put to me, but I would ask the indulgence of the house because I am not an expert on all the items in this measure.

Before resuming my seat I should like to answer the question asked by the honourable senator from St. Boniface (Hon. Mr. Davis). As I understand it, this legislation does not

provide for bringing under the Act a class of employees such as hospital workers. This would have to be done by proclamation. The bill before us is a general over-riding measure which deals with the various benefits provided certain classes who now come under the Act.

Hon. Mr. Davis: I assume that at the meeting of the Banking and Commerce Committee tomorrow I can inquire what plans there are, if any, with regard to the class of employee I refer to.

Hon. Mr. Robertson: That would be a perfectly legitimate inquiry. Whether this class should be brought under the Act may be a question of government policy.

Hon. Mr. Davis: The reason for my inquiry is that a number of hospitals in our province are very much concerned about the increase in their operating costs, and they are desirous of obtaining some information about this at an early date.

Hon. W. M. Aseltine: Honourable senators, in the absence of the honourable leader of this side of the house (Hon. Mr. Haig) I wish to make some remarks in connection with this bill before it receives second reading. It will be realized from the explanation which has just been given that this is an important bill, and that it contains many intricate sections. I have read the bill several times, and have not only listened to what took place in the other chamber but have read the report of the debate there, and like my honourable friend from St. Boniface (Hon. Mr. Davis) I have quite a number of questions that I should like to ask when the bill goes before the Banking and Commerce Committee.

Before dealing with the principle of the bill I should like to make some general remarks about unemployment insurance. Honourable members will recall that in 1935 the first Unemployment Insurance Bill was introduced into parliament by the then Bennett government, and was passed under the peace, order and good government clauses of the British North America Act, which the then government thought gave parliament the right to pass the bill. There was a change of government shortly after that, however, and the whole matter was referred to the Supreme Court of Canada and then to the Privy Council, and it was held that the Act was ultra vires of the powers of this parliament. Between 1935 and 1940 many talks took place between the federal government and the provinces, with the result that in 1940 an amendment was made to the British North America Act giving the federal government power to pass legislation of this kind. The Unemployment Insurance Act was passed in 1940 and came into force on the 1st of July, 1941.

The honourable leader is perfectly correct in stating that, including workers and dependents, about seven million persons were given some sort of protection under this Act. The first benefits were paid in 1942, and since that time the benefits paid out have amounted to more than \$200 million. That seems to me to be a large sum, considering that from 1940 up to the present time we have had what many people regard as almost full employment.

My honourable colleagues on this side of the chamber are somewhat concerned over the fact that at present we have a great deal of unemployment in our fair country. The registered number of unemployed at the moment is 375,000, but many are not registered. I know that in the part of Saskatchewan from which I come a large number of people who might be entitled to benefits under this Act have never taken the trouble to register. I am of the opinion that instead of 375,000, the number of unemployed just now is at least 400,000.

We are also of the opinion that much of this unemployment is not seasonal. During the great depression of the 30's the number of unemployed in Canada was only about twice 400,000, and surely, if there are 400,000 out of work in this period of practically full employment, it cannot be said that the inability of all of them to find work is attributable to seasonal conditions.

Hon. Mr. Wood: We have three million more people now.

Hon. Mr. Aseltine: We have more people, it is true, but still 400,000 would seem to be a very large number of unemployed for this period. It is too bad that we have now to consider a feeble substitute for work, instead of legislation creating work. Surely an attempt to find work for our people is the major job of the Canadian parliament. I do not think we should wait until matters get worse. The government should heed the warnings—and I think they are heeding them at present—but we on this side would like to know what are the government's plans for the future.

After these few introductory remarks I should like to discuss the principle of the present measure. Aside from what may be said as to some features of the bill, I do not think that any of us have any serious objection to the principle. The measure was forecast in the Speech from the Throne, in these words:

However, seasonal and local factors have given rise to a significant amount of temporary regional unemployment during the past few months and the security provisions established under unemployment insurance legislation have been called upon to meet the first important test since they were brought into effect.

Although a high proportion of persons temporarily unemployed are actually in receipt of unemployment insurance benefits, you will be asked to give consideration to a bill to widen the scope and extend the benefits of unemployment insurance.

Honourable members on this side of the house desire to facilitate the passage of this bill, for it has quite a number of features which we think will be helpful; but it goes much farther than the Speech from the Throne led us to believe it would. For example, in seven or eight respects it amounts to practically complete overhauling of the unemployment insurance law:

1. The rates of contribution are changed and raised, and contributions between employer and employee are equalized. Honourable members who read the bill will find that 6 cents a week is added to the present contribution of both the employer and employee.

2. Statutory conditions are enlarged by increasing the periods of contribution.

3. Outside permissible earnings are increased from \$1.50 a day to \$2. This has already been pointed out by the honourable leader (Hon. Mr. Robertson).

4. The rates of benefit have been changed.

5. Additional penalties and powers of inspection have been added.

6. There is a change with respect to the waiting days.

7. The advisory committee has been increased from six to eight members. Besides these there are many other changes, about which honourable senators may wish to ask questions in committee tomorrow. It seems to me that employers and employees should have been called in and consulted by the government before so many changes were made in the Act, and then we would have had their advice and opinions as to what was best to be done.

I have previously stated that the bill is very complicated and that many points need clarification. In addition to what I have already mentioned, there are several new features. The Act has been made applicable to a new group, persons with a salary of over \$3,120 and up to \$4,800. This group will number some 90,000 people, and at \$1.08 a week their contribution will mean an additional \$5 million per year in payments to the fund. The majority of these people will never be unemployed, but still they are compelled to make this contribution.

Hon. Mr. Horner: A special tax.

Hon. Mr. Aseltine: This is a special tax imposed upon them by the measure. If this bill becomes law \$34,320,000 will be collected between July 1, 1950 and March 31, 1952.

Of this amount the employees will pay \$13,912,500; a similar amount will be paid by the employers, and the government will contribute \$5,560,000.

According to departmental records, the number of registered earners or employees under the Act is 2,750,000, but the *Labour Gazette* states the number is 3,594,000, which is 844,000 more than the departmental figure. I should like to ask tomorrow which of these figures is correct.

A further new feature provided for by the bill is the protection of the seasonally unemployed during the period from January 1 to March 31 of each year. This year the period will be from March 31 to April 15.

I wish to draw attention to the fact that under the present Unemployment Insurance Act a large number of people who have paid into the fund for years, and who are now sick or incapacitated in some way and are not seeking employment, will get no benefits from the fund. I think the government should consider that point and do something about it.

In my opinion the bill does not go far enough. I think the benefits should be extended, as was originally intended, not only to those persons now included, but to all classes of employed persons.

Those, honourable senators, are all the remarks I wish to make at the present time. I should like to be present when the bill is considered in committee tomorrow, to ask questions on many of the sections which I do not fully understand. I am sure there are other honourable senators who, like myself, do not fully understand all the provisions of this bill. I trust that the departmental officials will be able to give us the required information.

As I have already said, I want to facilitate as much as possible the passage of this bill. I understand that the government feels that it is necessary to commence payments on March 1, and I do not think that the senators on the opposition side of the house will oppose second reading tonight.

Hon. J. P. Howden: Honourable senators, I should like to follow up the remarks of my honourable colleague from Winnipeg (Hon. Mr. Davis) on the question of the eligibility of hospital employees.

I gather from reading the bill that the ordinary employees of hospitals are not to be included under this legislation. I know that the St. Boniface hospital, which is one of the largest institutions of its kind in Manitoba, and even in Canada, is opposed to having its employees included in this scheme. I thought perhaps the honourable leader might make a statement on the position of hospital employees.

Hon. Mr. Robertson: Honourable senators, I have not got a precise answer for my honourable friend's question, but the bill as I understand it has nothing to do with the admission into the insurance scheme of any particular class of workers. I believe that new classes of employees are admitted by proclamation by the government.

Hon. Mr. Aseltine: Does not this bill bring in the loggers?

Hon. Mr. Robertson: No. The loggers were brought in by an order in council, which I am tabling this evening, and the benefits are being extended to them. I drew the attention of the house to persons—Class 3—who benefited as a result of the logging industry in eastern Canada being brought under the Act. As to the hospital employees, I think they would be brought in by proclamation.

Hon. Mr. Howden: Is there any coercion so far as the bringing in of hospital employees is concerned?

Hon. Mr. Robertson: I could not answer my friend's question explicitly. It may well be that when any new class comes under the provisions of the Act, there are some who oppose the move. For instance, I suppose some of the loggers in eastern Canada might feel that coercion was exercised. I can only say that the legislation before us does not give the answer to my friend's question.

Hon. Mr. Howden: Thank you.

Hon. Mr. Davis: May I address a further question to the honourable leader of the government? What is considered to be the critical point of unemployment? Is it 9 per cent of the population?

Hon. Mr. Robertson: I am sure that opinions vary greatly as to what is the critical point in the unemployment picture. I suppose it is critical to the person who is out of a job, whether the total unemployment be 1 per cent or 9 per cent of the population. We could take the figure that I gave as of February 2, which, I am informed, was largely seasonal unemployment. My information is that by reason of the cold weather which visited the summer-like province of British Columbia an extreme amount of unemployment was experienced in that area. The high peak reached in that province may have been balanced by conditions in other parts of Canada. As I say I am not in a position to give a precise answer to what is the critical point of unemployment. In my opinion one must consider the particular area, and whether the problem is a temporary one, and will evaporate with the winter snows. I am

quite sure that the officials who appear before the committee tomorrow morning will be qualified to answer my friend's question. If the figure were 10 per cent, there might be a million and a quarter people unemployed. The number we now have, as stated by the acting leader of the opposition, is 375,000.

Hon. Mr. Reid: I realize that second reading is not the proper time to ask questions, but the inquiry I have in mind is a very pertinent one. I want to make one remark with regard to a statement of the acting leader of the opposition. Having been a member in the other place of the committee which considered the original Act, let me say that it was never intended, either then or now, that the Unemployment Insurance Act should be a substitute for work. Time and again, here, in the other place, and outside, the opposition have asserted that this legislation is all the government had to offer the unemployed. But the purpose of the Act was not to provide employment. When, in 1940, that Act was before parliament, employment was at its peak and wages were high; and it was intended that a fund should be built up which would serve as a bulwark when it was needed; and that is exactly how it has worked.

Now there are forces at work in this country that for their own ends are making capital of the unemployment situation. While the exceptional weather conditions are not wholly accountable for the number of unemployed, they have affected employment to quite an extent. For example, for a long time there was no snow in certain parts of east central and eastern Canada, and this condition deprived many men of work. Also, British Columbia has had one of the most severe winters in our experience; in fact I have had to suffer two winters, because I had one out west and found another when I came here. The mills in my city were shut down, and thousands were idle. Those who want to take advantage of this condition are saying "The depression has started again"; they are crying "Wolf! Wolf!". But I believe that if the number of unemployed in Canada were counted today there would be a different picture from that of a month ago.

I want to offer one criticism which I believe is legitimate and fair as I say, I was a member of the committee which was associated with the beginning of this legislation and, as one who still holds an active union card, I believe that in the light of present conditions in Canada, apart from the unemployment situation, the government made a mistake in not having consulted labour in connection with the drafting of this bill. I will tell you why I think so. The government represented in this chamber

failed to recognize that two types of labour are operating in Canada. One type belongs to the L.P.P., many of whose members take their orders from Soviet Russia. The other is the legitimate element in labour, which is battling the group that wants to overthrow our democratic system. I feel that the government has not recognized or given encouragement to that section of labour throughout Canada which is in favour of our present democratic system. Labour was called in and consulted in connection with the original Act, and anyone who has looked through it can see that there are many changes which indicate the participation of these sound labour elements.

This sort of insurance is different from ordinary life insurance or fire insurance. For example, if a house is insured, there are reciprocal obligations and benefits, whereas under the provisions of this bill hundreds of people who contribute to the fund will never receive from it one five cent piece. A definite change, never contemplated in the original bill, relates to what is known as "suitable" employment. What is "suitable" employment? Some official has authority to tell a man whether he shall go from here to there, and whether this or that employment is "suitable" employment or not.

Hon. Mr. Horner: The word "suitable" was always in the statute, was it not?

Hon. Mr. Reid: I do not think so. When I read the bill, just this afternoon, the phrase seemed new to me. I may be wrong: the question can be left to the leader of the government and the committee.

My question to the leader of the government is, why should this bill not be sent to the Committee on Immigration and Labour? It is a labour bill.

Hon. Mr. Horner: Before the leader replies, I wish to say one word to the honourable senator from New Westminster (Hon. Mr. Reid). He has spoken of people who by disruptive methods are causing trouble among the unemployed. What happened in Regina when a government of different political views was in power? Notwithstanding that the sole purpose of the organization he mentioned was to seize power in this country, all the government of that day got from the then opposition was the most diabolical campaign of abuse that was ever known in any democracy. Now, it is the snow that causes unemployment; then, it was nothing but the government.

Hon. Mr. Robertson: With reference to the suggestion that labour was not consulted in connection with this bill, I do not wish at this time to dilate upon the extent to which

there has been consultation: I would prefer that my honourable friend suspend his criticism until we have an opportunity, perhaps tomorrow, to ask questions on the matter. I believe it will then become apparent that representatives of labour were invited to assist in connection with many of the details, particularly the mechanics of the measure.

As to my reason for not suggesting that the bill be sent to the Committee on Immigration and Labour, let me say that had that committee been set up I should have been only too happy to refer the bill to it. Unfortunately, for reasons beyond my control, that committee has not yet been constituted, so I have no alternative, should the house see fit to give the bill second reading, but to refer it to the Standing Committee on Banking and Commerce. I believe that any like legislation in future could very properly go to the Committee on Immigration and Labour.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

COMMITTEE OF SELECTION

CONCURRENCE IN REPORT

Hon. W. A. Buchanan, Chairman of the Committee of Selection, presented and moved concurrence in the following report:

The Committee of Selection appointed to nominate senators to serve on the several Standing Committees for the present session, have the honour to report herewith the following list of senators selected by them to serve on the Standing Committee on Divorce, namely:—

The Honourable Senators Aseltine, Campbell, Euler, Farris, Fogo, Gershaw, Golding, Horner, Howard, Howden, Hugessen, Kinley, Roebuck, Ross and Stevenson. (15)

The motion was agreed to.

DIVORCE COMMITTEE

MOTION OF APPOINTMENT

Hon. Mr. Robertson: Honourable senators, with leave, I desire to move:

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

The motion was agreed to.

DIVORCE COMMITTEE MEMBERSHIP

AMENDMENT OF RULE

Hon. Mr. Robertson: Honourable senators, with leave, I desire to move:

That the rules of the Senate be amended by striking out paragraph 9 of Rule 78 and substituting therefor the following:

9. The Committee on Divorce, composed of not less than nine senators and not more than twenty senators.

He said: Honourable senators, the purpose of this proposal is to make it possible to increase, from fifteen to twenty, the number of members of the Divorce Committee, should such an increase be deemed desirable in the future.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. Mr. Bouffard presented Bill D, an Act respecting the purchase by Canadian Pacific Railway Company of shares of the capital stock of the Shawinigan Falls Terminal Railway Company.

The bill was read the first time.

PUBLIC LANDS GRANTS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill B, an Act respecting Grants of Public Lands.

He said: Honourable senators, this bill and the next one on the Order Paper are not in themselves of any great import, but in order to facilitate the clearing of our Order Paper I would ask honourable senators, if they see fit after hearing the explanations to give these bills second reading tonight. Then, if honourable senators require it, the bills could be sent tomorrow to the Committee on Banking and Commerce, where additional information could be obtained.

Honourable senators, the purpose of the bill now before us is to revise and consolidate into one measure the present Public Lands Grants Act and the Ordnance and Admiralty Lands Act.

The present Public Lands Grants Act empowers the Governor in Council to convey an interest in land held by His Majesty in the right of the Dominion of Canada; it applies to all lands with respect to the conveyance of which there is no other statutory provision. There are several Acts which provide for the transfer of an interest in land that comes within their purview. The Dominion Lands Act is one of these. It specifically provides for the conveyance of an interest in land that is under its control. The Public Lands Grants

Act might be regarded as a residuary measure that guarantees the power of the Governor in Council to give good title to all Crown lands. The Ordnance and Admiralty Lands Act has to do with Crown lands that are necessary for the defence of Canada. It provides that the Governor in Council may direct that any Crown land be declared to be necessary for the defence of Canada. Such land may not then be sold, but it may be leased, rented or occupied in some manner short of sale, as the Governor in Council directs. Attached to this Act there is a schedule setting out the lands at present declared to be necessary for the defence of Canada.

This bill incorporates all the main provisions in the Acts I have just mentioned. Sections 1 to 6, inclusive, incorporate the present provisions of the Public Lands Grants Act, in slightly amended form.

Section 3 of the present Act applies only to four provinces. The new section 3 is intended to apply to all the provinces that have abolished words of limitation in their conveying.

Paragraph (b) of section 4 is new. It provides that the Governor in Council may make regulations granting authority to a minister to transfer an interest in lands under his administration and affected by this act. Paragraphs (c) and (d) are taken from the Dominion Lands Act, and authorize the setting of fees and the charging of interest.

Sections 7 and 8, dealing with defence lands, embody present provisions of the Ordnance and Admiralty Lands Act.

The remaining sections deal with the correction of grants. The procedure set out is adopted from the present Dominion Lands Act, and prevents a title to lands granted by the Crown from being voided because of any mistake in the grant.

May I say to the honourable senator from New Westminster (Hon. Mr. Reid) that, had the Committee on Natural Resources been organized, I should have moved that the bill be referred to that committee. In the circumstances I think it would be wise to have a reference to the Banking and Commerce Committee; and I repeat that every senator, whether a member of that committee or not, is welcome to attend the committee's sittings.

Hon. Mr. Crerar: Can the honourable leader tell us what lands are covered by paragraph (b) of section 4? I think that all lands outside the Northwest Territories and the Yukon are vested in the respective provincial governments, so this paragraph evidently has reference to land within control of the federal government. I should like to be informed as to just what lands these are.

Hon. Mr. Robertson: I cannot specifically answer my honourable friend's question. I fancy the paragraph must apply to lands outside the organized provinces, in the areas of the Northwest Territories, the Yukon and the district of Keewatin, together with any lands inside provincial areas but whose ownership has for one reason or another been retained by the federal government.

Hon. Mr. Horner: National parks, for instance.

Hon. Mr. Crerar: I assume that information can be got in committee.

Hon. Mr. Robertson: Yes.

Hon. Mr. Crerar: The next bill on the order paper for second reading, Bill C, deals with lands in the Yukon Territory and Northwest Territories, so evidently the bill before us has to do with lands inside provincial boundaries.

Hon. Mr. Robertson: As my honourable friend says, the information may be obtained from departmental officials in committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

TERRITORIAL LANDS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill C, an Act respecting Crown Lands in the Yukon Territory and the Northwest Territories.

He said: Honourable senators, the Dominion Lands Act originally applied to lands held by the federal government in the provinces of Manitoba, Saskatchewan and Alberta, and to the Peace River block in British Columbia and the Northwest Territories. Also, the Governor in Council was empowered, by section 4 of the Act, to make regulations for the disposal of land in the Railway Belt of British Columbia and the Yukon Territory.

In 1930 the passing of the National Parks Act and the Acts respecting the transfer of certain lands to the provinces, made the Dominion Lands Act inapplicable to all areas except the Northwest Territories and the Yukon Territory. Consequently, many of the provisions in the Dominion Lands Act have had no application for a considerable time. It is the purpose of the bill before us to

remove the obsolete sections and to bring the rest of the Act up to date. Briefly, the obsolete sections related to the following:

1. Homesteads. No homestead entry was ever permitted in the present area of the Northwest Territories, and the practice of allowing homestead entry in Yukon Territory was discontinued some years ago.

2. School lands and Hudson Bay lands. These sections have to do with provincial lands.

3. Public competition for the right to cut timber on berths. This practice was discontinued many years ago, and the present practice is to issue a permit and charge dues for the timber cut.

4. The issue of patents, the production of documents and other minor matters. These sections are now unnecessary.

In addition, some of the provisions relating to correction of grants are included in the Public Lands Grants bill, which has just been read the second time.

The general intent of the remaining sections of the Dominion Lands Act is retained in the bill and, for the purpose of comparison, many of these sections are printed in the explanatory notes.

The bill would apply to all lands in the Northwest Territories and the Yukon Territory under the control of the Department of Resources and Development. The application of the present Act to the Yukon Territory is through section 4 (2), which gives the Governor in Council power to make certain regulations in regard to that area. This bill would remove that limitation.

Section 25 makes some changes in the language of the Dominion Water Power Act, and eliminates unnecessary provisions in that Act.

In addition to repealing the Dominion Lands Act the bill also repeals the Irrigation Act and the Reclamation Act. The Irrigation Act now applies only to the district of Keewatin, where it has no practical application. The Reclamation Act applied only to the provinces of Saskatchewan and Alberta, and these provinces are no longer under its jurisdiction.

Honourable senators, I may say that the subject matter of this bill is closely related to that of the one which has just been considered. Should honourable senators see fit to give it second reading tonight, I shall move that it be referred to the Standing Committee on Banking and Commerce. The same officials from the department will likely appear on both bills.

Hon. T. A. Crerar: Honourable senators, I have no objection to the bill receiving second reading. There is, however, one point on which more information should be given when it is considered in committee.

I observe by section 5 of the bill that no territorial lands suitable for muskrat farming shall be sold. This is a wise provision, but it may be well to get information on the reservation of other lands, which might be suitable for maintaining the native population of these areas.

When the land and timber resources of the western provinces were transferred to the provinces, the question of the welfare of the Indians living in the northern parts of these provinces was overlooked. Roughly speaking, a third of the Indians of Canada live in the northern sections of not only the western provinces, but of Ontario and Quebec. Their only means of livelihood is trapping. After the transfer of the resources of this northern area, they became subject to provincial government regulations, and as a result they have become an increasing charge on the federal government. It is quite possible, and indeed not difficult, as has been clearly demonstrated, to restore the fur-bearing population that was dissipated because of the lack of proper conservation methods in our northern areas. As the fur animals became fewer the Indians became more and more dependent on hand-outs from the federal government.

When the bill is before the committee, I propose to raise this question with a view to ascertaining whether proper provision is to be made in the future for the Indian and Eskimo population. I have no hesitation in saying that these people, being natives in particular areas, have first claim on the right to a livelihood from them. I have no doubt that we shall get further information upon the point when the bill is considered in committee.

The motion was agreed to, and the bill was read a second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Thursday, February 23, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Golding for an Address in reply thereto.

Hon. F. W. Gershaw: Honourable senators, in continuing this debate, I wish first to congratulate with all sincerity the mover (Hon. Mr. Golding) and the seconder (Hon. Mr. Veniot) of the address on the splendid speeches they made. Also, I wish to call the attention of this honourable body to a problem that exists in the southern part of the prairie provinces, which is of national importance and, I am pleased to say, is not being altogether overlooked.

Experience over the past forty years has shown that in the section of the country I have referred to the moisture coming from the sky during the growing season is not sufficient to produce food crops. Many farmers are still living in the short grass areas, but in eleven of the past thirteen years, as a result of hot winds and drought they have met with failure and disappointment.

The Government of Canada last year paid the sum of \$14 million to 60,730 farmers, because the yield on their farms was less than 8 bushels per acre, and in many cases it was less than 4 bushels per acre.

The people of this area settled there in good faith; they worked hard and became attached to their homes; but many of them are now convinced that they must move out. They should not be forced out, as were the Acadians removed from the land of Evangeline. They should not be scattered to distant areas far away from roads and without schools, hospitals, churches and stores. They can be removed to areas where all the benefits of community life may be enjoyed, if irrigation is provided.

Irrigation is nothing new. In all ages and in many parts of the world rainfall has been fitful and even absent during the growing season. Under these circumstances irrigation had to be resorted to in order to produce crops. Irrigation farming is as old as civilization itself. It was used by the Incas in South America before the Spaniards came. In Bible days Egypt, because of the flooding of the Nile was the granary of the Roman empire. In that land of pyramids a canal that was constructed 4,000 years ago still carries water to the thirsty land. Egypt's seven and one third million acres of irrigated land has time and again saved the people from famine and economic disaster.

Canada has from one-half to three quarters of a million acres under irrigation, compared with one million acres in Australia and fifty-five million acres in India. China, as far back as her records go, has maintained an extensive irrigation system in the rice-producing area. Irrigation is employed in Africa for the growing of fruits, especially

dates. Irrigation is made use of in Asia in the growing of mulberry for the silk worms; in Spain, for oranges; and in California about 46 per cent of the great fruit crop is grown on irrigated land.

Irrigation has been most successful in the United States. About one hundred years ago the Mormons, after suffering untold hardship in their march across the continent, settled in Salt Lake Valley. It was then a desert, but by irrigating the land they turned it into a veritable paradise. They succeeded in supporting a population of 175,000 with only two acres to each individual. Horace Greeley, the editor of the *Tribune*, once said, "Go West, young man, go West". He had in mind the great benefits of irrigation in the western states. He was one of the first promoters of the Colorado scheme, away back in 1870. Since that time the canals have been extended, and the western states have become noted for their watered gardens and orchards. There are now in the United States 28,000,000 acres under irrigation—about nine-tenths by the gravity method, and about one-tenth by pumps.

Here in Canada, flowing to Hudson Bay, we have water in rivers and the streams which, if harnessed and used, would irrigate about 2,000,000 acres of land; and if that land were irrigated people would flock to it, because people will go where there is food in abundance and where food is easily produced.

I should like to indicate and illustrate what can be done by recording what has been done in a small area close to where I live. In southern Alberta there is a tract of about 25,000 acres known as the Rolling Hills. Until a few years ago it produced nothing but a few cactus plants and clumps of sagebrush. It was a grim, desolate area. The roads were dry and dusty; there was no sign of human habitation anywhere. A broken-down deserted shack, or the whitened bones of some animal that had perished, were the only signs that people had ever tried to live in that district. The land was fertile and there was lots of sunshine: what was needed was moisture. Water was turned in, and a great transformation followed. In friendly co-operation the governments brought to these irrigated lands some farmers from dried-out areas. They arranged that the land vacated would be taken out of cultivation and used for community pasturage. They provided that the lands these people were moved to would be irrigated, and the northwest quarter of each section was reserved for persons experienced in irrigation, so that proper practices would be followed. Of the first one hundred families that were moved there, only two had any

measure of failure at all. Now there is a small village in the district, with stores and a two-roomed school. There are in that community about three other school districts; and if you were to fly over that country now you could see upwards of a hundred colourful farm homes, surrounded with flower beds and vegetable gardens; you would see livestock and machinery. The whole district is clean and neat; it evidences prosperity and a good community spirit.

Where there is so much sunshine and the land is fertile, all that is required to produce crops of food is moisture. Food is the foundation of the well-being of mankind. It has already been said in this debate that where people are hungry, where food is scarce, there is going to be trouble. Men and women will and should rebel if they are starving. Everywhere in the world more food is needed. The population of the globe is increasing by about 20 millions every year.

Here in Ottawa there is a nutrition division of the Department of National Health and Welfare. It is under the control of Dr. Pett. He and other able specialists have drawn up a dietary showing the food requirements of the Canadian people. To meet those requirements we need more fluid milk, more fruits, more leafy and yellow vegetables; and these are the very products which do best on irrigated land.

In connection with the financing of irrigation districts, it has been shown, not only in Canada but in the United States and elsewhere, that private capital is not available for the major projects; governments must assume some of the initial cost. Part of that cost is not immediately recoverable, though ultimately it will be. In thinking of this matter of finance, I agree with the honourable senator from Blaine Lake (Hon. Mr. Horner) that we could well spend less on buildings and on the beautification of Ottawa and more on these permanent food-producing schemes in the west—

Hon. Mr. Aseltine: Hear, hear.

Hon. Mr. Gershaw:—because of the marvelous results which that expenditure would bring about. One difficulty which has caused considerable delay, is that of getting together the three parties concerned in irrigation. One of the first districts in the West which it was decided to irrigate was the Bow River area. It was chosen because water was available and because the land, being fairly level, could be easily irrigated. This development occurred quite a few years ago. We spent years trying to get the Dominion Government, the provincial government and the private land company to co-operate on a deal, and we absolutely failed. Fortunately the dominion has

now almost completed negotiations to buy out the private owners, and we are hoping that progress will speedily be made.

The Dominion Government has stepped into the irrigation picture in a pretty big way. In the Prairie Farm Rehabilitation organization they have a splendid agency, and they have in a general way taken on the duty of constructing the large reservoirs and connecting canals. The provinces then distribute the water and arrange for settlement. The provinces own the natural resources and have jurisdiction over property and civil rights. All surface waters are vested in the Crown in the right of the province, and are administered by a board under the Water Power Act. The authority and the duties of the bodies may clash, and there is always a possibility of friction. Fortunately, good will exists between the two governments.

In the United States there was considerable friction between the Washington government and the state governments until 1894, when the Carey Act was passed. Under this Act the central government offered the states a million acres of land if they would undertake to irrigate it and sell it to actual home-seekers. When 90 per cent of the land was sold, the management and control of the district was to be turned over to the water users, the actual settlers in the district. This arrangement has worked out very well. It has provided employment and has given home-seekers good homes; it has produced protective foods and has strengthened the agricultural development of the country.

I want to say that the people of the dry areas in the Canadian West appreciate what the Minister of Agriculture and his officers have done, and they particularly appreciate the work done by the Prairie Farm Rehabilitation group. It is necessary to hold and to harness all the water that can be obtained from the spring run-off and from rain and snow, and since 1935 the government has provided engineering help for the farmers.

Individual farmers, with the aid of P.F.R.A. money and technical advice, have constructed 31,225 dugouts, 5,062 stock-watering dams, and 1,187 small irrigation projects since 1935. In addition to that they have constructed 144 community pastures by taking poor land out of cultivation. At the present time this land provides pasture for 73,393 head of cattle. Large storage reservoirs are being constructed, and upon the completion of engineering surveys now being made, the irrigated areas will be increased from their present one-half million acres to two million acres.

In closing I want to express the hope that the good will and friendly co-operation which now exists between the dominion and our

THE SENATE

Tuesday, February 28, 1950

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

Prayers and routine proceedings.

UNEMPLOYMENT INSURANCE BILL

REPORT OF COMMITTEE

Hon. Mr. Bouffard, Acting Chairman, presented the report of the Standing Committee on Banking and Commerce on Bill 8, an Act to amend the Unemployment Insurance Act, 1940.

He said: Honourable senators, the committee have, in obedience to the order of reference of February 27, 1950, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. Roberison moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

PUBLIC LANDS GRANTS BILL

REPORT OF COMMITTEE

Hon. Mr. Bouffard, Acting Chairman, presented the report of the Standing Committee on Banking and Commerce on Bill B, an Act respecting Grants of Public Lands.

He said: Honourable senators, the committee have, in obedience to the order of reference of February 27, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m. for the purpose of giving the Royal Assent to certain bills.

PRIVATE BILL

FIRST READING

Hon. Mr. Bouffard presented Bill E, an Act respecting the Limitholders' Mutual Insurance Company.

The bill was read the first time.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate I want to deal first with certain remarks made by the honourable leader of the opposition (Hon. Mr. Haig) who I am sorry to see is not in his place. However, the only difference his absence may make, so far as I am concerned, is that I might say what I have to say with a little more vigour if he were here. During his speech he dealt at some length with communism in this country and the dangers of communism. I say to him and to all honourable senators that many of us in this country are not thinking clearly on this matter, and it is about time that we did. In the early days of the rise of communism the believers in that philosophy were disciples of Karl Marx, and those who worked behind the scenes in Russia for the overthrow of that country believed in the doctrine of Marx, "Unto each man his needs." But what happened in Russia after some of those people came into power? There was a great fight for control, a fight that continued until Soviet Russia had not a communistic government at all, but a Stalinist or Police State government. We in Canada had better get it clear in our minds that in this country there is a difference between the philosophy of those who believe in communism and those who—some of them belonging to the L.P.P.—are taking their orders from Moscow for the overthrow of our Canadian democratic system. I think we might do well to consider this matter more clearly than we have in the past.

I was somewhat amused by the honourable gentleman's references to communistic representatives in the Winnipeg city council and the Manitoba legislature. He said they were out to spend all they could of the taxpayers' money with a view to causing disruption. Well, I have looked over the expenditures of the provincial government and the municipalities of the province from which I come, and I find that they are on one of the biggest spending sprees in the history of the province. The spendings by the provincial government have jumped in the last four years from \$68 million to \$102 million; but no one would accuse that government of being communistic at all. And neither can anyone say that the municipalities have become communistic in thought. What the public of this country need to do is to take a greater interest in

their own affairs, for after all there is only one source of payment for all these expenditures, namely, taxes and more taxes, all of which are collected from the people.

A reference made by the honourable senator to our new province, Newfoundland, was most unfortunate, and perhaps was a slip of the tongue. I learned from my experience in another place that it does not do to make jocular remarks. I well remember making a speech there not long ago in which, after quoting from a French language newspaper in the province of Quebec, I apologized for not being able to speak French and, just as a mere aside, said I had enough difficulty learning English, without attempting to learn another language. Well, shortly afterwards I was amazed to read a letter in a British Columbia newspaper stating that the electors of my constituency had sent to Ottawa a man who could not speak the English language. Since that time I have been somewhat careful of the remarks I have made. There are no finer people in this country than the people from Newfoundland.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: I have not had the pleasure of visiting that province, but I have read some of its history. I believe that its people are the last bulwark of rugged individualism. They have built up their province in the face of most adverse circumstances. During the first two hundred years of the colony's existence Great Britain put every obstacle in the way to prevent British people from settling in Newfoundland.

I have most friendly feelings toward the people of our new province, and I say to the honourable senators who come from there that we in British Columbia have many things in common with them, more perhaps than with the people of other provinces. Some people think that now we have brought Newfoundland into confederation we can forget about it. I hope we will not do that. Had Newfoundland been in confederation from its early days, the Canadian government would have spent a great deal of money to give to the people of that province things which up to the present time they have not enjoyed, and perhaps will not enjoy for some time to come.

The people of Newfoundland hold the gate of Canada on the east, and we in British Columbia guard the portal to the Pacific. I think that as time goes on it will be found that the portal on the Pacific will reach a zenith which will make it the equal of any port on the Atlantic.

The leader opposite (Hon. Mr. Haig) and some other senators have had much to say

about trade. All of us realize, of course, that no country depends more upon her trade than does Canada. The United States, with their huge resources, have a large consuming population. Canada has only thirteen and a half million people. While solutions are being suggested for our trade problems we must not forget that to date, whether we like it or not, the country to the south of us is in the driver's seat.

There is scarcely a nation in the world today which is not receiving assistance in some form from the United States. Part of our present prosperity is due to the fact that Great Britain has been able to purchase wheat and other products with Marshall Plan aid. Most countries are worried about what is going to happen when Marshall Plan aid ceases.

Perhaps what I am about to say next may displease some members of the government, but I take the position that in the interests of the people of Canada I have the right to say certain things to the government, not in a destructive critical sense, but by way of drawing their attention to certain conditions and perhaps offering some advice or assistance. I have in my hand a report of a statement made recently by the Prime Minister on the question of trade. If I am not within the rules of the house in reading it, his Honour the Speaker can stop me. The Prime Minister said:

For the good of the nation in general, we want an increase in the exports of Great Britain to ourselves . . . so that the price of these imports can be converted into dollars usable to pay for the surpluses we must continue to export to the United Kingdom.

Such distress to a few Canadian industries is something which is unfortunate and which has to be considered. We have to attempt to deal with it, but we must not attempt to deal with it in a way that would shut out such British imports from our country because they are harmful to some of our local industries.

I say, honourable senators, that Great Britain should be encouraged to send us goods such as machinery and steel, rather than textiles, towels and similar articles. The fact is well known that if Canada is flooded with textiles and towels from Great Britain many Canadian factories will be closed.

It is in this connection that I wish to draw the attention of honourable senators to what the Prime Minister had to say, and to point out what some government boards are doing to disrupt the idea which he put forward.

In passing may I point out that Canada's per capita expenditure in the United States last year was \$126, as compared with a per capita expenditure in Canada by the United States of only \$8. I emphasize the fact that

the United States is in the driver's seat, and that as she is our close and friendly neighbour, rather than rebel against that condition we must try to put our own house in order.

For some time the attention of the entire North American continent has been centred on the strike in the American coal mines. Certain Canadian cities fear that if the trouble continues they will be short of coal. I am wondering whether everything that could be done has been done to produce and use more Canadian coal, so that we would not have to import such great quantities from the United States. I notice by the report of the Dominion Coal Board that last year Canada's total coal consumption was slightly more than 47 million tons. Of this total slightly more than 18 million tons was Canadian coal, and the balance of about 29 million tons was imported.

We in British Columbia produce a bituminous coal, quantities of which used to be exported to Japan and other countries, but a short time ago a deal was made whereby what is called "Red China" would supply Japan with coal, and British Columbia lost a market which she had held for many years. True, only some 280,000 tons per year went to Japan, but even this was a great help to the coal miners of the Pacific coast.

Parliament last year passed a bill which provided for loans of approximately \$10 million to assist in the purchase of better machinery by the Maritime coal operators. When they get into full production I trust that the people of this country will use more Canadian coal and import less from the United States. The supplying of Canadian consumers with oil from the Alberta fields will considerably reduce our purchases of that commodity from the United States.

I turn now to what I consider is a more serious matter. The Prime Minister is telling us that we should buy more goods from Great Britain to help balance what she buys from us. As honourable senators know, Great Britain's purchases from Canada last year amounted to almost \$400 million more than our purchases from her. My particular attention was recently drawn to an article appearing in the *Toronto Saturday Night*, to the effect that a body known as the C.B.C., when buying television equipment for the cities of Toronto and Montreal, never gave the British a chance to tender. Now, does anyone say that Britain is backward in the field of television? I have just been reading something of her development in this field, and in many respects she is far ahead of the United States. British manufacturers of modern, up-to-date television sets and machinery have in Toronto a properly established agency, known as the Pye Company.

Do you suppose, honourable senators, that even this company was allowed to tender on the television equipment required by the C.B.C.? No: The corporation decided to buy these sets from the United States. I should like to know whether the C.B.C., as would be the case with an ordinary business, would have to obtain an import licence for this transaction, or is this organization above the law when it decides to buy this kind of material? It is high time that the government and the people of this country took note that we are setting up boards and administrators who are practically defying governments and are ignoring our democratic forms of control. I draw the attention of the government to this particular situation because to me it is a shocking state of affairs when a company established here with up-to-date television equipment is not even given a chance of tendering on material required by the C.B.C.

I am very glad indeed that it has been proposed to set up a committee on the Canadian Broadcasting Corporation, and I hope that the leader of the government in this house will press to have members of the Senate included in that committee. For, after all, the Canadian Broadcasting Corporation is a body set up by parliament, not by the government, and all of us are concerned in its operation, especially when it asks for more money, as it is now doing, and seeks the consent of the government to an increase in the radio licence fee. I wonder whether any of you have looked over the recent reports of the C.B.C. If so, you may see where that body is going financially and where it will end if we give it more money. The grand total of all C.B.C. expenditures last year was close to eleven and a half million dollars. In 1944 its expenditures were five and a half million dollars. The more money these people get, the more they want; and the money can come from only one source, namely from the taxpayers of this country. It is high time to call a halt to this trend.

According to a clipping I have here, the government intends to add three thousand persons to the staff of the Income Tax branch. I trust that when this generation passes away it will not be true of them, as of a generation mentioned in Holy Writ, that the hand of the tax-gatherer was heavy in the land. With many exempt from payment of income tax the burden falls mainly on a smaller group, and the manner in which expenditures are increasing, both provincial and federal, particularly federal, suggests a parallel between those ancient days and our own.

When, following the end of the war, many boards ceased to operate, I supposed that there would be a considerable exodus from Ottawa and therefore, plenty of vacant homes and apartments. But if you look around and inquire today you will find that the housing situation in this city is even worse than it was before the war, because those who came here are staying. It is well known that a government can hire but that it never can fire. And now we are to have another three thousand people to develop even more extensively the work of the Income Tax Branch.

I invite honourable senators to glance at the increasing proportion of uncontrollable, as compared with controllable, expenses of government, and the trend it indicates. Back in 1939 the uncontrollable expenses of this country absorbed roughly 55 per cent of our tax revenues. The proportion has increased now to over 60 per cent. This means that so much less money is available for controllable expenditures, such as public works and other government activities. I am not going to take time this afternoon to read all the items, because the list is a formidable one, but if honourable senators will examine the figures for themselves, I believe they will come to the same conclusion as I have, that we are increasing our spending very rapidly. Unless a halt is called, I fear for the businessman and the individual taxpayer who will be called upon to carry the cost of all this spending by government and government boards.

I said at the opening of my address, that we in British Columbia have much in common with the good people of Newfoundland. That is especially true in the matter of fisheries. I intend to devote a few minutes to this subject for it is one to which I have given some study, and perhaps I may mention for the information of some honourable senators that I hold at this time the position of chairman of the International Pacific Salmon Fisheries Commission.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: I was delighted a few days ago to hear the honourable member from Gloucester (Hon. Mr. Veniot) say what he did about the Minister of Fisheries. It was an act of singular graciousness on the part of one who lives in another province to refer in such glowing terms, and rightly so, to a Minister of Fisheries from British Columbia. Since his appointment the minister has done many splendid things. This is the more to his credit when one remembers that for many long years the Department of Fisheries was one of the "orphans" of the government. Those of us who have given the department

some study know that its staff of experts was neither so large nor so capable as those of some other departments. In this department a tradition has persisted which, for the good of the fisheries of Canada, the present minister is endeavouring to overcome.

I was looking up some figures in the last report on fisheries, and I think they may interest honourable senators. In the ten provinces over 80,000 persons are employed in the fishing industry. The total sum invested in vessels, boats and processing plants is roughly \$65 million; and the value of the fish landed on the shore, before it is processed, is between \$70 million and \$80 million. The market value of course runs considerably more than this figure, because much of the product is canned, and a considerable amount is placed on the market either in a salted or frozen condition.

I do not believe that honourable members from other provinces which have fisheries will take exception to what I have to say on behalf of British Columbia, because it is not my desire to set one province against another; but I would like to mention that our Pacific province has one of the most wonderful fisheries in the world. Take the herring fishery for instance. I feel sure that when I tell you this you will say "That is just a fish story". But you will have some idea of the herring fisheries of British Columbia when I tell you that in one single catch a seine boat took 1,600 tons of fish. This is a type of fishing where the net—it is called a purse seine—is put around in a circle and the bottom of the net is pulled shut. We have been fishing on that scale for years, and so far as officials can judge there is no diminution in the numbers of herring. I am not going into the merits or demerits of bounties; I am merely giving you some statistics and stating what took place.

I may be considered impertinent in giving advice to the Maritimes, but I think it might be better for the fishing industry if the bounty were used in some different way. As I contended in another place, a bounty which is spread out, \$7 or \$8 per man, is not being used to the best advantage of the fisheries as a whole, nor is it being spent according to the recommendation of the commission which investigated the matter many years ago. On the other hand, I do say that if the present practice is to be continued, we in British Columbia have a right to the \$200,000 or so which is received each year from the United States as our 20 per cent share of the furs of the seals killed and skinned on the Pribilof Islands.

At one time we had a large sealing fleet of seventy-five or more vessels, which went out

into the open seas and intercepted the seals as they were on their way to the breeding grounds on the Pribilof Islands. This was known as pelagic sealing, and under the agreement with the United States Canada agreed to prevent our fishermen from killing these seals in open water when they were on their way to their breeding grounds. As compensation, the United States government agreed to pay Canada 15 per cent—and later 20 per cent—of the value of skins taken each year off the Pribilof Islands. Under this arrangement the British Columbia fishing industry has more claim to this money than any other province. But I want to reiterate my first proposal: that all such moneys should be for the benefit of the fisheries as a whole. After some years of studying the problem, it is my belief that it might be advisable to spend this money in some other way than by simply making individual hand-outs.

At this point I also want to commend the Minister of Fisheries for the move which has been made to teach the women in our Canadian households how to cook fish.

Hon. Mr. Horner: They should do something about the fish they serve in our parliamentary restaurant.

Some Hon. Senators: Oh, oh.

Hon. Mr. Reid: They could put a good dietitian in there to advantage. But I have something to say about the fish itself. I do not care how good your cooks or dietitians are, they cannot make poor fish good to eat. I wonder if I am safe in asking my friends from the Maritimes and Manitoba why they paint their fish and sell it as smoked fish? It is all very well to ask the government and the Minister of Fisheries why they do not do thus and so, but the people handling the fish go on doing the kind of thing I refer to irrespective of whether it ruins the fish or not. The Winnipeg gold-eye and the Maritime fish are made tough and almost indigestible by this painting process, and it should not be permissible to do this kind of thing to the finest food which God has given us. Unlike the products of the soil, which are affected by nitrogen and fertilizers, fish is taken untouched from the sea. It would seem that man is perhaps thinking too much of profit, and instead of using the old method of smoking the fish he takes it to the painting shed, paints it, and then sends it out as smoked fish.

Honourable senators, another problem facing the industry is the high cost of fish. It is a difficult problem to solve, but there is too great a spread between what the fisherman gets for his product and what the consumer pays for it. It is all very well to

teach our womenfolk how to cook fish properly, but first of all they want to get good fish, and furthermore, they want it at a reasonable price. Do you think that the average housewife would buy a pound of fillet in preference to a pound of beef when both are selling at, say, 50 cents a pound? She would not. Yet here is a product which has not cost man anything to grow. There is no ploughing, seeding, reaping or harvesting to be done; there is only the processing of the fish after it has been caught. Despite this, fish is costing the consumers as much as meat, so if we want to do something for the fishing industry we should tackle this problem.

It may be of interest to many honourable senators to know something about the consumption of fish in Canada. Here are some comparative figures: At the present time the consumption of fish in the United Kingdom is 35 pounds per capita.

Hon. Mr. Burchill: Per year?

Hon. Mr. Reid: Yes. In the United States it is 11 pounds 2 ounces; in France it is 12 pounds 1 ounce; in Denmark it is 35 pounds 9 ounces, and in Norway it is 46 pounds 7 ounces. Now, what I think we should do is to put on a good advertising campaign to sell fish to our people. This could be done to great advantage by stressing the health-giving qualities of fish. Incidentally, a similar campaign recently carried out in British Columbia had amazing results. When it was discovered that Great Britain was not going to buy any more eggs from Canada, the poultrymen of British Columbia were pretty perturbed, and they were pleading with the government to take their surplus eggs off their hands. Meetings were held throughout the lower part of British Columbia, and when it was suggested that a selling campaign be undertaken, there were some who said that this was utter nonsense. Nevertheless, with the help of the Department of Agriculture and moneys contributed by various associations, a vigorous egg-selling campaign was put on in January, and it went over so big that carloads of eggs had to be brought in from Alberta and Saskatchewan to meet the demand. I believe the same sort of campaign would be of tremendous help in selling our fish. It would not hurt our people to eat another half ounce of fish daily. This would amount to only one pound per person per month, but it would result in a home market of 160 million pounds a year, and this would eliminate much of the need for outside markets.

I would suggest to the Department of Fisheries and to the government generally that serious consideration be given to the inauguration of such a campaign, that some

inquiry should be made with a view to reducing the cost of fish to the consumer, and that, if possible, a system should be established whereby fish could be put on sale in our cities and towns while it is still fresh.

Hon. Mr. Horner: What is the per capita consumption in Canada?

Hon. Mr. Reid: I am glad my honourable friend asked that, because I overlooked it. The per capita consumption in Canada last year was 12.2 pounds, of which 5.4 pounds was canned fish, and 6.8 pounds, was made up of cured, frozen and fresh fish. That completes the picture for purposes of comparison with other countries.

The British Columbia fisheries face some dangers, as do the fisheries on the Atlantic. Here let me say to my friends from Newfoundland that, if I were giving them advice, I would suggest that they request the government to have attached to the office of the Secretary of State for External Affairs a practical fisherman, competent to advise our representatives at international conferences.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Reid: Prior to Newfoundland's entry into confederation Great Britain spoke for the island at conferences having to do with the North Atlantic fisheries; but now Newfoundland should urge upon the federal government the necessity of having competent advisers at all such conferences.

On the Pacific the dangers are twofold. I am one of those who believe that the sooner a peace treaty is signed with Japan the better. Last year a special American fisheries mission was invited by General MacArthur, the Supreme Allied Commander in Japan, to study the fisheries of that country. The mission was composed of three men, all experts in fisheries matters, and in my hand I hold a copy of the report that they made to the President of the United States. I will read from it one paragraph:

Certain policies deserve special consideration. The mission is thoroughly convinced of the soundness of the position that the Japanese should not be permitted to expand their deep sea fishing operations, under any circumstances, until the Japanese Government demonstrates its ability to control its fishermen and to respect international obligations. It is felt to be of utmost importance to the entire world fishery future that the sound position which SCAP has taken in this matter be maintained.

The initials "SCAP" mean Supreme Commander for the Allied Powers.

When discussing this matter with the honourable the Minister of Fisheries, I was very pleased to hear from him that not long ago he had visited Japan, and that he agreed with the position taken on the matter by General MacArthur. And indeed the consequences

may be serious for Canada, especially for British Columbia, if a fisheries agreement with Japan is not made part of the peace treaty. I have suggested to the government that we should have present, to advise our representative at the conference for the signing of the peace treaty, a man experienced in the fisheries.

It is well known to those of us from British Columbia that prior to the outbreak of the last war Japan had the largest fishing fleet in the world, an industry in which one million men were employed. So-called mother-ships came from Japan, down Bristol Bay and along the British Columbia coast, presumably for the purpose of testing tides, currents and the temperature of the water; but it was noted that when they arrived at the port of Seattle they had 20,000 or more cases of canned salmon on board. Honourable members who have given the fisheries some study may be interested in knowing that the Japanese have a technique of fishing with nets two miles long.

After his appointment as Supreme Commander for the Allied Powers in Japan General MacArthur established bounds within which Japanese fishermen were required to stay. Did they stay within those bounds? No, they did not. Only a short time ago Japanese fishing boats were picked up a few miles off Australia. Of course, a protest was made to General MacArthur, and when the boats returned to Japan their owners were fined by the Japanese Government.

Out on the Pacific we have what is called the continental shelf, where our salmon feed. Our great salmon fisheries, comprising five varieties of salmon, provide a livelihood for thousands of fishermen. The United States and Canada are taking about 47 million pounds of halibut a year from certain areas which would have been depleted of halibut had an agreement or treaty between both countries not been reached. What will our position be if the peace treaty does not contain an agreement by the Japanese fishermen not to pursue their occupation on our west coast without regard to the quantities taken? In the past the Japanese fishermen never were conservationists. They used to take all they could get. Their mother-ships, equipped to stay out for a year, returned laden with fish. So I say it is of the highest importance that Canada be well represented at the peace conference by a fisheries expert. We need to have there a competent man, one whose experience has been on the practical side of fishing, rather than someone whose knowledge has been gained solely in college. Sometimes I feel that today we are suffering from too many theorists.

I said that British Columbia was faced with two dangers. The first of these—the possible taking by foreign vessels of untold quantities of fish from waters upon which Canadian fishermen depend for their livelihood—very likely confronts the Atlantic provinces as well. British Columbia's second danger arises from the recent move by the great aluminum trust to capture inland waters for hydro-electric purposes. Huge dams are being contemplated in the interior, at Nechako and Chilko. I will not engage in an extensive discussion of the matter this afternoon, for I expect to make more speeches. For the time being I merely draw attention to these two dangers. I may be reminded that water rights are under the control of the province, and it may be said that the federal government has no power to interfere in this matter. That may be right, but I prophesy that in days to come, after the Aluminum Company gets this project in operation—if it ever does—the federal government will be asked to investigate this company or cartel. I do not know whether the public is aware that in 1944 the company was investigated in the United States. I have here a copy of the report of that investigation. If this company, which is power-hungry, gets away with its activities at Nechako or Chilko, it will wipe out three-quarters of the sockeye salmon fishing industry on the Fraser River.

A report was made on this question by the Attorney-General of the United States, and those of us who are believers in free enterprise should take note of it. Competition does not automatically take its proper place just because the war is over. The Attorney-General of the United States in a letter accompanying the report on the Aluminum Company says:

Unless necessary measures are taken immediately, independent businessmen will not have a fair opportunity in this industry . . .

It may be true that in certain instances cartels and combines have provided the public with cheaper goods than might otherwise be produced. As one who believes in freedom and free enterprise, I contend that we must keep competition alive; but when men bind themselves together, as this company has done, to keep others from coming into the industry, that is leaning towards communism. I warn the people of this country, particularly the people of British Columbia, against what the government of

that province proposes to do in the way of handing over one of its greatest heritages to perhaps the largest combine in the world. That organization controls aluminum resources not only in Canada but elsewhere outside of this country. Some time ago it grabbed off Arvida. I am not at all sure that it cannot be blamed for stopping action on the part of the United States in carrying out the St. Lawrence Waterway Treaty, as the carrying out of that scheme might interfere with its interests.

Honourable senators, I shall have more to say about this subject later. For the present I am content to lay these matters before you. I hold the view that we are here with a duty to perform, namely, to watch over the rights of all the people. I do not say what I have said because I am a member of the Senate; those who sat with me in the other house know that I have many times stood up and fearlessly said what I believed to be in the interests of the Canadian people. I believe that every honourable senator will agree that that is one of the duties which we should unselfishly carry out.

Some Hon. Senators: Hear, hear.

Hon. Mr. Beaubien: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following Bill:

An Act to amend the Unemployment Insurance Act, 1940.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 1, 1950

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

Prayers and routine proceedings.

PUBLIC LANDS GRANTS BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill B, an Act respecting Grants of Public Lands.

The motion was agreed to, and the bill was read the third time, and passed.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. W. M. Aseltine: Honourable senators, it was not my intention to take part in this debate prior to our adjournment, so consequently I am not as well prepared to speak as I might otherwise have been. However, there are one or two matters which I wish to bring to the attention of the house at this time, so that the government may take some action with respect to them.

First of all, I wish to say that I was delighted with the speeches of the mover (Hon. Mr. Golding) and the seconder (Hon. Mr. Veniot) of the Address in reply to the Speech from the Throne; they were very interesting and well in keeping with the traditions of this chamber.

Yesterday I was somewhat amazed by the statement of the honourable gentleman from New Westminster (Hon. Mr. Reid) about what he called the "painted" fish from Manitoba. If the leader on this side of the house (Hon. Mr. Haig) were present, I am sure he would have some remarks to make about these fish. No doubt the honourable gentleman was referring to that famous fish known as the Winnipeg goldeye. Now, until it is treated, the goldeye is just an ordinary fish. What form the treatment takes I do not know, but I think that when cured it is just about the finest fish in the world.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: Whenever I am on the train in the vicinity of Winnipeg I take great pleasure in ordering goldeyes, if they are on the menu.

I should like now to place on the record some information which I obtained yesterday at the Banking and Commerce Committee when the Unemployment Insurance Bill was being considered there. The total of contributions made to the Unemployment Insurance fund by employers and employees in 1949 was \$98 million. In addition, the government contributed one-fifth of that amount, making a grand total of contributions of about \$120 million. But I was shocked to find that the cost of administering the Act was \$17 million. That is approximately 15 per cent of the total contributions made by the public and by the government. Surely this is something that might be inquired into by one of the Senate committees which are being set up to consider departmental estimates. Of course, the \$17 million was paid, not out of the fund but out of consolidated revenue account. It is expected that the 1950 contributions by the public and the government will amount to \$150 million, so honourable senators will see that unemployment insurance is one of the big businesses carried on in this country.

My chief purpose in speaking today is to deal with some phases of the Income Tax Act. A short time ago the Income Tax Appeal Board brought down a decision in the case of Reinhorn versus the Minister of National Revenue. I am not criticizing the decision in any way; in fact, I think the decision is correct, having regard to the way in which the relevant section of the Act now reads, but it will have a tremendous effect upon the economy of the western provinces.

Let me give a brief summary of the facts of the case. Reinhorn purchased a service station and garage property from the McColl-Frontenac Company for \$50,000 of which \$10,000 was to be interest. When Reinhorn filed his income tax return for the year he deducted \$1,385 for interest paid on his agreement for sale. Ordinarily that was a proper deduction, as we interpreted the Act. The same procedure was followed by, for instance, a purchaser of land who bought on a deferred payment plan. In his income tax return he would include as part of the cost of earning the income for the year the interest paid on the agreement for sale. In the Reinhorn case the appeal board decided that the amount involved was not borrowed money at all, and that under sub-section 1 of section 5 of the Act the deduction could not be allowed.

Mr. Monet, a member of the board, gave the decision, and a similar decision was given by Mr. Fisher. I should like to read from the report, as follows:

To benefit from the provisions of section 5 (1) (b) of the *Income War Tax Act*, the interest referred to in this section must have been paid in connection

with borrowed capital used in the business to earn the income. These provisions read, in fact, as follows:

5. (1) "Income" as hereinbefore defined shall for the purpose of this Act be subject to the following exemptions and deductions:

(b) Such reasonable rate of interest on borrowed capital used in the business to earn the income as the minister in his discretion may allow . . ."

It is, therefore, the interest on borrowed capital, not on any capital, at such a rate as fixed by the minister, that the taxpayer is entitled to deduct from his income. There must necessarily be the relationship of borrower and lender to be able to benefit from the exemption provided.

The decision in the Reinhorn case followed that of the case of J. E. McCool Limited vs. the Minister of National Revenue, decided by the Exchequer Court in 1948, and cited in the reports for that year at page 548. The decisions completely change the whole situation in so far as the people in western Canada are concerned. For instance, when a farmer buys machinery on a large scale he usually buys on time. A farmer who purchases a combine for, say, \$4,000, and has not got the money to pay for it and cannot borrow it, pays approximately one-third of the amount and gets an agreement for sale from the company for the balance, which he pays off at so much a year, with interest at 5, 6 or 7 per cent. He has followed the practice of including in his expenses for the year the interest paid on the machinery agreement. The same procedure would apply to a farmer who purchased a truck to carry on his farming operations. The practice has been to show as a deduction in his income return each year the interest content of the payments. Also, when a farmer purchases a section of land, 640 acres, and agrees to pay \$30,000 for it, he cannot borrow the entire amount required to pay for that land. Probably he will pay half cash. The remaining \$15,000 is secured by an agreement of sale whereunder he agrees to pay the vendor 5 per cent interest. The purchaser then proceeds to farm the land—he has paid his principal payment and his interest—and when the time comes to file his tax return he deducts the interest as being part of the cost of making his crop on that land. But if the law is as I have stated, and as decided in the Reinhorn case, he will no longer be able to deduct the interest.

A rather novel solution is suggested in the decision. On page 285 of the report I find the following:

It is true, as counsel for the appellant submitted, that if the latter had borrowed from a third party the amount necessary to pay the vendor in cash, he would have been able to benefit from the provisions of the Act allowing the deduction of interest paid on borrowed capital used in the business. Such, however, is not the case here, and the provisions of the section already quoted do not apply.

Mr. Reinhorn's appeal was dismissed. I do not suppose there will be an appeal to a higher court, because the decision is right in line with the section I have mentioned. The interest paid to the vendor will be shown in his return and he will pay income tax on the interest; but the poor purchaser is in a very different position—he pays the interest out of income and is taxed on the whole of the income without any deduction for the interest content. In effect we have, therefore, in the cases I have mentioned, a form of double taxation.

I would ask the leader of the government to have this matter brought to the attention of the Minister of National Revenue with a view to the introduction of an amendment to cover such cases, because, if I am right in my interpretation of the law as it stands, this is something which affects the whole economy of Western Canada and, probably, other parts of Canada as well. As I have said, we who carry on farming cannot borrow all the money we use in purchasing things; we have not anyone to borrow it from; and under the Act, to be able to deduct the amount of interest paid, we must have borrowed the money on a mortgage or something of that kind. It is a very serious matter for us, and one which I would not like to have stand over until we come back: in the meantime the government may be preparing some amendments of the Income Tax Act, and if they are, I hope this matter will be righted.

Hon. Mr. Campbell: To make sure I understand the point stated by the honourable senator, may I ask if, in the case he has cited, the court refused to allow the interest as a charge by reason of the form of the transaction rather than its substance? In other words, had the purchaser paid cash and then borrowed money on a mortgage, the deduction would have been proper.

Hon. Mr. Aseltine: That is correct.

Hon. Mr. Campbell: But since he followed the general practice of paying by instalments, he was not allowed an advantage to which otherwise he would have been entitled.

Hon. Mr. Aseltine: Yes.

Hon. Mr. Campbell: So the decision is really a discrimination against the taxpayer by reason of the form of the transaction rather than the substance?

Hon. Mr. Aseltine: That is so. In giving his judgment, Mr. Monet states that he is quite satisfied that the amount claimed was interest. He does not dispute that at all, but he says—

Hon. Mr. Leger: It is just a technical decision.

Hon. Mr. Aseltine: I do not know that it is technical. Apparently it is in accordance with the law as the law stands now.

Hon. Mr. Leger: What is the section?

Hon. Mr. Aseltine: Section 5, subsection 1 (b).

Hon. Mr. Leger: Have you the text of the section?

Hon. Mr. Aseltine: I read it.

"Income" as hereinbefore defined shall for the purpose of this act be subject to the following exemptions and deductions:

(b) Such reasonable rate of interest on borrowed capital used in the business to earn the income as the Minister in his discretion may allow . . .

Under the circumstances of the Reinhorn case and other cases which I have mentioned, the decision is that this money was not borrowed and therefore the interest is not deductible. I say that it is impossible for us who are doing business in Western Canada to borrow enough money by way of mortgage to comply with section 5.

Hon. Mr. Leger: Would it not be possible to state in the agreement that so much money is for interest?

Hon. Mr. Aseltine: That would not make any difference. Every agreement for sale provides that the price is so much and that the purchaser agrees to pay interest on the purchase price at a certain rate, annually or semi-annually, or in some other manner. It is definitely stated in the agreement.

Hon. Mr. Baird: The purchaser admits that it is interest.

Hon. Mr. Aseltine: In this case he admits it is interest.

As I said, this is a very important matter so far as the western provinces are concerned. I hope the government will give it consideration. I do not know that any of the old income tax returns which have been filed under the circumstances I have outlined have been opened up; I understand it is the intention of the government not to open them up. But we are afraid that this year, when we file these returns showing deductions for interest paid on agreements for the sale of land, machinery, and that kind of thing, they will be sent back to us amended and that our farmers will have to pay income tax on the interest which they have paid out in the process of earning the income.

I have some other points to mention in connection with the Income Tax Act. I have in my hand a brief which I prepared, and which you will pardon me, honourable senators, if I refer to in a little more detail than I have done in my other remarks. I wish to draw attention to the matter of the time for filing

income tax returns. As is well known, corporations file their returns at a certain time, individuals at another time, and so on. The point I want to make is that it would clear up a lot of misunderstanding and difficulty if the dates for filing all returns were made uniform.

Under the present Income Tax Act, corporation taxpayers are required to file their income tax returns, T.2 and TP.2, within six months from the end of their business year, while unincorporated taxpayers are required to file their income tax returns, T.1, by April 30, or within four months after the end of the calendar year. There appears to be some discrimination here, because there are more unincorporated businesses than incorporated businesses; furthermore, some unincorporated businesses are just as large as many incorporated businesses.

Public accountants and others who prepare financial statements and income tax returns for taxpayers are striving to render a service to the public and to the Income Tax Department, but it is becoming increasingly difficult to meet the deadlines for filing returns which the government imposes. There is no doubt that this problem arises all across Canada, but it is extremely noticeable in the West, where there are long distances to be travelled and where the weather is extremely cold during the four months allowed for filing the returns of unincorporated businesses. I would point out to honourable senators that the mean temperature in the three prairie provinces during January and February of this year was 25 or more degrees below zero. This meant that the farmers who habitually commence to have their income tax returns prepared during these months, were only able to visit town once or twice during the whole period. In addition, the fact that the Canadian National Railways curtailed passenger service by 50 per cent in some western districts added to travel difficulties. During April of 1948, when flood conditions were general in the West, the government gave the unincorporated businesses an extension of one month; but the point is that a crisis was necessary to bring this change about.

Another factor that arises in connection with extending the filing date of unincorporated businesses to six months from the end of the business year, is that very often the income tax forms are not available for the use of the taxpayer until a month or so after the new calendar year has elapsed. For example, this year the forms were not available until the end of January. Then, again, the requirement of filing six months after the end of the unincorporated businesses' year would in many cases bring the filing date sooner. In the case of an unincorporated

business whose year ends January 31, 1948, a return does not have to be filed until April 30, 1949, or fifteen months after its year-end. On the other hand, if the year-end of an incorporated business is January 31, 1948, the return must be filed within six months, or not later than July 31, 1948. Why should there be any difference?

As to the matter of prepayment of income tax, under the present Act, unincorporated businesses—excepting farmers—must pay their tax in quarterly instalments which are due on March 31, June 30, September 30, and December 31. Any balance due is payable not later than April 30. On the other hand, an incorporated business pays by monthly instalments: one half the tax before the year-end, or within six months, and one half after the year-end or within six months. Therefore, under the present Act, the unincorporated business is supposed to pay its total tax by December 31, while an incorporated business pays only one-half its tax before December 31 and one-half after that date. Why should there be any difference here? In each case the taxpayer calculates the tax payable on the basis of the previous taxable income or, if the current tax is expected to be lower, he estimates it. If he does neither of these things, he is subject to a penalty for interest. Farms are exempt from these regulations, but are required to pay two-thirds of their tax by December 31.

Honourable senators, those are some of the matters about which I intended to speak after our adjournment, but I thought they were important enough to be brought to the attention of the government at this time. I had intended to speak in detail about the Crowsnest Pass rates but I shall leave that until some future time.

Some Hon. Senators: Hear, hear.

Hon. Frederick W. Pirie: Honourable senators, like my honourable friend from Rose-town (Hon. Mr. Aseltine) I had no intention whatsoever of taking part in this debate at the present time, but certain matters have arisen which I think should be dealt with before our adjournment.

First of all, I should like to make a statement and record some figures in order to offset a one-sided story that is getting a great deal of publicity these days in the United States. In recent weeks certain sections of the United States press have done Canada a real disservice. What is more deplorable, certain United States senators and congressmen, while furthering their own personal interests, have done likewise. They have all told just one side of an important story. I refer to the unwarranted and exaggerated stories of the export of Canadian potatoes

to the United States. In my capacity as a senator, a humble farmer and an exporter of potatoes, I feel it incumbent upon me to challenge these statements and to attempt to place what Americans are pleased to call "the Canadian potato problem" in its proper perspective. In order to do this, I should like to discuss the subject briefly against the general background of Canada-United States trade, and deal with it as a particular commodity problem.

In 1947 Canada purchased in the United States goods to the value of \$2 billion and exported to the United States goods to the value of \$1 billion. Obviously, this could not continue, and import restrictions were set up and a campaign was organized to expand our exports to the United States. As a result of this, by 1949 we had raised our exports to \$1,524,000,000, although we were still importing virtually \$2 billion worth of goods from the United States.

It is our over-all balance of trade with the United States that conditions our ability to trade with that country, and therefore it is probably inappropriate to break down these figures into commodity groups. Nevertheless, because my main point of reference is our potato exports, I should like to table some recent statistics on the trade in fresh fruits and vegetables that is carried on between Canada and the United States. These figures cover the five-year period from 1945 to 1949 inclusive.

IMPORTS FROM THE UNITED STATES

	Fresh Fruits	Fresh Vegetables	Total
1945	\$47,210,515	\$18,705,598	\$ 65,916,113
1946	47,768,026	22,586,615	70,354,641
1947	33,935,440	16,046,528	49,981,968
1948	18,543,842	5,189,843	23,733,685
1949	25,283,575	14,578,659	39,862,234
			\$249,848,641

EXPORTS TO THE UNITED STATES

	Fresh Fruits	Fresh Vegetables	Total
1945	\$8,244,150	\$10,816,061	\$ 19,060,211
1946	5,149,706	5,276,849	10,426,555
1947	5,779,645	8,580,980	14,360,625
1948	7,504,862	10,634,322	18,139,184
1949	8,209,491	11,699,717	19,909,208
			\$81,895,783

In 1947 Canada was forced to protect her deteriorating gold and United States dollar position by checking the drain imposed by heavy purchases from the United States as opposed to a much lower volume of exports to those markets. The import restrictions, which were a necessary part of that program, were announced as being temporary in nature; and, as is well known, most of them have now been removed or relaxed. Certainly,

in the field of fresh fruits and vegetables, controls are no longer imposed against United States imports. In other words, we, like the United States, have told the world that we are pledged to a system of multilateral trade, and as proof of our sincerity we have said to our producers that because the position of our reserves has improved we will no longer maintain a control against United States imports. In effect, we have refused to provide artificial protection for our fruit and vegetable industry.

Unfortunately, the same evidence of good intent is sometimes lacking in the United States. It is true that some of their leaders—such as Mr. Acheson, Secretary of State, and Mr. Hoffman, Administrator of the European Recovery Program—have warned the people of the United States that if they wish to continue exporting at their present rate they must increase their imports. They might have said that if they wished to have 13 million Canadian people remain their best customers by purchasing \$2 billion worth of their goods per annum they would have to devise some means whereby the 150 million people in the United States could increase their present purchases of only \$1½ billion in Canada. It is true that we are encouraged by the statements made by Mr. Acheson and Mr. Hoffman, but their speeches can have little meaning if various interests in the United States, including some persons holding high political positions, campaign for further artificial protection of United States industry.

The United States is not a new market for Canadian potatoes; the trade has been going on for many years. It is true that in recent years our exports have increased, but this is in line with the general increase in trade between our two countries. For example, Canada's over-all imports from the United States totalled \$1,954 million in 1949, compared with \$497 million ten years previously. Furthermore, a large portion of our potatoes which are exported to the United States are high-grade certified seed potatoes which, on a quality basis alone, are preferred by United States growers all the way from the southernmost states up to and including the state of Maine.

It has been claimed that our Canadian exports will do permanent damage to the markets of the United States seed potato growers, and I would suggest that, as long as the United States seed potato producers are content to sit on their farms and accept their cheques from the United States Price Support Administration rather than exert themselves to the extent of seeking markets, the danger to which they refer is indeed real.

It should also be recognized that United States producers are not without some considerable degree of protection. With the exception of limited quotas of Canadian potatoes, which enter the United States at a tariff rate of 37½ cents per hundred pounds, the remainder are subject to an assessment of 75 cents per hundred pounds. This is obviously a very heavy rate of duty, which was designed to give the United States producer a great deal of protection. Indeed, I do not believe that in the whole Canadian tariff structure there is one United States item which is subject to as high a rate of duty when imported into Canada.

Furthermore, we should not lose sight of the fact that now, when our own producers are forced to accept relatively low prices for their potatoes, potatoes from the southern states are entering Canada free of duty. I think that in Montreal or Toronto today I could buy American potatoes that have come into this country duty free.

It cannot be denied that some Canadian potatoes which enter the United States in legitimate trade become directly or indirectly a charge against the United States price support funds. But in this connection there are two things to remember. First, the United States price support program for potatoes was not of our making, and our legitimate trade should not suffer because of it; second, as long as this country has a trading deficit with the United States of nearly a half billion dollars per annum, every cent spent by the United States for Canadian produce will immediately return to the United States as payment for American goods which are currently entering this country at a rate which establishes Canada as the best customer of the United States.

Honourable senators, I wanted to place my views on this matter on the record. I should like to deal with some other matters that relate to the same subject, but I will not take the time to do so today, for I know some honourable members are eager to get away.

Hon. Mr. Duff: Go ahead.

Hon. Mr. Pirie: Within the last few weeks I have been deluged with American newspaper clippings criticizing Canadian exporters for shipping Canadian potatoes into the United States. These papers, however, say nothing about the fact that American potatoes are being given away, or sold at 1 cent a hundred pounds on foreign markets where we have been doing business. I have had cables from Lisbon, in Portugal, and from sections of Spain and other foreign countries requesting prices on potatoes in cargo lots of as much as 20,000 tons, and when we quoted prices commensurate with the market in the

Maritime Provinces and the rest of Canada we were informed that American potatoes were offered for very much less. The Americans are criticizing Canada for selling, or offering for sale, Canadian potatoes on the American market at less than the price of American potatoes, but they are overlooking the fact that they have taken away from Canada her export markets in other countries. I should like to read one small extract from the many paper clippings I have here. This particular excerpt was sent to me by an American who, I think, realizes that the criticism that is made is a lot of poppy-cock. This excerpt reads:

Senator Clifton P. Anderson of New Mexico, former Secretary of Agriculture, said that the United States has far more potatoes than Canada, and that Canada does not realize what she is letting herself in for if the United States starts dumping her surplus in Canada to get even.

I could read several clippings of that nature, and could show pictures of a cargo of potatoes which were taken off the ship and put on the docks at New Orleans. Accompanying the picture, which was sent to my firm, was a complaint to the effect that we were shipping too many potatoes to the American market. I am of the opinion that our neighbouring country should perhaps clean up her own backyard before she criticizes Canada for exporting potatoes into the United States.

While I am on this subject, I should perhaps mention two other items of trade, potato flour and potato starch. All last winter the American Government paid high prices to the farmers for their potatoes, which were then turned over to the processing plants free of charge, and manufactured into potato starch which was shipped into the Canadian market at prices with which we could not compete.

Hon. Mr. Duff: Are they selling it now as Rinso or Lux or something like that?

Hon. Mr. Pirie: I would not be surprised if they were.

I am sorry to have taken so much time on this subject—

Some Hon. Senators: Go ahead.

Hon. Mr. Pirie:—but I wanted to refer to these matters before the house adjourned.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: What is the duty on potatoes going into the United States, 33 cents a hundred pounds?

Hon. Mr. Pirie: Until a certain quota is filled the duty is 37½ cents a hundred pounds; from that point on it is 75 cents per hundred pounds. Today the seed and table stock quotas have been filled, and the duty is 75 cents per hundred pounds.

Hon. Mr. Duff: Let us have free trade.

Hon. Mr. David: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, before we adjourn I wish to say to the honourable acting leader opposite (Hon. Mr. Aseltine) that I will as soon as possible draw the attention of the government to his remarks, and will perhaps be in a position to answer him when we reassemble.

We have now completed the government legislation before us, and it is unlikely that I will have any business to present for the consideration of the house next week. I am advised that there is no particular urgency about the two private bills standing on our Order Paper. The Divorce Committee has been organized, but the first cases will not be ready for hearing until Tuesday, March 14. I have, therefore, no alternative but to suggest that we do not sit next week.

When we reassemble I hope to be in a position to submit for the approval of the house a proposal that we take advantage of the early tabling of estimates, and undertake a careful study and scrutiny of them in the best interests of the public.

Honourable senators, I now move that when this house adjourns it stand adjourned until Tuesday, March 14, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Tuesday, March 14, at 8 p.m.

THE SENATE

Tuesday, March 14, 1950

The Senate met at 8 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Hon. Mr. Crerar presented Bill F, an Act respecting United Grain Growers Limited.

The bill was read the first time.

The Hon. the Acting Speaker: When shall this bill be read the second time?

Hon. Mr. Crerar: Next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. Roebuck presented Bill G, an Act to incorporate Ukrainian National Federation.

The bill was read the first time.

REGULATIONS BILL

FIRST READING

Hon. Mr. Robertson presented Bill H, an Act to provide for the publication of Statutory Regulations.

The bill was read the first time.

DEPUTY GOVERNMENT LEADER IN THE SENATE

APPOINTMENT OF HON. MR. HUGESSEN

On the Orders of the Day:

Hon. Wishart McL. Robertson: Honourable senators, before the Orders of the Day are proceeded with, I should like to remind the house that the death of our late esteemed colleague Senator Copp has left vacant the position of Deputy Leader of the Government in the Senate. It therefore has become my responsibility to ask one of my colleagues on this side of the house to accept the position, and I can assure honourable members that I have given this matter much thought. The great wealth of material available has made it most difficult to arrive at a decision. However, after careful consideration of all points involved I am going to ask the honourable senator from Inkerman (Hon. Mr. Hugessen) to occupy the position.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: He is so much my senior in this house and so much better known to honourable members than I, that

I need not speak at length on his eminent qualifications. He is not only one of the relatively senior members of this house, but he has had a wide experience, and the proximity of his residence to Ottawa would make it possible for him to be present here in the event of almost any contingency that might arise. May I bespeak for him the same kindly consideration which honourable senators have extended to me in such generous proportions in days gone by?

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable members, I extend to the honourable senator from Inkerman my congratulations. I hope that the leader of the government will follow my example and absent himself from the house once in a while in order to give his deputy a chance to show his wares.

I regretted very much my recent absence from the house on a most important mission.

Some Hon. Senators: Oh, oh.

Hon. Mr. Haig: But I knew the conduct of affairs on this side of the house was in very able hands. After arriving at this place, which I will not mention by name, because it is not a very great city in a prominent part of Canada—

Some Hon. Members: Oh, oh.

Hon. Mr. Haig:—I was pleased to learn from *Hansard* how ably my assistant had carried on.

Hon. A. K. Hugessen: Honourable senators, perhaps I may be allowed a word or two to express my deep appreciation of the extremely kind remarks of my honourable leader and of the honourable leader on the other side, and also of the great kindness with which the house as a whole has accepted this announcement.

I do not know that any very serious responsibility attaches to the deputy leadership on this side, any more than it does to the deputy leadership of the other side, unless it be, as my honourable friend opposite suggested, that my leader should be away either by reason of illness or for his own purposes.

Hon. Mr. Roebuck: Your leader does not curl.

Hon. Mr. Robertson: I am too young a man for that.

Hon. Mr. Hugessen: I trust that my friend from Rosetown (Hon. Mr. Aseltine), who occupies the same position relatively to his party as I shall now occupy to mine, will agree that in the absence of our respective leaders we shall be able to carry on, not as efficiently, perhaps, but well enough to enable this house

to proceed with its regular business. A characteristic of this chamber which has always appealed to me, honourable senators, is the extraordinary sense of friendliness and comradeship which exists between us.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hugessen: Under these circumstances I do not anticipate any great hardship in assuming the position referred to by my honourable leader. I thank honourable senators very much indeed.

Some Hon. Senators: Hear, hear.

THE LATE SENATOR LESAGE

TRIBUTES TO HIS MEMORY

Hon. Wishart McL. Robertson: Honourable senators, I regret to have to officially announce to this house that since we last met we have lost one of our colleagues, the Honourable Joseph Arthur Lesage, of The Gulf, who died March 9, 1950, at the age of 68 years.

Senator Lesage was born at Louisville, Quebec, on June 7, 1881, the son of Hercule Lesage and his wife, the former Emilie Caron. He was educated at Louisville College and Laval Normal School, Quebec.

He became interested in the insurance business, as a broker, and at the time of his death was president of Lesage Proteau Limited and of *La Publication Cartier Limitée*.

Senator Lesage served as an alderman of the City of Quebec from 1918 to 1926. He was summoned to the Senate on March 3, 1944.

His wife, the former Emma Lachapelle, and two sons, Dr. Roger Lesage and Notary Fernand Lesage, survive him.

Our late colleague brought to the Senate a wide knowledge of public affairs, much business experience and a willingness at all times to discharge any responsibility that was assigned to him. His genial disposition and friendly manner endeared him to all with whom he came in contact. He will be sorely missed; and we extend to his widow and family our sincerest sympathy in their great bereavement.

Hon. John T. Haig: Honourable members, I was not closely associated with the late Senator Lesage, though naturally we all knew him. He was very punctual in his attendance at this house, and at almost any time when a debate was going on he could be seen in his seat on the other side of this chamber. He had just reached that stage in this house when one becomes familiar with its machinery. It is a difficult house to get

started in. In bodies where the members are elected for a definite term, one recognizes the possibility that a colleague may not be returned for another term, that somebody else may take his place. But in the Senate, of which a man or woman remains a member as long as he or she lives, a newcomer takes a little longer to become acquainted. The late senator was a quiet man: he did not obtrude himself in discussions in committee or anywhere else, and therefore it was more than ordinarily difficult for others to become acquainted with him.

He was no doubt a distinguished son of the province of Quebec, and he brought to this chamber a fine business acumen.

I join the leader of the government in expressing to his widow and his two sons our sincere sympathy, and our appreciation of the honourable service he rendered as a member of this chamber.

(Translation):

Hon. Paul Henri Bouffard: Honourable senators, may I be permitted to add a word to the very apt remarks which have just been made by the leader of the government.

I knew Senator Lesage for more than twenty years. Though he encountered difficulties at the beginning of his career, he soon proved himself a shrewd business man, a man of sound judgment and of the utmost reliability. Those qualities accounted for his success.

For many years, he gave himself wholeheartedly to the Liberal cause, either in the provincial or the federal field. He was always an effective front rank fighter. He soon won the confidence of the leaders of his party and became the chief organizer for the whole eastern section of the province of Quebec.

I have had many opportunities to appreciate his courage as well as the swiftness and the soundness of his decisions. All the Liberals, and more particularly those who have worked with him, will remember him as a staunch friend, a kind heart and an untiring worker.

His sudden death will leave a deep gap in the affections of those who knew him intimately. He was one of those men for whom friendship came first.

It is because of these qualities that he will be remembered and that his name and his memory will ever remain graven in the hearts of all his friends.

I would like to extend to his wife and to his two sons our deepest sympathy.

(Text):

**CANADIAN BROADCASTING
CORPORATION**

INQUIRY

Hon. Mr. Reid: Has the leader of the government any information as to whether consideration has been given by the government to the setting up of a joint committee to look into the affairs of the Canadian Broadcasting Corporation?

Hon. Mr. Robertson: Honourable senators, my honourable friend from New Westminster (Hon. Mr. Reid) has drawn my attention to this subject on one or two previous occasions, but I have not taken any action because I have felt that this house should organize a committee of its own to consider this matter rather than be represented by a few senators on a committee of another house. As I have already intimated, I am going to propose tomorrow that all the estimates, which come to us early this year, be distributed among our own various standing committees, before which officials and other witnesses may be summoned. While I have no objection to our members sitting on joint committees such as the one on old age pensions, I should like honourable senators to seriously consider the desirability of having officials of the CBC come before a Senate committee. If my suggestion does not appeal to honourable senators, I shall be quite willing to press as far as possible for the appointment of honourable senators to the relatively few committee seats which may be apportioned to us in joint committees. In view of the fact that we hope to avail ourselves of the early tabling of the estimates, I should like my honourable friend to consider whether it would not be better for us to examine witnesses in our own committee. I am of open mind on the subject, but that is my answer to my honourable friend.

Hon. Mr. Reid: Speaking for myself I should be very pleased to accept the proposal of the honourable leader. My main concern is that the Senate have opportunity to examine the workings and expenditures of the CBC.

Hon. Mr. Robertson: Honourable senators, I shall submit my suggestion tomorrow, and then it will be for honourable senators to accept it or reject it.

PRIVATE BILL

SECOND READING

Hon. P. H. Bouffard moved the second reading of Bill E, an Act respecting the Limit-holders' Mutual Insurance Company.

He said: Honourable senators, this is not a new bill. The incorporation of the company was approved by parliament in 1947. Up to

the present time, owners and holders of timber limits have been unable to secure any insurance against fire loss on their standing timber. The Limit-holders' Mutual Insurance Company, which is a mutual organization, is the first to enter this field. The only shareholders will be holders of timber limits.

I do not want to go into the details of this bill. It was thoroughly explained in 1947 by my honourable friend from Vancouver South (Hon. Mr. Farris), whose explanation may be found in *Hansard* of that year at page 458.

At the time of incorporation it was felt that two years would be sufficient to sell the idea to an important group of limit-holders. It was provided that before the company could commence operations the amount subscribed would have to be \$500,000. Up to the present time the association has done a great deal of work in developing the organization and in trying to convince the limit-holders of the advantages of its protection. It has gained much ground, but not sufficient to commence operations. Limit-holders in the province of Quebec, Nova Scotia and New Brunswick have been approached, and I think that within a short period of time sufficient companies will be interested in this scheme to enable the Limit-holders' Mutual Insurance Company to carry on its undertaking. Under the bill passed on July 17, 1947, the company was to commence operations within two years of that date, but, as I have indicated, it was unable to secure the necessary capital. It is now necessary therefore, to ask parliament to extend the time limit for two more years so that the corporation will not die.

The company feels that within the next two years it will have a sufficient number of shareholders to enable it to carry on. The real purpose of the bill before us is to extend the time during which the company may start operating.

The Department of Insurance has been consulted and has no objection to the extension asked for in this measure, and I feel that it is in the best interests of a very important group of businessmen.

If it is the wish of honourable senators that the bill be referred to a committee, I would have no objection to such a proposal, though I think we could give the bill second reading tonight and have third reading moved at the next sitting.

Hon. Mr. Haig: I quite understand the purpose of the bill, and have no objection to it, but I really think it ought to go to a committee. During the years since I came to the

Senate every bill of this kind has been referred to a committee, at which officials of the Insurance Department have been present. We have been very careful to follow this rule, and have insisted on the department's taking responsibility for all such bills.

Hon. Mr. Bouffard: I do not object to that.

Hon. Mr. Haig: I have a very high regard for the Insurance Department and, with the consent of the bill's sponsor, I should like our practice to be continued.

Hon. Mr. Bouffard: I am sorry that I had not read the rule mentioned by my honourable friend, and I wish to assure the house again that I do not object at all to having the bill referred to a committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Bouffard moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

THE ESTIMATES

NOTICE OF MOTION

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, if circumstances permit I should like to give notice of motion tomorrow—probably just a formal notice, with a few remarks—for reference of the estimates to various standing committees, in order to facilitate whatever inquiry honourable senators may wish to make with respect to them.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 15, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

IMMIGRATION COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. Robertson: Honourable senators, with leave of the Senate, I move that the name of the Honourable Senator Reid be added to the list of senators serving on the Standing Committee on Immigration and Labour.

The motion was agreed to.

IMMIGRATION

MOTION

Hon. Cairine Wilson moved:

That the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act (R.S.C. Chapter 93 and amendments) its operation and administration and the circumstances and conditions relating thereto including:

(a) the desirability of admitting immigrants to Canada.

(b) The type of immigrant which should be preferred, including origin, training and other characteristics.

(c) The availability of such immigrants for admission.

(d) The facilities, resources and capacity of Canada to absorb, employ and maintain such immigrants, and

(e) The appropriate terms and conditions of such admission;

And that the said committee report its findings to this house;

And that the said committee have power to send for persons, papers and records.

She said: Honourable senators, I am indebted to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) for the resolution which stands in my name. As it is in the same form in which it appeared on four previous occasions it is scarcely necessary for me to read it. On this occasion the motion is seconded by the honourable senator from Cariboo (Hon. Mr. Turgeon).

It must be very gratifying to the honourable senators who faithfully attended the meetings of the Committee on Immigration and Labour to know that the government has now recognized the importance of immigration and has framed a ministry of Immigration and Citizenship. It is important, therefore, not only that we welcome people to our country, but that we make of them loyal and industrious Canadians.

Many estimates have been made of the number of the immigrants which Canada can

satisfactorily absorb in any one year. I think a fairly reasonable annual figure would be about 200,000, or one and a half per cent of the existing population. The highest figure, 125,414, was reached in the calendar year 1948. In 1946 some 51,000 persons emigrated from the United Kingdom to Canada and in 1947 there were 46,057; but in 1949 there was a sharp decrease to only 22,201. This drop is attributed to the currency restrictions, which now permit British emigrants to take out of their country only \$760 a year for a period of four years.

There has never been a very appreciable emigration from France, the French people being allowed to bring with them not more than \$300.

Emigrants from the Netherlands may bring only \$100, but their financial difficulties have been largely overcome by arrangements made between Canada and the Netherlands government. In the Netherlands the selection of prospective emigrants to this country is made by the Netherlands Emigration Foundation. Agriculturists desirous of coming to Canada provide the foundation with full particulars of their training and experience in agriculture and of their families. A careful investigation is made by the foundation to ensure that these persons are *bona fide* agriculturists. Inquiries are also made about their standing in their community. The foundation arranges for their transportation, the cost of which is borne by the emigrants. Full particulars concerning these prospective emigrants are forwarded to the Immigration Branch through the office of the Agricultural Attaché of the Netherlands Embassy in Ottawa, and they and their families are medically examined before the information I have referred to is sent to Canada.

In Canada the movement is handled under the nomination method, whereby individual Canadian farmers make application for Netherlands agriculturists. Each application is investigated to make certain that the immigrant is a *bona fide* farmer, and the Canadian farmer undertakes to provide him with employment and living accommodation for a minimum period of one year.

In carrying out this movement the department has had the co-operation of a number of federal and provincial departments, and of various organizations and agencies, such as the colonization departments of the Canadian Pacific Railway Company and the Canadian National Railways, the Christian Reformed Church, the Catholic Immigrant Aid Society, the United Church of Canada and others. It is the function of the Immigration Branch to supervise and co-ordinate the activities of all organizations interested in the settlement of

immigrants. The movement of these Netherlands agriculturists is working out very satisfactorily. Some 3,000 came during 1947; 7,000 during 1948; and 6,000 in 1949.

The general progress of these Dutch agricultural immigrants since their arrival in Canada has been good. With very few exceptions they have rapidly fitted into Canadian ways and farming methods. They have proved to be very industrious. One thing that is characteristic of them above all others is that their main objective in coming to Canada is to establish themselves on farms of their own as soon as possible. The family units are closely knit and work together, saving their money for the purchase of a farm or for acquiring livestock and working equipment for use on rented land. Already over 600 of these Netherlands families have made a start in farming in Canada.

In recognition of the outstanding service rendered by the people of Malta during the war, and in order to assist Malta with its present employment problem, special provision was made for the admission to Canada of a number of Maltese who ordinarily would not come within the admissible classes. Some 500 of these people came forward during 1948 and were placed in employment by the Department of Labour, and provision has been made for the entry of an additional 300 who, it is expected, will come forward during 1950.

In order to give practical expression to the policy of developing a well-balanced economy in Canada through the careful selection of suitable immigrants, the Settlement Service Division of the Immigration Branch has been re-instituted. It is the responsibility of the Immigration Branch through this division to discover needs and develop opportunities for immigrants to Canada; to locate and select suitable immigrants overseas; and to assist immigrants in becoming permanently established in this country. The particular fields of activity of the Immigration Branch in this work are in agriculture and in the establishment of small businesses in rural communities.

Unfortunately there is still a tremendous body of people in Europe who have been driven from their homes and countries of origin, and who eagerly await the opportunity to rebuild their lives in another land.

The story of the operations carried out by the International Refugee Organization is remarkable, for in two and a half years there has been a greater movement of peoples than has ever taken place at any time except during war. This movement has been on a global scale, and has involved the transfer of hundreds of thousands of men, women and children.

At Lake Success last autumn we were obliged to listen to repeated assertions by representatives of the Soviet Republics and of countries dominated by the Soviet that the International Refugee Organization was kept alive solely for the benefit of the United States, the United Kingdom, France and a few other countries, and that this problem could be easily resolved if only we would send back these refugees to their countries of origin. To have done this, we know, would have been contrary to all the principles of freedom of choice which we endorse. It would have compelled these people to return to conditions from which they had fled and to be subject to policies with which they were not in accord. It was therefore a great satisfaction to practically all the delegates at the last assembly of the United Nations to know that the International Refugee Organization, which had been scheduled to pass out of existence on June 30, 1950, would be continued until March 1, 1951. There were, indeed, many thousands who needed the care of this organization.

From July 1, 1947, to October 1, 1949 a total of 284,523 refugees have been transported in International Refugee Organization ships; 16,621 in IRO planes; and 320,660 by other means, to countries of resettlement. In October there remained 700,000 refugees for whom the IRO is responsible. This number has now been considerably reduced.

Canada, up to February, 1950, received 96,000 displaced persons of whom 53,000 came to relatives, while others were selected and brought to Canada under supervision of a joint committee of the departments of Immigration and Labour. Of these almost 10,000—9,985 to be exact,—came under the domestic employment plan, 10,000 came to work on farms, and 3,900 to work in our mines. The record on the whole, has been very satisfactory, and after enduring years of wandering and hardships of all kinds, the newcomers have adapted themselves readily to conditions in a new country.

There remain under the care of IRO many who, because of training and vocation, have been left in Europe. Few countries are ready to accept immigrants of the professional class—doctors, musicians, artists, engineers, teachers, nurses and scientists—thus there are many whose previous training seems to unsuit them for placement in other lands. Again, unfortunately, few countries are looking for immigrants who are over forty-five years of age: some have too many children, and others, when it means abandoning handicapped relatives, refuse to accept opportunities for their own resettlement.

I am sure we were all delighted and impressed by the offer of Norway, a country

which suffered heavily through the war, to assume responsibility for half of the totally blind, and their dependents, under the care of IRO. Israel and France also have shown great generosity in accepting the physically handicapped.

I hesitate to enlarge further on the operations of the International Refugee Organization, but one question which came up for consideration was what organization would replace the IRO when it had to pass out of existence. We were satisfied when it was decided by a vote in the third committee at Lake Success, and later in the plenary session, that a High Commissioner for Refugees should be appointed by the United Nations. He would be responsible for and have authority to deal with the legal status of refugees who came under the limited provisions of the IRO constitution. Other classes of refugees, too, may be included later by a vote of the United Nations. The expenses of administration will be a charge on the budget of the United Nations. The High Commissioner will be empowered to handle moneys for maintenance or other care, which must be furnished by contributions from sympathetic countries, organizations or individuals, and he will be called upon to report to the Economic and Social Council of the United Nations.

It was somewhat difficult for countries such as Pakistan and India, who have numerous problems of their own, to accept the responsibility of maintaining an office for a High Commissioner whose sole duty is to deal with European refugees; but they finally agreed to do so.

The problem is certainly not yet solved, but we have seen a very satisfactory result of a great humanitarian effort, an effort which has meant a new life to hundreds of thousands.

Hon. Vincent Dupuis: Honourable senators, I thank the honourable senator from Rockcliffe for having brought this question before the Senate. In rising to speak on the resolution I intend to discuss only one angle of the immigration question. I think everyone will admit that the best "immigrants" are those born to Canadian parents. I do not know if family allowances are helping to increase the number of such "immigrants", but perhaps my good friend the leader of the opposition (Hon. Mr. Haig) will be able to inform me on that point.

In my opinion the best type of people to bring into this country are children of, let us say, seven to fourteen years of age, from any country whatever which shares our ideology. By placing them in farmers' families or any other families willing to adopt children

we are likely to avoid the trouble and danger of deportation proceedings, which sometimes have to be taken against people who came here as adults imbued with subversive ideas and philosophies to which we are opposed.

In recommending the immigration of children I am speaking from experience. I have observed—and no doubt the experience of all honourable senators is similar—that when young boys or girls from other lands are placed in Canadian families they soon become adapted to our way of life and grow up to be good citizens, ready to fight, if necessary, for their adopted country. In my own home and neighbourhood I have seen many children who, brought over from England, France, Belgium and other countries by certain organizations, within three or four years, or five at the most, became helpful to the families that adopted them and assets to this country. I know a man who today occupies a very important position in Montreal and is one of our best citizens, but who was brought into my district as an immigrant at the age of eight.

If I may be allowed, I would suggest that the Committee on Immigration study the possibility of bringing in children between the ages of seven and fourteen and, with the assistance of the provincial governments, placing them in families. I have nothing to say against the present policy of admitting adults to this country, but I am sure that the bringing in of children would greatly benefit Canada.

Hon. Mr. Roebuck: Honourable senators, I move the adjournment of the debate.

Hon. Mr. Haig: I would like to speak on the motion.

Hon. Mr. Roebuck: Then perhaps my honourable friend will speak now.

Hon. John T. Haig: Honourable senators, I enter into this debate with a great deal of diffidence. First I wish to pay my compliments to the senator from Rockcliffe (Hon. Mrs. Wilson). There is no person in Canada by whom this resolution could have been better proposed to the Senate.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: For two or more sessions she has been Chairman of the Committee on Immigration, of which I had the honour to be a member, and she handled the committee's work well, better than most men would have done. She knows the subject of immigration, and has a very sympathetic heart towards it.

I am altogether in favour of the resolution, but with the greatest respect, I do wish to point out a few difficulties that occur to me. Canada's area and resources are such that

there is no possible limit to the size of our population. I can see no reason for doubting that in the years to come this country will be able to support a population of two, three, four or even five times the present population, and at the highest standard of living. But when we admit immigrants the question is whether we can assimilate them. There is not likely to be much trouble in this respect with people who come here intending to make their living as farmers. In my province farm immigrants, those who came there many years ago as well as newcomers, have proved very satisfactory.

Of course, I should like to see as large a proportion as possible of our immigrants from our two mother countries, Britain and France. Those who come here from Britain will be understood and welcomed by English-speaking Canadians, and immigrants from France will be just as warmly received in Quebec and other parts of the country where French is spoken.

I hope my fears are not well founded, but I am afraid that we are running into a period of greater unemployment than we have had in the past three or four years. This may be the fault of the working people themselves, but our responsibility in the matter is very great.

Throughout the history of this dominion the federal parliament has refused to accept its full responsibility for dealing with unemployment. True, it has made a forward step in increasing the unemployment insurance benefits of many persons; but even though that will give more money to the unemployed, it is not an answer to the problem. I wish I could share the optimism of the Prime Minister; but I believe that while some of the unemployment may be seasonal much of it is not. I am deeply concerned about the threat of unemployment in our large cities, such as Montreal, Toronto, Winnipeg and Vancouver, and perhaps in even the smaller cities.

One has only to read the press of this country today to know what has happened in Great Britain during the past month and a half. Throughout the election campaign everything was touched upon but the important issue of how that country was going to produce goods and how it was going to sell them—and that is a situation that we have to face. I do not propose to say anything further on that, except that before we start bringing in immigrants in large numbers we should have a clear statement of policy from the federal government.

If there is to be a period of unemployment in this country, the dominion government must undertake to relieve that condition. Our

municipalities are not able to meet any more than a temporary lull in employment, and the provinces, with their limited incomes, cannot take care of long-term unemployment. As to the rise in municipal costs, I need only point to my own city of Winnipeg, where in the past ten years the cost of education has been more than doubled.

Hon. Mr. Leger: More than tripled.

Hon. Mr. Haig: I am being conservative. The entire burden is placed on the property owners, who today are the people who pay the taxes. If there are relief payments to be made in a city, it is the property owners who pay them through taxation.

I am all for proper immigration procedure. I can still hear ringing in my ears the statements of the honourable member from Blaine Lake (Hon. Mr. Horner), who spoke in this chamber some years ago about the difficulties that confronted him when he started farming in the West. But our problem today is what to do with men and women in the cities who become unemployed. I admit that I have not got the answer.

I recall that during the last depression period a man walked down Portage Avenue in the city of Winnipeg, smashed a window in Eaton's store and took out a loaf of bread. That man had at home six or seven children without food, and there were not enough policemen in the city to arrest him. I was a member of the legislature at the time, and I said "I have children at home, and if they were hungry I too would smash a window for food". Some people said that I should be thrown out of the legislature; but I remained, notwithstanding my remark.

I am all for giving the people of Europe who have been removed from their homes and threatened with communism a chance for a better life. I am even willing to give them those opportunities in Canada. But that is only the first step in a policy to settle this country. I intend to vote for the resolution, but I want to be sure that when the committee reports back to this house we will have an announcement by the government as to what it will do if, after we bring these people here, there is no work for them and they drift into the cities.

I am not a labour man, nor do I say that men and women who work with their hands and cannot get work are not sometimes to blame, but I do not intend to stand idly by and see people starve in this country. I repeat that I will vote for the resolution, and I will attend the committee meetings as regularly as I can; but before the report is received by this house we ought to have a declaration as to federal government policy on the question of unemployment.

Some Hon. Members: Hear, hear.

Hon. Mr. Roebuck: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Wednesday March 1, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Golding for an Address in reply thereto.

Hon. Athanase David: Honourable senators, as I have said before, the task of rising and speaking in this house is not an easy one, and the fact that today I make use of the English language rather than French, so that I may not impose too much on the patience of my hearers, does not make that task any easier. In the past when I have risen here to speak I have tried without success to recall something that I read many years ago—something which I found only recently among some old faded papers. It is to the effect that the human brain is a marvellous thing; it starts to work the moment one is born and never stops until one stands up to speak in public.

Some Hon. Senators: Oh, oh.

Hon. Mr. David: In my twenty years as a member of the Legislature of Quebec, where I used my native tongue without imposing on anyone's patience, I experienced difficulty enough in speaking before that body. But what is one to do when one has to address the Senate? There comes to my mind a statement made by Sidney Smith, who said: "In composing, as a general rule run your pen through every other word you have written: you have no idea what vigour it will give your style." I am very much afraid that when I am through honourable members will reproach me and ask me why I did not follow this advice.

The speeches made in this house are usually of great interest to Canada at large. Congratulations have already been offered to both the proposer and seconder of the Address in reply to the Speech. Much may be learned not only in listening to but in reading these speeches. Other honourable senators who followed these gentlemen also placed before us facts of great importance concerning the problems we have to face.

Today, perhaps with an excess of audacity or temerity, I shall ask this house to consider what I believe with all my heart and mind and soul to be one of the greatest problems that has ever confronted the world. Looking at conditions as they are today we feel inclined to repeat the words of Figaro, that creation of

Beaumarchais, some time before the French Revolution: "Why are things as they are, and not otherwise?" Yes: "why are things as they are?" Two world wars have been fought to establish peace, tranquility of soul and mind, and full freedom for the individual. Have they attained their purpose: has that goal been reached? Merely to put the question is to know the answer. The world today is in the throes of the greatest revolution it has known since the downfall of the Roman Empire. This revolution has three aspects: social, political and religious. Needless to say, an upheaval having all these elements goes very far to unstabilize nations, great and small, and therefore the world as a whole. Centuries ago it was possible for two countries to be at war, or even for a country to be subject to revolution, without hindering the progress of the world at large towards prosperity and general well-being. Today, wherever in any small state there is unrest, dissatisfaction, fright or fear, the repercussions are felt immediately in the world as a whole.

Consider for a moment the state of affairs before the two great wars; let us say, at the end of the nineteenth century. At that time, six great nations—Great Britain, France, Germany, Italy, Russia and the United States—were the main influence in world affairs. Today, two strong nations—Russia and the United States—alone influence through their power the whole world.

Strange as it may seem, what is happening was foreseen as far back as 1842 by a German writer—who might also, having lived in Paris the greater part of his life, be called one of the greatest of Parisians—Heinrich Heine. He wrote:

As always, the revolution awaits a parliamentary initiative. Then, the fearful wheel would start to move again, and this time we should see an antagonist appear who might well be the most terrible of all who have yet entered the lists with the existing order. This antagonist is still preserving his terrible incognito; he resides like a needy pretender in the *sous-terrain* of official society, in those catacombs where among death and decay new life is sprouting and budding.

Communism is the secret name of the dread antagonist setting proletariat rule with all its consequences against the present bourgeois regime. It will be a frightful duel. How will it end? . . . We know only this much: Communism, though little discussed now and loitering in hidden garrets on miserable straw pallets, is the dark hero destined for a great, if temporary, role in the modern tragedy and who only waits for his cue to make his entrance.

In 1869 a Swiss-German by the name of Bachofen, a cultured historian and pioneer sociologist, wrote what I claim to be a real prophecy:

I believe the historian of the twentieth century will have to speak of but two countries, United

States and Russia. The old European world lies on a bed of suffering and will never recover and last.

And thus, out of the last war have come these two nations, United States and Russia. How strong were they when war was declared in 1939? As to the United States, her armed forces and equipment were about on a par with those of Poland. When Russia was attacked by Hitler's German hordes, she had to go to her knees to save herself; she had to ask help from the United States and Great Britain to halt the German invasion. We may have been wrong in giving Russia that aid, because she has since become a more dreaded menace and threat than our common foe of that time. But facts are facts, and Russia today is a real threat to the whole civilized world.

I do not think figures have ever been published to show the total quantity of munitions, guns, tanks, and general equipment sent by the United States and Great Britain to Murmansk in Russia. In giving this aid, Great Britain deprived herself of equipment which was vital to her own defence, and let us not forget the many lives and vessels that were lost in delivering this equipment.

As to Russia's present exact strength, he certainly would be a genius who could give even an inkling of it. If there is a political iron curtain—and what a splendid appellation Winston Churchill gave it—there is an even thicker iron curtain concealing the progress of Russian armament.

May I digress for one moment? Everyone here knows that during the war hundreds of Sherman tanks were sent to Russia; but perhaps honourable senators have not read what I did about the meeting of the American and Russian armies after the fall of Berlin. A great banquet was held that first night at which twenty-one toasts were drunk, and the following day a memorable parade took place. An American officer was sitting next to a Russian general, and after two or three American infantry regiments had passed by, some Sherman tanks came into view. The Russian general turned to the American and said, "I did not know you had our tanks in your country". Whereupon the American replied, "You did not know that we were making them any more than I knew about your two great generals, General Space and General Winter".

Some Hon. Senators: Oh, oh.

Hon. Mr. David: I say with great respect that the Russian peasants, who fought to safeguard their land, were not fighting for communism, the Kremlin or an ideology. They were fighting for Mother Russia and Mother Volga. History repeats itself. The same

thing happened in 1812 when Napoleon went as far as Moscow only to find the city in flames, and he was forced to retreat among ruins. I am reminded how beautifully this is expressed in that great musical composition of Tschaikovsky, the "1812" overture.

But even admitting that we know little of Russia's strength today, we do know that she rid herself of danger from the two nations of which she was most afraid—on the west, Germany; and, on the east, Japan.

We must also bear in mind that today she dominates one-third of Europe and also a great proportion of Asia. However, according to an article by Lord Robert Cecil, we should not be too pessimistic about the future of China. As I desire not to say anything against the leader of the present Nationalist movement, I suppose I should not quote certain other statements from that article. Besides the territory which she dominates in Europe and Asia, Russia has throughout the world a fifth column, which is a great asset to her.

But what did Britain get in return for the sacrifices she made during the last war? What has she received for all the courage, valour and bravery that she displayed in providing the bulwark of civilization for more than a year? Here are some of the results of the war, for Britain. She lost her naval supremacy. She lost the empire of India, whose 400 millions constitute nearly one-fifth of the total population of the world. She lost her foreign investments. And she has ceased to be the great financial country of the world. It is true that, like a French king of the eleventh or twelfth century, Britain can say, "All is lost except my honour," but the country which at one time stood alone in sustaining the whole weight of the war now witnesses the downfall of her past greatness.

It would be unwise for anyone to try to prophesy what Europe's future will be, but in considering future prospects one should look at the Atlantic Pact, which I believe has been in effect for about one year. It was signed by a number of European and American countries, and perhaps for the time being it might act as a deterrent to any nation contemplating aggression against a signatory of the pact.

But does it provide a guarantee for maintenance of peace in the future? In directing attention to that question I ask for the patience of honourable senators while I point out one or two facts. The government of every country that has signed the agreement remains absolutely free, in case of conflict, to determine what help it will offer to any country that is attacked. Further, every such government is also free in the case of conflict

to conclude that the aggression is not of a kind that entails the obligation to provide any help at all.

Yet there can be no doubt that the Atlantic Pact has had a very salutary effect. When James Monroe was President of the United States, George Canning was Foreign Secretary of Britain, and through emissaries, or directly, Canning four times asked Monroe to make a declaration—which he finally did make—and for more than a century that declaration of what is known as the Monroe Doctrine remained the basic principle of United States foreign policy. Now by signing the Atlantic Pact the United States has abandoned the principle of neutrality—of isolationism, if you prefer—set out in the Monroe Doctrine. Is that abandonment not tantamount to an acknowledgment by the United States of the necessary interdependence and co-ordination of nations? Let us thank the Almighty for this change in American foreign policy, for thereby freedom throughout the world has gained a powerful ally.

Should I speak of the failure of the League of Nations? Should I say that notwithstanding the good faith, the endeavours and the hard work of the majority of the nations, they could not establish peace in the world? There was then, as there is today, disunity among the countries which created the League of Nations and were parties to it. Nevertheless, there was an effort put forth, and it is human that we should sometimes consider more the effort put forth than the goal attained. Certainly there is proof that the ambition of a majority of the nations has been to know peace, tranquillity and stability.

The United Nations Organization has accomplished much since its inception; yet, apart from one treaty of peace which it effected, the others are waiting to be signed. Why? It is because of disunity among the member nations. Egoism will always exist; it cannot be removed from nations any more than from the individuals who compose them. When I read the proceedings of the United Nations I sometimes ask myself: Have we by this organization furnished communistic Russia with the safest possible forum for her propaganda?

I suppose it is useless for me to mention the error made at the San Francisco conference when the right of veto was granted. I condemn no one, because I think everyone knows that the treaty of the alliance signed at San Francisco never would have been signed if the veto had not been assented to. Yet, this is the cancer from which the United Nations may die.

Sometimes one is inclined to think that Stalin does not care very much about the

frictions which take place between what he may call the enemy nations. I have before me a statement which he made in answer to a series of articles written by Chicherin, a former aristocrat, and at the time of writing, Foreign Commissar. Stalin had this to say:

I consider that these articles of Chicherin, which I have read carefully, are nothing but words. Comrade Chicherin is inclined to deny the existence of friction between the imperialist states, to exaggerate the international harmony of the imperialists, and to overlook and underestimate the internal friction within these groups. Yet these frictions do exist. They lead to war. These frictions should form the basis for the activities of the People's Commissariat for Foreign Affairs.

A little further on Stalin says:

The whole purpose of the People's Commissariat of Foreign Affairs is to ascertain these frictions, to make them the basis of its activities, and to manoeuvre within them.

Is it not possible that by means of a world government—call it, if you like, a federal union or an Atlantic union—we would have more assurance and more power to counteract the efforts of the Kremlin to crush our civilization? I say very humbly that undoubtedly we would have more power. Why? We have seen that under the Atlantic Pact there is no obligation on the part of member nations to fight, except when they believe that aggression entails on their part an obligation to join in. Under a federal union—and I am not going into the details, because there would have to be a convention and the countries ready to join would work them out—every country agreeing to come into it would be represented by a delegate, either appointed or elected by that country. The result would be that the delegate when speaking in the assembly of such a federal union would engage the responsibility of the government which he represented. The majority would be supreme. No veto could stop the federal union assembly discussing any question or making decisions on any problems. Do you not believe that these delegates, which should not be great in number, would exercise a tremendous influence and carry a weight which those who represent the nations in the Atlantic Pact do not carry?

But I am not without a suspicion—indeed, nor without the knowledge—that many obstacles will have to be overcome before so lofty a goal can be attained. It is evident that we shall have to take into consideration the egoism of nations, their desire to dominate, and their reluctance to yield even the smallest part of their sovereignty. And such a concession would be necessary. A federal union government, if it is to possess any importance or have any influence, would require, first, the power to conduct foreign relations, to declare peace and war, to raise and maintain an armed force. Next, it must have the right to coin

and issue currency, and, third, the right to establish free trade within the union to regulate interstate commerce, to establish and direct foreign trade and communications, and, obviously, to raise revenue. Moreover, a federal union assembly would need to be able to grant citizenship, although it should be understood that the conferment of citizenship by the union would not conflict with the national citizenship of any delegate or of any immigrant.

At this point, if I may be allowed a citation, I should like to quote the words of William L. Clayton, former Under-Secretary of State for the United States, who, speaking before the Senate Foreign Relations Committee in May 1949, said:

Billions of private capital and the creative genius and activity of its owners remain in hiding because of the danger of war and the fear of the integrity of certain European currencies . . . Governments have thus been compelled to undertake the greater part of the job of recovery . . . Private enterprise will operate freely in Europe only when there is peace and confidence in currencies . . .

Total costs to the democracies are taxing their economies excessively. In our own case—

He is speaking of the United States.

—the burden may get too heavy, even for our own strong back. But we dare not lay it down.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. David: Abandonment of certain elements of sovereignty, abandonment of direction of foreign affairs, abandonment of the right to regulate interstate trade—certainly, these would be a very great sacrifice to ask of nations: may I say, a tremendous sacrifice on the part of Canada. But do you not believe that it is better at times to sacrifice a little of our pride, a little of our liberty, a little of our sovereignty, than one day to lose, not a part, but the whole, of our freedom and all our liberty?

Some Hon. Senators: Hear, hear.

Hon. Mr. David: This idea of a world government was not born yesterday. If my memory serves me—and there are here university professors who can correct me if I am wrong—as long ago as Charles the Fifth of Spain, Holland, Italy, part of France, and Germany, the idea of a world government existed. Later on, Louis the Fourteenth had in his mind the establishment of a world government. From 1919 to 1922 or 1923 Aristide Briand was the apostle of such an idea. Winston Churchill, in his famous speech at Fulton, although he did not go so far as to propose federal union, pleaded for the union of all English-speaking peoples—and this, if I may say so, as a bait to get other nations into the federation.

In 1835 Alexis de Tocqueville, an able writer and a great diplomat, the author of the book "Democracy in America", wrote as follows:

The name "federal" has been given to the type of government made when several nations form a permanent league and establish a supreme authority which, without operating on citizens, as a national government can, acts on each confederated people as a body. Thereafter, men discovered another form of society in which several peoples really merge into one as regards certain common interests but remain separated and merely confederated in all other regards . . . Clearly this is no longer a federal government, but an incomplete national government.

Thus men found a form of government that was not precisely either national or federal; but there they stopped, and the new word that should express this new thing does not yet exist.

Since the beginning of 1948 a word—or perhaps it would be better to say a term—to express this new thing has come into existence. It is either Atlantic union, world government or world federation.

John Foster Dulles, in an address before the American Political Science Association, said:

Towards the beginning of World War II, Mr. Clement Attlee exclaimed, "Europe must federate or perish."

He was right. Then he went on to say:

But independent states are socialized to such a degree that they dare not voluntarily expose their economies to new external influences that would upset present governmental planning.

Take England. There the government is trying out many measures of socialization. That experiment requires building a wall around England which can be penetrated only as planned by the English government. English economy cannot face the impact of external forces or natural competition. We have the strange result that the Attlee government is a major obstacle to that federation of Europe which Mr. Attlee recognized was imperative if Europe were not to perish.

Mr. Livingstone Hartley, head of the Washington Union Committee, after mentioning the Atlantic Pact, declared:

In the first place, the union would be far stronger than any alliance. It would have one foreign policy instead of twelve. For defence, it would have the vast advantages of unified command, unified forces, standardization of weapons, avoidance of wasteful duplication, and a pooling of specialized skills and aptitudes. Under the pact some progress will be made toward all these ends. In the union, they would be completely achieved and a comparable effort would consequently bring far greater defence power.

In the second place, union could avert a number of potential dangers to the future success of the pact. For example, another serious depression might result in communist domination of the governments of some of our European allies. This would be impossible in the union, in which communists would be at most a feeble minority.

Ambassador Warren R. Austin, chief of the United States Mission to the United Nations, had this to say:

All of us today need the near look and the far vision in world affairs. With the near look we

must perceive and avoid the hazards we face here and now: that is through the United Nations. With the far vision we must look far ahead to our final goal of world peace under law: that introduces world federation.

I do not believe that changes in thought or policy are quick or radical. I do believe they are gradual and continuous. So I feel sure that it will take a long time to prepare peoples and governments of most nations for acceptance of and participation in a world government. Simply for some people to declare that it is necessary now or we perish, does not make the radical changes required any more feasible. If we expect this future world government to be created by agreement and not by force or conquest, we will have to be willing to work patiently until peoples and governments are ready for it.

Honourable senators, despite all we read and all we see, let us not be pessimistic. Pessimism is very often, if not generally, an excuse for refusing to face difficulties. Courage and audacity will deter us from believing that no success can be achieved or that it is not worth while to try.

Some Hon. Senators: Hear, hear.

Hon. Mr. David: There is such a thing as being an idealist without delusions, and being a realist without despair. I am sorry that I am unable to recall the name of the author of these words.

Therefore, honourable senators, in this endeavour let us walk, not run, towards the goal; but let us remember that every step must be forward. This means that much serious thinking must take place before we start on our march in a world in which the lights are dim and the very stars themselves are wandering. Let each person who is really desirous of doing his share in this tremendous

undertaking start now by asking our Canadian schools to teach more of love and less of hate. Let us destroy what is left of our xenophobia. Let our schools teach what we owe to our wonderful scientists, inventors and philosophers, our artists, writers, musicians, painters and sculptors,—let them teach more of the beauty of peace and a little less of the glory of war.

Some Hon. Senators: Hear, hear.

Hon. Mr. David: Then our national heroes will not only be those who have been victorious on the battlefield but those who have made life worthwhile.

Honourable senators, I do not believe I could terminate in a more fitting way than by reciting a prayer that was uttered 700 years ago by Saint Francis of Assisi, and which is as practical today as it evidently was when he composed it. This is the prayer:

Lord, make me an instrument of Thy peace. Where there is hatred, let me sow love. Where there is injury, pardon. Where there is doubt, faith. Where there is despair, hope. Where there is darkness, light. Where there is sadness, joy.

O Divine Master, grant that I may not so much seek to be consoled, as to console; to be understood, as to understand; to be loved, as to love; for it is in giving that we receive, it is in pardoning that we are pardoned, and it is in dying that we are born to Eternal Life.

Hon. Mr. Beaubien moved the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 16, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

THE ESTIMATES

REFERENCE TO COMMITTEE ON TRANSPORT AND COMMUNICATIONS

Hon. Mr. Robertson moved:

That the Standing Committee on Transport and Communications be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, in advance of the bills based on the said estimates reaching the Senate, namely:

Votes 269 to 274 inclusive,

Votes 459 to 527 inclusive,

Votes 557 to 561 inclusive,

And that the said committee be empowered to send for persons, papers and records.

He said: Honourable senators, what I have to say in asking the house to consider this motion—and it will be very brief—is applicable to the entire series of motions which follow.

I suggest that this house take advantage of the early tabling of the estimates in the other place, by referring them to the various standing committees of the Senate, so that they may be studied and inquired into prior to the arrival of the supply bill based upon them. It is entirely appropriate that we should do so, since the Senate of Canada has undoubtedly the constitutional power to inquire into bills originating in the Commons which appropriate any part of the revenue or impose a tax, and, if it sees fit, to amend them by reducing the amounts therein mentioned. At the same time it has been generally recognized that the Senate has not the right to increase appropriations.

Honourable senators have not only the right but, I believe, the responsibility of inquiring into expenditures proposed by the estimates presented to parliament. It will be recalled that at various times in the past we have attempted to do this, but our efforts in this respect have been handicapped by the fact that ordinarily the estimates are not presented to parliament until after the conclusion of the debate on the Address, and that often this coincided with a flow of legislation which had to be dealt with and thus restricted the time available.

The early publication of the estimates this year facilitates action on our part, and I believe we should take advantage of it. I go further: I believe that if we could organize so that in the future we can conduct a searching and constructively critical examina-

tion of public expenditures, we might thereby render a very useful public service.

The spirit of our approach to this question should, I believe, closely parallel our constitutional powers, in that we should look for possible reductions in governmental expenditures rather than proposed increases. It may well be that in the future, and even today, increases of the sums contemplated would seem to be in the public interest; but I think we should be quite content to leave to others the opportunity of advocating increased expenditures while we concentrate on the problem of how they may be reduced without prejudice to the public interest. I need hardly say that this course is not likely to be popular, since there has developed, particularly in recent years, a situation in which almost every organization or group in Canada while paying lip service to governmental economy in the abstract has been pressing from all angles for ever-increasing government expenditures.

The first problem to be faced is how we can most effectively undertake our examination of proposed governmental expenditures; and this should be the first question to which the various committees should address themselves. It is a very big problem, and to begin with we may be able only to make an approach towards dealing effectively with it. My own personal opinion is that we should not attempt too much, and that the quality of what we do should count more than the quantity.

Hon. John T. Haig: Honourable senators, I am not going to object to this motion. As a matter of fact, His Honour the Speaker will recall that during the war years, when he was leader of the other side of the house, this practice was adopted quite often. I hope, however, that if it is again adopted it will not mean that we will rush the various items through in rapid order. That procedure would get us nowhere.

I believe there is a strong feeling across this country that many sides of the operation of the CBC should be looked into. It cannot be contradicted that the CBC is a form of communication that enters right into the family circle. Let me illustrate. I doubt whether any honourable senator listens to the radio more than I do when I am at home. I follow particularly the Sunday radio programs, commencing with the news broadcast at one o'clock in the afternoon. First I listen to the American viewpoint, which lasts for ten minutes. This is followed by a ten-minute British newscast, and then a Canadian commentator concludes the half-hour broadcast. I have no objection to the speakers who give the American and Canadian viewpoints,

because generally they are members of our Canadian press and represent different shades of politics. I do, however, object violently to the British CBC report. I do not know what Mathew Halton calls himself, but for the last four years he has been absolutely biased in favour of the British Labour party. In order to clear himself before the recent British election he stated, "I think, of course, that the Conservatives will win, but . . ." and then he went on to give his best dissertation on the merits of the Labour party. Once in a while the editor of the *Manchester Guardian*, or some other prominent British newspaperman, is allowed to go on the air, and then we get a general view of British politics. But I do not feel that Canada should pay for the usual kind of British news broadcast that comes over the CBC.

Another CBC program is "The Forum". I have always noticed that on this program anything touching on politics is dealt with very strongly by a C.C.F'er and in lukewarm fashion by a free enterpriser, and that the umpire sides with the C.C.F.'er every time he gets the chance. If it is desirable that political propaganda should go out over the radio, there is a simple method to be adopted. Count up the total number of votes gained at the last federal election by the Liberals, the Progressive Conservatives, the C.C.F.'ers and the Labour Progressives, or the Communist party, if you want to call it that—and then apportion their relative times on the air. In this way there could be no dispute, and each party would be dealt with fairly.

Then they have a weekly review on Sunday evenings, which we used to get at half past five, central time, but which I think now comes at half past eight. A great many of the people who speak on these programs are CCFers. One is a professor down at McGill University, a man whom I know. He used to be in our province and he is utterly pro-CCF. There is no doubt about that at all. Now, a man has a right to be a CCFer if he wants to; that is his own business. It is none of my business whether a person is a Liberal, a Conservative or CCFer, but I do not think we should pay for putting the propaganda of one party out over the air in Canada unless we allow representatives of other parties broadcasting time proportionate to their numerical strength. But the CBC does not make this fair distribution of time. I am not at the moment saying anything about the licence fee—whether it should be \$2.50 or \$3.00 or \$4.00 or nothing at all; that is probably a business question, and although I may have my own views on it I am not expressing them just now.

We in the West are very dependent on the CBC, for there are not many other broadcast-

ing services that reach us. True, we can get some of the American stations. There is one across the line from Winnipeg which we hear, and we are within range of one across the line from Saskatchewan and Alberta. But by and large we are largely dependent upon our national radio service. Now, I should like to ask the radio commission why it has this broadcasting policy that I have referred to, and who is responsible for it. I think I am entitled to ask that. I wish to make it clear that I am not against the CBC. To speak quite candidly, I feel sure that my wife and I listen more to CBC programs than to all other programs put together. So I am not prejudiced against the CBC. Some of its programs are very fine indeed. I have not a musical ear, and so am no judge of the musical talent on the programs, but those who know about such things tell me that many of the musical programs are very good.

Hon. Mr. Duff: Do they put you to sleep?

Hon. Mr. Haig: No, they do not put me to sleep, I will say that.

The second point that I wish to make is this. I do not believe it is possible to devise any satisfactory system whereby one company in business can exercise control over its competitors. The Canadian Broadcasting Corporation say that in their own minds they can separate the interests of the CBC, from those of independent stations and judge the independent stations fairly. I do not believe it is humanly possible to do that. It certainly is not possible in any other field of endeavour, and we never allow such a thing to be done in any other field. For instance, a man appointed to the bench is required to give up his law practice and to sever his business connections. He receives a salary from the federal treasury, and so can maintain an independent mind when giving judgment. But by its very nature the CBC is bound to be unfair to independent stations. The men who make up the corporation, being human, cannot help it. I am only human, and I know that if I were on the corporation I could not be fair to independent stations, nor do I believe any other member of this chamber could. You place a person in a very awkward position when you require him to give a judgment which may be contrary to his own interests.

I should like to have the CBC called before our committee. The other house has had a radio committee for years, but the members of that house are bound to be affected by political reaction to some questions. We are told that the CBC is not controlled by the government. I do not say it is. What I object

to is the lack of control, which results in failure to permit expressions of opinion representative of every element in the community.

I may be told that there is no such thing as CCF influence in the CBC. but it is there. I can understand men or women who believe in the CCF and who get an opportunity to speak over the CBC tinging their remarks according to their own political views. Well, if you let enough of such people continue to broadcast without opposition, in time they will put their views over. I do not want the CBC representatives to be the last people heard by our committee; I want them to be the first, so that we can bring out these things.

I should also like to ask some questions of other departments. For instance, I should like the Department of Trade and Commerce to tell us something about our trade commissions, about Canada's trade agreements and her future prospects for trade. I should like to see men like the Deputy Minister of Trade and Commerce, who is a most able person, appear before this committee. We may not agree entirely with what he may have to say about trade, but we will at least know that he is approaching the subject wholeheartedly and with the right attitude.

My reason for offering these suggestions is that I do not think anything can be gained by our going over the estimates item by item, as is done in the House of Commons and in provincial legislatures. We should investigate the basic principles underlying the estimates. I agree with the proposal of the honourable leader of the government, and I think he is to be congratulated on his action. We will at least have an opportunity to suggest to the members of the House of Commons reductions in government spending.

Hon. Thomas Reid: Honourable senators, before the motion passes I trust it is in order for me to make a few remarks.

In looking over the allocations of the various estimates to committees, I note that the Canadian Broadcasting Corporation is allotted to the Standing Committee on Transport and Communications. I am not now a member of that committee, but I hope I may be appointed to it. What I have to say about the CBC is not new. I was a member of the radio committee of the House of Commons, and what surprised me was that many members of that house seemed determined to uphold whatever was done by the CBC, right or wrong. Some honourable senators may have been members of the House of Commons, as I was, when the Canadian Broadcasting Corporation was set up by the late Right Honourable R. B. Bennett, and they will know that the idea was not universally

approved. Nevertheless, once the organization was established the members championed it.

I wonder how many honourable senators know that it is not possible to find out what salaries are paid to the higher officials of the CBC. The members in the other place tried unsuccessfully to get this information. The CBC is a body which sets itself away above the people and their representatives and parliament, and it spends money as it sees fit. There are many questions I should like to put to the officials of the Canadian Broadcasting Corporation about information which we should have. The firm in Toronto that takes polls of radio listeners—if one can place reliance on its reports—has given CBC stations the lowest rating amongst all radio stations in Canada. If the public is the judge of the quality of radio programmes, as it should be, why is it that the CBC is rated so low?

It is well known that when the proceedings of international meetings are broadcast the CBC is not concerned about wave-lengths, but with the securing of lines for themselves; and from one end of Canada to the other little stations are being jammed by the CBC.

Also, I am concerned about the spending of this corporation.

I trust that the honourable leader of the government will take note of my request to be appointed to the committee on Transportation and Communication. My approach to the subject of radio is not in any way destructive, but I do think the Senate can do good work on behalf of the people of Canada by inquiring into the affairs of the CBC. It is a well known fact that the cabinet ministers are far too busy to attend to the details of the estimates and the other house has failed to properly control expenditures. I believe that if the Senate does nothing else but make recommendations for economies, it will be doing a worth while job for the people of Canada.

Some Hon. Senators: Hear, hear.

Hon. Norman P. Lambert: Honourable senators, I do not wish to prolong unduly the discussion on this subject. From what has been said it is quite evident that there is justification for the appointment of these committees to investigate the estimates.

I am rising to reply to some remarks made by the honourable leader opposite (Hon. Mr. Haig) with reference, particularly, to Mr. Halton, the CBC correspondent in Great Britain. I happen to know Mr. Halton, and I listen attentively to his broadcasts whenever I can. For instance, I know that when a causerie of correspondents from different

parts of the world were making their forecasts last New Year's Day Mr. Halton, speaking from London, very definitely forecast the defeat of the Labour government in England. Later I listened to his broadcasts during the election campaign because I know that among people who have had to do with reporting news he is considered to be a most competent and objective reporter.

I do not think the broadcasts Mr. Halton made during the campaign in England were inordinately coloured by prejudice, and I feel that something should be said on his behalf. He is a very good servant of Canada, and had extensive newspaper experience before he went to England. I believe that if a census were taken of opinion across this country it would show that Mr. Halton is regarded as a most competent reporter.

Hon. Mr. Haig: I appreciate the desire of the honourable senator from New Westminster (Hon. Mr. Reid) to be on the Committee on Transport and Communications. I may say that some fifteen years ago this house established a procedure whereby any senator may now attend the meetings of any committee he chooses, and may ask any questions he wishes. But when a division occurs he may not cast a vote.

I have in mind an occasion when the late Right Honourable Senator Dandurand was leader of the government, and the Right Honourable Arthur Meighen was sitting in the seat which I now occupy as leader of the opposition. I was a new member in this house and was accustomed to being quite active. When I attended a certain committee some honourable senator asked whether I was a member of that committee. As I was not, I immediately left the room, but when the report of that committee was being considered in the house I raised a question as to whether or not I should be permitted to attend. The house then unanimously decided to permit any senator to attend the meetings of any committee and participate in its discussions; but not to vote on any divisions which might have occurred.

Hon. Mr. Ross: May he move or second a motion?

Hon. Mr. Haig: No. That would be tantamount to voting.

Hon. Mr. Reid: Honourable senators, I would much rather be a member of the committee than merely sit in on its proceedings. If I asked too many questions somebody might object that I was not a member.

Hon. Mr. Haig: Nobody would do that.

The motion was agreed to.

REFERENCE TO COMMITTEE ON PUBLIC HEALTH AND WELFARE

Hon. Mr. Robertson moved:

That the Standing Committee on Public Health and Welfare be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, in advance of the bills based on the said estimates reaching the Senate, namely:

Votes 215 to 258, inclusive,

Votes 528 to 556, inclusive,

Votes 563 and 564,

And that the said committee be empowered to send for persons, papers and records.

He said: In moving this resolution I wish only to say that honourable senators may observe that the estimates of some of the departments have not yet been allotted to a particular committee. I have in mind the estimates of the Department of Justice. I had no particular reason for omitting them, other than it occurred to me that there was ample work for us to start with. Such estimates could be allotted to a particular committee at any time it is thought desirable to do so.

The motion was agreed to.

REFERENCE TO COMMITTEE ON TOURIST TRAFFIC

Hon. Mr. Robertson moved:

That the Standing Committee on Tourist Traffic be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, in advance of the bills based on the said estimates reaching the Senate, namely:

Votes 358 to 402 inclusive,

And that the said committee be authorized to send for persons, papers and records.

The motion was agreed to.

REFERENCE TO COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

Hon. Mr. Robertson moved:

That the Standing Committee on Public Buildings and Grounds be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, the advance of the bills based on the said estimates reaching the Senate, namely:

Votes 278 to 280 inclusive,

And that the said committee be empowered to send for persons, papers and records.

The motion was agreed to.

REFERENCE TO COMMITTEE ON EXTERNAL RELATIONS

Hon. Mr. Robertson moved:

That the Standing Committee on External Relations be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, in advance of the bills based on the said estimates reaching the Senate, namely:

Votes 64 to 84 inclusive,

And that the said committee be empowered to send for persons, papers and records.

The motion was agreed to.

REFERENCE TO COMMITTEE ON TRADE RELATIONS

Hon. Mr. Robertson moved:

That the Standing Committee on Canadian Trade Relations be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, in advance of the bills based on the said estimates reaching the Senate, namely:

Votes 423 to 453 inclusive,
Vote 458,

And that the said committee be empowered to send for persons, papers and records

The motion was agreed to.

REFERENCE TO COMMITTEE ON IMMIGRATION AND LABOUR

Hon. Mr. Robertson moved:

That the Standing Committee on Immigration and Labour be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, in advance of the bills based on the said estimates reaching the Senate, namely:

Votes 48 to 62 inclusive,
Votes 150 to 170 inclusive,

And that the said committee be empowered to send for persons, papers and records.

The motion was agreed to.

REFERENCE TO COMMITTEE ON NATURAL RESOURCES

Hon. Mr. Robertson moved:

That the Standing Committee on Natural Resources be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, in advance of the bills based on the said estimates reaching the Senate, namely:

Votes 1 to 45 inclusive,
Votes 183 to 201 inclusive,
Votes 111 to 129 inclusive,

And that the said committee be empowered to send for persons, papers and records.

The motion was agreed to.

REFERENCE TO COMMITTEE ON FINANCE

Hon. Mr. Robertson moved:

That the Standing Committee on Finance be authorized to examine the expenditures proposed by the following votes of the estimates laid before parliament for the fiscal year ending March 31, 1951, in advance of the bills based on the said estimates reaching the Senate, namely:

Votes 259 to 268 inclusive,
Votes 288 to 357 inclusive,
Votes 202 to 214 inclusive,
Vote 562,

And that the said committee be empowered to send for persons, papers and records.

Hon. Mr. Vien: With regard to this last motion, I would suggest to the leader of the government (Hon. Mr. Robertson) that instead of referring to the Standing Committee on Finance only certain votes contained

in the estimates submitted to parliament, all estimates submitted to parliament be referred to that committee. As the honourable leader mentioned, there are certain sections of the estimates which have not been referred to any committee; and I do not know why a standing committee of the Senate should not have the opportunity to examine all of them. I wholly approve of the disposition that has been made of the estimates through the previous motions, because each standing committee will be called upon to examine the things with which it is particularly concerned. But with respect to the Committee on Finance, instead of limiting its operations to a few items, all estimates, in my opinion should be referred to it so that it may examine the whole subject of the estimates which have been brought before parliament this year.

Hon. Mr. Robertson: Does my honourable friend mean that he would have all the estimates referred to the Finance Committee, or only those which have not been referred to other committees?

Hon. Mr. Vien: I suggest that all the estimates should be referred to the Committee on Finance, in order that that committee shall not be fettered by any restrictions. I believe that the purpose for which these resolutions are presented to the Senate would be better served if, notwithstanding particular duties imposed upon the respective committees, the Committee on Finance were empowered to examine all the estimates.

Hon. Mr. Euler: That would be a duplication, would it not?

Hon. Mr. Robertson: The honourable senator has raised a point well worth our consideration, but I would not be prepared to agree with it until I had given a little thought to the obligations which might arise were the same estimates referred to two different committees. I can see an excellent argument for referring to the Finance Committee votes which have not been specifically assigned to other committees. Even there, however, some difficulties can be foreseen. For instance, the Standing Committee on Natural Resources deals with primary industries—agriculture, mining, and forestry—and some of the votes relating to forestry originate in different departments from some of the agricultural items, and it would simplify matters to leave them where they are. However, as I said, I will take cognizance of the point my honourable friend has raised. For the moment, in order to get started, we might move in accordance with the proposed procedure, though it may be necessary—it is a matter to which honourable senators also might give consideration—to change some of these references from one committee to another.

After all, we are undertaking a more detailed examination than has ever been attempted before, so it might be well to allow my honourable friend's specific suggestion to stand until I have had an opportunity to consider it.

Hon. Mr. Vien: I do not want to delay the passing of the resolution. This is an experiment, a departure from our ordinary practice. I approve entirely the procedure; and, in order that the passing of the resolution may not be delayed, I would be quite willing to agree that all other items of estimates that have not been specifically mentioned be referred to the Committee on Finance.

Hon. Mr. Haig: That would be all right.

Hon. Mr. Vien: I would be satisfied if that were done. I appreciate that there might be some confusion if the same estimates were referred to two standing committees; for that reason I would be satisfied if the motion numbered 10 were amended to the effect that all other estimates be referred to that committee.

Hon. Mr. Crerar: Honourable senators, some little time ago the leader of the government asked me to take the chairmanship of the Finance Committee in succession to the late Hon. Mr. Sinclair; and—presumably because I have assumed this new responsibility, the leader of the government has been good enough to discuss with me this matter of the allocation of the estimates. I quite understand the point raised by my honourable friend from De Lorimier (Hon. Mr. Vien). In effect, if his suggestion were carried out, the Finance Committee would be the committee to deal with estimates: it would be a sort of senate committee on estimates. Perhaps there is something to be said for that, although I think the procedure that we are now considering may be better.

Let me say at once that this whole thing is in the nature of an exploratory process. There is a general feeling that a vast number of items which appear in the blue book of estimates sometimes receive scant consideration. That is particularly the case when towards the end of the session, as often happens, huge sums are voted in what I shall call the other place, with rather startling rapidity; and that has raised the complaint that parliament, of which this house is a branch, is not giving sufficient consideration to the expenditure of the taxpayers' money.

Hon. Mr. MacLennan: May I ask the honourable gentleman a question? I have often heard the suggestion he has just mentioned, and I can never understand it. When I was in the other place every item that was passed there was discussed for days and weeks. It is true that items were passed very quickly at

the end of the session, but it is not right to say that they were passed without consideration.

Hon. Mr. Crerar: My honourable friend from Margaree Forks (Hon. Mr. MacLennan) is of course entitled to his opinion. I am not casting a reflection on any government. I am simply stating a criticism that has been made in the press and elsewhere.

But let me return to where I was when my honourable friend interrupted me. It has been proposed to divide the work up, and it is obvious that in the allocation which the leader of the government has submitted to the house, an effort has been made to refer the items of the different departments to the appropriate committees. For instance, agriculture, which is one of the great wealth-producing industries of this country, has been submitted to the Committee on Natural Resources. It is going to be an interesting experience to hear the evidence of the various departmental officials, and to inquire of them: "You have a vote here of so much. Is that necessary? Just what do you do with that money? Could it be reduced?" These are all functions of parliament, and what we are endeavouring to do here is to carry out, in effect, what has been done for many years in the British parliament where estimates are submitted to a committee on estimates. The British parliament followed, very largely, the procedure suggested by the honourable senator from De Lorimier (Hon. Mr. Vien); but here we have a new departure.

I hope that the committees responsible for dealing with the various items will discharge their duties in such a way that it will not only bring public commendation but supply useful information on the vast machinery of government which we have in this country.

Hon. Mr. Haig: I would suggest to the honourable gentleman from De Lorimier (Hon. Mr. Vien) that he allow the motion to go through as it is, with the understanding that if some item comes up that is not covered, the leader of the government will consent to a special motion to refer the item.

Hon. Mr. Vien: I am quite agreeable to that. The motion was agreed to.

REGULATIONS BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill H, an Act to provide for the publication of Statutory Regulations.

He said: Honourable senators, this is a bill of some interest and public importance. It is entitled "An Act to provide for the publication of Statutory Regulations", but it is

known, for short, as the "Regulations Act". If I were inclined to indulge in simile, I would say that this is a bill to build a legislative beacon to throw light upon executive darkness.

One of the principal characteristics of modern legislation is what we know as the delegation of powers. Constantly, in these days, in bills that come before us, we find clauses which confer upon somebody—the Governor in Council, a minister, or some governmental body—the power to make regulations which will have the force and effect of law, and which will be binding upon the public, regardless of the fact that the regulations are not contained in the legislation itself. In these cases, the question immediately arises: How are such regulations or orders, when they have been enacted, to be given proper publicity, so that the public may know by what laws it is bound? There is no question in the case of statutes, because, being public property, they are published from time to time and are open to everyone. On the other hand, there is no general provision in our law at the present time whereby an order in council having legislative effect, and being binding upon the people of this country, shall be published in such a way that the whole of the public may know about it.

Hon. Mr. Euler: It appears in the *Canada Gazette*, does it not?

Hon. Mr. Hugessen: In much of the legislation passed by this parliament in the last few years, parliament has been most careful to provide that any order in council authorized by the legislation in question shall be published in such and such a way.

Hon. Mr. Haig: And within a certain time.

Hon. Mr. Hugessen: Yes, and within a certain time. This bill is designed to provide a statutory obligation, both to publish in the *Canada Gazette* and to table in parliament, every regulation or order having legislative effect, and which has been issued under powers delegated by legislation such as I have described.

I may say that at the beginning of the war this question came up very actively in connection with a large number of orders in council that were to be issued under the War Measures Act, and orders in council were issued at the commencement of and during the course of the war, providing for the publication of such of those orders as were of public interest and as they affected the public generally. Those orders in council were finally generalized in a new order in council, passed at the end of 1946, which provided, more or less in the same terms as this legislation, what it is now sought to provide.

Therefore, the terms of the bill now before us really put into statutory form, in the light of the experience gained in the operation of the order in council of 1946 over the last three years, the provisions of that order in council.

There has been at times, and I would not say without some justification, a criticism of what is called "government by order in council". I have before me a table which I think might interest honourable members. It gives the total number of orders in council, exclusive of Treasury Board minutes, passed in each of the years 1935 to 1949. With the permission of the house I will read the figures, to the nearest hundred.

Hon. Mr. Haig: Why not place them on the record?

Hon. Mr. Hugessen: I will accept my honourable friend's suggestion and place them on the record. I might say that in the first year shown, 1935, the number was 4,000, and during the war years there was a considerable increase—for instance, in 1942 the number was 11,800. By 1949, though, it was down to 6,600.

(The table referred to above appears herewith.)

The following are the total numbers, to the nearest hundred, of orders in council (exclusive of Treasury Board minutes) passed each year from 1935-1949:

1935	4,000
1936	3,300
1937	3,200
1938	3,300
1939	4,400
1940	7,800
1941	10,200
1942	11,800
1943	10,000
1944	9,600
1945	7,500
1946	5,400
1947	5,400
1948	6,100
1949	6,600

I want to stress this point. The vast majority of these orders in council do not deal with legislative matters at all, but purely with administrative matters, and therefore do not fall within the purview of this legislation. They deal with the awarding of contracts, leases of crown lands, and things of that kind. It is estimated that of the total number of orders in council passed in any one year approximately only 5 to 6 per cent are of a legislative character and will be governed by this bill.

Now if the house will let me turn to the terms of the bill itself—

Hon. Mr. Farris: Who determines whether they are legislative or purely administrative?

Hon. Mr. Hugessen: I was coming to that. I suppose one of the most important features

of the bill is its definition of a regulation falling within its terms. Section 2 defines a regulation which is to be subject to this system of publication and so-forth as:

A rule, order, regulation, by-law or proclamation
 (i) made, in the exercise of a legislative power conferred by or under an act of parliament, by the Governor in Council, the Treasury Board, a minister of the Crown, or a board, commission, corporation or other body or person that is an agent or servant of His Majesty in right of Canada, or
 (ii) for the contravention of which a penalty of fine or imprisonment is prescribed by or under an act of parliament.

I am informed that in the view of the Department of Justice those words "made, in the exercise of a legislative power" confine the category of regulations covered by this legislation to rules, orders, etc., of a legislative character and exclude those of a purely administrative character.

Hon. Mr. Farris: In each case who makes the decision as to which it is?

Hon. Mr. Hugessen: Well, I suppose if a question arose as to whether or not an order in council or regulation was legislative, it would have to be submitted to the courts. It would be very important to have such a question decided, because if some department considered an order in council not to fall within this category and the courts decided that it did, it would be completely inoperative as against the public.

Hon. Mr. Farris: That is to say, no such order in council would be operative unless it was published as provided in this bill?

Hon. Mr. Hugessen: Precisely.

Apart from the definition to which I referred, the main features of the bill are these. First of all, it provides for compulsory publication in the *Canada Gazette* of all these statutory orders and regulations within thirty days after they are made. Then it provides for their compulsory tabling in parliament within fifteen days after they are published or, if parliament is not then in session, within fifteen days after the commencement of the next session. Then it provides that no regulation shall be invalid by reason only of non-publication, but no conviction can be secured for any offence in contravention of a regulation that has not been published. Then it provides, in effect, that in the various Acts which have been passed from time to time the provisions as to publication of regulations—which provisions vary a great deal—shall be superseded by the general provision in this bill.

In the schedule to the bill honourable senators will see a list of not less than 111 Acts of parliament which in one section or another provide for publication of regulations or

orders in council. All these provisions will be repealed by this bill and replaced by general provision in this bill.

Hon. Mr. Leger: Does the repeal extend only to the requirement for publication in the *Canada Gazette*, so that there will not be a duplication of this requirement?

Hon. Mr. Hugessen: For the various methods of publication provided in these 111 statutes this bill substitutes one method of publication.

Hon. Mr. Leger: Is it intended to make the other statutes conform to this one?

Hon. Mr. Hugessen: The bill does not even do that. It wipes out of these other statutes the provisions dealing with publication and substitutes the provision in this statute.

I do not think there is anything more that I need say to the house at this stage. Should the bill obtain second reading I would suggest that it be sent to an appropriate committee, which I think might be the Standing Committee on Banking and Commerce.

Hon. Paul H. Bouffard: May I ask the Deputy Leader (Hon. Mr. Hugessen) if he thinks it would be possible to send these different legislative regulations to judges, magistrates and lawyers? In many cases at present it is absolutely impossible for those administering the law to obtain copies of regulations. Judges are furnished with copies of the statutes, and if these regulations are to be regarded as law, should not copies of them also be distributed as I have suggested, in addition to being published in the *Canada Gazette*? I may say that in my opinion this bill proposes a real improvement over present conditions, and it seems to me that the government should follow up the improvement by having copies of the legislative regulations sent out to judges, magistrates and lawyers, at least. The only expense involved would be for the printing and distribution of a few thousand copies of each regulation, and I think the moneys so used would be put to a good purpose.

Hon. Mr. Hugessen: I think my honourable friend's suggestion is a very valuable one. It is a matter about which we can inquire from departmental officials in committee. They may already be sending out copies of regulations, or arranging to have this done; but if not, I am quite sure they will welcome the suggestion.

Hon. Mr. Dennis: Speaking of publication, may I ask the honourable leader of the government (Hon. Mr. Robertson) if he and honourable senators on both sides of the house are satisfied with the newspaper coverage of this honourable body?

Hon. Arthur W. Roebuck: Honourable senators, may I say that it is just about time

that the authorities introduced a bill of this nature to bring about some uniform system of publishing governmental regulations.

When I took office in the government of the province of Ontario I found that there were regulations scattered throughout the various departments, and no one seemed to know where they were to be found. In an effort to bring some order out of chaos, I had an official undertake to compile a book containing all departmental orders. After working on the job for more than a year he reported to me that such a task was impossible. He pointed out that some of the departments themselves were not familiar with orders which affected them, and that no department had complete knowledge of the regulations to which it was subject. The matter was dropped and, so far as I know, no such book has ever been published in the province of Ontario.

Conditions in this respect were bad enough in Ontario, but in Ottawa they are much worse. I had a splendid illustration of this recently when I took part in an action in which the Post Office Department sought to make a postmaster responsible for the dishonesty of a member of his staff. The authority pleaded was found in a publication of the post office entitled "Useful Information for Postmasters". It contained a casual statement to the effect that postmasters would be held responsible for the dishonesty of their employees. It was not the usual common law responsibility of an employer for the action of his employee, but rather it created some special extra-mural responsibility. This book was said to have been published under the authority of the Postmaster General—it was not even called "Regulations", much less "Orders in Council"—but on the strength of that book the department tried to attach responsibility to one of its postmasters. The case was pleaded, and judgment was reserved. I am sure that his lordship is now struggling seriously and intelligently with this problem.

My criticism of the bill before us is that it does not go far enough. In effect, it says that no regulation shall be valid against an accused person unless it has been filed in a specific way. So far as it goes that is all right, but regulations may change the civil rights of individuals, as happened in the illustration to which I have referred, in which a chance piece of literature was laid before a judge as being valid in a charge against the individual.

I do not know why the government chose to stop where it did in preparing this bill. It may be desirable to start the system in this way, and later to make it complete. My thought is that we should now amend the bill

to provide that no regulation or order shall be valid and effective for any purpose unless it is properly filed.

In the case of the postmaster to which I referred, I asked the question: If the postmaster told his secretary to close the door, would that be an order enforceable in law under the Post Office Act? I am not sure that it would not; certainly it would be enforceable if the postmaster wrote the order on a slip of paper and handed it to his secretary.

I believe that we should insist upon regularity in these matters, and nothing should have the force of law until it goes through a recognized procedure. The bill proposes a proper procedure, that of filing in a public place. Failure to file would render the regulation merely a pious hope or a wishful admonition. Further, there should be a lapse of time after the filing of regulations before they become effective, as in the case of Acts passed by parliament.

The difficulties which will be encountered in the application of this measure will be considerable, but not insurmountable. I understand that it is intended that regulations made in the past will now have to be filed. Could the honourable deputy leader enlighten me on that point?

Hon. Mr. Hugessen: I do not think the bill applies to past orders, but I will have a few words to say on that point when my friend is through speaking.

Hon. Mr. Roebuck: I think it should apply to orders and regulations already made, and to administrative orders as well as those which regulate civil rights and rights in criminal matters. I believe that the department which prepared this bill should revise it and make it complete.

Hon. Mr. Hugessen: Honourable senators, I was much interested in my honourable friend's remarks about his experience when he was in the Government of Ontario. As to the question of the statutory effect of orders in council which have been passed up to date, I understand that under the authority of an order in council passed on July 20 last, a consolidation of all statutory orders and regulations in effect as of December 31 last is in the course of preparation, and will be published in due course. In fact, it is now in the hands of the printers. For the first time in Canada there will exist an official compilation of all so-called subsidiary legislation. This consolidation will be, therefore, in a certain sense, a supplement to the statutes of Canada. Perhaps that will answer my honourable friend's inquiry as to why this bill

is not made retroactive. There will very shortly be available a consolidation of all the orders in council up to December 31.

Hon. Mr. Roebuck: Is that for the province of Ontario?

Hon. Mr. Hugessen: No, it is a federal matter.

Hon. Mr. Roebuck: If some particular regulation does not get into this book to which my friend refers, would it still be valid?

Hon. Mr. Hugessen: I do not quite follow my friend's question.

Hon. Mr. Roebuck: If a certain regulation does not get into this book, will it still be regarded as an enforceable regulation?

Hon. Mr. Aseltine: Certainly, if it appears in the *Canada Gazette*.

Hon. Mr. Roebuck: There are lots of regulations which have not appeared in the *Gazette*, which nevertheless are enforceable. The case I referred to was just such an instance.

Hon. Mr. Haig: May I ask my honourable friend from Toronto-Trinity a question? Would it not be possible for him to move an amendment in committee to the effect that this book to which reference has been made will be the final book, and that no regulation not contained in it will be enforceable?

Hon. Mr. Roebuck: A jolly good idea!

Hon. Mr. Bouffard: Will this book be distributed in the same manner as the statutes of Canada?

Hon. Mr. Hugessen: That again is a question of administration, which I should think would be susceptible to answer by the departmental officials. I would hope that it would be distributed in the same manner as are the statutes of Canada.

Hon. Mr. Haig: I do not wish to become involved in this discussion, because I am in favour of the bill. I more or less jokingly asked a question of my honourable friend from Toronto-Trinity; but, seriously, I think the book which has been referred to should in some way be embodied in this bill. The instances mentioned by the honourable senator could be multiplied many times. The honourable senator from Inkerman (Hon. Mr. Hugessen) is a distinguished member of the Bar of his province. He knows that, in the ordinary run of business, when someone comes in for advice on a matter of this kind, the tendency has been to look at that compilation and, if the point in issue is not dealt with there, to tell the inquirer that he is not affected. Then, up turns an order, and he

finds he is affected. In the firm of which I have the honour to be a member I tried to have one of the office staff attend to these matters; but after six months I nearly had a rebellion on my hands. I was told: "Every week one of these books comes in with the statutory regulations, showing that something passed six months ago has been repealed"; or "Some person has borrowed it and has not brought it back," or "It cannot be found." There was just an uproar, and finally we gave up trying to rely on it and threw it in the waste-basket. I suggest that the leader should consult the government to see whether it is possible, when the bill gets to committee, to answer the question of the honourable member from Trinity (Hon. Mr. Roebuck). He has made a real point, one well worthy of consideration. The difficulty is a serious one.

Take, for example, the regulations affecting rent control. It is almost impossible for any lawyer to keep up to date with them; yet questions affecting the law and the administration arise every day in almost every office. At the present time copies of the regulations are sent to members of the Senate and members of the House of Commons. I do not know whether they could be circulated also to all lawyers; but they might be sent to law libraries, judges and magistrates. In Manitoba the provincial statutes are dispatched to the libraries, the legislators, senators who are lawyers, and magistrates all over the province. It is a very useful service. I suggest that, following the question raised by the honourable member from Toronto-Trinity, some effort be made to include this book under the legislation, and to bring it up to date.

Hon. Mr. Hugessen: It goes without saying that I will take the matter up with the officers of the department and see whether something cannot be worked out along this line. I think the honourable senator from Toronto-Trinity has made a very valuable suggestion. If the government are going to take the responsibility of printing in one book all the orders in council and regulations which in their opinion affect the public in a legislative way, they should take the further responsibility of saying that those are the only ones that do affect the public. It may be possible to work out something in accordance with this suggestion.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hugessen moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

IMMIGRATION

MOTION

The Senate resumed from yesterday the debate on the motion of Hon. Mrs. Wilson that the Standing Committee on Immigration and Labour be authorized and directed to examine into the Immigration Act, its operation, administration, etc.

Hon. Arthur W. Roebuck: Honourable senators, my name appears at the bottom of the resolution today, and I cannot allow this occasion to pass without some words of commendation and approval of the action taken by the honourable senator from Rockcliffe (Hon. Mrs. Wilson) in again bringing forward this motion on immigration.

Honourable senators realize, no doubt, that we would not have had the advance in immigration law, nor, probably, the modest numbers of immigrants that we have had, if the Senate had not interested itself in the subject some three or four years ago. I regard with great satisfaction what this house has accomplished in the formation of public opinion, in the bringing about of more modern regulations, and in adding to the sum total of our knowledge of this subject. I have some satisfaction also in the thought that there are today some thousands—"thousands" is not an exaggeration—of happy homes here in Canada that might not have been established but for our industry and our efforts. At least we had something to do with it. I congratulate the chairman of the committee for having again brought the subject forward, with a view to reviewing the inquiry; for we did very little about it last session. Today it has a timeliness and an importance that it did not have last year; and this, for two outstanding reasons. The first is that immigration to Canada during the past year was less than in the previous year. The figures which were given by the mover of the resolution show a considerable reduction; and this I regret. In point of numbers our immigration since the war has been on a modest scale. It is very important; but in terms of percentage of our total population the figures are not impressive.

When one considers it in the light of human happiness and well-being, the subject of immigration is of the widest and greatest and deepest importance. Nor is it to be despised even on a numerical basis. I have in my hand a newspaper report of a statement made by Sir Arthur Rucker, Deputy Director of the International Refugee Organization, and of course an authority on refugees. He complimented Canada on having received something in the order of 75,000 refugees since the close of the war. That is an achievement not to be lightly brushed aside. At all events it was not regarded as of small importance by one of the head officials of the refugee organization.

As to this falling-off in numbers it may be a matter for consideration whether this trend is desirable, in face of an industrial situation such as has not presented itself to us in recent years. Today there are reported to be some 350,000 unemployed registered at the employment offices of the Unemployment Insurance Commission. The figures are open to dispute: some say there are more, some less; but it would appear that about 375,000 of our people are out of work. This figure may have little significance unless it is related to the other; but it means that there are approximately 100,000 more unemployed now than at the same time last year. When one considers this figure from the standpoint of the increase in unemployment it seems most serious, and I do not wonder at the pause which it gave the leader of the opposition (Hon. Mr. Haig) when speaking to this subject just the other day.

No one who remembers the hungry thirties and the thousands of men who were unable to provide for their families, or who can recall the picture of the long lines of weary men queueing up at the soup kitchens, can contemplate anything like that happening again without being deeply concerned. It is certain that if such a condition lies waiting around the corner we would hesitate to bring people to Canada who would simply have to line up with our unemployed. It would be a poor service to the immigrants and a poorer service to ourselves.

I do not feel the answer to this horrible problem is that unemployment is consequent upon over-population; therefore I do not feel that reduction in numbers is a solution. The two are separate. The fact that numbers do not spell unemployment was well illustrated when the members of our armed forces came back from overseas to become absorbed in our industries, to be immediately followed by considerable immigration to Canada, and the employment situation was never better in this country.

As unemployment is found both in countries that are heavily populated and in countries that are sparsely populated, I contend that the actual numbers of those seeking work is not the cause of unemployment. There is more to it than that. Unemployment is based on two factors: the natural resources upon which labour may be expended, and the organization which is necessary in these times to effectively apply our labour, enterprise and capital to those natural resources. This seems to be fundamental and elementary, and a high employment figure is the result of good organization in the use of available natural resources.

Canada is fortunate in the way of business organization. No nation in all history was ever able to change its method of production

as rapidly and with as much facility, intelligence and enterprise as did Canada when it last went to war. Managerial ability is always the scarcest labour commodity. Men skilled in management are invaluable to industry, and apparently this country has a large force of eminently capable businessmen, manufacturers, traders and financiers, who are quite capable of handling our industrial processes. As to the availability of natural resources, it is obvious that the development of Canada's vast resources has only just begun, the surface has only been scratched, and the idea that there are too few jobs for our population is a fallacy. There are as many jobs as there are people to do them, just as there is enough air for every living person to breathe. And this condition will continue so long as there is space for men to stand and natural resources of land and forest and mine for people to utilize.

There is no limit to the number of jobs to be done. The only limitation lies in the availability of resources. Honourable senators may travel from Halifax to Vancouver in search of a natural resource upon which to employ their capital and labour at a profit and, because of the price at which the resource is held, fail to find anything irrespective of how valuable and useful to mankind it might be. So the real problem that faces us in this matter of employment is not the possession of resources—which we have in vast quantities—nor the ability of our businessmen to use them, nor the willingness and the intelligence of our working population. The real problem is the availability of resources which may be used at a profit.

When you permit men to come into your country you add to the forces of those ready to carry the overhead, to pay the rent, to keep the railroads running and to maintain a profit for businessmen. But when you close the door to outsiders you reduce the effectiveness of your labour forces, you make it more difficult to carry your overhead, and consequently reduce the likelihood of being able to make a profit. The whole thing depends on maintaining a profit for business and not allowing too large a portion of this profit to be carried off by mere ownership, forestalling and monopoly.

During the last ten years land values in Canada have been growing, and this has been a detriment to employment. I wrote to the Bureau of Statistics for information on the growth of land values during recent years, and strange to say, although this subject is of vital importance when one considers the future of Canadian industry, the Bureau could supply me with but little information. I was informed that the average value of occupied farmland in Canada for 1949 was \$40 per

acre, but included in this was the value of the improvements on the farm. Now, improvements are the result of men's labour. The value of the farm itself is a site value and a community value, and when owned by an individual it is a monopoly value.

Since 1939 the value of our farm lands all across the country has increased by 66.7 per cent. In the period from 1935 to 1939 they were valued at \$24 per acre.

Hon. Mr. Lacasse: That is an average, is it not?

Hon. Mr. Roebuck: Yes, that is an average. It takes in a good deal of pretty poor land. During the war years the average value steadily grew, until today it stands at \$40 an acre, an increase, as I have said, of 66.7 per cent since 1939.

Hon. Mrs. Fallis: Would that increase in value be largely attributable to improvements in buildings?

Hon. Mr. Roebuck: Not largely, but to some extent. And in the consideration of this subject, what is more important than the increase and improvement in buildings is the decrease in the value of money. Let us not forget that.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Roebuck: So the real increase in value has perhaps not been quite so large as the figures would indicate. There is very little real land value in Canadian farms, except in those which surround our big cities and towns, where there is site value. Land values in the cities and towns themselves have advanced in spectacular fashion. I am sorry that the actual figures are not available, but the value of lands in our urban areas and the immediately surrounding districts has increased by, not merely hundreds of thousands of dollars, but by many millions.

Now, consider that from the standpoint of the immigrant. As a rule he comes here without much capital, though, perhaps with some, and he is greatly affected by the price at which the resources of the country are held. If the price is low, his chance of making a good living is all the greater. The higher the price at which the resources are held, the less is his likelihood of success. Every dollar that is taken by monopoly and forestalling means a dollar less for industry and enterprise. So our immigration problem is not exactly one of the number we can admit, but rather one of the number who can be absorbed under our economic conditions.

I have not lost hope, honourable senators, that our economy is still sound, though I grant you that to thoughtful people there is some reason for anxiety. Businesses go into the red when exactions become too severe,

but so far neither our land values nor our business failures have so increased as to make it wise for us to close our doors against the hungry people of Europe. Furthermore, if instead of bringing in fifty or sixty or one hundred thousand people a year we brought in many more than that, the period when exactions consume profit will be deferred, not hastened. In that way we might keep business on a profitable basis longer than we otherwise could, and thus postpone the evil day.

There are one or two comments that I wish to make about immigrants themselves. In one of my early speeches on this subject I said that the best "immigrants" are those who are brought to us by the stork, and that sentiment was repeated yesterday by my honourable friend from Rigaud (Hon. Mr. Dupuis). There is no doubt that our own children make the best additions to our population. The next best are relatives of people already living and established here. That proposition is so obvious that after we had stated it three or four times in this house it was adopted by the government, and a category of near relatives admissible as immigrants was published. Immigration officials were authorized to admit people within that category, and as a result many thousands of fathers and mothers, brothers and sisters, sons and daughters, and some few nephews and nieces, have been brought to Canada. The experiment has shown that these newcomers have the highest prospects of becoming successful citizens, because they have the guidance of relatives already established here, who welcome them, see to it that they are properly housed and clothed, and, above all, advise them on how to make a living in this country. In some instances people here have even paid the transportation expenses of relatives living abroad who wished to become Canadians. Almost all the people who have been admitted within the category of near relatives have been absorbed into industry and have themselves made good.

But, honourable senators, the category of near relatives that I have enumerated—fathers and mothers, brothers and sisters, sons and daughters, nephews and nieces—is obviously limited by the number of relatives that Canadians have in Europe and other countries, and it is now nearly exhausted. It is true that over the years a few people of this class would continue to come in, but we cannot expect large numbers of such immigrants within the next two or three years. So it strikes me that it is time to revise the categories of persons admissible. Family relationships in Europe are very strong. A family is linked by iron bands, and its relationships are not limited to father and mother, brothers and sisters and the other relatives

that I have mentioned, but extend throughout the entire family connection. It does seem to me that if a Canadian citizen is prepared to pay the transportation expenses of, say, a cousin and family from Europe, and to guarantee that they will be housed and that he will take an interest in their welfare here, such immigrants would not be likely to become a public charge; and provided that they met the usual requirements as to health and good character, we would not be taking much chance in admitting them. I do feel the time has arrived when we should extend the category of near relatives so as to take in cousins. I would go even further and admit friends as immigrants, because it is far better to bring in a new Canadian citizen who is guaranteed by somebody already in Canada, than to bring in someone without friends to introduce them to our industrial and social life. For my part, I would be willing to pass regulations immediately extending immigration privileges to cousins of immigrants, and I would very seriously consider the possibility of extending it to friends. To my mind such people would make good citizens, the kind most likely to succeed and most unlikely to leave or get into trouble with our laws:

Those are my only two observations. First, I should like to see our present immigration policy maintained as long as reasonably possible; and I hope that the warnings of industrial disaster will not interfere with that policy. Second, I would admit cousins at once, and then friends.

I think the members of the committee charged with the job of inquiring into the Immigration Act will do a great service to Canada if they discuss the problems on this elementary basis.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. Cyrille Vaillancourt: Honourable senators, I am pleased to associate myself with the previous speakers and to congratulate both the mover (Hon. Mr. Golding) and the seconder (Hon. Mr. Veniot) of the Address in reply to the Speech from the Throne. They performed their tasks in a realistic and objective manner, for which they deserve commendation.

The war has now been over for four years—at least that is what we are told—nevertheless, we live under a disquieting and nervous

tension which at times induces discouragement. Today, it is the atomic bomb, and tomorrow it may be the hydrogen bomb, which is a hundred times more devastating. That is said to be progress. Yes, but it is progress towards self-destruction. Can it be true that genius borders upon madness?

But progress is reconcilable with a world in which life would be better, in which men could love one another rather than live in an atmosphere of anxiety and hate, trying to destroy one another.

How should the world be organized so that men would behave like reasonable beings instead of imitating the wild beasts of the jungle? A moral economy would first have to be devised. If men work only at producing instruments of warfare aimed at their mutual destruction, it is because there is too much pride in their minds and too much bitterness in their hearts. Let humility, the spirit of mutual help and comprehension, be substituted for pride; let that selfishness that reigns in the hearts of men be replaced by a little love. Thus the world will improve, and then we shall be able to live in peace and happiness.

But is it possible to enjoy happiness in this world? Yes, it certainly is possible, provided one is content with one's lot and does not envy that of others. If ever we rose to a level of perfection and of moral behaviour where men would love one another rather than hate, where all human inventions would serve to ease man's life without rendering him lazy or destroying the result of his labour, we would also have to concern ourselves with organizing a material and a physical economy—a material economy of nations, a physical economy of individuals. A nation's economy is based upon the extent to which it can exchange its goods, and as yet but one means has been devised of furthering that exchange. That means is money.

In the last century the civilized nations of the world agreed to base their currencies on a standard that was accepted by all as nothing but the equivalent of an international currency. Instead of using paper money made to the order of an individual country, debtor nations could then send gold to their creditors, and they in turn could pass it on to other countries and thus circulate it all around the world, if they so desired.

After World War I Germany strove to break that practice which was based on confidence. She gave up the gold standard then accepted by all civilized nations, and issued large quantities of her own paper notes, thereby causing a tremendous inflation of her currency in order to avoid paying her debts. Some of Germany's neighbouring countries which were in competition with her on inter-

national markets also put increased quantities of their own paper money into circulation; others devalued their currencies, or effectively increased the price of gold. As a result we have today what are called nationalized or managed currencies.

A study of the economic history of the world since money was introduced, and the conclusions to be drawn therefrom, would lead us to believe that no material problem of an economic nature can be solved through nationalized currencies.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Vaillancourt: One country, through her gold reserves, might for a time succeed in dominating the world financially but inevitably a day would come when, despite her accumulated billions, she would die because of the resulting concentration of her currency. She could no longer carry on trade with foreign countries because in her eyes their currencies would be practically worthless. She would then be forced either to make loans and to live on the interest that would be paid on them, or to change her policy. That to my mind, is plain.

But would it not be possible to agree on the establishment of a standard for the currencies of all countries, and thus make exchanges possible through some means other than almost worthless paper? With nationalized currencies what happens? If I sell millions of dollars worth of goods to China and she pays me with Chinese notes, what do I actually get in exchange? Is not the payment a mere illusion on my part? I confess that international currency today presents a problem very difficult of solution, much more difficult than it was some twenty-five or thirty years ago. The reason is quite simple. If a strike develops in a nation's vital industry, there is danger that the entire economy of that nation may be changed, and along with it the very basis of its currency. It is equally dangerous if there is—as often happens—a world monopoly in some commodity. Such a situation may affect any currency, even one that is international.

The fact that the problem is complex and difficult, however, should not prevent us from grappling with it with a view to solving it. Despite the peculiar character of these remarks, may I hope that what I say will be taken seriously and that some action will follow. In our general trade policy certain changes have to be made. Our customers of yesterday are leaving us, and we must look for new ones. To attract prospective customers we need skillful planning and people well adapted to the countries in which they are going to work. A few days ago I was talking to a group of Canadian businessmen who had been in South America a few months

before. These men, whether French-speaking or English-speaking, were unanimous in suggesting that it would be useless to send as business agents to South America people who do not possess a mentality that will adapt itself to the commercial practices and the way of life of South American citizens.

Yet, would it not be wise to send to these foreign countries people with some kind of business experience? We have confidence in intellectual attainments of those young people who graduate from our universities and our specialized schools of commerce and industry. Nevertheless, before assigning them to our various embassies and commercial posts abroad, should we not put them through some field experience here so that they may learn to distinguish between possible and impossible things? They will be the first to benefit from that experience, even long before their country, in due course, may take advantage of their great knowledge based on first-hand and high-grade experience.

I wish to take this opportunity to bring to the attention of this house the forthcoming celebration of the fiftieth anniversary of one of our financial institutions which has lived, and continues to live, within reality, and which has rendered incalculable services to the nation as a whole. I refer to Les Caisses Populaires, or the Credit Unions.

Some Hon. Senators: Hear, hear.

Hon. Mr. Vaillancourt: Next summer, from the 24th to the 27th of August there will take place in Levis, Quebec, an international convention of savings and credit co-operative institutions, and leaders from all parts of the world will be present. We shall then commemorate the life and work of the late Alphonse Desjardins, founder of that wonderful co-operative movement of the North American continent. This modest citizen of Levis, a former civil servant was, with his indomitable energy and determination, the Canadian creator of this regenerating movement which means so much for the economic and general salvation of the working classes.

In my city of Levis we have erected a monument to commemorate this anniversary: it is a building which is called "Edifice Desjardins—Desjardins Building". In that building we have centralized all the institutions which if not in fact created by the late Alphonse Desjardins were inspired by him. I gladly avail myself of the present opportunity to extend to leaders of the co-operative movement in all parts of the world a cordial welcome to this celebration. May they come from everywhere, these leaders of the co-operative movement! May they bring to us the best of their minds and hearts and the fruitful help of

their knowledge and experience! Perhaps, through the many sessions of intense study that will then be held, we shall succeed in laying the foundations of a more Christian, more social, more charitable and more human economy.

When Mr. Desjardins the founder of the first credit union, died in 1920, the press hailed him as the saviour of his race. Thirty years later I can say that he was more than the saviour of his race; he was the promoter of a more human economy, and he may well have been the saviour of the economy of the whole nation.

Another anniversary of special interest to me is to be celebrated in the fall of 1950. It is the twenty-fifth anniversary of the foundation of the Quebec Maple Sugar Producers' Society.

Some Hon. Senators: Hear, hear.

Hon. Mr. Vaillancourt: For a quarter of a century this society has endeavoured to revive the maple sugar industry, which is the oldest agricultural industry in this country, and to restore to it its original worth, which had been lost. On the occasion of its silver jubilee, La Société des Producteurs de Sucre d'Erable du Québec is proud to be able to remind our farmers of the powerful lift which they got through its work, and to say that this national product is appreciated, savoured and liked by all who have been fortunate enough to taste it.

Hon. Mr. Lacasse: Including senators!

Hon. Mr. Vaillancourt: To sum up, let us work towards the organization of a moral and social economy that will be based upon charity and the love of men. We are told that we fought the last war to save Christian civilization. Did Christ come down on earth to teach us anything else but the moral economy of mutual love? By looking into the past and realizing what our ancestors have built and created through that spirit of love, mutual help and charity, by following the lead which they gave us, let us also strive to base our material economy on something concrete and real. I am not one of those who will mournfully look back to times and things bygone, and moan over the present and despair of the future. I am rather one of those who mildly remember the past, try to cope realistically with the present, and face the future with confidence, because there still are at the head of our organizations people who believe and love.

On motion of Hon. Mr. Burke the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, March 17, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

CRIMINAL CODE BILL

FIRST READING

Hon. Mr. Robertson presented Bill I, an Act to amend The Criminal Code.

The bill was read the first time.

ST. PATRICK'S DAY

TRIBUTE TO IRELAND'S PATRON SAINT

Hon. Felix P. Quinn: Honourable senators, before the Orders of the Day are proceeded with may I remind the house that today is the 17th of March.

Some Hon. Senators: Hear, hear.

Hon. Mr. Quinn: It is the festival of that glorious apostle, St. Patrick, and Irishmen throughout the world are venerating their patron saint with love and adoration. The Englishman has his St. George, but St. George never saw the sky over England. Neither did St. Andrew ever see the sky over Scotland, or St. David the sky over Wales. But Patrick, at the age of fifteen, was taken in slavery to Ireland, and served as a shepherd in serfdom for six years. Finally he escaped, and went to France. There he told his uncle, St. Martin of Tours, about Ireland and its people and how he had come to love and admire them. He told him what wonderful opportunities there would be for missionary work among the pagan people of Ireland, who worshipped the sun and various idols.

St. Martin educated Patrick, who eventually was ordained to the priesthood and sent to Rome, where he had an audience with the Pope and told him of Ireland and its people. He said that if he were given a commission as a missionary he would go among the Irish people and devote his life to their conversion. He was granted this commission and consecrated a bishop, and with a band of missionaries he returned to Ireland.

The story is told that St. Patrick reached Ireland on the eve of the grand festival of the Druids, and that when the Druids met on the hills of Tara to venerate their heathen gods, Patrick arrived on the opposite hill with his little band of missionaries. Arising at day-break the next morning his first thoughts were of Almighty God, and he went on his bended knees and asked God for his blessing

on the mission work which he had undertaken. In the cold of the morning he lighted a fire. This was against the edict of the arch-Druid, who had ordered that no fire was to be lit on that day until he himself had set the torch. Patrick knew nothing of this, and his fire was observed in Tara. Immediately the king sent his soldiers to seize the man who had dared to break the law, and Patrick was brought before the king and the arch-Druid, and was asked to explain his conduct. He then told them of the Christian God in Heaven, and with his wonderful oratory he impressed the assembled gathering. But he could not make them understand the mystery of the Blessed Trinity until, looking down at his feet, he saw a trefoil, a three-leafed shamrock, and he stooped and plucked it from the ground and held it aloft to illustrate the mystery of the Blessed Trinity. Thus he showed them how nature itself could explain how there could be three in one. Then he was asked to explain the other mysteries of his religion, which he did so well that he converted the whole nation to Christianity, and that is why the Irishmen today venerate his memory.

Because of that Irishmen and Irishwomen too throughout the world today wear on their bosoms with pride the little shamrock, the emblem of their nation and of their patron saint. Because of seven centuries of persecution and suffering, Irishmen have been scattered all over the world. But go where you will, in any part of this universe, you will find Irishmen, every one of them just as much imbued with the love and veneration of the land of his forefathers as are those who were born on its sacred soil.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Quinn: A few years ago I visited Boston, where I met hundreds of Irishmen, many of the third and fourth generation. With love in their eyes they would speak of Ireland as if it were the land of their nativity. I recall a conversation with one of them who was a very ardent and patriotic Irishman. I said, "Mike, if you were not of Irish nationality, what nationality would be your second choice?" He said, "Sure, if I wasn't an Irishman I'd be ashamed of myself." That but illustrates the love of the Irishman and his descendants for the Emerald Isle.

Well might they love it. You will find no divorce courts there. If our friends of the divorce committee were sitting in Ireland and depending on fees from divorce cases, they would starve to death. And you will find there no birth control, no mercy killing—euthanasia—no communism, and the few snakes and toads that were there were

banished by St. Patrick centuries ago. So I say we have reason to be proud of our native land.

Go where you will, you will find an Irishman looking back on the green isle, thinking of Kathleen, Mavourneen, Aileen Allana, Colleen Bawn, and Sweet Belle Mahone:

Wait for me at Heaven's gate,
Sweet Belle Mahone.

Others will look back and think of the lakes of Killarney:

Where angels fold their wings and rest
In that Eden of the blest,
Beauty's home, Killarney.

Others will think of farther south and sing of the Bells of Shandon.

That sound so grand on
The pleasant waters
Of the river Lee.

Others will sing the Londonderry Air, and still others will sing of the mountains of Mourne, of Galway Bay, and of Lough Neagh's Banks:

Where the fisherman strays
When the clear cold eve's declining;
He sees the round towers of other days
In the waves beneath him shining.

Thus will memory oft in dreams sublime
Catch a glimpse of the days that are over,
And, sighing, look through the waves of time
For the long-faded glories they cover.

Others, more vigorous, will sing of the glories of Brian the Brave, and of Malachi:

Who wore the collar of gold
Which he won from the proud invader,
When her kings, with standards of green
unfurled,
Led the red branch knights to danger.

Still others will sing of the beautiful vale of Avoca:

There is not in the wide world a valley so sweet
As that vale in whose bosom the bright waters meet;
Oh! the last rays of feeling, and life must depart,
Ere the bloom of that valley shall fade from my heart.

Yet it was not that nature had shed o'er the scene
Her purest of crystal and brightest of green;
'Twas not her soft magic of streamlet or rill,
Oh! no,—it was something more exquisite still.

'Twas that friends, the belov'd of my bosom,
were near.
Who made every dear scene of enchantment more dear,
And who felt how the best charms of nature improve,
When we see them reflected from looks that we love.

Sweet vale of Avoca! how calm could I rest
In thy bosom of shade, with the friends I love best,
Where the storms that we feel in this cold world should cease,
And our hearts, like thy waters, be mingled in peace.

Several persons have asked me to sing, and if I may be permitted—

Some Hon. Senators: Hear, hear.

Hon. Mr. Quinn: —I will do so.

Have you ever heard the story of how Ireland got its name?

If you listen you will understand from whence old Ireland came.

No wonder that we love that dear old land beyond the sea,

For here's the way my dear old mother told the tale to me.

Sure a little bit of heaven fell from out the skies one day,

And nestled on the ocean in a spot so far away;
And when the angel found it, sure it looked so sweet and fair,

He said suppose we leave it, for it looks so peaceful there.

Then they sprinkled it with stardust, just to make the shamrocks grow;

'Tis the only place you'll find them, no matter where you go.

Then they dotted it with silver to make its lakes so grand,

And when they had it finished, sure they called it Ireland.

Some Hon. Senators: Hear, hear.

Hon. Mr. Quinn: Let me conclude:

O Erin, my country, though broken thou art,
There's a lustre within thee that ne'er will decay;
A spirit that shines through each suffering part,
And now smiles at all pain on St. Patrick's Day.

Some Hon. Senators: Hear, hear.

INCOME TAX

ANSWER TO INQUIRY

On the orders of the day:

Hon. Wishart McL. Robertson: Honourable senators, on March 1, at page 52 of the Debates of the Senate, the honourable deputy leader opposite (Hon. Mr. Aseltine) asked that the government's attention be brought to two recent decisions of the Income Tax Appeal Board, and the possible effect of these decisions on certain taxpayers. I have made inquiries of the government and am authorized to assure the Senate that the government is currently giving careful consideration to the implications of both the Reinhorn case and the McCool case.

THE SENATE

NEWSPAPER COVERAGE

On the orders of the day:

Hon. Mr. Robertson: During the debate on the Speech from the Throne yesterday the honourable senator from Halifax (Hon. Mr. Dennis) addressed to me the following question:

Speaking of publication, may I ask the honourable leader of the government if he and honourable senators on both sides of the house are satisfied with the newspaper coverage of this honourable body?

I am not prepared today to answer the question of my honourable friend. As it is of some importance, I wish to reserve the right to give

it the attention it deserves. I shall consider the matter and be prepared to give an answer sometime next week.

PRIVATE BILL

SECOND READING

Hon. T. A. Crerar moved second reading of Bill F, an Act respecting United Grain Growers Limited.

He said: May I say a word of appreciation of the eloquent address delivered a few moments ago, on the occasion of St. Patrick's Day, by the honourable senator from Bedford-Halifax (Hon. Mr. Quinn), and of compliment to him on the musical interlude which he provided. I hope that some day one of our members—perhaps my honourable friend from Edmonton (Hon. Mr. MacKinnon)—will entertain us with a song like "The Road to the Isles". That is a real song.

Hon. Mr. Farris: What about the bagpipes?

Hon. Mr. Haig: No; we draw the line there!

Hon. Mr. Crerar: The bill of which I have just moved second reading is "An Act respecting United Grain Growers Limited". The explanatory notes are full and comprehensive, and, I believe, have given honourable senators who have read them a full knowledge of the purpose of the bill. However, as one who in early years had something to do with the United Grain Growers, perhaps I could usefully add a few words of explanation.

Hon. Mr. Haig: May I make a suggestion which, I think, would save some of our time? The things in the bill which bother me are the variations from the general law. I should like the honourable senator to explain why we are being asked to make them.

Hon. Mr. Crerar: I am not quite sure what the honourable leader of the opposition (Hon. Mr. Haig) has in mind when he speaks of "variations from the general law".

Hon. Mr. Haig: Well, I will discuss the matter later.

Hon. Mr. Crerar: Perhaps I may give a short sketch of the history of this company.

It was organized in 1906 under the Manitoba Joint Stock Companies Act. By 1910 or 1911 its business had spread beyond the boundaries of Manitoba, and it was thought advisable by the directors and shareholders to seek incorporation through a special Act of the Canadian Parliament.

In 1917 further amendments were rendered necessary by the fact that the shareholders of the Grain Growers Grain Company, as it was then known, had reached an understanding with the board of directors and shareholders

of the Alberta Co-operative Elevator Company that the two organizations should fuse and form one company. In 1917 the name was changed from "Grain Growers Grain Company" to "United Grain Growers Limited". Statutory authority was also obtained to increase the authorized capital to the limit of \$5 million. Another amendment approved at that time provided that the vast number of shareholders scattered over the three prairie provinces could be organized into what were known as "locals". Practically all these locals were contiguous to elevators which the company operated. The locals met regularly in accordance with the by-laws, and following the procedure therein laid down appointed delegates to the annual meetings. Delegates so appointed had all the powers of shareholders for the purpose of conducting the company's business. The company undertook to pay the expenses of the delegates to the annual meetings of the company. That arrangement has continued to the present time.

The purpose of those amendments will be obvious to honourable senators. At that time the shareholders numbered about 25,000. It was impossible to get a fair representation of all these shareholders at an annual meeting. The sponsors of the company desired to avoid any possibility of control of the company passing into the hands of any particular group of men. With that end in view, they limited the number of shares that an individual could hold, and sales of shares were confined to *bona fide* farmers.

By virtue of a further and very simple amendment, secured in 1918, the company was permitted to pay what was known as a patronage dividend. The underlying principle was that if, after payment of ordinary cash dividends and provision of an adequate amount for reserve, there remained profits in excess of the requirements of the business, the company could distribute such profits on a *pro rata* basis to all who had marketed their grain through the organization.

The next amendments were secured in 1941. These are rather important. I stated a moment ago that there were two distinctive features of the original organization. First, that only farmers could qualify as shareholders. The object of this stipulation is apparent. As already stated, it was feared that some outside interest, perhaps some competing company, by offering special inducements to the existing shareholders, would get control of the organization. There was a further limitation, namely in the number of shares an individual shareholder could own. The shares were of a value of \$25 each. A difficulty had arisen which, although foreseen in the early days by those

who built the organization, had not been dealt with. As time passed, more and more shareholders passed away, and their shares, of course, were included in their estates. The fact that the holding of shares was limited to farmers created a hardship in connection with the clearing up of these estates. So in 1941 a change was made in the charter to provide for two classes of shares: class A and class B. The existing par value of the shares of \$25 was divided into twenty-dollar "A" shares and five-dollar "B" shares. The "A" shares were preferred as to dividends and, as I recall it, could be held by non-farmers up to a limit of 200 shares. The "B" shares were the voting shares and could be sold only to *bona fide* farmers.

Hon. Mr. Haig: Or tenant farmers?

Hon. Mr. Crerar: Yes. These provisions have continued until the present time and, while the authorized capital of the company is only \$5 million, the company has extended its operations.

The bill before us contains two important provisions. First it seeks to raise the authorized capital to \$7,500,000. Secondly, it has been found since 1941 that the 200,000 authorized "B" shares are far beyond what is necessary, and so the bill seeks to give the shareholders, by proper resolution at an annual meeting, the power to change 100,000 of the "B" shares into 20,000 "A" shares.

As I have already stated, the company has been constantly expanding its operations, and recently it purchased a substantial number of elevators from one of the existing elevator companies in Western Canada. Whenever the company secures an elevator it seeks to get a body of shareholders in the vicinity to form a local such as I described earlier, and of course it desires to sell shares to the farmers in such a local.

Those are the two main provisions of the bill, but there are others which have more to do with the internal administration of the company. The bill provides that certain things can only be done by an authorized vote of two-thirds of the shareholders present at an annual meeting, and in other cases, by a straight majority vote.

Honourable senators, I cannot see where there can be any objection to this measure. It is clear that the company needs the additional capital. It has too many class "B" shares for its requirements, and the request to have the authority to transform 100,000 of these class "B" shares into 20,000 class "A" shares is a reasonable one.

Hon. Mr. Horner: May I ask the honourable senator if the dividends are payable on the

shares regardless of whether or not the shareholder puts his wheat through the United Grain Growers elevator?

Hon. Mr. Crerar: That is correct.

Hon. Mr. Haig: Has there been any other case where power has been given to a company to change the type of its shares by its own resolution?

Hon. Mr. Crerar: Authority is given here. If the shareholders desire to do so, they can, by a vote of two-thirds, create a new class of shares. They might have a class "A" share that would be a first preferred share, and a Class "C" share that would be a second preferred share, and a class "B" share which would be the voting share. Any such change would have to be agreed to by two-thirds of the shareholders present at an annual meeting, and after proper notice.

Hon. Mr. Burchill: Are the class "B" shares the voting shares?

Hon. Mr. Crerar: Yes.

Hon. Mr. Haig: Honourable senators, I am familiar with this company and can vouch that it is ably managed. My honourable friend from Churchill (Hon. Mr. Crerar) was a former president and general manager of the company, and I knew his successors because their offices were located in the same building as our own.

The only question that arose in my mind was as to the advisability of giving the company the power to change its stock by a two-thirds majority vote. I know that power can be given to change preferred stock to common stock, but in this instance the type of stock will be changed. If the company is agreeable to this, however, I do not see any objection.

In my opinion there is no necessity for referring this bill to committee, but I do not know the feeling of other honourable senators.

Hon. Mr. Leger: Honourable senators, rule 117 of the Rules of the Senate provides that all private bills, after their second reading, be referred to the Standing Committee on Private Bills.

The Hon. the Acting Speaker: The honourable senator from L'Acadie is correct, and therefore this bill should be referred to committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Crerar moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. Vincent P. Burke: Honourable senators, in continuing the debate on the Speech from the Throne, I wish first to congratulate the mover, and the seconder of the Address in reply. I do so, not for the reason that custom directs such a course, but rather because I honestly and sincerely believe that each of them, in turn, made a valuable contribution to the debates of the house and acquitted himself in conformity with its best traditions.

I should like to take this opportunity of expressing my appreciation to honourable senators for the kindness and courtesy with which they have welcomed me to this chamber.

Honourable senators, I am proud that my native province, Newfoundland, has become a part of the great Canadian nation, one of the greatest nations of the world. I am proud to be a citizen of Canada. In the national referendum in Newfoundland there were three choices—commission government, responsible government, or confederation. Confederation won, and probably 90 per cent of our population are today in favour of confederation, thus indicating that its advocates had taken the correct turning at the crossroads of public opinion.

Newfoundland has many firsts to her credit in history. It was here that England made her first success in maritime discovery on that day in June, 1497, when John Cabot's crew sighted Cape Bonavista, the first land on this side of the water to be seen by Englishmen. It was here that she made her first attempt at colonization and empire building. It was the banks of Newfoundland that first tempted Englishmen forth from their narrow seas to brave the billows of the Atlantic; and here on the banks of Newfoundland were trained those seamen who made England Mistress of the Seas, and who carried her flag into every sea and clime. It was here, in 1615, that England set up her first courts of justice in the New World. It was here that the first trans-Atlantic cable station was built on this side of the water. It was here, in Bay Bulls' Arm, Trinity Bay, in 1858, that the first trans-Atlantic message was received. It was here, at Signal Hill, on December 12, 1901, that the first wireless message was received by Signor William Marconi. It was here, in the old city of St. John's, on June 14, 1919, that those

gallant and intrepid airmen, Sir John Alcock and Sir Arthur Whitten Brown, started on the first successful non-stop aeroplane flight from the New World to the Old, landing at Clifden, Ireland, some sixteen hours after leaving the old city of St. John's.

The first book ever written in the New World was written in Newfoundland. This book, entitled *Quodlibets*, was written by Robert Hayman, Governor of John Guy's Colony in Bristol's Hope, about 1622. Newfoundland was the first of the countries on the American continent to adopt daylight saving time—in June, 1917. The bill enacting the legislation was sponsored by the late Honourable John Anderson.

I feel I should mention here another epoch-making event in the history of the world, which took place in Newfoundland only recently. I speak of the Council of Placentia, August 9, 1941, at which was signed the Atlantic Charter. H. V. Morton wonders "if in years to come children will be taught the date—'Council of Placentia, August 9, 1941'." The Atlantic Charter ranks with Magna Carta, so we have here in Newfoundland the Runnymede of the 20th century.

St. John's is the oldest city on the North American continent north of Mexico. It was an important port in 1527, and there were houses there 100 years before the Pilgrim Fathers landed at Plymouth Rock. Sabine states in his history of the North American Fisheries that in 1522 there were 40 or 50 houses in Newfoundland. The first settlers in Newfoundland were the winter crews—men left behind to erect and keep in order the premises, and build and repair boats. Hayes, who was with Sir Humphrey Gilbert on his famous voyage in 1583 when he took possession of Newfoundland in the name of Queen Elizabeth, writing in his Journal at St. John's, mentions the weather observed in winter, also the boats built in the new colony—clear proofs of the existence of winter crews. Gilbert's party seem to have been not very well supplied with provisions at the time, for Hayes says:

Commissioners were appointed, part of our own company and part of theirs to go into other harbours adjoining (for our English merchants command all there) to levy our provisions; whereupon the Portugals (above all other nations) did most willingly and liberally contribute. In so much as we were presented (above our allowance) with wines, marmalades, most fine rusk or biscuits, sweet oils, and sundry delicacies; also we wanted not of fresh salmon, trouts, lobsters, and other fresh fish brought daily unto us. Moreover, as the manner is in fishing, every week to choose their Admiral anew, or rather they succeed each in orderly course, and have weekly their Admiral's feast solemnized, even so the General, captains and masters of our fleet were continually invited and feasted.

Apparently they had a non-official Rotary Club in St. John's in those days. It is quite evident that Gilbert and his companions had a very jovial time in St. John's—then, as now, famous for its hospitality. Hayes, speaking of St. John's in 1583, refers to it as "a place very populous and much frequented."

As our Newfoundland poet, Michael Harrington, says in his poem *St. John's, the City Maritime*:

I am the city Maritime,
I am your mother and your father too;
Your god, your first love, your unshaken faith;
And sorrow in an old brown wound congealed,
Upon the sandstone hillside of my heart;
For though your blood is sluggish now and cool,
It will go hot yet in young veins unborn,
For I the unconquerable spirit of your thoughts,
I shall abide when bones are dust and still.

Shortly after Cabot's discovery of Newfoundland in 1497, the cry went forth that the waters surrounding its coasts were teeming with fish, a diet then largely used by Europeans. Immediately there was a rush by the maritime nations of Europe to the New Isle, in search of a share in the wealth which was sure to be obtained from such a promising sea-harvest, and Newfoundland suddenly burst forth into the limelight of publicity as the Klondyke of the period.

Mindful of the immense quantities of fish seen about our island by Cabot on his first trip, other masters also came out the next year, under his guidance, provided with fishing gear and fishermen. The number of English fishermen taking part in the Newfoundland fisheries had so increased by 1504 that His Majesty bethought him that he was somewhat responsible for their spiritual welfare, and we find that the sum of two pounds was paid by His Majesty for a priest to perform religious services in the New Isle. This is the first record that we have of the establishment of religion in the island.

The English began fishing in Newfoundland, as we have seen, in 1498; the Portuguese made their first trip in 1501, and the French took up the trade in 1504. The Spanish came later, in 1543. In 1577, out of about 400 ships employed in the fishery, there were 100 Spanish and 50 Portuguese ships; but they rapidly diminished in numbers, and in a short time withdrew almost entirely. The Spanish and Portuguese soon turned to South America, and thus the Newfoundland fisheries were left to the English and French, and from them both nations drew enormous wealth, and so increased their nations' greatness.

The attention of England, as well as that of France, was first drawn to North America by the discovery of the fishery of Newfoundland. France and England early engaged in the prosecution of the cod-fisheries on the Banks and around the shores of Newfoundland. The

English and French fishermen employed in these fisheries supplied the navies and the mercantile marine of both nations with bold and skilful sailors, and thus developed their power at sea. Both nations found here the best nurseries for seamen. Both were thus drawn to the region of the St. Lawrence, and were led to plant colonies, originally, with a view to carrying on the fisheries, and the rivalry between the two powers to obtain the sovereignty of the soil arose in connection with the fisheries. The long wars between France and England were avowedly for the fisheries and the territories around them. Thus the fisheries of Newfoundland really laid the foundation of the empire which England at length acquired in America, when her supremacy was established after a long contest with France.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Burke: These fisheries were far more influential in bringing about the settlement of North America than all the gold of Mexico and Peru accomplished in Southern America.

The Reverend Dr. Harvey said:

The humble, industrious fishermen, who plied their hard labour along the shores and on the Banks of Newfoundland and in the neighbouring seas, were the pioneers of the great host from the Old World who, in due time, built up the United States and overspread Canada. They have done an honourable stroke of work in the great business of the world. England owes much to them. Until these fisheries drew her seamen from their narrow seas, and taught them to brave the storms of the Atlantic, her merchant marine was of small account, and her navy had scarcely an existence. In prosecuting these fisheries England learned how to become Mistress of the Seas. It was in Newfoundland too, that the great Mother of Colonies made her first attempt at colonization. Here her flag first waved over her possessions in the western hemisphere. Newfoundland is her oldest colony.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Burke: The repulse of the Spanish Armada was one of the greatest events in history; and it is interesting to recall that Newfoundland fishing ships, Newfoundland crews and Newfoundland captains took part in that historic fight. Captain Richard Whitbourne, a planter of Trinity for many years, was there with Drake and Hawkins, in command of his own large ship and two small ones, all of which he fitted out at his own expense. It was probably in great measure as a reward for his services on this occasion that he was knighted. One historian says there is no doubt there were hundreds of Newfoundland sailors present on that occasion—that is men who had served in the Newfoundland fishing fleet.

Some time before this, Sir Walter Raleigh said better care must be given by the British Government to the Newfoundland fishing fleet,

for if they were attacked by Spanish warships it would be the greatest misfortune that could possibly happen to England. This is an indication of how much importance was attached to Newfoundland's fisheries and its fishing fleet at that time by the leading men in England.

Newfoundland sailors fought for the Empire years before any other part of the Empire Overseas, as we know it, was in existence. One of the most spectacular incidents in connection with the defeat of the Spanish Armada was the sending of the fire ships to Calais. This project originated with two men connected with the Newfoundland trade, Prowse and Young. Prowse was one of the most noted sea captains of that wonderful age. His exploits were set forth in *Westward Ho*. He was connected with the fisheries of Newfoundland, and the Armada Memorial at Plymouth bears the Prowse arms in honour of his share in that great victory.

As early as 1618 a fort was built by the inhabitants of St. John's as a place where they might shelter when attacked by foes. This fort was then known as The Fort and was subsequently styled the North Fort. When a fort was built on the south side, it was called the South Fort. These forts were built and manned by the inhabitants, and no regular soldiers were stationed there until 1697, when Lieutenant Colonel Handyside and three hundred men were left at St. John's for the winter. John Downing of Quidi Vidi, in his narrative of 1676, said that guns were mounted in a fort at St. John's, and the fort was supplied with small arms for the use of the inhabitants who garrisoned it. William Downing and Thomas Oxford, on behalf of the inhabitants of St. John's, petitioned the King for twenty-five guns and two hundred small arms to defend the harbour and some small arms to defend the creek "Que de Vide." I am informed that Downing Street in London was named after William Downing.

A few years previously, in 1665, the Dutch had attacked St. John's and destroyed the fort, which was again rebuilt, and another was erected on the south side of the Narrows. In Thornton's map of St. John's, dated 1689, the North Fort is shown as being about where Fort William was situated, and the South Fort on the site of Fort Amherst at the entrance to the Narrows. On April 5, 1680, Robert Robinson asked leave to use his "crew and such planters as are willing to raise fortifications, which shall be done with no expense except a little brandy to the crew for labouring." This was in all probability the commencement of a new fort on the site of Fort William. It appears to have been first called Fort William in 1697. It was

named after the King, William III. King William was in constant danger after Queen Mary's death in 1694, and in 1696 a plot was arranged to murder him on his return from hunting, in a lane near Richmond. The indignation of the country was very great at this infamous plot, and an association was formed to avenge William's death in case of his murder, and to support the succession of Anne. It was at the time of this outburst of loyalty to the king that the North Fort was named Fort William.

In 1696 Newfoundland fishermen in the town of St. John's, under Robert Miners, who had been elected by the populace as the governor of the town, put up a most heroic defence at Fort William—where the Newfoundland Hotel now stands—against the French who had marched overland from Placentia. At last the water and food in the fort gave out and they had to surrender. But they did not surrender unconditionally, they surrendered under articles. The French guaranteed to the inhabitants of the Harbour of St. John's, upon quiet surrender:

... that you shall have good quarter, and those that will have boats to go in the Bay shall have them tomorrow, and those that will go for England shall have two ships to carry them home, and they shall have one pound of bread per day for each person for a month and all necessities convenient for the passage.

The French Chaplain Boudoin said:

This fort was situated on the hill to the North West, commanded on one side by two heights both within gun shot of it. It was square in shape, with four bastions, a palisade eight feet high, a covered trench, now full of snow, also a drawbridge, with a small tower upon which there were four cannons, the balls for which weighed four pounds, under the tower there was a cellar for keeping gunpowder.

Before vacating St. John's, the French burnt and destroyed everything movable, and immovable, there was not a solitary building left standing, and all the forts were razed to the ground. In 1697, when it was too late, a large squadron, under Admiral Norris, with 1,500 soldiers, was sent out to recapture Newfoundland; they found St. John's completely abandoned. The soldiers were set to work at once, and Fort William was again erected on the site of the old fort, under the direction of a Mr. Richards of the Royal Engineers. Only the palisade was erected during the first year, but between 1698 and 1708, the ramparts were faced with brick and bomb-proof parapets, and powder magazines and barracks were erected. A fort, named Fort George, was built near the water's edge due south from Fort William, about where now stands the office of Messrs. Furness, Withy and Company, and the two points were connected by a subterraneous passage. All the work about Fort William was the work of English engineers in 1697, and was added to from

time to time. In 1690 a small church was built within the precincts of the fort in which the Reverend John Jackson officiated.

In February, 1705 the French, under Subercase, again invaded St. John's, and made an attempt to take Fort William; but it was so ably defended by Lieutenant Moody that the French returned to Placentia after pillaging the surrounding settlements.

In December, 1708 a French force, under St. Ovide de Brouillon, arrived overland from Placentia and attacked St. John's, taking Fort William and Fort George, and compelling the garrison at the South Fort, now Fort Amherst, to surrender. The forts were afterwards strengthened, and for over fifty years no attempt was made by the French to retake St. John's. On the 27th of June, 1762 however, four French ships of war, after taking Bay Bulls, appeared off St. John's and captured it. The fortifications had been neglected and only a small force of regulars was in charge. The French set to work to repair the old fortifications and erect fresh defences on Signal Hill. On the 11th of September Lord Colville, with a fleet and transports, appeared off St. John's, landed men at Torbay and proceeded to attack the French. He was successful, and captured a French force to the number of 710, the French fleet of five vessels escaping from St. John's in a thick fog.

Newfoundland seamen fought at Camperdown, at Copenhagen, at the Nile and at Trafalgar. Newfoundlanders also fought to defend Canada in 1775 during the time of the revolt of the American colonies.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Burke: The Americans had taken possession of Montreal and other places, and it looked as if all Canada would be taken; but Quebec still held out. Newfoundland sent to Canada a contingent which had been recruited here by Captain Colin Campbell. The arrival of this contingent at Quebec put great heart in the people, and the Newfoundlanders helped in the defence of that historic city. A Canadian officer stated that this contingent saved Canada for the British.

Some Hon. Senators: Hear, hear.

Hon. Mr. Burke: In 1795 Henry Pynn, a Harbour Grace volunteer, was drafted to the English Army and became one of Wellington's right hand men in the Peninsular War. He was knighted by the Portuguese for his services, and again by His Majesty the King of England.

I shall now refer to the old Royal Newfoundland Regiment and the year 1796. The levy of the Royal Newfoundland Regiment had been completed in the fall of 1795, and

it was found that the barracks at Fort Townsend and Fort William were insufficient to contain so many men. It was therefore ordered that the garrison should go under canvas for a few months while the old barracks were being repaired and cleaned. A camp was accordingly formed on the general parade ground, with a small park of artillery, of which the troops took possession about the middle of June in 1796.

The improved defences of the Narrows being finished, some experiments were tried with heated shot before His Excellency Admiral Sir James Wallace, the governor, which gave general satisfaction. And this was well, for early in the morning of the first day in September the signal was made for an enemy's fleet to the southward, which proved to be that of the French Admiral Richery, consisting of seven sail of the line, two frigates, and some other small vessels of war. The signal of alarm and defiance was instantly made at Signal Hill and all the forts. There was only the governor's ship and one frigate in port. His Excellency Admiral Sir James Wallace immediately proclaimed martial law, and ordered all the men in the town fit for service—merchants with their domestic and wharf establishments, captains of vessels with their crews, planters with their fishermen and shermen—to muster in front of the camp, where they were enrolled and told off to the forts and the batteries, and were not to be dismissed until the governor's pleasure was known. There was a real war-like demonstration, and the display of three or four thousand men on the Hill, must have had a very intimidating effect on the enemy when viewed from sea. The clever old admiral, we are told, also got several hundred women up on Signal Hill, so that the garrison would look very much larger than it really was. After remaining in sight for several days, the enemy sailed southward and captured and burnt Bay Bulls, but the old city of St. John's still stood.

This was probably the first time in Newfoundland's history, and probably the first time in the history of the British Empire overseas, that an officer commanding in war time called up the women to do their part in the defence of their city and country.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Burke: So, you see, we had our Women's Division in Newfoundland over one hundred and forty years before we had the privilege and pleasure, which we valued, of extending a hearty welcome to those beautiful daughters in gray from Canada's fair domain.

In the American War of 1812, the Royal Newfoundland Regiment took part in the

defence of Canada. They fought at Lake Erie, at York and other places. As might be expected, some of the Newfoundland Regiment also served at sea, for I find in a record of date October 20, 1812, that Lieutenant A. H. Bulger, Lieutenant Lundrigan, five petty officers and 55 privates of the Royal Newfoundland Regiment were serving on board H.M.S. Royal George. On February 22, 1813, the Newfoundlanders led the advance in the capture of Ogdensburg. In this action the Newfoundland Regiment was mentioned in despatches, special reference being made to "the brave conduct of the Newfoundland Regiment who led the advance guard." The Royal Newfoundland Regiment also fought at the evacuation of Fort George on May 27, 1813.

Newfoundlanders also fought in the Crimean War, and we are told that Joe Robins of Lower Island Cove was the first man to enter the breach at Sebastopol. He climbed the top of the parapet and called out: "Three cheers for Newfoundland."

Newfoundlanders have also fought in India; and in the last war, when the renowned city of Jerusalem surrendered to General Allenby, I am told that General Sir John Shea, a Newfoundland, who had distinguished himself in India, was one of the generals to whom the troops defending the city surrendered.

Newfoundlanders also took part as individuals in the Boer War; and certainly the gallant Royal Newfoundland Reservists, and the gallant members of the Royal Newfoundland Regiment played a heroic part in the Great War of 1914-1918, in which 9,500 Newfoundlanders served. They brought honour to the name of Newfoundland, and in France, at the battle of Beaumont Hamel on July 1, 1916, they fought so splendidly and so heroically that General Sir Hunter Weston, in addressing the three score men or so who returned—"all that was left of them" after the charge against the enemy during that day—said: "Newfoundlanders, I salute you. You are better than the best."

Newfoundland was the first of the overseas dominions to engage in the wars of Britain. Newfoundlanders have proved themselves brave and skilful seamen and soldiers during nearly four centuries, and our men of today are worthy descendants of their forefathers who fought for the Empire in days gone by.

Again 10,000 Newfoundlanders took part in the second grim and desperate struggle. They fought as bravely and as determinedly as Newfoundlanders have always fought down through the ages, and they were in the ranks still playing their part nobly when peace and victory came.

There is a land in the west and north
Whither the bravest men went forth,
And daunted not by fog nor ice,
They reached at last a paradise.
A land to be won by those who durst,
No wonder the British chose it first,
And they named it Newfoundland at sight;
It's rather the Land of Heart's Delight.

Some Hon. Senators: Hear, hear.

Hon. W. H. Dennis: Honourable senators, during yesterday's session I asked members on both sides of this chamber if they were satisfied with the newspaper coverage of the proceedings of the Senate and its various committees. I was assured by the government leader (Hon. Mr. Robertson), a fellow Nova Scotian and a life-long friend, that this vital matter would receive attention at today's sitting of the Senate.

I brought this matter to the attention of the house yesterday because I had learned from various senators who have been in this honourable house for many years, that their names had never been mentioned by newspapers in their own constituencies. I was happy to be informed by the leader and his deputy (Hon. Mr. Hugessen) that this matter would be examined into and dealt with immediately.

In speaking today, after an unavoidable absence, I wish to call attention to the unfortunate situation which is developing in the Maritime Provinces and Newfoundland—the tenth province in confederation—because of the partial loss of world markets.

The famous apple industry of the Annapolis Valley is in a serious plight, and orchardists there are being paid to tear up their trees. Because of heavy importations of coal from the United States by our railways and other industries, the Canadian market for our coal has been gravely threatened, and in some cases in the past miners have been laid off and soup kitchens set up to feed them. One of the heaviest blows to the port of Halifax and the rest of Nova Scotia has been the loss of our valuable and important market in the West Indies, to which a great deal of our fish and other products were formerly exported. Today, ships are lying idle in our magnificent harbours from which, in wartime, thousands of Canadian soldiers, airmen and naval personnel embarked to play their part in saving the empire.

The chief farm crop of Prince Edward Island, the cradle of confederation, is potatoes. Producers there are faced with large potato surpluses in both the United States and Canada, and this is a very serious situation for the island people, the majority of whom are engaged in agriculture.

The total collapse of the pit-prop market, to which the honourable senator from Northumberland (Hon. Mr. Burchill) and other maritime senators have called attention, is a real calamity for New Brunswick, where this is a major industry, and, to a lesser extent, for Nova Scotia. Loss of lumber markets overseas have had a general crippling effect on the economy of the maritimes.

Newfoundland, so I am informed, is today extremely concerned over the loss of markets for fish in the West Indies, Britain and elsewhere, and one of its pulp mills has been obliged to shut down.

Fortunately, Nova Scotia still has in successful operation its modern newsprint mill, on the Mersey river at Liverpool, headed by a Nova Scotian, I. W. Killam, of Yarmouth; and our oldest and most substantial industries—Moir's, Stanfield's, Lewis' and W. H. Schwartz and Sons of Halifax—are still flourishing.

My first humble effort as a member of this honourable body, nearly twenty years ago, was to head a tourist committee, which is now a permanent feature of the Senate and is carrying on under the able chairmanship of my old and distinguished friend, the senator from Lethbridge (Hon. Mr. Buchanan), a member of the Fourth Estate, which as Burke once remarked is "the highest of them all." The Canadian Travel Bureau, has from its inception been in the capable hands of a Maritimer, Mr. D. Leo Dolan, who is well known to this honourable body. The tourist industry has had a remarkable success and has brought in millions of much-needed American dollars.

At the time of my appointment to this chamber, it was with reluctance that I accepted the great honour, as I felt there were many others in my province who were more worthy to be selected. However, I am glad to have this opportunity to make very clear the position I have always taken, regardless of politics.

In the first place, I come from a great British naval and military base, where, as the Right Honourable Stanley Baldwin once observed during a visit to Halifax, the Union Jack had never been lowered in 200 years. Nor am I one who would wish to be associated, in politics or elsewhere, with any group who—to quote another famous English Prime Minis-

ter, the Right Honourable Winston Churchill—would wish to "preside over the liquidation of the British Empire."

The Maritime Provinces, once the richest and most progressive part of this dominion, with the highest marine tonnage in the world, still possess all the physical attributes, including their people, which have made them great. Along with Newfoundland, they possess the advantage of the ocean at their door, with cheap water-borne freights to carry their products to the four corners of the earth. They have an abundance of coal, with iron ore and steel, which should make them rivals of the great American steel centres like Cleveland and Pittsburgh.

Honourable senators, I am a newspaper man. I joined the staff of the *Halifax Herald* in 1900 as a printer's devil and am now—with the generous toleration of the banks—one of the owners of two daily newspapers published in Halifax, with a net paid circulation of more than 100,000. It is my earnest desire to conduct these newspapers in a free, frank and fearless manner, for the benefit of the Maritime Provinces, Newfoundland and the rest of the Dominion of Canada, from St. John's, Yarmouth and Sydney to Vancouver and Victoria.

I know that I am living on borrowed time; and I am here today against the orders of my doctors. But if it is the last speech I make here, I wish to inform the leader of the government (Hon. Mr. Robertson), the leader of the opposition (Hon. Mr. Haig), and honourable members, on both sides of the chamber that I will never be a "Charlie McCarthy"—

Some Hon. Senators: Hear, hear.

Hon. Mr. Dennis:—though I rather hesitate to mention McCarthy, since he is made of wood, and I have no wish to be the means of starting another government prosecution such as the one now proposed in connection with the manufacture of wooden matches in Canada.

Hon. Mr. Beaubien moved the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until Monday, March 20, at 8 p.m.

THE SENATE

Monday, March 20, 1950

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

Prayers and routine proceedings.

FINANCE COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. Robertson: Honourable senators, with leave of the Senate, I move that the name of the Honourable Senator Reid be added to the list of senators serving on the Standing Committee on Finance.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill J, an Act for the relief of Doris Joan Guest Rigg.

Bill K, an Act for the relief of Cora Elizabeth Jamieson Southam.

Bill L, an Act for the relief of Audrey Brenda Holmes Burnet.

Bill M, an Act for the relief of Barbara Edna Brownrigg Johnson.

Bill N, an Act for the relief of Aili Katriina Salokannel Martel.

Bill O, an Act for the relief of Velma Elizabeth Buchanan Lowson.

Bill P, an Act for the relief of Gladys Harriet Hassall Thom.

Bill Q, an Act for the relief of Elisabeth Mavis Cann Jousse.

Bill R, an Act for the relief of Eric Lacate.

Bill S, an Act for the relief of Dorothy Margaret May Harris McCormick.

Bill T, an Act for the relief of Sigrid Denston Day.

Bill U, an Act for the relief of Beatrice Campbell McClay.

Bill V, an Act for the relief of Catherine C. Goodrow Rogers.

Bill W, an Act for the relief of Miriam Roberta Weir Caryer.

Bill X, an Act for the relief of Marjorie Frances Murphy Cozzolino.

Bill Y, an Act for the relief of Mary Thomson Cadieux.

Bill Z, an Act for the relief of Veronica Pearl Faulkner MacKenzie.

Bill A-1, an Act for the relief of Elizabeth Hampshire Ayton Reilley.

Bill B-1, an Act for the relief of Sybil Elliott Karr Boulanger.

Bill C-1, an Act for the relief of Mary Kennedy Dunn Anderson.

Bill D-1, an Act for the relief of Albert Ernest Curtis.

Bill E-1, an Act for the relief of Annie Swales Barber.

Bill F-1, an Act for the relief of Rebecca Catherine Pitts Duquette.

Bill G-1, an Act for the relief of Edith Mary Stone Ryan.

Bill H-1, an Act for the relief of Pearl Greenspan Abramovitz.

Bill I-1, an Act for the relief of Harry Rudner.

Bill J-1, an Act for the relief of Dorothea Joan Lawrence Gamble.

Bill K-1, an Act for the relief of Walter St. Andre Bawn.

Bill L-1, an Act for the relief of Alison Hamilton Brown Weldon.

Bill M-1, an Act for the relief of Hazel May Wilkie MacLeod.

Bill N-1, an Act for the relief of William Gordon Cascadden.

Bill O-1, an Act for the relief of Romeo Lefebvre.

Bill P-1, an Act for the relief of Kathleen Veronica Thompson Davidson.

Bill Q-1, an Act for the relief of Joseph Arthur Winsorlow Brisebois.

Bill R-1, an Act for the relief of Margaret May Tuck Reicker.

Bill S-1, an Act for the relief of Mabel Kearley Budgetell.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read a second time?

Hon. Mr. Aseltine: With leave, next sitting.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

MOTION

Hon. Arthur W. Roebuck moved:

That a special committee be appointed to consider and report on the subject of human rights and fundamental freedoms, what they are and how they may be protected and preserved, and what action, if any, can or should be taken to assure such rights to all persons in Canada, and that for greater certainty, but not so as to restrict the generality of the foregoing, that the committee give consideration to the following draft articles:

Article 1

Everyone has the right to life, liberty and the security of person.

Article 2

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

Article 3

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 4

Everyone has the right to recognition throughout Canada as a person before the law.

Article 5

All are equal before the law and are entitled without any discrimination to equal protection of the law.

Article 6

Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law.

Article 7

(1) No person shall be subjected to arbitrary arrest, detention or exile.

(2) Any person who is arrested or detained shall be promptly informed of the reasons for the arrest or detention and be entitled to a fair hearing within a reasonable time or to release.

(3) No one shall be denied the right to reasonable bail without just cause.

Article 8

Every person who is deprived of his liberty by arrest or detention shall have an effective remedy in the nature of habeas corpus by which the lawfulness of his detention shall be decided speedily by a court and his release ordered if the detention is not lawful.

Article 9

Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.

Article 10

(1) Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence.

(2) No one shall be held guilty of any penal offence on account of any act or omission which did not constitute a penal offence under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.

Article 11

No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.

Article 12

Everyone legally resident in Canada has the right to freedom of movement and residence within the country, and the right to leave and return to Canada.

Article 13

(1) Men and women of adult age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage and during marriage.

(2) Marriages shall be entered into only with the free and full consent of the intending spouses.

(3) The family is the natural and fundamental group unit of society and is entitled to protection by society and state.

Article 14

(1) Everyone has the right to own property alone as well as in association with others.

(2) No one shall be arbitrarily deprived of his property.

Article 15

Everyone has the right to freedom of thought, conscience and religion, this right includes freedom to change his religion or belief, and freedom, either alone or in community with others, and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

Article 16

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Article 17

(1) Everyone has the right to freedom of peaceful assembly and association.

(2) No one may be compelled to belong to an association.

Article 18

(1) Everyone has the right to take part in the government of the country, directly or through freely chosen representatives.

(2) Everyone has the right of equal access to public service in the country.

(3) The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine election which shall be by universal and equal suffrage and shall be held by secret vote.

149. Every person is entitled to all the rights and freedoms herein set forth without distinction of any kind such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

150. Any person whose rights or freedoms as herein set forth have been violated may apply for relief on notice of motion to the Supreme or Superior Court of the province in which the violation occurred.

151. The above articles shall not be deemed to abridge or exclude any rights or freedoms to which any person is otherwise entitled.

That the said committee be composed of the Honourable Senators Baird, David, Davies, Doone, Dupuis, Fallis, Gladstone, Gouin, Grant, Haig, Kinley, Petten, Reid, Roebuck, Ross, Turgeon, Vaillancourt and Wood;

That the said committee shall have authority to send for persons, papers and records.

He said: Honourable senators, I presume that I need not read the motion, for the subject of it is thoroughly known to all members of this house. I would, however, call attention to the third-last and second-last paragraphs of article 18:

The above articles shall not be deemed to abridge or exclude any rights or freedoms to which any person is otherwise entitled.

That the said committee be composed of the Honourable Senators Baird, David, Davies, Doone, Dupuis, Fallis, Gladstone, Gouin, Grant, Haig, Kinley, Petten, Reid, Roebuck, Ross, Turgeon, Vaillancourt and Wood.

Hon. Mr. Haig: Honourable senators, before the matter proceeds further I would ask that my name be dropped from the list of those composing the committee. I am a member of so many committees now that I could not possibly attend the meetings of this one.

The Hon. the Speaker: Is it the pleasure of the honourable the mover (Hon. Mr. Roebuck) that the name of the Honourable Senator Haig be withdrawn from his motion?

Hon. Mr. Roebuck: It is not with pleasure that I withdraw it, but quite the reverse. I had hoped that the leader of the opposition (Hon. Mr. Haig) would be a member of the committee, but I fully appreciate the difficulties under which he works and the very many calls on his time so, with regret, I withdraw his name.

Honourable senators will recall that in the closing hours of the last session of parliament I withdrew my resolution on human rights and fundamental freedoms on the expressed understanding that I would introduce it in somewhat different form at the next session.

The Hon. the Speaker: Will the honourable gentleman excuse me? My attention has been called to Rule 31, which reads:

A motion or amendment not seconded cannot be debated or put from the Chair.

Hon. Mr. Roebuck: I overlooked naming the seconder. The honourable gentleman from Queen's-Lunenburg (Hon. Mr. Kinley) seconds the motion.

The resolution of last year was debated throughout the session, and a good many masterly addresses were delivered by my colleagues, addresses containing noble thoughts expressed in the most exalted language. That resolution proposed a reference of the subject of human rights to the then forthcoming dominion-provincial conference. Some honourable senators questioned the advisability of such procedure, though we appear to be unanimous in our view that human beings, irrespective of race, colour or creed, have rights which should be respected, fundamental freedoms which should be preserved. Basically, we in this house are all for equality and freedom—at least in theory. What "buts" will appear when we proceed to put these lofty principles into practice is another matter. At the conclusion of the last session of parliament we had not progressed that far. So it was with this happy unanimity in mind that I drew the resolution which now appears on the order paper.

Honourable senators will observe that the resolution does not make any reference to the dominion-provincial conference, which I presume will take place this fall, or indeed any direct suggestion as to amending the Canadian constitution. What I ask is that a committee of this house consider and report on the subject of human rights and fundamental freedoms, what they are and how

they may be protected and preserved. I ask that the committee consider what steps may be taken to assure such rights to all persons in Canada. This leaves the committee free to advise such steps as seem wise under all the circumstances. I have set out in the resolution, as I did last session, a number of articles based upon the United Nations declaration adopted at Lake Success, which I assume will form the basis for the discussion of the committee.

I of course fully realize that honourable senators, and many people outside this chamber, may wonder why I take so keen an interest in this subject. If I may be permitted, I shall endeavour to tell you the reason for my interest. I am a liberal. The first principle of liberalism in respect for the rights of the individual. The dangers which the world is facing today flow from two opposite sources: privilege, as promoted by those on the right, and socialistic worship of the state to the utter disregard of the rights of the individual, as promoted by those on the left. Old-time tory privilege, with its assumptions of superiority by some over the mass of mankind, with its landlordism, its claim to ownership of the gifts of nature, its denial of equality, both economical and political, is bad enough, God knows; but I doubt whether this side of the story is as bad as the other side. This attitude of privilege has cursed the world with tyranny, oppression, untold poverty, cruelty, and woe, but the modern idolatry of the worship of the state may be even worse. The Nazi philosophy, which knows not of either mine or thine, and would reform the world by giving authority to those in power to override the natural or moral rights of all of us, invites a condition of tyranny such as we saw in Italy under Mussolini, in Germany under Hitler, and now see in Russia under Stalin.

I have always deeply regretted the weakness of the intellectual and reform movement during my lifetime, which has resulted largely from two great wars and several small ones. Social arrangements are far from ideal, but apparently the only crusaders of whom we hear today are the Socialists. Their movement is based upon discontent, engendered by the injustice which is so manifest in our economic arrangements. People are prone to fly from the evils they know to those they wot not of.

In my opinion, honourable senators, the most effective reply to the evils of privilege on the one hand and of socialistic totalitarianism on the other is a respect for individual rights and freedom. That is fundamental; and one of my reasons for having moved this resolution last session and again this year is to attempt to "keep the ball in the air", to

have people continually thinking on this subject of human rights, of respect for the individual, and of the importance of maintaining those rights inviolate.

I have no fear of nationalization when it can be shown to be in the public interest. We have had a great deal of it in Canada during my lifetime and yours, without harm to anyone. But I think that nationalization should be confined for the most part to such natural monopolies as railroads and telegraphs and to such public services as schools and post offices. I have no hesitation in supporting the humanitarian social services which have grown to be so important in our time, even though they may seem to tend in the direction of socialism. It is the attempt to reduce all industry to national control and all men to civil servants which I oppose, for such a system sets at naught the rights of the individual and is the very negation of freedom. There is a vast difference between actions which may seem necessary at a particular time to improve conditions which make for injustice, and a course of proceeding which is founded on the philosophy of the subservience of the individual to state control.

If we can make vivid in the minds of Canadian people that every individual, however humble—irrespective of the colour of his skin, the race from which he springs, the altar at which he prays, or the language which he speaks—that by virtue of his humanity he has rights which cannot and must not be violated by others, even though the others be all of us, we will have triumphed over our would-be oppressors, both the parasites of privilege and the state idolaters at the collectivist shrine.

I am convinced that the good society is the just society. The essential of justice is knowledge of and respect for the rights of all mankind—man, woman and child—and not forgetting, either, our younger brothers of the animal kingdom.

I have no hesitation in asking my fellow senators to devote some time to this greatest of all subjects, human rights and fundamental freedoms, in the certain faith that no harm can come from such a study and much good may flow from it.

Honourable senators, I move this resolution, confident that you agree with the general principles which I have tried to enunciate.

Some Hon. Senators: Hear, hear.

The motion was agreed to.

HIS HONOUR THE SPEAKER

FELICITATIONS

On the Orders of the Day:

Hon. Mr. Haig: Honourable senators, before the Orders of the Day are proceeded with, I should like to take this opportunity to congratulate His Honour the Speaker upon his return to the Chair. I may say he had a most worthy substitute in his absence, but we are all delighted to see our Speaker back with us.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: Honourable senators, I concur heartily in the sentiments just expressed by the leader of the opposition (Hon. Mr. Haig). We are all glad to welcome His Honour the Speaker back in his customary good health.

PRIVATE BILL

SECOND READING

Hon. Arthur W. Roebuck moved the second reading of Bill G, an Act to incorporate Ukrainian National Federation.

He said: Honourable senators, because of its wide significance I think something should be said about this bill. This legislation seeks for the routine incorporation of a company which has no share capital, whose activities are carried on without the purpose of gain, and whose properties are to be used for promoting certain praiseworthy agendas.

The organization to be incorporated has been carrying on these activities for the past eighteen years under the name of Ukrainian National Federation of Canada. During this period the Federation has earned a highly commendable reputation for its patriotic service; therefore, while the bill is largely a matter of routine, the incorporation of the company is an action which in my humble opinion is one of significance.

The Ukrainian population of Canada comprises the third largest ethnic group in the country, the English and the French speaking groups ranking first and second. At the taking of the 1941 census there were 305,000 Ukrainian Canadians, but since then the number has grown considerably, and our Ukrainian population is today estimated at over half a million people, with 25,000 in the city of Toronto alone.

I have in my hand a pamphlet entitled *Our Ukrainian Loyalists*, written by Watson Kirkconnell, an eminent authority on new Canadians and an outspoken anti-communist. This pamphlet was published during the

last Great War, in June 1943, and I should like to read what the author has to say about the Ukrainians in Canada.

The bulk of the Ukrainian immigration into Canada came between 1900 and 1914, and the overwhelming majority of such immigrants came from the regions of Galicia and Bukovina, rather than from Russia. In the census returns of 1931, over 70,000 gave their birthplace as in these areas and only 2,158 gave Russia. Even in 1931, however, over 60 per cent of the Ukrainian Canadians had already been born on this side of the Atlantic, and the figure today must be closer to 70 per cent.

These are facts that cannot be stressed too strongly by those who would understand the Ukrainian Canadians. At least two-thirds of them are now Canadian-born, trained in Canadian schools, and increasingly Canadian in consciousness. And in ancestral origin, upwards of 95 per cent of them come from a region that was never part of Russia, was never regularly subject to the authority of Moscow, and owes no sentimental loyalty to Russia, either Tsarist or Soviet.

Those are the remarks of a well-known authority on this subject, and one who is said to be fairly "hipped" on the question of communism.

Hon. Mr. Quinn: The President of Acadia University.

Hon. Mr. Roebuck: Exactly. He speaks some twenty mid-European languages—I forget exactly how many.

Now, while two-thirds of the Ukrainian Canadians have been born in Canada, they were much more predominantly new-Canadians when the depression fell upon this country in 1930. At the time they had not been sufficiently long in Canada to be well enough established here, in either business or farming to surmount the crop failures and the very wide unemployment of that disastrous period. In consequence, they suffered great hardships and privations, particularly in the West; though, as I remember, a good many of them also suffered in the great cities of the East.

I have in my hand a pamphlet entitled *A Program and a Record*. It was published by the Ukrainian National Federation after a convention in Winnipeg in 1943, under the presidency of Mr. W. Kossar, one of the present applicants for incorporation of the Ukrainian National Federation. I have known Mr. Kossar personally for many years, and I can vouch for both his ability and his high purpose. I should like to read from this pamphlet, where he is speaking of the depression which fell upon Canada in the thirties:

Under the conditions of depression, hardship and suffering, a wide and powerful propaganda was under way, which, in certain cases, had intensified the already existing discontent to the point of open violence, and which was tending to undermine the fundamental principles governing human behaviour. In this propaganda which was penetrating market

squares, community halls and even family circles, the ideals of loyalty to Canada and of personal duty to one's neighbours were branded as the signs of social stupidity; cultural traditions, patriotism and religion were treated as remnants of ancient superstitions; initiative for personal rehabilitation was termed as a lack of class consciousness. All this propaganda, reverberating from the forests of British Columbia, through the prairies of the West to the mines and industrial plants of the East, produced a growing social ferment which resulted in general confusion and which was rapidly approaching the danger line of social safety.

Another of the applicants is Mr. William Hultay, whom also I know intimately. For many years, until recently, Mr. Hultay was a druggist in the city of Toronto. He is a man of education and culture, a Christian, of broad Canadian principles. He and the other applicants, all men of good will, decided that something must be done about the type of thinking that was spreading among their Ukrainian compatriots. It was to meet that challenge that a number of men of Ukrainian origin held a convention in Winnipeg, and at that time the federation was organized. Mr. Hultay was secretary of the convention, and after the convention he became the federation's first organizer. Mr. Anthony Hlynka, who was the member for Vegreville in the House of Commons during the last two parliaments the 19th and 20th parliaments was Mr. Hultay's secretary, and became the secretary of the Edmonton branch, the first to be organized. That was in 1932, and the federation continued to expand from that time.

I should like to read a few lines about the organization itself, written by Professor Watson Kirkconnell, in his pamphlet to which I have referred:

Secular rather than ecclesiastical in its background is the Ukrainian National Federation, founded at a conference in Saskatoon in 1932. Its main nucleus consists of veterans of the Ukrainian armies that fought against the Red and White Russian armies, the Poles, and the Rumanians, back in the unavailing struggle for independence in 1918-20. They have consequently been violently anti-communist, as well as anti-Polish, and have been more interested than the other groups in the physical possibilities of Ukrainian emancipation in Europe. In Canada, they have always insisted on a primary British loyalty, and have from the outset been closely associated with branches of the Canadian Legion. They have supported the war with enthusiasm, and in some of their branches every able-bodied man is now in the active or the reserve Canadian forces. The membership of the Ukrainian National Federation is in excess of 19,000. The federation itself has 74 branches, the Ukrainian Women's Organization has 38 branches, the Ukrainian National Youth Federation has 35 branches, and the Ukrainian War Veterans' Association 23 branches, making 170 local units altogether. They administer 74 community halls, 76 local libraries, 65 schools, 71 choirs, 25 orchestras, 83 dramatic clubs, 18 dancing classes, a national museum, and 14 consumers' co-operatives.

Hon. Mr. Burchill: Are they all in one province?

Hon. Mr. Roebuck: No, they are spread from one end of this country to the other.

Hon. Mr. Reid: Will the honourable gentleman allow me to ask a question? I am not criticizing at all, for I am in favour of the bill. I do not know anything about these people on the prairies, but I have some information about them in British Columbia. Are they not divided into three distinct groups, of which two are very religious and one is not?

Hon. Mr. Roebuck: Does the honourable gentleman mean the group to which I am referring?

Hon. Mr. Reid: I am speaking of the Ukrainians in this country.

Hon. Mr. Roebuck: There are several groups. The group for which I am speaking is asking for the incorporation of its own society. It is a highly religious group. Among the Ukrainians there is a small minority of irreligious and communistically inclined people; but, honourable senators, the Ukrainians are not the only ones who have among them some people of this type. Though some of the objectionable ones have been very noisy, and because of our lack of understanding of their language we have had some difficulty in drawing distinctions between them, my own impressions are that the large majority of these people are highly patriotic, have good common sense, and are decent citizens and good Canadians.

I speak from a good many years of experience with Ukrainian people. I have known these people well, both individually and collectively. In this pamphlet which they publish there is a photograph in which I appear, taken some years ago while I was attending one of their meetings before the city hall in Toronto, where a wreath was laid on the grave of some unknown Ukrainian soldier.

Originally, the Ukrainians were a pastoral people. The Ukraine is in some respects comparable to Canada; its people for generations past have earned their living for the most part by coaxing the crops from the subsoil into the sunlight. They are, therefore, not unlike our own Canadian people, and I humbly submit that they have been, on the whole, of the best type of immigrants that have blessed Canada with their presence.

It is because of the broader considerations of the subject that I am discussing it at some length. As I have said, the incorporation of the society is a matter of routine; but the occasion of the incorporation of the Ukrainian

people in this way has, to my mind, a very great significance. May I be permitted to read a statement of the principles upon which their growth has taken place? It might be called a creed, but is perhaps more properly referred to as a statement of principles which has been circulated very widely and has been used for propaganda purposes in the building of their organizations. The principles are:

1. Belief in our own duties and responsibilities.
2. Belief in Canada.
3. Belief that the necessary measure of social justice may be achieved through social reforms without resorting to violence.
4. Belief in the cultural traditions of our people.
5. Belief in the moral principles of Christianity as embodied in religious teaching and practice.
6. Belief in the freedom of all peoples.
7. Belief in a free Ukraine.

May I be permitted further to read a worthwhile paragraph from this pamphlet which has been circulated among the Ukrainian people? It contains one of the tenets upon which this tremendous organization has been built, and is as follows:

Canada was the country of the faith and hope of our forefathers and fathers, who left their dear native land because of brutal oppression and ruthless exploitation by foreign occupants. Canada is the country of our own faith, and we want to preserve it as a country of faith and hope for our children. We believe in the country of our free adoption because it was here that we found the social and political freedom, equality and opportunity for which the Ukrainian people in Europe have fought for centuries and for which they are still fighting. We believe in Canada because, in this new land, the principles of British democracy and fair play are practised by the parliament, by the courts and by the citizens. We believe in Canada, because it offers us and our children its vast resources and opportunities in the spirit of "fair play" and trust.

Some of the following paragraph headings are:

- We believe in social progress through reforms.
- We believe in cultural traditions.
- We believe in the moral principles of Christianity.
- We believe in freedom of all peoples.
- We believe in a free Ukraine.

Mr. W. B. Caswell, the solicitor for the federation for many years, has supplied me with a brief in this matter. I have discussed the bill with him, and I found him very well informed. He tells me that as a result of the promulgation of its principles, the federation has grown to the point where it now has assets valued conservatively at \$1,196,000, and liabilities of only \$293,000. This is a wonderful achievement amongst new Canadians. The property comprises approximately thirty cultural centres, called homes or halls, where the people may speak their native language, put on plays and present their colourful dances. The branch in Edmonton owns a building valued at \$65,000. There are also

branches at Calgary and Cherrhill. At Saskatoon the association's building is valued at \$50,000. Other branches are located at North Battleford and Prince Albert. The Regina branch has a building worth \$35,000, Hafford and Marlin also have branches. My honourable friend from Winnipeg (Hon. Mr. Haig) will be interested to know that the federation have a building in his home city valued at \$240,000. At St. Boniface and Fort William their buildings are worth \$45,000 and \$60,000 respectively. Branches are also to be found at Port Arthur and Geraldton. A \$25,000 building is located in Sudbury. Espanola, Kirkland Lake and Timmins also have branches. In Toronto a building is now under construction, to be opened next month, worth \$340,000. There is now a building in West Toronto worth \$35,000. During the recent election campaign I spoke in their building at Oshawa, which is worth some \$35,000. St. Catharines has a building valued at \$40,000; Hamilton, \$40,000; Windsor, \$75,000; Montreal, \$85,000. There are also branches at Point Pelee, Val D'Or and Rouyn.

Mr. Caswell tells me that in 1939 the Ukrainian National Federation of Canada went all out in its support of Canada's war effort, and that it had the highest proportion of enlistments per capita of any ethnic group in Canada. Approximately 35,000 young men and women of Ukrainian origin joined various branches of the Canadian forces. I have in my hand a pamphlet entitled "Seven Presidents in Uniform". It tells the story of the Toronto Branch of the Ukrainian National Youth Federation. One after the other, seven presidents of that organization entered the Canadian Army and served in His Majesty's Forces during the last war. That is a record of which any organization may be proud.

Walter Tucker, leader of the Liberal party in the province of Saskatchewan, in writing to ask me to interest myself in this matter—although I needed no urging, for I am intensely interested in new Canadians—says:

I think you will find, if you check on the organization with the Secretary of State's Department, that it is a loyal group of people who have consistently supported our country, particularly against the communists.

I adopted his suggestion and wrote to the Secretary of State. The reply, written by Mr. V. J. Kaye for Mr. Frank Foulds, Director of the Canadian Citizenship Branch, is as follows:

Many thanks for your letter of December 17 concerning the Ukrainian National Federation. We have known Mr. Kossar for a number of years and have dealt with him both as the President of the Ukrainian National Federation (a dominion-wide organization) and as Vice-President of the over-all Ukrainian Canadian Committee, Winnipeg, Manitoba. A great many members of the federation

served with the Canadian armed forces during the last war, and I understand that Mr. Kossar is a Reserve Army man.

During our wartime association we found Mr. Kossar to be very co-operative, and the Ukrainian National Federation participated in all wartime activities. After the war the federation conducted language classes for newcomers and also Canadian citizenship classes during the summer months.

In its political outlook the federation is strongly anti-Communist; in Ukrainian matters, nationalistic. We do not see any reason why the Ukrainian National Federation should not be incorporated.

Should you need more information as to the federation, please let us know and we shall be glad to be of assistance to you.

I do not know what organization could be given a better recommendation on the facts than the Canadian National Ukrainian Federation. It has served Canada well among people whom it can and we cannot reach. I have the greatest of pleasure in asking my fellow citizens to give this bill second reading; and I do so with a whole-hearted admiration for these people.

Hon. R. B. Horner: Honourable senators, I intend to make only a few remarks. I do not believe there is anyone in this chamber or in Canada who knows these people better than I do. For some forty years I have lived among them, done business with them, sat on councils with them. However, there is one thought I have expressed to them when they were engaged in promoting various organizations of their own. It is this: "Why do you build separate halls? Let us all be together; let us all meet together. If I am excluded, I am missing something". That is a thought which occurs to me when we are asked to grant charters to special groups: we lose something when they keep to themselves. But so far as these good people are concerned I have no word of complaint, and I am not going to oppose the bill.

Let me point out here that the government, by seizing the halls of another Ukrainian group, made Communists out of many Ukrainians. This was one of the government's bigger blunders. Not content with locking their halls and leaving them unoccupied, they decided to seize and dispose of them for a fraction of what they were worth. Many Ukrainians turned in disgust against the government because of this action.

Hon. Mr. Howden: Was it the government or was it the Mounted Police that seized them?

Hon. Mr. Horner: No; the government seized them, and the government sold them, for far less than they were worth. The Mounted Police had no power to sell them. It seems to me that in this respect our Ukrainian fellow-citizens failed to receive the "human rights" to which they are entitled.

I want also to say a word with regard to Mr. Hlynka, the former member of parliament for Vegreville. At the federal election of 1945, in which he was returned, a Communist ran against him and received nearly 4,000 votes. Because of Mr. Hlynka's fine work in Edmonton and all over the country in opposition to Communism, these people decided not to put forward a candidate last year, but to vote Liberal in order to defeat him, and this they succeeded in doing. Government supporters may take what satisfaction they can from the fact that Communists helped to elect the Liberal in Vegreville. I was in the district afterwards and, knowing what a fine fellow had been defeated, tried to find out the reason. This is the explanation I got.

Hon. John T. Haig: The honourable senator from Toronto Trinity (Hon. Mr. Roebuck) has referred to Manitoba. I believe the proportion of Ukrainians to the total population is larger in Manitoba than in any other province. Honourable members may be interested in knowing that today, of fifty-seven members of the Manitoba legislature, five are Ukrainians, two of whom were born in the Ukraine and the other three in Manitoba. The father of the present member for Ethelbert sat for many years as a representative of that riding. The son is university-trained and a graduate in law. The provincial constituency of Fisher is represented by a well-educated native of the Ukraine, who has been the sitting member continuously since 1922, and is now deputy speaker. The member for Winnipeg North, one of our new ridings, is a Canadian-born Ukrainian. The member for Springfield—a Ukrainian—is sitting for his second term, although he was defeated for the last legislature; and the member for Emerson, Manitoba-born and educated, is also in his second legislative term.

I had the pleasure and the honour of sitting for one or two terms with a Winnipeg lawyer who was born in the Ukraine but who came here as a small boy with his parents. On one occasion legislation came before the house which had for its object the provision of medical degrees for certain persons with insufficient medical training. This member, who up to that time had been quite reserved, flared up and fought the bill bitterly both in the house and in committee, and largely through his efforts the committee refused to recommend it. I did not understand why he opposed the bill so strongly, and told him so. He replied addressing me by my surname, "Haig, our people do not know the good doctors from the quacks, and they believe that if the standards are lowered they may get incompetent men. You people know them

better and can choose better who should be selected". And he stuck to his guns right through.

My honourable friend from Toronto Trinity (Hon. Mr. Roebuck) mentioned the war efforts of our Ukrainians. I would point out that the only man from Manitoba to win the Victoria Cross during the last war was a Ukrainian born in Winnipeg. I am sure all honourable senators know his record. He was in a burning aircraft, and although he had plenty of time to leap to safety he went to the back of the plane to help the rear gunner, who was trapped. Through his heroic efforts his comrade was enabled to escape, but he lost his life when the plane crashed.

Like my honourable friend from Blaine Lake (Hon. Mr. Horner), I have known these Ukrainian people since 1904. What I say now may be a little personal, but it clearly indicates what kind of people these Ukrainians are. When walking down the east side of Main street in Winnipeg on a fine spring day in 1904, I was met by a group of five Ukrainians. One of them came up to me and showed me a card bearing the name of a well-known local firm of lawyers, and asked me if I could direct him and his friends to this place. I told him it was just two blocks down the street and, having lots of time, I went along to show him the way. When I left these men their spokesman asked me what my name was, and I wrote my name and business address on the back of the card he was carrying. Two weeks later he came into the law office where I was employed as a student and told me that he and his friends wanted to buy a certain 240-acre parcel of land. When I told him we did not sell land, he asked me to find out who was selling this particular property. So I went to the Land and Titles Office and found out who was the owner of this land. Then I went to him and asked what his price was, and he replied, "\$10 an acre". I then asked him what commission he would allow, and he said 50 cents an acre, and told me that I had to be back in a week's time with a certain amount of cash, and so on. Well, I reported to the Ukrainian group what the terms were. Two days later the owner of the land called me up and asked, "Are you the young man who was talking to me the other day about my land"? When I said yes, he told me, "Well, I have changed my mind. The price is \$10 net." So I went to my Ukrainian friends and told them, "Gentlemen, the owner has raised his price to \$10 net per acre. That means it will cost you \$10.50 per acre." To make a long story short, they said that these terms would be all right and that they would buy the land at that price, which they did. Those were Ukrainian immigrants who settled

in Manitoba, and my office today is doing business now for their children. They have probated the wills of most of those five men who bought the 240 acres in 1904.

I have related this story because so many Canadians feel that there is a certain element of the Ukrainians in Canada who are communistic in their outlook. I do not know exactly what would be the proportion of communistic sympathisers in my province, but it would be somewhere between 5 and 10 per cent. These people are bitterly communistic, but just as bitterly anti-communistic is the element which my honourable friend and I have been talking about. We have had these new Canadians, displaced persons, come to our city, and they know what Communism is and what it means. Several times they have gone to meetings thinking that they were going to have the pleasure of hearing speakers in their own language; but it turned out that the speakers were getting up and talking about what the Communists were doing in the world. These new Canadians, knowing what Communism is, contradicted the speakers, and naturally a riot took place.

It is my understanding that one-third of these Ukrainians belong to the Greek Catholic Church, one-third to the Roman Catholic Church and the remainder to the various Protestant denominations.

Let me relate another story to indicate just how well these Ukrainian people may be assimilated into our population. During the recent federal election campaign I spoke on behalf of a friend of mine at a certain meeting, and when it was over and we were driving along he said to me: "Jack, we are pretty near my home. It is only forty miles away and I want to take you there for a visit." I accepted his invitation. My friend was an Englishman of about fifty-three years of age, and had come out to Canada with his father when he was only four or five years old. He was married to a fine woman, a graduate nurse and former assistant superintendent of the Winnipeg General Hospital. Well, shortly after we got to his home his daughter came in and served tea and biscuits, and the mother introduced us, mentioning a Ukrainian name in doing so. Presently the daughter's husband came in, a young chap who had recently graduated from the University of Manitoba as a civil engineer. He had been born in Canada of Ukrainian parents. I thought to myself, "Now, there is a challenge to Canada. Who says we cannot assimilate people from another country?" I have mentioned this incident because it illustrates the sort of thing that is taking place in my province.

I have visited the Ukrainian settlements in the northern parts of our province, and many

of their young men and women are graduates of our colleges and universities and are taking their places in the community as lawyers, doctors and so on. For instance, two of the members of the Winnipeg School Board were born in our city of Ukrainian parents and were graduated from the University of Manitoba.

Honourable senators, there can be no better immigrants than the Ukrainians, and so I heartily support this bill. The leader of the government (Hon. Mr. Robertson) and I were together at the United Nations meeting in New York a few years ago, and he will remember as well as I do how bitterly communistic was the Ukrainian representative. But I am delighted that our Ukrainian people are being encouraged by our parliament because they are the best fighters we have in our campaign against Communism in Canada.

Some Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, I wish to say a few words in support of this bill. Its purpose has been clearly explained by the honourable senator from Toronto Trinity (Hon. Mr. Roebuck). The Ukrainian Federation is not a business organization but a cultural organization, whose purpose is to enable an important element in our population to retain for succeeding generations a knowledge of their culture and their history. Some of the great musicians, poets, writers and dramatists of Europe were of the Ukrainian race, and it is this record which these people desire to perpetuate in this country. Their love and capacity for music is generally known across this whole dominion.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: Several of their artists and musicians have become quite eminent, and these people will continue to make a worthy contribution towards the enrichment of our Canadian culture.

I have had a good working knowledge of the Ukrainian people for the last fifty years. I recall that when their early settlers came to Western Canada toward the end of the last century, they arrived in their sheepskin coats and were the objects of much curiosity among the Canadian people. As the leader opposite knows, they went into the rough bush country of Manitoba. But when you go into that land today you will find good farms, homes and schools. The Ukrainians have a deep love for education, and, as the honourable senator from Toronto Trinity has pointed out, their contribution is outstanding. It is remarkable that only fifty years ago the first Ukrainians settled in this country, and yet within forty

years, a new generation was able to contribute over 35,000 members to the armed forces of Canada. That in itself, honourable senators, is a great contribution.

I have not the slightest hesitation in supporting this bill. It will be to our credit to pass the bill and to incorporate the Ukrainian National Federation. These people are intense Canadians. They love this country for its freedom, for its laws, and also for the opportunities it has given to them and will continue to give them and their children.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Roebuck moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 21, 1950

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

Prayers and routine proceedings.

DISTRIBUTION OF BILLS

INQUIRY

On the Orders of the Day:

Hon. Mr. Leger: Honourable senators, before the Orders of the Day are proceeded with I wish to refer to order No. 2, for the second reading of Bill I, an Act to amend the Criminal Code. Amendments to the Criminal Code are usually important and it would appear that those in this bill are no exception. The bill contains seven pages, and although it is on my file today it was not there yesterday. Consequently, I have had no chance to study the measure. Prior to this session the custom used to be to place copies of bills in our mail box in advance of their introduction in the Senate, so that we might have an opportunity to look at them, but so far as I am aware that is not now being done. I simply want to call the attention of the leader of the government to this situation, and ask if it cannot be remedied.

Hon. Wishart McL. Robertson: Honourable senators, the question raised by my honourable friend is an important one. It is important that all honourable senators be supplied with all bills that we are to deal with before they are explained, but it is particularly important in the case of my honourable friend from L'Acadie (Hon. Mr. Leger) for no other member of this honourable house reads the legislation as carefully as he does.

I am advised that this bill was distributed yesterday. My honourable friend from Toronto (Hon. Mr. Hayden) is prepared to explain the bill today, but if the honourable gentleman from L'Acadie (Hon. Mr. Leger) prefers that it stand, I am sure my honourable friend from Toronto will concur. As an alternative I would suggest, subject to what the honourable gentleman from L'Acadie may say, that the bill be explained today, and that then, if no discussion on it, the Whip (Hon. Mr. Beaubien) be asked to adjourn the debate, so that anyone who wishes to speak on the bill may do so later. I am in the hands of the Senate in this respect.

Hon. Mr. Leger: I am quite willing that the explanation be given now.

THE SENATE

NEWSPAPER COVERAGE

Hon. Donald A. MacLennan: Honourable senators, before the Orders of the Day are proceeded with I wish to call the attention of the Senate to an article which appeared in this morning's *Citizen*.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. MacLennan: Apparently the writer of this article thinks that the work of the Senate, no matter how important it may be, does not make news and he intimates that the Senate is on the way out.

I have heard many members of the other place make facetious remarks about the Senate, and after looking them over carefully I have come to the conclusion that these members never hope to get into the Senate.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. MacLennan: Moreover, they are incapable of making speeches worth listening to. Any speeches that I have heard in the other house concerning the activities of the Senate were as insipid and as colourless as saltless porridge.

Some Hon. Senators: Oh, oh.

Hon. Mr. MacLennan: The writer of this article gives a little clue as to the manner in which the Senate could get into the news. He points out that because the leader of the opposition (Hon. Mr. Haig) attacked someone or other he received "a considerable measure of publicity". I suppose that means that the way to get one's name in the paper is to attack someone.

This newspaper gives a further clue, and a valuable one, as to what is news. On its front page there appears this headline: "Minnie The Cat Adopts Mouse." That is news! Minnie the cat can get into the news, but the work of the Senate cannot. The article says, among other things:

The Senate has ceased to be news. The hard fact of the newspaper business is that the papers must publish news, and the Senate does not qualify.

I presume "Minnie the Cat" does qualify.

The article goes on to say that the speeches in the Senate are not of a high order:

The quality of debate in the Senate is by no means outstanding, but the subject matter has usually been so threshed over, several times, in the House of Commons that there are few grains of interesting news left by the time the Senate gets to it.

I do not regard myself as a judge, but in the estimation of those whom I do regard as judges, the speeches made in the Senate last session, and so far this year, have been most excellent. A few days ago we heard an outstanding speech from the honourable senator from Sorel (Hon. Mr. David).

Some Hon. Senators: Hear, hear.

Hon. Mr. MacLennan: Also we heard recently a very fine speech from one of the senators from the new province of Newfoundland (Hon. Mr. Burke). At the last session the honourable senator from Vancouver South (Hon. Mr. Farris) and the honourable senator from Inkerman (Hon. Mr. Hugessen) both made memorable speeches. The honourable senator from Waterloo (Hon. Mr. Euler) too, speaking in support of his pet subject, the oleomargarine bill, presented a wonderful piece of advocacy.

I warn you now, honourable senators, if you want to get into the news, be sure to see to it, that you have something to say about "Minnie the cat".

PRIVATE BILL

SECOND READING

Hon. P. H. Bouffard moved the second reading of Bill D, an Act respecting the purchase by Canadian Pacific Railway Company of shares of the capital stock of the Shawinigan Falls Terminal Railway Company.

Hon. Mr. McLean: With reference to Bill D—

Some Hon. Senators: Order!

Hon. Mr. Bouffard: If the honourable senator wants to state an objection, I do not mind waiting until he has spoken, and I will then answer him. Otherwise I am prepared now to present an explanation of the bill.

This is a very small bill, and of hardly any consequence. To those who may think that it has remained on the order paper for an unnecessarily long time, let me say that I wanted to have all possible information in order to be able to give an explanation on any matter of detail which might be raised in this chamber.

The Shawinigan Terminal Railway is a small railway of about one-third of a mile, located in Shawinigan Falls city.

Hon. Mr. Leger: But just as wide as the others!

Hon. Mr. Bouffard: Yes, but the length is only one-third of a mile. It owns about half a mile of sidings and operates 1-125 miles of sidings under one of the standard contracts between railways and industry. It serves approximately seventy industrial concerns in Shawinigan Falls.

This railway was built in 1902, at a time when the present city of Shawinigan Falls and the local hydraulic power were under development. Two other railways were then located in the city and went beyond it. One, the Great Northern Railway, is today part

of the Canadian National Railways; the other, the St. Maurice Valley Railway, is now operated by the Canadian Pacific Railway. For some time the only operation performed by the Shawinigan Terminal Railway, has been a switching operation to put cars on the lines of either the CPR or the CNR. The engines which did this work were four electric locomotives whose power was supplied by the Shawinigan Water and Power Company; and the railway was operated under the supervision of that corporation. The cost of the switching was borne entirely by the Canadian National Railways and the Canadian Pacific Railway. The cost of supervision was about \$8,300, which was borne by the railways.

The Canadian National and the Canadian Pacific Railways have come to the conclusion that to operate the railway themselves, with diesel engines, instead of electrically driven engines, would be more economical and more efficient, and would release power which the company could use for other purposes. On the other hand, if the electric engines now in use were to be kept in service they would have to be reconditioned at great cost to the CPR and the CNR. Therefore, both these railway companies reached the conclusion that it would be best for them to own the Shawinigan Falls Terminal Railway Company and to operate with diesel engines. The total cost of the company is to be \$125,000, with the CPR and the CNR each paying \$62,500.

According to section 147 of the Railway Act, chapter 170 of the Revised Statutes of Canada, the Canadian Pacific Railway Company is unauthorized to purchase shares issued by another railway company, and therefore the real purpose of this bill is to provide the CPR with legislative authority to acquire these shares. I believe I am in a position to give additional information that might be requested by honourable senators.

Hon. Mr. Leger: Will this prove to be to the best advantage of Canadians generally?

Hon. Mr. Bouffard: Yes.

Hon. Mr. Fogo: Can the honourable gentleman say by whom the shares are now owned?

Hon. Mr. Bouffard: There are 3,000 shares, and they are owned by the Shawinigan Water and Power Company. The total capital is \$300,000, and the shares are to be sold to the two companies for \$125,000.

Hon. Mr. Leger: At par?

Hon. Mr. Bouffard: No, below par, and this will include engines, right-of-way, sheds and so on, as well as a four-and-a-half mile length of electric superstructure.

Hon. Mr. Fogo: I presume the Shawinigan Water and Power Company, as the principal freight consignor or shipper at that point, would in the final analysis pay the switching charges, either directly or indirectly.

Hon. Mr. Bouffard: Once the railway belongs to the CNR and the CPR, the Shawinigan Water and Power Company will not have anything to do with it.

Hon. Mr. Fogo: They will still pay for the switching, will they not? Somebody has to pay for the switching.

Hon. Mr. Bouffard: Each company will pay for its own switching.

Hon. Mr. Fogo: Yes, but the shipper ultimately pays for it.

Hon. Mr. Bouffard: Yes, but the amount of money paid by an industry to ship a car from Shawinigan Falls, let us say, to Montreal, is not any more or any less because the switching operation is done by one company or the other. If the Canadian National and the Canadian Pacific can do the switching at a lower cost, it will be for their own benefit.

Hon. Mr. Fogo: Will they pass on that lower cost to the shipper? That is my point.

Hon. Mr. Bouffard: I think there is a tariff.

Hon. Mr. Fogo: But do you anticipate that the tariff will be varied downward as a result of this purchase, or will the tariff remain the same, notwithstanding the reduction in the cost of switching?

Hon. Mr. Bouffard: I could not tell you that I think that will depend upon the existing contract between the different shippers and the railway. It may be that if the switching is done at a lower cost the operation will cost the shipper less.

Hon. Mr. Fogo: The saving may be passed on?

Hon. Mr. Bouffard: Yes.

Hon. A. Neil McLean: Honourable senators, I am not opposed to this bill, for I think the Canadian Pacific Railway should be allowed to make any investments that it desires—I am sure it knows its own business—but I think certain stipulations should be made when money is taken out of the railway treasury for outside investments. The company's annual statement for 1948 shows receipts of \$27 million in "other income account." I understand that in the recent application to the Board of Transport Commissioners for increased freight rates the company contended that its earnings from outside investments should not be regarded as earnings of the railway proper, or as

part of the picture presented by the railway to show that it was unable to pay its overhead and dividends. In other words, it was contended that these outside earnings are deductible from the railway's total. This procedure, of course, aids the railway in its plea of insufficient income, and increases its chances of obtaining higher freight rates.

It is my opinion that an outside investment which goes sour adversely affects the railway earnings proper, but an investment that turns out well may have little or no effect upon the amount of railway earnings available to keep down rates, for under the company's system of bookkeeping the earnings from outside investments are often not included as real railway earnings. The funds taken out of the railway treasury for investment are generally accumulated railway earnings. Therefore it seems to me that the earnings on such investments should go back into the treasury to augment the regular earnings and help to keep down rates.

It appears that the railways, before they can make these outside investments, must obtain permission from parliament; and it seems to me only reasonable—in saying this I have in mind not only this bill, but any such bill—that parliament, before giving its consent should safeguard the public interest by prescribing that any earnings derived from moneys taken out of the railway treasury for investment outside the railway proper, shall be returned to the treasury in order to augment the regular railway earnings. Had such a procedure been followed in the past it would, I think, have contributed very considerably towards keeping railway rates lower than the level they are at today.

I understand that the railways control the Toronto terminals, which have a bond issue, and that part or the whole of this issue is owned by the railways. Now, although rentals paid for the terminals are a charge against railway earnings, the bond interest received by the railways is placed in "other income account," apart from regular railway earnings.

I am not against this investment by the Canadian Pacific Railway Company in the Shawinigan Falls terminal railway. As I stated, I presume the Canadian Pacific Railway knows its own business, but I think certain stipulations must be made with regard to the earnings on investments made with moneys taken out of the railway treasury. Such moneys could easily be used for purposes that would bring in a return or substantially reduce the overhead of the company. For instance, they could be used to redeem its 4 per cent debenture stock or other funded debt. The redemption would

cut down the company's overhead, and in this way effect a saving that could well be made use of to help bring about some reduction in rates. A rate of 4 per cent might have been all right twenty-five years ago, but it is a rather high rate for a great corporation with good credit to be paying today.

I have already pointed out that the Canadian Pacific Railway's annual statement for 1948 shows that there was placed in "other income account," apart from railway operations, an amount of \$27 million. One can clearly see that if this large sum had been available to augment the earnings from the railway proper, the Board of Transport Commissioners would have had placed before them a financial statement much more favourable to the public than the statement that was presented.

The public are anxious to see rates kept at a level that will stimulate rather than strangle industry. In the Maritimes, freight rates have not only gone through the roof, but have nearly hit the sky, and owing to our geographical position these high rates are seriously hurting our industries. Every senator from the Maritimes and the West knows how industry is being handicapped by high rates. Anything we can do to bring about a reduction in rates should be done. We have to keep close watch on our transportation companies and check up carefully on the excuses they put forward for raising rates. This so-called "other income account" into which the Canadian Pacific Railway puts so much of its earnings seems to me to be part of a scheme whereby profits are passed along to the railway's shareholders without being classed as regular railway earnings. Most of the shares are held abroad and are not taxed, as are securities held in Canada. Therefore, the people of Canada lose by having to pay higher freight rates, and lose again by receiving less taxes. For the railway it seems to be a case of "heads I win, tails you lose."

My question is this: If this investment in the Shawinigan Falls Terminal Railway is profitable, will the profit or earnings augment the Canadian Pacific's regular railway earnings and be treated as such when railway rates are under consideration or, will they be deducted from the total of the railway's regular earnings and be considered as "other income"?

Take the case of the Canadian National Railways. According to recent proposals they are now trying, and rightly so, to get themselves on a sound economic basis, where their earnings will be a reflection of the actual money invested in the lines since the company was formed and of the true value of the assets

taken over. In other words, it is proposed to wipe off the deadwood for which the company is not responsible. Only in this way will it become possible to ascertain what are the true earnings or losses of the Canadian National Railways.

I think the Canadian Pacific Railway's earnings—I mean the earnings on which freight rates are based—should be a true reflection of the money invested by shareholders in payment for shares, plus the accumulated profits thereon, and also of other valuable considerations handed over by the government, in the form of lands, subsidies, etc. In my opinion these considerations were given, not for the purpose of swelling the railway's "other income account," but to help the company to carry on by charging fair and equitable rates to all parts of the country, so that commodities would flow freely to markets from the outskirts of Canada as well as from the central parts.

I repeat that I am not against this bill at all. But we have to consider a principle that is involved, namely, whether a railway should be permitted to take money from accumulated railway profits and invest it on the understanding that the return from the investment will not be included in the regular earnings upon which freight rates are based. In other words, should we permit a railway to keep its accounts in such a way that a proper picture cannot be presented to the Board of Transport Commissioners?

Hon. Mr. Haig: I would like to ask the honourable gentleman a question. If the railway made a bad investment in something outside the regular railway service and lost a lot of money, would he say the railway should be permitted to raise its freight rates in order to compensate for that loss?

Hon. Mr. McLean: I do not see any other way in which the railway can charge up an investment that does go sour. The only money the railway has is in its treasury, and that is an accumulation of profits. It seems to me that is the only thing to which the railway could charge the loss.

Hon. Mr. Haig: Then you say that the system of accounting now used by the Canadian Pacific Railway is wrong, and that if in future the railway makes a loss on any outside investment that loss should be reflected in increased rates for the transportation of general merchandise? Is that your argument?

Hon. Mr. McLean: I do not see any other answer.

Hon. Mr. Haig: Let my honourable friend answer the question.

Hon. Mr. McLean: The profits should be reflected there, and if there are investments which the railway thinks should be included with the railway business, I do not see any other place to charge them. It seems to me that everything the railway has gone into was started out of railway earnings.

Hon. Mr. Haig: Then does my friend maintain that the basis on which the Board of Transport Commissioners made their findings was wrong? Their attitude was that the loss of the Canadian Pacific Railway on the Soo Line, for instance, should have been charged in such a way as to increase freight rates in western Canada. Does my friend support that position?

Hon. Mr. McLean: I do not know what these losses were charged against. I do not know anything else to which they could be charged.

Hon. Mr. Haig: But the Board of Transport Commissioners would not let the railway charge these losses against railway business in reaching a basis for fixing the rates. The policy of the commissioners is that outside investments should not be taken into consideration in fixing the rates. In that respect I think the board is right. I do not think that railway companies should be allowed to charge their losses in other enterprises to anything that has to do with railway operations. On the other hand, when profits are made in other enterprises, the cost of investments should not be included in the cost of operation of the railway. The railways maintain that they should have a reasonable dividend return on money actually invested in the road; and if \$20 million is invested in smelters, that amount should not be considered in the fixing of the rates.

Hon. Mr. Fogo: But where did the \$20 million come from?

Hon. Mr. Euler: Out of the profits of the railway.

Hon. Mr. Haig: No, it did not. The Board of Transport Commissioners has decided that profits from outside investments—or losses, when they occur—cannot be included in the general picture. I think the commissioners are right in this view. I would not want to vote to bring all the dealings of the railway into the picture. The railways in the United States—and I presume in Canada—have invested heavily in coal mines, because coal is necessary for the operation of the railways. Large sums of money have been lost in such enterprises.

Hon. Mr. Euler: Do the losses not come out of the profits of the railways, exclusive of outside investments?

Hon. Mr. Haig: Yes.

Hon. Mr. Euler: If profits are made from investments of the railway, why should they not go back to the original source?

Hon. Mr. Haig: But the Board of Transport Commissioners does not agree with that principle, and I support that view.

Hon. Mr. Fogo: Would the honourable gentleman permit a question?

Hon. Mr. Haig: Yes.

Hon. Mr. Fogo: Is my friend overlooking the fact that the capital used to purchase these other enterprises originally came out of freight earnings of the railways?

Hon. Mr. Haig: No, no.

Hon. Mr. Euler: That is the point.

Hon. Mr. Haig: It was capital invested in the railways.

Hon. Mr. Fogo: Would not these losses, to which the honourable gentleman refers, be first charged to "other income", and only be charged back to the railway operations revenue when there was an over-all loss. Is that not the effect of the decision of the board?

Hon. Mr. Haig: No.

Hon. Mr. Fogo: I suggest that is the effect of the decision.

Hon. Mr. Haig: The original capital of the company was so much. The contention of the railway now is that after the interest on bonds, preferred stock and other charges is paid, the actual capital investment of the company should show some earnings. If I had some capital invested in the C.P.R.—which I have not—why should not that money bring me some return? Suppose I paid \$25 a share for the stock, should I not have some income on that investment? Surely that is the principle underlying private ownership. If my friends do not admit that principle, then they are only talking socialism. The basis of the system of capitalism is that the investor is entitled to a certain return on his money. If the railway takes my money and invests it profitably in smelters, in fixing freight rates, it does not charge interest on that capital investment; yet I as a shareholder participate in the profits. But if the railway gets involved in a losing proposition, like the Soo Line, which everyone knows has been on the verge of bankruptcy for years—

Hon. Mr. McLean: But that is an investment outside of Canada.

Hon. Mr. Haig: The same thing happened to their investments in the coal mines in Alberta and British Columbia, where they lost a lot of money. Take for instance the

Columbia Railway—I do not know where it runs; I do know, however, that I was one of the investors in the bonds of that railway and I lost my shirt. The railway company lost money there, but it was not allowed to increase freight rate to make up that loss. That is my whole point. If the house decides that the railways and all their subsidiary enterprises, with profits and losses, should go into the common pot, that is a proposition to which I do not subscribe. I have listened to a good deal of argument, and have read in the press many times of the refusal of the Canadian Pacific Railway to include profits from smelters in the over-all picture of railway operations for the purposes of rate fixing. Take for instance the railway hotels. Did the Canadian National Railways make money out of their investment in hotels? They were all built after 1921, and except for the Chateau Laurier, in Ottawa, none of them made any money.

Hon. Mr. MacLennan: The Nova Scotian is making money.

Hon. Mr. Haig: That is just in the last few years, but not on the capital invested.

Hon. Mr. MacLennan: I would disagree with my friend.

Hon. Mr. Haig: For years none of the Canadian National Hotels, except the Chateau Laurier, have balanced their budgets, let alone paid interest on the capital invested. The Canadian Pacific Railway has not made any money out of hotels. In those circumstances has that company any right to charge its hotel losses against railway operations? I say "No".

Hon. Mr. Beaubien: Well, do they not charge it against railway?

Hon. Mr. MacLennan: They do.

Hon. Mr. Haig: They do, but the Board of Transport Commissioners does not allow those losses to be taken into consideration in fixing the rates. There is no doubt that they are excluded. I am in favour of that policy, because I do not believe the railways should be in all sorts of business, and that my freight rates should be affected by the profits or losses in those investments.

I am in favour of the bill. My honourable friend from Grandville (Hon. Mr. Bouffard) made out a reasonable case. I do not think either the Canadian National Railways or the Canadian Pacific Railway will go broke through the payment of \$62,500 each, and I do not think the Shawinigan Falls Terminal Railway Company will lose anything—certainly nothing like the sum that was lost on the Columbia Railway.

Hon. Mr. Fogo: Does my friend not think the railway should pass along the savings to the shipper?

Hon. Mr. Haig: They will do so.

Hon. Mr. Fogo: That is all we want to know.

Hon. Mr. Haig: I will tell my honourable friend from Carleton (Hon. Mr. Fogo) of the problem the West faces. The difficulty is that Quebec and Ontario, which enjoy the benefits of water navigation transport have an advantage over us that makes it impossible for us to compete. We are at a geographical disadvantage, and I do not see how we can overcome it.

Hon. Mr. Fogo: If the railways want to overcome it, can they not do so?

Hon. Mr. Haig: I doubt it.

Hon. Mr. Fogo: I suggest that they can.

Hon. Mr. Haig: I have lived only in the province of Manitoba, but I am quite familiar with the problems of that area. I can remember a time when the Canadian Pacific ran a line from the city of Winnipeg to Winnipeg Beach, a distance of 47 miles, and it was the best paying 47 miles on the railway. Then in time the buses came along, and today it is one of the poorest paying portions of the railway. The reason is that one man can sit at the front end of a bus and take twenty-five people down to the beach, but the railway has to have five men to operate the equipment required to carry the same number of passengers by rail. Winter conditions in Ontario and Quebec make motor traffic possible much longer than in the West.

Hon. Mr. Fogo: Does my friend suggest that trucking rates cannot be regulated?

Hon. Mr. Haig: They can be regulated to a certain extent, but we cannot say to the people of Ontario that they must pay forty cents a pound on freight from Toronto to Montreal, which is about the same distance as between Regina and Winnipeg.

Hon. Mr. Fogo: Why not?

Hon. Mr. Haig: Because there is no way we in the West can get transport for the distance at less than forty cents. That is my argument. The honourable senator is reputed to be a pretty good business man, and I am sure that if there were a cheaper way of moving his freight from Toronto to Montreal he would be one of the first to take advantage of it. The difficulty must be recognized. As much as any man I am in favour of reasonable freight rates in the western provinces and in the Maritime provinces too; but facts must be faced. The Maritime provinces have had some consideration in this matter.

Hon. Mr. McLean: Very little.

Hon. Mr. Haig: All I know is what the law provides; and according to the law the Maritimes have the benefit of a bonus rate, or something of the kind, which is not accorded to the western provinces. The only lower rate we enjoy is that which was made by the railway companies themselves under the Crowsnest Pass Agreement.

As far as I am concerned, I am in favour of this bill because in my opinion railway matters alone, and not any other business which the railroads may carry on, should be taken into consideration when freight rates are being fixed.

Hon. Mr. Euler: I am not sure that I clearly understand this issue, although I think I get the point of view of the honourable senator who raised the question. I could agree with the leader of the opposition (Hon. Mr. Haig) if enterprises promoted by the railroads, such as hotels and smelters, were constructed or purchased with moneys subscribed by the public by way of bonds or stock purchases. But I think the honourable senator from Southern New Brunswick (Hon. Mr. McLean) looks at the matter from the point of view that if any of these outside properties are purchased with profits from railway operations—

Hon. Mr. Haig: You are right.

Hon. Mr. Euler:—then, in fairness, any profits which result from those enterprises should go into the profit and loss account of the railways. With that contention I am inclined to agree.

Hon. Mr. Haig: That is correct.

Hon. Mr. Reid: The question raised this afternoon by the honourable senator from Southern New Brunswick is a very important one. While to my mind there is no doubt that any profits or losses resulting from operations after the acquisition of the railway, pursuant to this bill, will be reckoned in the balance sheet of the railway companies, I think the point enunciated by the honourable senator should receive a more definite answer. So far, probably because the opportunity has not arisen, a direct answer to his question has not been given.

The railway problem is one which requires more serious thought than it has yet received, for as we know the cost of railway operation is now quite a heavy load on the people of Canada. It has been a greater burden on the people of British Columbia than on those of any other province.

Hon. Mr. Haig: Right.

Hon. Mr. Reid: I am not going into the story of the burden that British Columbia has had to carry since the railway came into our province. It is well known that the Canadian Pacific Railway received \$100 million and 25,000,000 acres of land to recompense it for the difficulties it encountered in penetrating the mountains, although the company ignored the well-known water grade of the Yellowhead Pass route, now occupied and used by the Canadian National Railways, and took the shorter and more expensive route. To me it has always seemed an absurdity that goods shipped from Quebec or Ontario to British Columbia should be carried at a lower rate than the same class or kind of goods dispatched from British Columbia to the eastern provinces.

I know there are many angles to this matter, and that it cannot usefully be debated in this way; but a principle has been raised to which, I think, the Senate should give serious thought. Every man, woman and child in the country is affected by freight rates, and we all know where the crux of the problem lies. Passenger transportation is excessively costly, because, owing to the competition of buses and aeroplanes, railway passenger business is becoming less and less.

I hope the sponsor of the bill will deal with the principle enunciated by the honourable senator from Southern New Brunswick, that the entire railway system should be looked upon as one—which I contend has not been the case in past years, for their investments have had many ramifications—and profits derived from investments of surplus funds of the railway companies should be taken into consideration in connection with the rate structure. Of course, as has been pointed out, very few of the hotels have made a profit. I think this honourable body should give some further thought to the solution of the serious problem to which the honourable senator from Southern New Brunswick has drawn attention.

Hon. Mr. McLean: I should like to take one moment to answer a point raised by the leader of the opposition (Hon. Mr. Haig). I have before me the annual statement of the Canadian Pacific Railway Company. On its railway operations the company shows a profit of approximately \$19 million. On the "other income account", apart from railway operations, the profit amounts to \$27 million. Capitalized at 4 per cent, that sum represents nearly \$700 million. Is anyone going to contend, honourable senators, that that \$700 million did not come out of railway earnings? It would take a staff of accountants to examine the company's operations over the years, but I think I am safe in making the statement

that over 50 per cent of this money was derived from railway earnings. The "other income" is much larger than the railway earnings. Perhaps it would be right to require that no investment should be permitted except for purposes directly affecting the operation of the railways; that the money should not be used to finance industrial enterprises. That is a matter for Parliament to decide. But, I repeat, the last C.P.R. report shows "other income" of \$27 million, which, capitalized at 4 per cent, represents \$700 million, whereas the other earnings of the railway amount to only \$19 million. It is only reasonable to suppose that a major portion of this capital came from the earnings of the railway.

Hon. Mr. Farris: Listening to the debate, it seems to me that two issues are being somewhat confused. As I see them, those issues are: first, is it in the public interest that the Canadian Pacific Railway Company should be permitted to acquire these shares in this company? Is it a provident thing to do? It seems to me that that issue should not be confused with the other one which was raised by my honourable friend from Southern New Brunswick (Hon. Mr. McLean), which is that so far as collateral investments of railway companies are concerned, losses as well as profits should they be taken into consideration by the Transport Board in regulating freight rates? That is an exceedingly important question. It is also a controversial one; there are two sides to it; and I do not think the discussion of it involves any loss of time or profit on our part so long as we do not, when it comes to a vote, confuse the two issues. Whether this money is to be applied to the benefit of the shareholders generally, or whether it is to be applied specifically to reducing freight rates, is one question. In either case, if the investment proposed is a provident one, the prayer of this bill should be granted.

Hon. Mr. Bouffard: Honourable senators, we have had a longer discussion on this short bill than I anticipated, but I have learned several interesting things. As the honourable senator from Vancouver South has just stated, in dealing with this bill we are concerned only with a small saving that can be made on switching operations at Shawinigan Falls. I do not think we can decide this afternoon, when dealing with this private bill, what should be the investment policy of the CPR or the CNR. This is a matter to be decided upon by the government after it has received advice from the Board of Transport Commissioners and from other sources.

I should like to assure my honourable friend from southern New Brunswick (Hon. Mr. McLean) that the switching operations will be

carried out by the CNR and the CPR at cost, and any economy will be to the benefit of the railways. I can also assure my friend that if the \$62,500 is taken out of the earnings of the CPR, the benefits, if any, will go to "ordinary account", or the railway account of the CPR. Whether the railway is to buy these shares out of earnings or the special account is a matter to be decided by the board. In this instance it is more economical for the railways to handle the switching operations themselves than to have it done by a company which has nothing to do with the operation of railways.

The bill will go to committee where officials of both railways may be heard, and where the questions of honourable senators may be answered.

Hon. Mr. Leger: Honourable senators, I wish to say a few words to correct an impression which seems to have been created in the course of this debate, namely, that the Maritime freight rate is a gift to the Maritime Provinces. The Duncan Commission, which investigated the situation in the Maritimes, found that from 1912 until the date of the investigation, the freight rates in the Maritime Provinces had increased some 91 per cent, whereas in Central Canada and in other parts it had increased 51 per cent. In order to adjust this difference the Commission recommended a remission of 20 per cent in the freight rates to the Maritimes; but even with this we are paying a greater freight rate than the rest of Canada.

Hon. Mr. Robertson: Hear, hear.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Bouffard: Honourable senators, I move that this bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

CRIMINAL CODE BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill I, an Act to amend the Criminal Code.

He said: Honourable senators, this is not a lengthy bill. It provides for certain amendments to the Criminal Code, some of which are for the sole purpose of deleting from the Code certain sections which the government feels have become obsolete. Other amendments are for the purpose of tidying up certain provisions of the Code, while a third group have the effect of incorporating into the law improvements which have come to light in its administration over the years.

I shall group these amendments in the order in which I think they are related, and briefly outline their purpose.

Section 2 of the bill provides for the repeal of paragraph (b) subsection 1 of section 119 of the Criminal Code, which has been in operation for some time now and has to do with the restriction of the possession of firearms by aliens who do not hold permits. The incorporation of this paragraph in the Act is a duplication, because later in the Code there is a provision which covers the possession of firearms by all persons not holding permits. Therefore, it does not weaken the Code to delete paragraph (b) of subsection 1 of section 119; it simply removes a duplication.

Section 3 of the bill deals with the registration of firearms. In 1938 an amendment was made to the Criminal Code requiring that all firearms in the possession of Canadians be registered in 1939 and every five years thereafter. The first registration was made in 1939 and the next was to be made in 1944, but in the session of 1943-44 parliament passed an amendment requiring the next registration to be made in 1945, and every five years thereafter.

In 1945 this census or registration was made, but since then a provision has been incorporated in the Code calling for what one might term a running inventory of firearms in Canada. Therefore, the officials of the Royal Canadian Mounted Police have recommended to the government that the subsection requiring the registration of firearms every five years be abolished, and the government has seen fit to present the amendment proposed in the bill before us. It is felt that people who register the possession of firearms in the year of purchase might regard it as unnecessary to repeat the registration at the end of five years; therefore, it is proposed to repeal the subsection in question.

Next I wish to refer to sections 1, 4, 7 and 21. In this group section 4 is the substantive section, for it repeals Part III of the Criminal Code. Part III, which has been in the Code a long time, comprises sections 142 to 154, under the heading "Respecting the preservation of peace in the vicinity of public works." It relates to the control of weapons and liquor. As the explanatory note to the bill says, "The last time this Part was invoked was the 11th of June, 1928, in connection with the construction of the Hudson Bay Railway."

Hon. Mr. Leger: Is the fact that a section of the Criminal Code has not been used for years a reason for repealing it?

Hon. Mr. Hayden: I have not urged it as a reason for repeal; I am simply stating that the last time the Part was used was in 1928. The

sections in this Part are not in force except upon proclamation of the Governor in Council in relation to particular works.

Hon. Mr. Leger: The explanatory note says that the sections are no longer considered necessary.

Hon. Mr. Hayden: Yes. Having regard to available police protection, the government is of the opinion that these sections are now unnecessary.

Sections 1, 7 and 21 of the bill are consequential upon the repeal of Part III of the Code. Section 1 repeals the definition of "Part III". Section 7 repeals a number of sections which, in other parts of the Code, are ancillary to Part III. Section 21 repeals a number of sections which it would no longer be necessary to have in the Code after Part III was deleted.

We now come to section 5 of the bill, which relates to burglary of dwelling houses. Sections 457, 458 and 459 of the Criminal Code create two offences of burglary of dwellings. One, called burglary by day, is punishable by imprisonment up to 14 years; the other, called burglary by night, is punishable by imprisonment for life, and the person convicted of this offence is liable to be whipped. The dividing line between day and night, for the purpose of these sections, is 9 o'clock in the evening. The department, as a result of experience, has come to the conclusion that this distinction between day and night in relation to burglary should be done away with. I think that one of the impelling reasons for reaching that conclusion was a recent case in which a person was charged with having committed burglary by night. Although it was proved that he had broken into a place with intent to commit burglary, the evidence fell short of establishing that the offence was committed after 9 o'clock, and therefore he was acquitted. Section 5 of the bill would repeal the three sections of the Criminal Code that I mentioned and substitute therefor a new section 457, providing a single offence of burglary, regardless of the hour at which it may have been committed. It also provides for punishment by imprisonment up to life, and that the person convicted is liable to be whipped.

Hon. Mr. Leger: In other words, the punishment would be increased.

Hon. Mr. Haig: For daylight robbery, yes.

Hon. Mr. Hayden: Yes, the maximum punishment is increased, but the present control over sentences, as exercised through the Courts of Appeal and the Remissions Branch of the Department of Justice, makes it unlikely that unduly severe punishments will be imposed.

Section 6 of the bill deals with the offence of forgery. At the present time three sections in the Code, 468, 469 and 470, specify more than forty different types of forgery. The maximum punishment under section 468 is imprisonment for life; under section 469 it is imprisonment up to fourteen years; and under section 470, imprisonment up to seven years. Frankly, I find it impossible to relate the maximum sentences to the respective offences set out in these three sections. Now it is proposed to do a little streamlining by repealing these sections and substituting therefor one section providing a single maximum of 14 years imprisonment for anyone convicted of forgery, which offence is defined in the Code.

Section 8 of the bill adds a new subsection to section 641 of the Code. Under subsection 3 of that section, if the police have raided premises where gaming house operations were being carried on the magistrate may authorize the seizure and destruction of things found therein and apparently intended to be used for an illegal purpose. In one such instance the police found a teletype machine which was owned, not by the people operating the gaming house, but by a communications company. The magistrate ordered the destruction of that equipment, and his decision was upheld on appeal. The new subsection 4 makes it clear that, notwithstanding any other provisions in the Code, the court may not order the seizure or destruction of any telephone, telegraph or communication equipment found upon gaming premises and owned by a telephone or telegraph company or by any government telephone or telegraph system.

Section 9 of the bill provides an amendment whereby a magistrate may order that an accused person who is suspected of being mentally ill shall be remanded for observation. Under the present provision in the Code a magistrate conducting a preliminary inquiry has to follow a certain procedure before having authority to make such an order. In various provinces devious methods were followed to get the authority out of the hands of the federal government under the Criminal Code, and to put it under some provincial statute by which a magistrate could order an accused remanded for observation. Section 9 of the bill gives authority to the magistrate at the preliminary inquiry, if he has reason to believe that an accused is suffering from mental illness, to remand him for observation for a period not exceeding thirty days.

Section 10 of the bill seeks to correct a peculiar situation which was found to exist concerning the release of exhibits. In one criminal trial a revolver filed at the preliminary hearing was required for the purpose

of making ballistic experiments; but there was no provision in the Code under which its release could be ordered. This section of the bill authorizes a superior court judge or a county court judge to release an exhibit, upon terms which will safeguard the exhibit and prevent its mutilation.

Section 11 of the bill, which is a bit involved, will be of interest to all, particularly to lawyers. For some offences an accused person upon conviction before a magistrate has the right to launch an appeal. Under an amendment to the Criminal Code which parliament passed a few years ago, notice of that appeal could be served at any time within thirty days of the conviction. But the amendment did not go far enough, in view of the fact that another subsection of the same section provided that if a person was convicted fourteen days or more before the beginning of the sittings of the court to which his appeal lay, he must launch his appeal to the sittings of that court. The result was that many accused persons did not get the benefit of the thirty-day period. If an accused was convicted on March 1, and the sittings to which he would appeal commenced on March 16, his thirty-day period would be reduced to fifteen days, notwithstanding the fact that the same section of the Code said that he should have thirty days in which to appeal. Section 11 of the bill is for the purpose of reconciling the two subsections and relating the thirty-day period, and the sittings of the court appealed to, to the service of the notice of appeal rather than to the date of the original conviction.

Hon. Mr. Leger: Is the term not shortened to ten days?

Hon. Mr. Hayden: Not necessarily so. The bill provides that if the service is made ten days or more before the sittings of the court, the appeal must be heard at that sitting. Time runs from the date of service. In other words, if I made my service on the thirtieth day within which I had the right to appeal, the ten-day provision would apply, and I would have to go before the court sitting commencing within ten days. Time does not run against me in relation to the sittings of the court to which I must appeal until I serve my notice.

Hon. Mr. Aseltine: That is on an appeal from a summary conviction?

Hon. Mr. Hayden: Yes; where there is a trial *de novo* before a county court judge.

The effect of section 12 of the bill will be to shorten new trials when an appeal from a summary conviction is taken before a county court judge. At present, on such an appeal all the witnesses are brought before the judge,

and the case is heard all over again. By paragraph (a) of subsection 3 of section 12 a transcript of the notes of the evidence taken by the court stenographer on the original trial may, by consent of the parties, be used before the county court judge. Under paragraph (b) of the same subsection the court may use the transcript in its entirety if it is satisfied that the attendance of witnesses cannot be reasonably obtained; or under paragraph (c) as to formal matters if it is satisfied that the opposite party will not be prejudiced.

Hon. Mr. Aseltine: I do not like that provision as to formal matters.

Hon. Mr. Hayden: Well, there may be some things here with which I do not entirely agree.

Hon. Mr. Aseltine: I do not think my friend would agree with that provision.

Hon. Mr. Hayden: I am making a general explanation of the bill, knowing that in committee I will be able to voice my objections and make any suggestions I wish. I am inclined to the view that when a person has a right of appeal his consent should be required in relation to anything that may cause him to give up any of the absolute rights which he enjoys. I am not very happy about paragraph (c), but I do not think it is very important; I do not see how the court could go wrong as to what is of a formal nature and what is not.

Hon. Mr. Aseltine: The accused may not have been properly represented at the preliminary hearing, and there may not have been proper cross-examination of the witnesses. In those circumstances he would have to abide by what had taken place.

Hon. Mr. Hayden: Paragraph (c) reads as follows:

... if by reason of the formal nature of the evidence or otherwise the court is satisfied that the opposite party will not be prejudiced;

The court would look at the evidence tendered by the Crown, which might for instance be as to the consents necessary under some government prosecutions. Such a matter would be formal, and should the court go wrong in the matter of law, I suppose the accused would have a right of a further appeal. Frankly, I am not enamoured of the provision, but I do not speak more forcibly about it because I do not think it deals with the most important part of the section. The question of whether the accused was represented by a lawyer, and there was a proper opportunity for cross-examination is more important. But a transcript of the evidence could not be placed before the court unless the accused consented to it. I think the accused is protected under paragraph (a) of subsection 3.

Hon. Mr. Duff: May I ask my honourable friend how we got along for the past fifty years without the special legislation which he is introducing now?

Hon. Mr. Hayden: I suppose I might answer my friend by asking how we got along fifty years ago without the advanced medical science that we have today. We got along somehow, and the healthy survived. Under the Criminal Code as it was then many accused persons may have lost some of their rights because they could not afford a lengthy repetition of the trial. They would consider the cost, and decide not to appeal. But that does not prevent us from progressing and from streamlining our justice to the same extent that we have streamlined other matters.

Hon. Mr. Farris: Before my honourable friend leaves section 12, may I ask him if he is not exaggerating the effect of that section? All that it does is to allow a court stenographer to prove what happened at a summary trial. Is not that so?

Hon. Mr. Hayden: I am glad my friend has raised that point. In many cases where a court stenographer has taken the notes the magistrate has refused to certify the transcript. Under the existing section of the Code, the only way that the transcript of evidence taken at the trial could be submitted on appeal would be by producing the transcript and having it certified by the magistrate. That is an added reason for the amendment.

Hon. Mr. Farris: Is that not the only effect?

Hon. Mr. Hayden: Yes, although paragraphs (a) and (c) are new.

Hon. Mr. Farris: But they relate only to getting in the evidence of the stenographer.

Hon. Mr. Hayden: Yes. But I am pointing out that as the section stands, there is no way of getting in all the evidence taken before the justice unless the requirement in paragraph (b) of the present section is satisfied. It will be noted by reference to the opposite page that subsection 3 as it now stands simply provides that:

Any evidence taken before the justice at the hearing below, certified by the justice, may be read on such appeal, and shall have the like force and effect as if the witness was there examined if the court appealed to is satisfied by affidavit or otherwise that the personal presence of the witness cannot be obtained by any reasonable efforts.

Paragraph (a) enlarges that subsection in that it permits all the evidence, certified by the magistrate or by the court stenographer who has taken it, to be put in evidence and to have the consideration of the judges without any further condition.

Sections 13, 14 and 15 are formal. To adapt this portion of the Code to the situation wherein Newfoundland is part of Canada, it is necessary to correct some of the discrepancies and harmonize the references. It was not possible to do this last fall, when the matter was before us and I had the privilege of explaining the amendments.

Section 16 is a simple provision which gives power to a magistrate to require the attendance before him of a person who may be confined in prison somewhere in Canada when a proceeding is going on before such magistrate. Up to the present time that authority has extended only to a superior or a county court judge.

We come now to section 18. Those of you who read this morning's issue of the *Globe and Mail* will have found this item featured in its story of these amendments. I suggest to you, however, that actually this section is quite unimportant; it merely eliminates something which the government does not regard as consistent with our present criminal administration. It deals with moieties, and proposes the repeal of sections 1041, 1042 and 1043 of the Code. The explanation is simply this. Under those three sections, an informer who informed in respect of an offence therein referred to was entitled to be paid one-half of the penalty. Section 1041 deals with the possession of or the negotiating or attempting to negotiate what is called "uncurrent copper coin", that is, any copper coin other than that which is current for currency purposes. I think it will be admitted that this does not appear to be so very important a matter; and the government has decided that police forces and police methods have been developed to such an extent that the administration of justice can be carried on quite well without having an informer and providing for payment to him of a moiety of the penalty for an offence of this kind. Section 1042 deals with various offences relating to desertion from the Army, the Navy and the Air Force. Hitherto the Code has provided that a person who informed as to the whereabouts of a deserter, or where he had been harboured, would be entitled to receive one-half of the penalty imposed upon a conviction for desertion. That section is to be repealed.

Section 1043, dealing with the same application of fines for offences in relation to cruelty to animals, is being repealed, and for the same reason, namely that it is felt that police methods are adequate to deal with these matters without relying on informers.

Hon. Mr. Reid: In connection with section 17, does the word "prison" include penitentiaries?

Hon. Mr. Hayden: Oh, yes. "Any prison" means just what it says.

Hon. Mr. Reid: Any penitentiary?

Hon. Mr. Hayden: Yes.

Section 19 of the bill also is very simple. Several years ago, when we passed an amendment to the Criminal Code dealing with what are called criminal sexual psychopaths, we provided that at the trial of such a person the Minister of Justice should designate a psychiatrist who would give evidence of his opinion as to the condition of the accused. In practice that provision has proved very cumbersome. Suppose a trial is going on in some city or town or village, it may be necessary to wire or write to the Minister of Justice and have him designate a psychiatrist. This is an awkward way of proceeding; and as the criminal administration is in the hands of the provinces, and the authority to select a psychiatrist pertains to the Minister of Justice, of course the provincial authorities are always ready to say, "You appointed this man; you should pay him." The amendment substitutes "Attorney General" for "Minister of Justice".

Hon. Mr. Reid: There is nothing in the law which says someone should examine the psychiatrist!

Hon. Mr. Hayden: No—except counsel for the accused.

May I now briefly refer to section 20 of the bill. Tied in with it are sections 17, 22 and 23. Section 20 inserts in the Criminal Code a section to bring into one place the provisions dealing with the commencement of sentence, and subsection 5 makes it clear that where a person applies for leave to appeal the same consequences follow under the Code as if it were an appeal.

Hon. Mr. Farris: Why the difference between subsections 2 and 4?

Hon. Mr. Hayden: May I answer that question as soon as I finish the factual explanations? Somewhat similar provisions are found in three statutes dealing with commencement of sentences—namely, the Criminal Code, the Penitentiary Act, and the Prisons and Reformatories Act. The department finally caught up with the situation and concluded that the confusion which results from the use, in three federal statutes, of varying language, probably aimed at the same effect, is such that all the provisions should be put in one statute. So these provisions dealing with commencement of sentences are to be placed in one section of the Code; and sections 17, 22 and 23 will provide for the repeal of the existing sections dealing with commencement of sentences

which now appear in the Code, the Penitentiary Act, and the Prisons and Reformatories Act.

Hon. Mr. Aseltine: Does not section 1 of 1054B change the law?

Hon. Mr. Hayden: I do not think so.

Hon. Mr. Aseltine: It states that "all sentences shall commence from the date of sentence."

Hon. Mr. Hayden: I am sorry I have missed the honourable senator's point. What is it?

Hon. Mr. Aseltine: I thought that that section made a change in the law, because in many sentences the time served while waiting for trial is taken off.

Hon. Mr. Hayden: As I understand it, when a man is detained in custody before trial because he is unable to get bail, or because the offence is such that bail is not granted, or for whatever reason, it is a matter for the trial judge in passing sentence to order whether the time spent in custody prior to conviction shall be deducted from the prison term.

Hon. Mr. Haig: What about section 2?

Hon. Mr. Hayden: This subsection reads:

The time during which a person convicted is admitted to bail pending the determination of any appeal . . .

It deals only with the commencement of sentence. Now, then, we have the conviction and the sentence. If the man appeals and is detained in jail pending the determination of his appeal, the time so spent does not count unless the court of appeal, in dealing with the matter of sentence, decides that it shall count.

Hon. Mr. Farris: That is all right, but I do not understand why it is different in section 4.

Hon. Mr. Hayden: Well, let us have a look at it. It reads:

Where a person is sentenced to imprisonment in a penitentiary, no time spent in gaol or other place of confinement prior to the expiration of the time limited for appeal, shall count as part of any term of imprisonment under his sentence, but if he gives to the committing magistrate or other proper officer a written notice of his election not to appeal, any time spent in custody thereafter shall count as part of the term of imprisonment under his sentence.

This is not new; it seems to me that it has been in the Code for some time. I think its purpose was to have the person, who was convicted and sentenced, hasten his decision to either appeal or to sign what is called a consent, or a statement to the effect that he is not going to appeal.

Hon. Mr. Farris: Why should there be a difference between section 2 and section 4?

Hon. Mr. Hayden: Under section 2 this remains at the discretion of the judge.

Hon. Mr. Farris: Yes, but it is not found in section 4.

Hon. Mr. Hayden: No, because under section 4 the judge has no discretionary powers and it is that period, which might be called interregnum, when the man has been convicted and sentenced and there are no further processes of law except to put him in jail until such time as his period for making an appeal runs out. As I understand it, the purpose of section 4 is to hasten his decision to appeal or to do otherwise.

Hon. Mr. Aseltine: I presume this bill will be sent to committee, where a more detailed explanation may be given this section and the one to which I have objected.

Hon. Mr. Hayden: I certainly intend to move to refer this bill to committee, but I do not know whether a more detailed explanation of these sections is available. I have been wondering whether I have not been giving a too-detailed explanation at this time. The provisions themselves are perfectly clear and, as I understand it, the question raised by my honourable friend from Vancouver South (Hon. Mr. Farris) is not as to whether the sections are clear but as to why there should be differences between one section and another.

Hon. Mr. Reid: Does section 4 apply only to a person sentenced to a penitentiary and not to a county jail for, say, one year?

Hon. Mr. Hayden: That is right, because first of all he is taken from the court to the local jail and is then transferred to the penitentiary; but he is not transferred to the penitentiary until his time for appeal has expired.

Hon. Mr. Reid: Then it would not apply to a person sentenced to less than two years?

Hon. Mr. Hayden: No. Section 4 only applies to a person sentenced to penitentiary.

Honourable senators, it is intended that these amendments shall come into force on the 1st day of May, 1950. I trust that my explanations have not been too lengthy, and I hope you will not think I have taken advantage of the situation to attempt a lecture on criminal law, because there are others here who could do that in a most capable manner. I have merely attempted to outline what may result if these amendments are put into force; I have even refrained from incorporating any of my own opinions about the subject matter.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hayden moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill J, an Act for the relief of Doris Joan Guest Rigg.

Bill K, an Act for the relief of Cora Elizabeth Jamieson Southam.

Bill L, an Act for the relief of Audrey Brenda Holmes Burnet.

Bill M, an Act for the relief of Barbara Edna Brownrigg Johnson.

Bill N, an Act for the relief of Aili Katriina Salokannel Martel.

Bill O, an Act for the relief of Velma Elizabeth Buchanan Lowson.

Bill P, an Act for the relief of Gladys Harriet Hassall Thom.

Bill Q, an Act for the relief of Elisabeth Mavis Cann Jousse.

Bill R, an Act for the relief of Eric Lacate.

Bill S, an Act for the relief of Dorothy Margaret May Harris McCormick.

Bill T, an Act for the relief of Sigrid Denston Day.

Bill U, an Act for the relief of Beatrice Campbell McClay.

Bill V, an Act for the relief of Catherine C. Goodrow Rogers.

Bill W, an Act for the relief of Miriam Roberta Weir Caryer.

Bill X, an Act for the relief of Marjorie Frances Murphy Cozzolino.

Bill Y, an Act for the relief of Mary Thomson Cadieux.

Bill Z, an Act for the relief of Veronica Pearl Faulkner MacKenzie.

Bill A-1, an Act for the relief of Elizabeth Hampshire Ayton Reilley.

Bill B-1, an Act for the relief of Sybil Elliott Karr Boulanger.

Bill C-1, an Act for the relief of Mary Kennedy Dunn Anderson.

Bill D-1, an Act for the relief of Albert Ernest Curtis.

Bill E-1, an Act for the relief of Annie Swales Barber.

Bill F-1, an Act for the relief of Rebecca Catherine Pitts Duquette.

Bill G-1, an Act for the relief of Edith Mary Stone Ryan.

Bill H-1, an Act for the relief of Pearl Greenspan Abramovitz.

Bill I-1, an Act for the relief of Harry Rudner.

Bill J-1, an Act for the relief of Dorothea Joan Lawrence Gamble.

Bill K-1, an Act for the relief of Walter St. Andre Bawn.

Bill L-1, an Act for the relief of Alison Hamilton Brown Weldon.

Bill M-1, an Act for the relief of Hazel May Wilkie MacLeod.

Bill N-1, an Act for the relief of William Gordon Cascadden.

Bill O-1, an Act for the relief of Romeo Lefebvre.

Bill P-1, an Act for the relief of Kathleen Veronica Thompson Davidson.

Bill Q-1, an Act for the relief of Joseph Arthur Winsorlow Brisebois.

Bill R-1, an Act for the relief of Margaret May Tuck Reicker.

Bill S-1, an Act for the relief of Mabel Kearley Budgell.

The motion was agreed to and the bills were read the second time, on division.

BUSINESS OF THE SENATE

BANKING AND COMMERCE COMMITTEE

Hon. Mr. Robertson: I would remind honourable senators that the Banking and Commerce Committee will meet when the Senate rises today. This is in pursuance to the undertaking which I gave to the members of the heavily-burdened Divorce Committee, that our legislative committees would not consider any bills in their absence.

EASTER RECESS

Hon. Mr. Duff: May I have the temerity to ask the honourable leader if he has given any consideration to when and for how long this honourable house will adjourn for the Easter recess? We who come from the far corners of Canada have considerable difficulty obtaining reservations in order to get to our homes. I have a little garden in which I want to plant some tomatoes and cucumbers, and if I do not know when I am going to be home my gardening may not be done. Surely the honourable leader would be good enough to give us some information. Last week the leader of the government in another place did not hesitate to tell the members of that house when their adjournment would take place and how long a recess they would have, so I think we should be informed here when we can go home and when we must return.

Hon. Mr. Robertson: I am happy to reply to my honourable friend because I have a gardening problem equal to if not greater than his, and I too am anxious to know when I can go home.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: I am always in the position that anything I may say may be held against me, and it is not always possible to predict whether we can carry out any proposals that I may make. I do not hesitate to say, however, that the Senate will not sit while the House of Commons is in recess, and my real problem is as to how far our recess may be extended beyond that of the other house. I understand that they plan to adjourn on Holy Thursday and resume sitting a week from the following Monday. I am hopeful that we may be able to adjourn four or five days before that time. If in the

near future it looks as though we shall have completed our immediate business before March 31, I shall propose that we adjourn on that date.

Hon. Mr. Duff: That would leave me stranded in Halifax over Sunday, and I would not want that.

Hon. Mr. Robertson: I cannot go any further at this time. I would suggest to my honourable friend that as he is one of the most faithful attendants of the sittings of the Senate, he might consider leaving Ottawa a little earlier and thus avoid staying in Halifax on a Sunday.

Hon. Mr. Duff: That would mean a loss of \$37.50, and I could not afford that.

Some Hon. Senators: Oh, oh.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 22, 1950

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

Prayers and routine proceedings.

BANKING AND COMMERCE COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. Robertson: Honourable senators, with leave of the Senate, I move that the name of the Honourable Senator Pirie be added to the list of senators serving on the Standing Committee on Banking and Commerce.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. W. M. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill T-1, an Act for the relief of Zina Sarah Fletcher Tannenbaum.

Bill U-1, an Act for the relief of Fred Marcus.

Bill V-1, an Act for the relief of Belva Rubin Bercusson.

Bill W-1, an Act for the relief of Reginald E. Martin.

Bill X-1, an Act for the relief of Dora Moore Holland Towers.

Bill Y-1, an Act for the relief of Betty Benditsky Kursner Kobernick.

Bill Z-1, an Act for the relief of Elizabeth Goodman Goldberg.

Bill A-2, an Act for the relief of Helene Eugenie Hortense Holmes Said.

Bill B-2, an Act for the relief of Amanda Doris Drachler Segalowitz, otherwise known as Amanda Doris Drachler Selton.

Bill C-2, an Act for the relief of Florence Druckman Oliver.

Bill D-2, an Act for the relief of Albert Gedeon Martin.

Bill E-2, an Act for the relief of Brandel Avrutick Cutler.

Bill F-2, an Act for the relief of Freda Geraldine Rodgers.

Bill G-2, an Act for the relief of Hattie May Dawson Wood.

Bill H-2, an Act for the relief of Marie Yvonne Bouchard O'Rourke.

Bill I-2, an Act for the relief of Ethel Margaret Murphy Watson.

Bill J-2, an Act for the relief of Clifford Willis Collins.

Bill K-2, an Act for the relief of Alfred Beatty Harris.

Bill L-2, an Act for the relief of Claire Jeanne D'Arc Sagala De Montignac.

Bill M-2, an Act for the relief of Nora Maria De Montignac Des Jardins.

Bill N-2, an Act for the relief of Rita Annie Wylie Morrow.

Bill O-2, an Act for the relief of Olga Veleky Stepanovitch.

Bill P-2, an Act for the relief of Beatrice Norma Sabbath Finestone.

Bill Q-2, an Act for the relief of Adele Kuznetz Paquette.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, next sitting.

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third reading of the following bills:

Bill J, an Act for the relief of Doris Joan Guest Rigg.

Bill K, an Act for the relief of Cora Elizabeth Jamieson Southam.

Bill L, an Act for the relief of Audrey Brenda Holmes Burnet.

Bill M, an Act for the relief of Barbara Edna Brownrigg Johnson.

Bill N, an Act for the relief of Aili Katriina Salokannel Martel.

Bill O, an Act for the relief of Velma Elizabeth Burchanan Lowson.

Bill P, an Act for the relief of Gladys Harriet Hassall Thom.

Bill Q, an Act for the relief of Elisabeth Mavis Cann Jousse.

Bill R, an Act for the relief of Eric Lacate.

Bill S, an Act for the relief of Dorothy Margaret May Harris McCormick.

Bill T, an Act for the relief of Sigrid Denston Day.

Bill U, an Act for the relief of Beatrice Campbell McClay.

Bill V, an Act for the relief of Catherine C. Goodrow Rogers.

Bill W, an Act for the relief of Miriam Roberta Weir Caryer.

Bill X, an Act for the relief of Marjorie Frances Murphy Cozzolino.

Bill Y, an Act for the relief of Mary Thomson Cadieux.

Bill Z, an Act for the relief of Veronica Pearl Faulkner MacKenzie.

Bill A-1, an Act for the relief of Elizabeth Hampshire Ayton Reilley.

Bill B-1, an Act for the relief of Sybil Elliott Karr Boulanger.

Bill C-1, an Act for the relief of Mary Kennedy Dunn Anderson.

Bill D-1, an Act for the relief of Albert Ernest Curtis.

Bill E-1, an Act for the relief of Annie Swales Barber.

Bill F-1, an Act for the relief of Rebecca Catherine Pitts Duquette.

Bill G-1, an Act for the relief of Edith Mary Stone Ryan.

Bill H-1, an Act for the relief of Pearl Greenspan Abramovitz.

Bill I-1, an Act for the relief of Harry Rudner.

Bill J-1, an Act for the relief of Dorothea Joan Lawrence Gamble.

Bill K-1, an Act for the relief of Walter St. Andre Bawn.

Bill L-1, an Act for the relief of Alison Hamilton Brown Weldon.

Bill M-1, an Act for the relief of Hazel May Wilkie MacLeod.

Bill N-1, an Act for the relief of William Gordon Cascadden.

Bill O-1, an Act for the relief of Romeo Lefebvre.

Bill P-1, an Act for the relief of Kathleen Veronica Thompson Davidson.

Bill Q-1, an Act for the relief of Joseph Arthur Winsorlow Brisebois.

Bill R-1, an Act for the relief of Margaret May Tuck Reicker.

Bill S-1, an Act for the relief of Mabel Kearley Budgell.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from Friday, March 17, the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. Golding for an Address in reply thereto.

Hon. G. H. Ross: Honourable senators, I wish in the first place to join with those who have preceded me in complimenting the mover (Hon. Mr. Golding) and the seconder (Hon. Mr. Veniot) of the Address. The mover has had a vast experience both in the business world and in the other place, so naturally we expected much of him, and we were not disappointed. As to the seconder, I presume he spoke well in French, but I have asked him next time he speaks in the house to use Parisian French, because a number of us do not understand Acadian French too well.

Hon. Mr. Leger: There is no difference.

Some Hon. Senators: Oh, oh.

Hon. Mr. Ross: I have no doubt that he spoke well in Acadian French, because when he undertook to speak in English he made an excellent job of it.

Honourable senators, I am concerned about the way freight rates have been pyramiding in western Canada, and from the lively discussion which took place yesterday on the simple bill introduced by the honourable senator from Grandville (Hon. Mr. Bouffard), I gather that other honourable senators are equally interested in this question.

I have given this matter much thought, and have come to the conclusion that plans for the amalgamation of the two railway systems should be worked out. The first duty of the company operating the combined system would be to put into effect all measures of co-operation which could be adopted to effect savings by eliminating waste and duplication of service.

Mr. E. W. Beatty, former president of the Canadian Pacific Railway Company, in an address delivered before the Canadian Political Science Association in Montreal on May 22, 1934, advocated that, in order to put an end to the waste of competition, the two railway systems—the Canadian National and the Canadian Pacific—should be unified under the control of the CPR for the purposes of administration only. He said:

As the result of an exhaustive analysis of the accounts by our officers, I have stated that under the form of unification proposed there would be a saving of seventy-five million dollars in a year of normal traffic, which amount would be increased as the trade of the country expanded in future years.

Later in the same address Mr. Beatty, in referring to the estimated saving of \$75 million a year, said:

Estimates of those savings were made at various times by the late Lord Shaughnessy, by the late Sir Henry Thornton, by Mr. Fairweather, Economist of the Canadian National Railway, and by the present officers of the Canadian Pacific. These submissions can be regarded with respect as the fruits of deep study, conducted by men of experience. All of their estimates, though made at different times, are very similar in result. The estimate presented by the Canadian Pacific to the Royal Commission was examined and analyzed by independent railway economists of standing and repute in the United States, and was pronounced unassailable.

Consequently, in the opinion of those who should know best, very substantial economies could be worked out under a unified system. I should point out here that since Mr. Beatty delivered that address some minor co-operative measures have been put into effect under the Canadian National-Canadian Pacific Act of 1933, but the economies effected were comparatively small.

For the past seventy years national policy in Canada has required that the railroads be built east and west, and has maintained high protective tariffs in order to channel

trade through Canada and keep out American goods. In what I am about to say I am not approving or condemning that policy. I am merely reminding honourable senators of what Canada's national policy has been, and I desire to point out how it affects areas without water competition, particularly the prairie provinces.

At about the time of confederation, Canadian railways applied to the Canadian Government for franchises to enter the Canadian prairies through the United States. But Canadian national policy would not permit it. American railways also tried to get such franchises and were refused.

As a result of the Canadian national policy which required the railways to build east and west throughout Canada it became necessary for each of three roads in building transcontinental lines to bridge a thousand miles of waste land north of Lake Superior. Such construction and maintenance make high freight rates necessary.

Now if we wish to produce in the West, far from markets, we must expect to have to pay reasonable charges for getting our products to market. But Canada pursues a policy which requires us to pay excessive transportation charges on what we buy and sell. As these excessive charges are imposed in the interest of the national economy of the whole of Canada, they should be borne by Canada as a whole.

Railway construction costs on the prairies are low, owing to the nature of the terrain: gradients are easy, and there are few cuts and fills. There are no rock slides, there is little or no snow removal; and the life of wooden ties and structures is long, by reason of the dry climate. Yet freight rates are higher on the prairies than in Ontario and Quebec.

To illustrate: in many cases the freight for shipments of goods is lower between Toronto and Vancouver than between Toronto and Calgary, notwithstanding that goods shipped via the Canadian Pacific Railway would have to pass through Calgary and be carried 600 miles further over a mountainous road. For example, according to a newspaper dispatch, the Toronto-Vancouver rate on canned meats is less than one-half the Toronto-Calgary rate.

The cost of shipping for a greater distance should in no case be less than the cost of shipping for a shorter distance over the same route.

The Board of Transport Commissioners for Canada fixes maximum rates for the railways. The railways are free to reduce those rates to meet competition. They do reduce

them in parts of Eastern Canada, to meet competition, particularly from water. This has been the practice for some time.

In 1948 the railways were allowed to raise their rates by 21 per cent. They took full advantage of this where there is no water competition. Where there is competition they depressed their rates to meet it. As a result of the 1948 and former hoists, freight rates on the prairies were approximately 15 per cent higher than rates in Ontario and Quebec, where there is water competition. Two boosts in freight rates have recently been allowed in addition to the 21 per cent raise awarded in 1948. The rates in the prairie provinces already being higher than in Ontario and Quebec, the last horizontal raise of 16 per cent imposes a greater burden on the prairie provinces than on Ontario and Quebec. The combined boosts on the prairies amount to an increase of more than 40 per cent over wartime rates on the traffic to which they apply. As the *Ottawa Journal* pointed out in reporting the last two increases:

The railways are expected to apply the increases to the full extent of the award except on competitive rates—those that have been depressed to meet competition—on which they likely will modify any rises in accord with competitive factors.

This means that the prairies, already paying excessive rates, will have to bear the raise to the full extent. Other parts of Canada, having water competition, will not have to bear their full share of the raise, and as a result the Canadian Pacific Railway cannot get the full revenue contemplated by the raise.

What will happen? According to the press it has already happened. The CPR is applying for a still further increase of rates. If they get it, the prairie provinces will have to bear the biggest share of the added burden. And so rates continue to spiral in the prairie provinces.

In future the competition from trucks and airships is bound to be much greater than in the past. This will have the effect of diverting traffic from the railways, and will lead to demands for still higher rates. Where is this pyramiding of rates going to end?

I am sure that the people in those portions of Ontario and Quebec which benefit by water competition do not wish to be unfair to the prairies. They expect us to pay for the longer haul occasioned by reason of our being farther from markets than they are. This attitude is quite proper. But I do not think they will expect us to pay higher freight on the prairies, where the cost of railway construction is lighter than in other parts of Canada where the cost of rail construction is much heavier.

Furthermore, Canada's national policy of east-west traffic and high tariffs has not been helpful to us on the prairies, as the added burden nets us a smaller price for the products we sell outside, and requires us to pay more for what we buy abroad. The policy may be beneficial to Canada as a whole, but it certainly is of no benefit to the Prairie Provinces; and I do not believe the other provinces will expect us to pay the excess freight rates occasioned by that policy. As the policy has been carried out for the benefit of Canada as a whole, Canada as a whole should pay for it. I do not think anyone should quarrel with that statement.

What is the remedy?

Canada has already paid high subsidies to the railways in order that they might be built and operated with low freight and passenger rates. We might pay them further subsidies out of the general revenue of Canada, so that they could carry on at reduced rates, or we might amalgamate the railways and turn the CNR over to the CPR to be operated as a unified system, as suggested by Mr. Beatty.

However, the people of Canada would revolt at either of these proposals. I well remember that back in the depression days of 1913 and 1914 the farmers and labourers of Canada were fearful of the influence wielded by the railway companies throughout Canada, and denounced them as an octopus of far-reaching capacity for harm. Should the railways throughout Canada be operated and controlled by any company or individual other than a government board, the whole country would raise an uproar. They would not stand for it.

An alternative course would be to impose taxes or other burdens on common carriers—such as ships using the waterways, trucks using the highways, or aircraft using the airways. Such burdens would have to be made so heavy that the railways could successfully compete with the other carriers. This would impose such a tremendous burden on producers in all parts of Canada, particularly on those producing for export, that in many cases it might become impossible for them to compete in world markets.

Such a policy, aimed at diverting to the railways traffic from ships, trucks and airplanes transporting for hire, would defeat its own purpose, as large dealers, barred from using carriers for hire, would buy and use their own trucks and other means of transportation.

Another alternative plan, and the plan which I think should be carried out, is as follows:

1. The Canadian Pacific Railway should be nationalized and amalgamated with the Canadian National Railways and operated by the people of Canada for the benefit of the Canadian economy as a whole.

2. In fixing freight rates, regard should be had to rates on water, on the highways and in the air. Probably the traffic should pay operating expenses, maintenance and repairs. It should not be expected to pay interest on the investment. That would have to be taken care of out of general revenue.

3. Should there be any profit over and above operating expenses, maintenance and repairs, it could be paid into the general revenue fund of Canada: any losses would have to be paid out of that fund.

Under this plan, no undue burden would be imposed on any part of Canada. It would work out fairly to all sections. Furthermore, it would be helpful to all producers in Canada, as it would provide lower freight rates and thus give Canadian producers for export an advantage over their competitors that they do not now have.

To the people in the prairie provinces this is a very serious problem. It is a serious problem to people in all parts of Canada. We must face it sooner or later. Let us deal with it now.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Turgeon the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, March 23, 1950

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

Prayers and routine proceedings.

APPROPRIATION BILL NO. 1

FIRST READING

A message was received from the House of Commons with Bill 14, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1950.

The bill was read the first time.

The Hon. the Speaker: When shall the bill be read the second time.

Hon. Mr. Robertson: With leave of the Senate, next sitting.

APPROPRIATION BILL NO. 2

FIRST READING

A message was received from the House of Commons with Bill 15, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1951.

The bill was read the first time.

The Hon. the Speaker: When shall the bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen, for the Chairman of the Standing Committee on Miscellaneous Private Bills (Hon. Mr. Bouffard), presented the report of the committee on Bill E, an Act respecting the Limitholders' Mutual Insurance Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of the 14th of March, 1950, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. Hugessen moved that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

TERRITORIAL LANDS BILL

REPORT OF COMMITTEE

Hon. Mr. Farris presented the report of the Standing Committee on Banking and Commerce on Bill C, an Act respecting Crown Lands in the Yukon Territory and the Northwest Territories.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill C, an Act respecting Crown Lands in the Yukon Territory and the Northwest Territories, have in obedience to the order of reference of February 27, 1950, examined the said bill and now beg leave to report the same with the following amendment, namely:

Page 9, line 40: After "purposes" insert ", and for any other purpose that he may consider to be conducive to the welfare of the Indians."

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

Hon. Mr. Farris: Next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. Turgeon presented Bill R-2, an Act to amend the Canadian Red Cross Society Act.

The bill was read the first time.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill T-1, an Act for the relief of Zina Sarah Fletcher Tannenbaum.

Bill U-1, an Act for the relief of Fred Marcus.

Bill V-1, an Act for the relief of Belva Rubin Bercusson.

Bill W-1, an Act for the relief of Reginald E. Martin.

Bill X-1, an Act for the relief of Dora Moore Holland Towers.

Bill Y-1, an Act for the relief of Betty Benditsky Kursner Kobernick.

Bill Z-1, an Act for the relief of Elizabeth Goodman Goldberg.

Bill A-2, an Act for the relief of Helene Eugenie Hortense Holmes Said.

Bill B-2, an Act for the relief of Amanda Doris Drachler Segalowitz, otherwise known as Amanda Doris Drachler Selton.

Bill C-2, an Act for the relief of Florence Druckman Oliver.

Bill D-2, an Act for the relief of Albert Gedeon Martin.

Bill E-2, an Act for the relief of Brandel Avrutick Cutler.

Bill F-2, an Act for the relief of Freda Geraldine Rodgers.

Bill G-2, an Act for the relief of Hattie May Dawson Wood.

Bill H-2, an Act for the relief of Marie Yvonne Bouchard O'Rourke.

Bill I-2, an Act for the relief of Ethel Margaret Murphy Watson.

Bill J-2, an Act for the relief of Clifford Willis Collins.

Bill K-2, an Act for the relief of Alfred Beatty Harris.

Bill L-2, an Act for the relief of Claire Jeanne D'Arc Sagala De Montignac.

Bill M-2, an Act for the relief of Nora Maria De Montignac Des Jardins.

Bill N-2, an Act for the relief of Rita Annie Wylie Morrow.

Bill O-2, an Act for the relief of Olga Veleky Stepanovitch.

Bill P-2, an Act for the relief of Beatrice Norma Sabbath Finestone.

Bill Q-2, an Act for the relief of Adele Kuznetz Paquette.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: When shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, I move that these bills be read a third time now.

The motion was agreed to, and the bills were read the third time and passed, on division.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The senate resumed from yesterday, the consideration of His Excellency the Governor-General's Speech at the opening of the session, and the motion of Hon. Mr. Golding for an Address in reply thereto.

Hon. Gray Turgeon: Honourable senators, it is my intention today to take the liberty of discussing some of the features of the international situation. Before doing so I wish, in keeping with a tradition of the Canadian parliament, to pay tribute to the mover (Hon. Mr. Golding) and the seconder (Hon. Mr. Veniot) of the Address in reply to the Speech from the Throne. I do so not only because it is a tradition, but because I feel that a compliment is particularly deserved by the honourable senator for Huron-Perth (Hon. Mr. Golding) for the manner in which he emphasized the success of individual pioneer efforts. He brought to mind the human rewards which naturally flow from such endeavours in a free country.

I wish also to express a word of admiration for the honourable senator from Gloucester (Hon. Mr. Veniot), not only because Gloucester happens to be the place of my birth, which took place some time before I went to British Columbia, but because of the excellent manner in which he dealt with the subject matter of his address. Because I was born, as I say, in New Brunswick, on the Atlantic fishing coast, and now live in and represent an area in British Columbia on the Pacific fishing coast, I take this opportunity to express my

appreciation of the manner in which the honourable senator summed up the many things that have been done for the fishing industry. He showed clearly what private enterprise can do and how a democratic government can properly give assistance to industry.

Much has been done by the Honourable Robert W. Mayhew, Minister of Fisheries, who comes from British Columbia. Those of us from this honourable body who last evening attended the banquet of the Fisheries Council of Canada, heard a resolution passed by that council repeating the tributes paid by the honourable senator for Gloucester to the Minister of Fisheries for the great work he has done in directing the activities of his department.

I said that I wished to say a few words about the international situation and the part that Canada has been playing and must continue to play internationally. I am taking the liberty of making a suggestion having an implication which, unless I clearly indicate why I am making it and what, if carried out, it could accomplish, will, I fear, bring disagreement. I want to talk particularly about the work of the Atomic Energy Commission, and what representatives of the democratic countries are trying to do to prevent the use of hydrogen and atomic bombs in war. First let me give my suggestion, and then some of the thoughts that have occurred to me in pondering this problem.

My suggestion is that one of the democratic countries should indicate a desire to have a meeting of the Atomic Energy Commission—which as you know consists of the five Great Powers and Canada—or of the Security Council sitting with the Atomic Energy Commission—which also would include a representative of Canada—without the presence of a representative of China. I know that this proposal will be misunderstood. But I would go further and express the hope that the Chinese delegate to the United Nations at Lake Success would declare the willingness of the Chinese Nationalist Government that such a meeting be held without the attendance of the Chinese representative.

May I digress for a moment to say a few words with respect to the feelings which the invention of atomic and hydrogen bombs have aroused in Canada and other democratic countries. One notices the prevalence of a belief among our own people that all governments, not merely that of the Soviet Union, are unconcerned as to whether these bombs should be used. Among Canadians generally there exists a fear of war and, more particularly, of what will happen if we are attacked with hydrogen or atomic bombs. Closely linked with these apprehensions is a dread, which I would call spiritual, that unless preventive measures are taken the time will

come when we Canadians will be forced to use these poisonous, execrable weapons against people of other lands who happen to be our enemies. I venture to say that the spiritual fear that we shall have to use these weapons is even stronger than the fear that they will be used against us.

There is another misapprehension under which many people are living. There is an idea that the fear of the democratic nations—Canada, the United States, the United Kingdom and France—concerning the hydrogen bomb, has existed only since it has become common knowledge that from 1947 Russia has been making atomic bombs. This idea is false and completely unfounded. The records of the United Nations Assembly meetings and various world conferences show conclusively that as far back as 1945, long before Russia had any of the scientific knowledge necessary to even contemplate the production of an atomic bomb, President Truman of the United States, Prime Minister Atlee of the United Kingdom and the then Prime Minister of Canada, Mackenzie King, suggested that something should be done to make it impossible for any nation to use atomic bombs. They went even further, and expressed a willingness to give to the world at large all the atomic information they possessed so that atomic energy could be devoted to peaceful purposes.

Through conversations, letters, and articles in the press, I find there is also a feeling that what we call the cold war—this great cleavage between the Soviet Union and the democratic countries of the world—is simply an antagonism which has developed between the Soviet Union and the United States. Many resolutions passed by Canadian associations have contained not only denunciations of the activities of Soviet agents in Canada, but also statements to the effect that the people of the world are being torn apart by the conflict between Russian communism and American capitalist imperialism. The general thought of various Canadian associations is that all this trouble arises from a conflict between Russia and the United States. Naturally, the members of the Soviet government circulate this idea. For instance, we read in Russian newspapers that Truman is advancing the doctrine of Wall street. Well, honourable senators know that there is not much affinity of purpose between Wall street and President Truman. Yet, this thought, expressed by organs and individuals of the Soviet Union, is becoming effective in Canada as an argument in support of the contention that this whole trouble is one between the United States and the Soviet Union.

A few moments ago I said that in 1945 Great Britain, the United States and Canada offered to give to the world, including Russia, the secret of atomic power; and yet it was

only after President Truman announced a few months ago that an atomic explosion had taken place in Russia, that the Soviet Union declared that she had produced atomic bombs in 1947. During all that time, when the Atomic Energy Commission had been endeavouring to solve the world's atomic problem, everyone knew that the United States had a stockpile of atomic bombs and that Canada possessed the uranium essential to the production of atomic bombs; yet the United States and Canada were two of the countries desirous of forming an agreement to prevent the use of atomic bombs.

Honourable senators, I believe there are two great barriers in the way of reaching a solution to this problem. One barrier is the attitude of Russia. Without the co-operation of Russia there will be no solution to prevent the use of atomic or hydrogen bombs, and without Russian co-operation the only recourse will be an increased determination on our part to make certain that if war does come we shall have the bombs and other weapons, regardless of how poisonous and malicious they are, to frustrate any country that starts an aggressive war upon us or any nation with which we are allied.

I am one of those who really are afraid that war will come, and yet I am so anxious to see something positive done to prevent the use of atomic weapons that I make the recommendation that the Atomic Energy Commission should sit without the presence of a representative of Nationalist China. When I say that I fear war will come, I am basing that fear upon the inability of our countries to reach an agreement on any of the vitally important matters that have come before them. The law of self-preservation is not restricted to the individual but attaches itself to what we call a state or country. If a country is at war and there is fear that the enemy will use atomic or hydrogen bombs, or any other infamous weapons of war, then the law of self-preservation would cause that country to use whatever weapons it had to destroy its enemy. But we must remember that Russia says that under no consideration will the Soviet Union enter into a discussion on any topic with the governments of other countries if the present government of China is represented at that conference.

What we have to ask ourselves is whether we are going to allow that condition to continue. Are we going to say to Russia that we will not enter into any conference with her on prevention of the use of atomic weapons in the event of war, unless China also is represented at that conference?

May I digress again? I would be opposed to the recognition of the communist government of China at this moment. What will happen in the future, God alone knows; but

in my opinion, and I think in the opinion of many, the communist government of China is entirely under military control.

Hon. Mr. David: Hear, hear.

Hon. Mr. Turgeon: Anything might happen. To my mind—and I speak humbly as a citizen—there is no reason why any of our democratic countries should jump to conclusions and seek to bring about a general recognition of the communist government of China. But there is every reason why the governments of democratic countries should take all possible steps to make certain that if war does come atomic weapons will not be used—either by others against us or by us against others.

I have pointed out that in my opinion the first barrier to settlement of this problem is the refusal—the unjust refusal, if you wish—of the Soviet Union to participate in any conference at which nationalist China is represented.

Now, before I discuss what I regard as the second barrier, may I express another thought? I have said that I fear there will be another war. But if through a series of conferences the Atomic Energy Commission could bring about some agreement for empowering the United Nations to prevent the use of atomic and hydrogen bombs—I mean a positive and absolute agreement along the lines that the President of the United States and the Prime Ministers of the United Kingdom and of Canada had in mind in 1945, when they urged the nations of the world to agree on making the use of atomic bombs impossible—and if the people of Canada and of all other democratic countries could be given definite assurance that these bombs would not and could not be used in the event of war, then my feeling as to the future would change.

One of the first results of such an agreement would be the elimination of that atmosphere of distrust and suspicion which now pervades all United Nations conferences and causes representatives of one country to doubt the sincerity of other countries' representatives, and in place of suspicion there would be a general feeling of confidence and trust. In short, honourable senators, I believe that the reaching of such an agreement would be the most important step taken since the end of the last war towards the prevention of another war.

I come now to the second great barrier, which is the Soviet Union's stand that to permit the United Nations, through any agency whatever, to make proper inspections and to take any necessary action to prevent the production of atomic and hydrogen bombs for war purposes, would be a breach of sovereignty. Now, if a conclusion could be reached among the great powers—and on account of the conditions in China and the attitude of Russia, I suggest that we should

hold conferences at which China is not represented—if a conclusion could be reached that certain means taken by the United Nations would be successful in preventing the use of these bombs for war purposes, I believe we could convince the Soviet Union and any other country that the employment of such means would not entail any breach of sovereignty.

I do not need to remind the members of this august body that for democratic countries the idea of complete national sovereignty belongs to the ages that are past. It is strange to us, whose allegiance is given directly to His Majesty the King, that the very country which fears a breach of sovereignty should be a communistic country where it is claimed that everything is done by the people and for the people, and where it is also claimed that the capitalism, free enterprise and individual effort of the democracies are symbols of economic slavery. Canada is processing uranium ore at Chalk River and possibly may do so at other places later on, but Canadians would never imagine that the empowering of the United Nations to inspect uranium plants or any other plants in this country would imply a breach of our national sovereignty.

However, since we desire a conference or a series of conferences that might lead to an agreement for preventing the use of atomic and hydrogen bombs, we must make some concession. The concession which I am suggesting is not one that relates to the means to be adopted by the United Nations. I do not suggest simply that the United States be asked to discard the bombs they have on hand. The thought I have in mind is that a concession should be made by our democratic powers which will remove every reason given by the Soviet Union as to why it cannot, or will not, enter into discussions of any nature at which the representative of the present government of China is present.

I wish to quote a short excerpt from a speech delivered last November by our own Minister of External Affairs, the Honourable L. B. Pearson. In discussing the atomic bomb, the minister had this to say:

The problem of atomic energy is such that it seems to me that all of us should seek its solution with humility, as well as with sincerity. If any new proposals are made, or new approaches suggested, that give promise of an effective and agreed solution for this problem, then my government will welcome them and examine them with all the care they will deserve.

It is with that sincerity and humility to which the honourable minister referred that I am today suggesting an acquiescence which would bring about a conference that might be the first necessary step in the prevention of total war. I am placing this suggestion before this honourable house, and on it honourable members will take what action

they think proper after they have carefully studied it. I am anxious, however, before this suggestion is put aside, that it be given serious consideration.

I come to another aspect of the international situation closely related to atomic energy and hydrogen bombs. Honourable senators may not recall a speech I made in this house some two years ago, when I sponsored a measure the purpose of which was aid to mining. I pointed out at that time that in the thirties Stalin took two distinct actions. One was when he ousted Trotsky. I said at that time that it was my opinion that Trotsky wanted to spread communism all across Europe, but that Stalin's reply was: No, we must make certain that communism—or socialism, as he called it—is first properly rooted in Russia, and, secondly, is properly disseminated throughout Asia.

At the beginning of the Soviet Union Lenin discarded gold, and prospectors for gold were put into labour camps. After Stalin's break with Trotsky all the prospectors were removed from the camps and put to work in the production of gold. Honourable senators will recall that at least two score eminent engineers were taken to Russia for help in industrial development there, a great part of which was engaged in the production of gold. I pointed out to this house that Stalin chose for the production of gold that part of Siberia east of the Ural mountains and immediately adjacent to Manchuria, Inner and Outer Mongolia, and the northwesterly portion of China, called Sin Kiang. We all know what has happened in China since that time. One can readily observe the recent large output of gold from China. Those who have inquired know the general source of this supply; but they do not know its specific source, nor do they know what is behind it.

Honourable senators will recall reading in the newspapers a few weeks ago that Soviet Russia has recently changed the value of its ruble, and has related it to gold. This brings us to another feature of our international affairs—the question of trade and commerce and its relation to currency. The Honourable Mr. Howe, Minister of Trade and Commerce, speaking in New York a week or two ago said that the United States would have to increase its imports. The subject of currency naturally brings to mind the International Monetary Fund. From reading not only the agreement by which the fund was created, but also the discussions which took place when its creation was in the process of accomplishment, one will find that there was an understanding on the part of those nations represented at the conference, that the United States was prepared to increase its imports. Whether this was to be done by tariff changes or by regula-

tions is immaterial, but there was a general feeling that the United States was about ready to increase its imports.

Now I am a great friend of the United States. I feel that without her help and direction in the years since the end of the second world war anything might have happened, not only to Canada but to Great Britain and much of Europe. Yet, that does not mean the United States has always done the right thing. All the billions of dollars that were expended by that country in the last few years have accomplished a great deal; but, in my opinion, much more could have been accomplished had the expenditure of smaller sums of money been accompanied by the co-operation which is so vital to trade and commerce, namely the admission of foreign goods into that country.

In the year 1946, speaking at a conference in Prague concerning trade and currency, I expressed the opinion—which, incidentally, nobody accepted—that the trade of eastern Europe with Russia must be increased, but a monopoly must not be allowed to develop; and that trade between eastern and western Europe must increase, but that this was utterly impossible unless something were done to create proper currency conditions. Today the problem of currency has not changed for the better; in fact, in many ways it has worsened since that time; and something must be done to make possible a greater interchange of commodities, not only between Canada and the United States but between the United States and Great Britain and other European countries. That is the second suggestion I am throwing out, because, naturally, between now and the end of the parliamentary session, questions of trade and commerce will receive a great deal of careful consideration.

I thank you for the courtesy and the patience with which you have listened to me today. In closing, I repeat my recommendation that steps be taken to hold a meeting of the Atomic Energy Commission, including representatives of Canada and four of the Great Powers, but not a representative of the Chinese Nationalist Government, so that Russia shall be present at the conference and be compelled to accept or reject proposals presented by Canada, the United States, the United Kingdom and France or to make proposals that can be accepted by these other countries. I make that suggestion, knowing that it will receive your careful consideration.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Horner, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, March 24, 1950

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

Prayers and routine proceedings.

CRIMINAL CODE BILL

REPORT OF COMMITTEE

Hon. Mr. Farris presented the report of the Standing Committee on Banking and Commerce on Bill I, an Act to amend the Criminal Code.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill I, an Act to amend the Criminal Code, have in obedience to the order of reference of March 21, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. Farris: Honourable senators, I move that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

ELECTRICAL AND PHOTOMETRIC UNITS BILL

FIRST READING

Hon. Mr. Robertson presented Bill S-2, an Act respecting the units of electrical and photometric measure.

The bill was read the first time.

NORTHWEST TERRITORIES POWER COMMISSION BILL

FIRST READING

Hon. Mr. Robertson presented Bill T-2, an Act to amend the Northwest Territories Power Commission Act.

The bill was read the first time.

PRECIOUS METALS MARKING BILL

FIRST READING

Hon. Mr. Robertson presented Bill U-2, an Act to amend the Precious Metals Marking Act, 1946.

The bill was read the first time.

APPROPRIATION BILL NO. 1

SECOND READING

Hon. Wishart McL. Robertson moved second reading of Bill 14, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1950.

He said: Honourable senators, this bill and the one to follow, have to do with granting certain sums of money. Bill 14 concerns the supplementary estimates for the year ending March 31, 1950; and bill 15, which will be explained in due course, has to do with the granting of interim supply for the coming year.

I may say that because of circumstances which make it possible for various committees of this house to give consideration to the estimates and expenditures generally, I ask the house to consider bills of this nature with considerably less diffidence than in the past. I repeat what I have said before, that should the house see fit to vote the sums of money asked, this does not preclude any honourable senator from discussing at any time matters contained in either of these bills.

I point out to honourable senators that Bill 14 contemplates the voting of amounts of money in addition to what was originally voted—amounts which are now required because of various circumstances which could not have been foreseen. I shall not attempt to explain every item, but will endeavour to deal adequately with the larger items in the bill. As to the smaller items, should any honourable senator desire information which I am unable to supply, inquiry can be made before the appropriate standing committee.

The purpose of this bill is to provide \$65,986,459, the additional amount needed to finance the public service for the year ending March 31 next. A large part of this sum, namely \$46,523,350, would go to cover the deficits of the Canadian National Railways and Trans-Canada Air Lines. These deficits resulted from operations during the calendar year 1949. The other amounts referred to in the bill are to cover expenditures which could not be anticipated when the original estimates were prepared. In almost all cases certain contingencies have arisen during the year which could not be foreseen.

I refer first, honourable senators, to some of the larger items.

Vote No. 568, in the sum of \$1,225,000, is to recompense owners for animals slaughtered under the Animal Contagious Diseases Act. Under certain legislation passed at the last session of parliament, additional payments were authorized in certain cases.

Vote No. 570, in the sum of \$350,000, is to furnish the additional amount required to pay the subsidy on bacon shipments to Great Britain.

Vote No. 574, which amounts to \$402,000, relates to the Canadian Government's contribution to the International Refugee Organization. I am advised that, by reason of the contribution being payable in American funds,

this additional sum of \$402,000 is required to make up a deficit caused by the devaluation of the Canadian dollar to 90 cents.

Vote No. 583, which amounts to \$2,500,000, is occasioned by the fact that the government has had to make an additional contribution because more persons than were anticipated have come under the provisions of the Unemployment Insurance Act. The expenditure has nothing directly to do with payment of benefits: but as more people were employed during the relevant period than had been anticipated, the government's contribution, which as honourable senators know bears a direct proportion to payments by employers and employees, is larger than was expected.

The sum of \$700,000 asked for in item No. 584 is required because unemployment in Newfoundland has been more extensive than was anticipated.

The sum of \$1,500,000 set out in Vote No. 585 is necessitated by a recent amendment of the Unemployment Insurance Act which authorizes additional payments in the winter months. Honourable senators will recall that one of the first measures we dealt with this session was a bill to enlarge the scope of the Unemployment Insurance and, as I recall it, that bill received the Royal Assent just at the end of last month. My information is that this vote represents the additional amount required for that purpose.

Item 592, \$4 million, is to provide for the purchase of British Admiralty property in Newfoundland. The government of Canada undertook, upon completion of negotiations, to pay \$7 million for this property. Of this sum \$3 million has already been authorized, and this vote is to cover the remaining amount.

Hon. Mr. Horner: May I ask if this expenditure of \$7 million has anything to do with American assets in Newfoundland?

Hon. Mr. Robertson: I do not believe so. It is to cover the purchase of British naval property in Newfoundland, which was consequential upon Newfoundland joining confederation.

Item 601, Dominion Forestry Service, \$250,000: I am advised that this vote is necessary in pursuance of an arrangement under the Canadian Forestry Act, which was passed for the purpose of assisting the various provincial governments in forestry projects. This vote of \$250,000 has been expedited to meet a severe unemployment condition in New Brunswick.

Hon. Mr. Haig: Would the honourable leader explain Vote No. 609, for the sum of \$1? I have read the item over two or three times, but have been unable to understand it.

If my honourable friend cannot explain the item, he may let it go. We shall put up the \$1 anyway.

Hon. Mr. Robertson: I must confess that I should have thought that the western members would have demanded more than the \$1 to take care of these requirements; but perhaps they anticipated the keen interest in economy which the Senate is displaying and desired not to spend any more than was absolutely necessary.

Some Hon. Senators: Oh, oh.

Hon. Mr. Robertson: I fancy, however, that this item has to do with the authorization of a joint expenditure with provincial or municipal administrations. I think perhaps some honourable senator from British Columbia would be better informed about this than I am.

Hon. Mr. Haig: Vote No. 604 is for the same amount. It puzzles me.

Hon. Mr. Robertson: It must be a token expenditure to cover an undetermined sum for work that has been authorized. I submit both of these votes to the scrutiny of the committees to which the respective estimates have been referred.

Vote No. 612 is for \$3,884,182. In 1948 the Canadian Wheat Board bought a heavy flax crop at a guaranteed price, and because of the disappearance of the market the crop could not be sold that year. The board was selling it in 1949 but the price had dropped. The amount of this vote is to cover the loss incurred as a result of the drop in price, and additional carrying charges for this year.

Vote No. 613 is to reimburse the Canadian Wheat Board for the deficit incurred from its operations on the 1948 crop rapeseed account for the period ended July 31, 1949, pursuant to the regulations passed under the Appropriation Act No. 4. The amount is \$399,608. I take it that this item is in the same category as Vote No. 612, but applying to rapeseed instead of to flax.

Vote No. 619, for \$435,295, is a further amount required for payments under a dredging contract for Montreal harbour. As to why the amount of the original estimate has been exceeded, I must say I have no particular information.

Vote No. 622, for \$190,771, is a further amount required to pay freight rates assistance under the Maritime Freight Rates Act. I presume it is never possible to estimate exactly the amount that will be necessary under that Act, which, as honourable senators know, is a statutory undertaking to pay a certain proportion of the freight rates in the Maritime region.

Vote No. 634, for \$1,425,000, is explained by the fact that the number of veterans who applied for benefits under the Veterans' Land Act was larger than had been anticipated.

As I intimated before, honourable senators, I am not attempting to explain every individual item. I have covered the larger ones. If any additional information is required it could probably best be secured through the respective committees to which the estimates have been referred.

Hon. Mr. Leger: I understand that the reason for Vote No. 587, which is for a small amount, is that the Internal Economy Committee of the Senate had not passed the customary motion.

Hon. Mr. Robertson: That may be the reason why the amount was not included last year.

Hon. John T. Haig: It is; I know.

Honourable members, I hope not to delay the house at any length. This bill is, of course, not in the same category as the second supply bill that is to come before us today. The second one is simply to grant supply for the coming two months, but the bill now before us covers moneys that will be expended between now and the 31st of March. The surprising thing is that this bill asks for \$65 million in addition to the sum that we voted a little more than three months ago.

I do not intend to deal with this bill as a budget matter, but I think there are two or three things about it that ought to be drawn to the attention of honourable members. For instance, some of the items in it are fore-runners of similar items that will be appearing before us often in the next three or four years. One such item is vote No. 570, on the first page of the schedule. The honourable the minister (Hon. Mr. Robertson) did not explain this, but apparently the reason for the vote is that the government guaranteed certain products and has carried them at a loss. The amount here is \$350,000, not a very large sum, but important because, as I say, it is likely to be the first of a number of similar votes that we shall be asked to make in the next three or four years. So we had better get used to this kind of thing.

I was hoping the minister would give a full explanation of the vote to provide for our contribution to the International Refugee Organization. I do not remember that this came up last year at all, and there has never been much discussion of it in this house.

Hon. Mr. Robertson: Which vote is that?

Hon. Mr. Haig: Vote No. 574.

Vote No. 581 provides an amount of \$1 under the annuities Act. I cannot understand this practice of asking for a vote of \$1, and I was hoping there would be an explanation. Apparently the government requires that vote in order to cover money already expended. The only conclusion that I can come to is that it is merely a token vote.

Vote No. 583, the government's contribution to the Unemployment Insurance Fund, is for a further amount of \$2,500,000. Honourable members must bear in mind that it was only last November when the vote to cover the government's contribution to this fund was passed in another place, and it was passed here as late as December. It seems to me that \$2,500,000 is a terrific increase of expenditure to have occurred within the short space of about four months. When we voted the previous amount, eight months of the year had gone by, and this request for an additional \$2,500,000 indicates that there must have been a tremendous increase in unemployment during the intervening period. Over the radio and in the newspapers the government has constantly denied that there was any unemployment at all, although, of course, we all knew there was considerable. Here, as I say, we have what appears to be definite proof.

The second vote under the Unemployment Insurance Act, Vote No. 584, is for payment of unemployment assistance to residents of Newfoundland. I had probably better be careful in what I am about to state here, but I will say to my friends from Newfoundland that we are married to that island and we certainly have got a pretty expensive bride. I will not go any further than that at the moment.

Hon. Mr. McKeen: And you are on the Divorce Committee.

Hon. Mr. Haig: No, I am not. I salute you and say that I am not. A number of distinguished members of this house—lawyers from Ottawa and other parts of the country—have taken my place on that committee, and I am now free to criticize anything the committee may do.

Hon. Mr. McKeen: Do you think the committee has improved?

Hon. Mr. Haig: I think it has much improved.

There is a third item under the Unemployment Insurance Act, Vote No. 585, for \$1,500,000, to reimburse the Unemployment Insurance Fund. To me that is an indication that the government recognizes the existence of unemployment all over the country. There is no doubt that unemployment such as we have had during this past winter should be the responsibility of the Dominion of Canada. If the federal government continues to choose

to control immigration and trade policies, then it must also assume responsibility for unemployment. In the past the provinces and municipalities have had no chance to get back any of the money they spent to relieve unemployment. The city of Winnipeg, from which I come, carries a debt of approximately \$5 million or \$6 million by reason of having had to support its unemployed. I do not say that the municipality should not help to support these people, but I do say that Canada generally should be carrying its fair share of that load. I am pleased to see \$1,500,000 set aside for this purpose; it indicates that the federal government is assuming some responsibility.

I am pleased to note an item to provide full sessional indemnity for those members of this house who were absent during the 1949 sessions by reason of illness. Similar provision is made for members of the House of Commons.

I turn now to item 592, which I do not criticize at all. It is a queer old world we are living in. We heard the honourable member from Cariboo (Hon. Mr. Turgeon) yesterday suggest a conference with Russia. I admire his optimism; but if he believes that such a thing is possible, I cannot say the same of his judgment. To my mind, it is absolutely impossible. Within the next two years we will either have to achieve peace or fight another war, and we might as well face it. Now we are spending huge sums of money to prepare ourselves for war, and I am not going to vote against such an expenditure.

I should like to know whether all the flax has yet been sold.

Hon. Mr. Robertson: My information is that it is being sold.

Hon. Mr. Haig: Then we will have a similar item in the estimates next year.

Hon. Mr. Beaubien: To what item does my friend refer?

Hon. Mr. Haig: I am dealing now with items 611, 612 and 613. As to the rapeseed account, I did not know about it.

This all brings back to my mind an earlier debate. I presume that if I were a member of the House of Commons, and had to go back to my people for re-election, I would not say what I am about to say now; I predict that five years from now the members of the other house will be taking the same stand which I now take, namely, that you cannot buck the laws of economics. When we decide to take over the surplus of flax and hold it, we are going to lose money. When we take over wheat or any other commodity, in large quantities at a fixed price, as the government has

been doing, we are going to lose everything we have in it. It is easy enough to control wheat when the world price is \$2.50 a bushel, and we pay the farmer \$1.55, or when he gets \$1.75 a bushel and the world price is \$3.35. That is called stabilization. You can stabilize any commodity as long as you get far enough below the world price. In 1946 the price the farmers received was 89 cents a bushel less than the world price; in 1947, \$1.33 less, last year 21 cents less, and this year, I believe it will be 20 cents less. But when the government tries to stabilize flax by buying it at \$4 a bushel, that is a horse of a slightly different colour. Today we can buy butter, for instance, at 58½ cents a pound; but the government is carrying 27 million pounds, and is going to suffer a big loss on it. With a little more oleomargarine we would have lost everything. I am sorry my honourable friend from Waterloo (Hon. Mr. Euler) is not here.

The government has been trying to violate economic laws, and we see what the results have been. By no conniving can they get away from these laws. Perhaps it is all right to say to the people of Canada that they must pay \$2.00 a bushel for wheat to be made into flour, but to buy up surplus wheat is an entirely different matter.

Some people may ask me: What about the International Wheat Agreement? My answer is that we cannot make Great Britain buy wheat when she has not got the money to pay for it. The same is true of all the European countries that cannot afford to pay for our wheat. Just the other day Japan sent into Canada some shirts at about \$1.40 each.

Hon. Mr. Grant: \$1.35.

Hon. Mr. Haig: I stand corrected for five cents. These were ordinary shirts, which regularly sell in Canada for about \$4.50. Now, I do not blame the shirt manufacturers for kicking; but how are we going to trade on a world basis unless we are willing to accept goods from other countries? Some honourable gentlemen may say to me: "You are a Conservative; that is a funny doctrine to preach". Well, I come from a part of the country where such a doctrine is vital. Mr. Hannam says that we should have stabilized prices. Well, the United States have stabilized prices, but what is that country doing? Just the other day a committee of the House of Representatives voted \$1,900,000,000 instead of \$2,900,000,000, and gave away a billion dollars worth of goods. What happens to us when they do that?

Hon. Mr. Lambert: What is the answer, may I ask?

Hon. Mr. Haig: Leave the economic laws alone. My friend is one of those who was in

favour of the wheat agreement, and contradicted me in this house when I said that at the end of the four years we would get no help. Well, so far we have got no help, and today Britain has no money to buy our wheat. She can get her requirements cheaper on the world market.

Hon. Mr. Lambert: I do not wish to interrupt my friend unduly, or to do him any injustice, but surely he is misrepresenting my view on the wheat agreement.

Hon. Mr. Haig: I certainly am not.

Hon. Mr. Lambert: Oh yes, you are. I was opposed to the wheat agreement, and I said so quite definitely.

Hon. Mr. Haig: Now will my friend sit down? He has asked his question.

Hon. Mr. Lambert: I just corrected a misstatement.

Hon. Mr. Haig: If my friend wants to make a speech, let him go ahead.

Hon. Mr. Lambert: I will sit down, but first I want my friend to either quote the statement I made regarding the wheat agreement or retract what he has said.

Hon. Mr. Haig: When we come to the wheat agreement I will show my honourable friend what he said when I criticized buying wheat at less than the market price. My friend is one of those who stood up in this house and said that in the end everything would be adjusted. I said that Britain would not be able to make any adjustment.

Hon. Mr. Lambert: I dispute the statement of my honourable friend.

Hon. Mr. Haig: Britain is now talking about opening up exchanges in order that world market prices may be kept down. That is the first step. I now go to the second step.

Hon. Mr. Beaubien: Before my honourable friend leaves the wheat question, may I ask him on what authority he bases his statement that we are not going to get compensation when the contract is over?

Hon. Mr. Haig: Because Great Britain is now trying to make deals with other countries.

Hon. Mr. Beaubien: What do you mean by that?

Hon. Mr. Haig: She tried to make a deal when she was told by the United States she could have only so much money to buy goods, and 15 million bushels of wheat were turned down and the money diverted to something else.

Hon. Mr. Beaubien: I do not think my honourable friend can say definitely that the growers of wheat are not going to get compensation after the contract is over.

Hon. Mr. Haig: Now you are making a speech. If you want to talk, go ahead.

Hon. Mr. Beaubien: I am asking a question.

Hon. Mr. Haig: I say to my honourable friend that that is the kind of talk he gave me when the wheat agreement first came up, and he will have to take it back as soon as the four years are up. The wheat growers will receive no consideration at all for the \$500 million they lost on the British wheat agreement. Great Britain could not compensate the farmers even if she wanted to.

Hon. Mr. Beaubien: The Minister of Trade and Commerce in the other house made the statement that the Wheat Board would pay on the participation certificates at the end of four years.

Hon. Mr. Haig: Yes, but if my honourable friend will look at the report on the wheat agreement he will find that the board paid out more money last May and June than it had on hand. The account was overdrawn. In order to provide for payments of 20 cents per bushel the account was overdrawn by \$5,250,000.

Hon. Mr. Beaubien: Because the whole crop was not sold.

Hon. Mr. Haig: If the honourable senator wants to make a speech, he can do so. He has that right. But I did not interrupt him, and I ask him not to interrupt me. If he wants to ask me a question, let him ask it. My words hurt; but let him not get excited.

Hon. Mr. Beaubien: I am not excited. You are the one who is excited.

Hon. Mr. Haig: As I have said, and according to the report I have upstairs, the board, by paying that 20 cents a bushel on the crops for 1945 to 1948, overdrew their account by over \$5 million. That is what happened in the wheat business.

I pass to the next item. It is one about which there is some dispute, and I do not think I shall say very much about it, because Mr. Gordon, President of the Canadian National Railways, has submitted to the Commission on Transportation a proposition to write off the debt owing by the corporation. I do not know exactly what his recommendation is, and I do not want to anticipate it, but the only difference it will make if adopted, will be that the Canadian National Railways as a corporation will not owe as much money as they owe now, and the people of Canada will owe just that much more. If in consequence of such an arrangement the Canadian National Railway is relieved of its obligation, the present charges of \$42 million will disappear, but we shall have to put up all the

interest on the billion dollars which the CNR owes. The debt will not be wiped off; it will still remain.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Horner: What about printing the money?

Hon. Mr. Haig: We could do that, but I don't believe in that kind of thing.

The second matter I want to speak about is the estimate of \$4,200,000 for the deficit of Trans-Canada Air Lines and Trans-Canada Atlantic Air Lines. It is very pleasant to ride on TCA, as I did once, from Toronto to Bermuda and back, at the expense of the people of Canada. It was a very nice ride. The plane was not crowded. On the outward journey there were about twenty-five passengers.

Hon. Mr. Horner: Why did you not go to Japan?

Hon. Mr. Haig: I was not asked, but I will admit to my honourable friend from Blaine Lake (Hon. Mr. Horner) that had I been invited I probably would have gone. It would have been a very nice outing. I am told, although I have never travelled that way, that the plane trip from here to Winnipeg is well worth while; so is the trip to Halifax.

An Hon. Senator: At the expense of the people of Canada?

Hon. Mr. Haig: I could ride there at the end of this week on the air line if I wanted to.

Hon. Mr. Wood: Not on TCA.

Hon. Mr. Haig: Yes, I could ride TCA to Winnipeg and back. The honourable senator from Regina (Hon. Mr. Wood) is a new member: he should watch us old fellows; he has a lot to learn.

Hon. Mr. Wood: I am glad to know it.

Hon. Mr. Haig: The information is free: I charge my honourable friend nothing for it. But I am not sure that the people of Canada can afford extravagances of that kind. That is all I have to say—that I am getting a little uneasy about it. In a day or two the budget will be down, and I assume that the Minister of Finance will heavily reduce income tax rates, make great slashes in our general taxation, and so forth.

Hon. Mr. Robertson: There is none left.

Hon. Mr. Haig: Oh, I forgot: there is no election this year.

Hon. Mr. Robertson: There is no taxation left.

Hon. Mr. Haig: The items I have mentioned are for luxuries; and with economic conditions as they are over a large part of the

world today I do not believe that government enterprises can afford to operate in that fashion. If private enterprise wants to try, let it do so. I am not convinced that we are going to make much out of this business. I am sure that the Canadian Pacific Railway is not making any profit from its air enterprise on the Pacific. As to the position of the United States air lines, I do not know; but they have the advantage of serving a very large and wealthy population within their own country. To my mind the Trans-Canada Air Lines and its Atlantic services are a luxury which we cannot afford.

Hon. Mr. Fraser: Does the honourable gentleman suggest that we should drop it?

Hon. Mr. Haig: I would drop it.

Hon. Mr. Fraser: Would he go back to horse-and-buggy days?

Hon. Mr. Haig: No, I would travel by the railways, as I have always done. I have regularly travelled by the Canadian Pacific and the Canadian National Railways. I have just travelled by rail to Vancouver and back, and I am still alive. It is true that the journey took a day or two longer than if I had gone by air, but my time is not worth very much, and I had a very pleasant trip.

I have made these remarks because I feel that taxation has become so heavy that unless something is not done to curtail it we shall have difficulties in the years ahead. I do not believe that Canada or any other country should carry on upon such standards when other countries are on a basis of semi-starvation. What caused China to join the communists? Because the people wanted communism? I do not believe it. It is because they are starving to death—five hundred millions of them—and the communists promised to rescue them from their miseries. The same danger threatens in India, Pakistan, Ceylon and Egypt. Billions of pounds are owed to these nations by Great Britain which she cannot pay.

It is suggested that the United States should assume the payments. I do not believe they will do so. I honour the United States for what they have done for the world. They may have made mistakes, but they have tried desperately to promote world recovery. However, there is a limit; their people are beginning to question relief expenditures; and, with all modesty, I suggest that before the election in the United States this year is over some very plain things will be said about their government's expenditures of money for this purpose. Taxation powers to the extent of \$5 billion were denied the American Government last year, and it remains to be seen what will happen to estimates of about the

same amount this year. How long can the richest country in the world carry on upon that scale? I do not know. Certainly it cannot be sustained indefinitely.

In Canada, because of our high taxation, last year closed with a surplus. Perhaps the same thing will happen this year; I do not know; but this much is evident, that tax rates prevent any accumulation of money. It is cheaper for some men to come down to this house once a year and stay home the rest of the time than it is for them to remain here the full term. The income tax is so excessive that it absorbs not only current earnings but what some have saved in past years when others were spending. I do not speak without authority.

Hon. Mr. Duff: That is right.

Hon. Mr. Haig: I entered my little town of Winnipeg with \$5 in my pocket, and I am still living. I am not boasting when I say that anything I have I earned myself, by working every day.

Hon. Mr. Duff: And by saving.

Hon. Mr. Haig: There are in Canada hundreds of thousands of men in exactly the same boat as I am in. Of course most of them are not senators. Probably they would say, "Haig, you should not worry; you have a pension for life." Surely! But those people are now from sixty to seventy years of age and they are being taxed as though they had never saved their money properly. That is the effect of our tax structure. You say in one breath that the people who earn the money should carry the tax burden, and in the next breath you say, "Well, so and so deserves a much larger salary because he is an able man"—and then you finally take it all away from him. This system of taxation is going to lead to difficulties. Here is one place in the estimates where \$4 million could be saved—and who would be the loser? For instance, very few of us travel by TCA, except for those honourable senators who have to journey all the way from Ottawa to British Columbia. I admit that if I lived as far away from here as they do, I too would make use of the TCA; but the point is that this tremendous expenditure is not in the interest of the economy of Canada. You may say that I am a pessimist, but I think I am a realist.

Hon. Mr. Fraser: Well, do you realize more people would be riding on the TCA if some people kept their mouths shut?

Hon. Mr. Haig: I never heard about any person talking out of turn. My honourable friend from Trenton may have heard about it, but I never did. The point is that we cannot afford to spend \$4,200,000 in one year on an experiment from which, in the final

stages, the only people to benefit will be those who cannot afford to spend an extra two days riding on a train. I think it was my honourable friend from Trenton who yelled at me about the horse-and-buggy days. Well, both my father and grandfather rode in horse-drawn buggies, and I am mighty proud of them. They were decent people who paid their debts and kept their word, and they raised and educated their families in accordance with the educational system of the day. I am deeply grateful to my father and grandfather for the fine heritage they passed on to me, and I do not believe that when my boy or your boy was serving overseas in the armed forces it made much difference to him whether his father travelled by airplane or not.

Our estimates for the year now total pretty close to \$2 billion 400 million. Twelve years ago the estimates required by the same government were less than \$600 million, or one-quarter of the present total. Now, this increase cannot be totally attributed to interest on our war debt, nor can it be attributed to the pay and allowances to our veterans. The answer is that there has been a general increase in expenditure all across the country. I do not want to say anything about the provinces because that is not my field, and I would be criticized by them, but recent press reports indicate that over the last twelve years the expenditures of certain provinces—I cannot say anything about Newfoundland—have increased tremendously. Frankly, I do not believe our people realize how we are living and what the prospects are for the future.

Honourable senators, I hope that next year the estimates will be much less than they are today; I also hope that during the coming week, or a year from now, the Minister of Finance will offer some plan to lessen expenditures and thereby decrease taxation.

Some Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, there is one aspect of this bill to which I think we should give some consideration. When parliament assembled on January 26, 1949, the main estimates for the current fiscal year were tabled in the customary blue book, and, because of the federal election, supplementary estimates were brought down in the fall session. Now we are being asked to vote an additional \$65 million for the current fiscal year. The point I wish to make is that when what used to be called "extra supplementaries"—which were similar to what we are voting here—were brought down, they were based wholly on extraordinary and unforeseen expenditures. What has happened in the present instance, of course, is that this money

has been practically all spent, through Governor General's warrants, I presume, and we are now asked to vote an additional \$65 million without—and I think this is important—prior parliamentary approval. It would seem that not only here but elsewhere throughout the country we have almost completely revised our ideas on government spending. Last year's main estimates, together with the supplementaries voted last autumn and these further supplementaries, bring the total expenditure for the current fiscal year close to \$2 billion 400 million, which is a very large sum.

The custom in the past was to appropriate, by Governor General's warrants, extraordinary expenditures necessitated by disasters such as floods or fires. We have departed greatly from that practice, and I should like to draw attention to a few of the items here. It is true that the big item of \$46,523,350 is to cover the deficits of the Canadian National Railways and the Trans-Canada Air Lines, and so I think they may be accepted with little criticism. Everyone was aware that there were going to be deficits on the railroads this year, and they knew they would have to be met.

But let us take the first item the administration service of Agriculture. Here we are asked to vote an additional \$12,000 for the Publicity and Extension Division. My contention is that when the Department of Agriculture calculated its estimates for the current year it should have included, either in the main estimates or in the supplementaries, all it required for publicity and extension purposes.

The same argument applies to many of the other items that appear in this list. Take Citizenship and Immigration. An additional vote of \$100,000 is required for the welfare of Indians. Since the supplementary estimates were passed, some four or five months ago, has there been any great emergency that requires an additional vote of \$100,000? I do not know of any, and I do not believe there has been any. It seems to me to be fair criticism to say that the Indian Affairs Branch did not accurately foresee its needs. Or it may be that in these days, when public money is spent so easily, the branch thought another \$100,000 could be obtained if it was asked for. The money probably has been spent—I dare say it has—but this is an unsound principle on which to base our public finance. Except for extraordinary unforeseen needs, no money should be spent by the government until it has been voted by parliament.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Crerar: If we get away from that principle we shall be moving on to rather dangerous ground.

Hon. Mr. Quinn: That is poor business.

Hon. Mr. Crerar: The total amount asked for by this bill is more than \$65 million. If we deduct the amounts required for the Canadian National Railways and the Air Lines, there remains a total of approximately \$20 million, made up of amounts asked for by the various departments. I do not like that, and I hope that when the government brings down its supplementaries in addition to the estimates already tabled for the next fiscal year, it will budget for what it requires and will not come back to parliament later for approval of expenditures that have been made before being authorized by parliament. That is a principle which we should keep firmly in mind.

With the general remarks of the leader of the opposition (Hon. Mr. Haig) I find myself in some sympathy. I am alarmed—I was almost going to say appalled—at the rate at which our governing authorities of all kinds are spending public money.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Crerar: The amount of money extracted from the Canadian people in taxes today by all governing authorities is not very far below \$4 billion. Now, on the basis of our present national production and income we could probably support that, but I wish to say to this honourable house that if within the next three or four years there should by any chance be a drop of 20 or 25 per cent in our national production and income—and we are living in an uncertain world—we should be faced with grave difficulties in the whole field of public finance. Lenin, who was the leader in the establishment of the present Russian Soviet republics, is on record as having stated that one of the surest ways of undermining the democratic capitalist system was by bringing every possible kind of pressure on their government to spend money, so as to cause them to either run into deficits which have to be made good by borrowing or to resort to heavy taxation. Either course has dangerous implications for our democratic way of life.

It is not with any thought of criticism in my mind that I make these remarks; but I do believe it is very important that we should adhere to sound parliamentary practice in the spending of public money.

Hon. James P. McIntyre: Honourable senators, before the leader of the opposition (Hon. Mr. Haig) had concluded his address I was called out and so missed his last remarks, but I did hear him saying that the people of Canada could not stand the present taxation imposed upon them by the government. The honourable gentleman has now left the chamber, but if he were here I would inform

him that we in this country are not taxed nearly as heavily as are the people of the United States and of Britain. Both single and married men are taxed much more heavily in those two countries than in Canada. If I had not been called out I would have replied to the honourable leader of the opposition by quoting some figures that I happened to have in my pocket; and with the consent of the Senate I will give these figures now.

A single person in Canada earning \$1,800 a year pays a tax of \$175. In the United States the tax on a single person with the same salary is \$220, or \$45 more than here; and in Great Britain it is \$361, more than double the Canadian tax. In Canada a married man earning \$3,000 and supporting two children is taxed \$86. In the United States the tax on a similar person is \$133, and in Great Britain it is \$442.

The honourable leader of the opposition said that we are burdened with taxation. Well, honourable senators, it can be seen that we are much better off than the people in either the United States or Britain. We have a long way to go before we reach the rates of taxation that exist in the United Kingdom.

Hon. Mr. Aseltine: Is the honourable gentleman advocating higher taxes here?

Hon. Mr. McIntyre: No. I am simply making a comparison between taxes in this country and in Britain and the United States.

Hon. Mr. Horner: The leader of the opposition did not say that taxes here were higher than in the United States or Britain.

Hon. Mr. McIntyre: He said that the people here cannot stand the taxes.

Hon. Mr. Horner: And they cannot.

Hon. Mr. McIntyre: I am simply replying to his claim that we are highly taxed, and pointing out that we are not as highly taxed as are the people of the United States and of Britain.

Hon. Mr. Horner: He did not say that we were.

Hon. Mr. McIntyre: No, but he said that we were burdened with taxation. I say that we are not burdened with taxation, and by way of comparison I am pointing out the much heavier taxes that are paid by the people of the United States and of Britain.

Hon. Mr. Robertson: Before the debate is closed I wish to answer a criticism, as I understood it, by the leader opposite (Hon. Mr. Haig) of items 583, 584 and 585, under the heading "B—Unemployment Insurance Act, 1940". Honourable senators will note three amounts under this heading, \$2,500,000,

\$700,000 and \$1,500,000. If I correctly understood the criticism of the honourable leader, he said that the item of \$2,500,000 indicated that there had been more unemployment than was anticipated by the government.

Hon. Mr. Haig: Correct.

Hon. Mr. Robertson: I say to my honourable friend that it indicates quite the reverse. Let me repeat, the basis of the Unemployment Insurance Fund is that employers and employees pay in X dollars, and this amount is supplemented by a contribution from the federal government. If there had been less employment there would naturally have been a lower contribution by employers and employees; consequently the amount required to be paid by the government would have been correspondingly less. On the other hand, if employment was maintained at a high level, the contributions by employers and employees would be more, and so would be the amount to be paid by the government.

Hon. Mr. Haig: But that does not answer my question.

Hon. Mr. Robertson: If my honourable friend will just be patient, I will explain further. I say this item indicates that there has been a higher level of employment than the government anticipated, to the extent of requiring an additional contribution of \$2,500,000. I do not think there can be any question but that my honourable friend's interpretation is wrong.

I am frank to admit that the amount of \$700,000 indicates greater unemployment than was anticipated, for in Newfoundland unemployment was higher than was anticipated.

The appropriation of \$1,500,000 is in much the same category. If my friend had reference to these items only he was quite correct.

Honourable senators will recall that earlier in the session an amendment was passed to the Unemployment Insurance Act providing that, under certain conditions, unemployed persons not in an insurable class were to be paid out of the fund just as if they had been eligible for benefits. A special arrangement was made in that respect, and the sum of \$1,500,000 is now being provided to reimburse the Unemployment Insurance Fund.

Hon. Mr. Haig: Will my honourable friend permit me to say something now, or shall I wait until he moves third reading of the bill?

Hon. Mr. Robertson: I am quite content that my friend speak now.

Hon. Mr. Haig: I understood that the estimates which came in last November were made up in the previous March; and I thought that by November the government would

know what supplementary estimates would be required. To me the increase looked like one that had taken place from November to March, and that was the reason I raised the point. My honourable friend may be quite correct in his explanation.

Hon. Mr. Robertson: Even if the estimates were made up in November, that would further emphasize my point that there had been a higher level of employment than had been anticipated, with the consequence that the government is now required to make a further contribution.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Thibaudeau Rinfret, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 5.45 p.m. for the purpose of giving the Royal Assent to certain bills.

APPROPRIATION BILL No. 2

SECOND READING

Hon. Mr. Robertson moved the second reading of Bill 15, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1951.

He said: Honourable senators, before proceeding with my explanation, I wish to say that if the honourable leader opposite desires to discuss further the question which he has just raised concerning unemployment insurance, he may do so on this bill.

Hon. Mr. Haig: I have not time to get the information that I want.

Hon. Mr. Robertson: Honourable senators, this is the interim supply bill, which is brought before the house about this time each year. Its passage would permit the government to finance the public service for

the coming fiscal year, until the estimates have been considered and a final supply bill has been passed.

If honourable senators will turn to the bill they will observe that its various sections cover the different percentages asked.

Section 2 of the bill would grant \$233,-837,011.33. This is one-sixth of the main estimates which have been laid before parliament, and is approximately two months' supply. It will be noted that if the sum asked is multiplied by six, the resulting figure will be approximately \$1 billion 500 million, which is less than the total supply required. I would point out to honourable senators that certain expenditures are statutory and are not voted specifically.

Section 3 of the bill would grant an additional sum of \$1,125,000. This is three-quarters of the items set forth in schedule "A" to this bill. Under the terms of union of Newfoundland and Canada certain unemployment insurance payments fall due in the first two months of the fiscal year ending March 31, 1951, and this sum is required to cover those payments.

Section 4 of the bill provides \$1,900,666.66, or one-third of the items listed in schedule "B". This additional amount is required because there will be other expenditures in these items during the early months of the coming fiscal year.

Section 5 of the bill would vote \$324,283.16, or one-sixth of the items listed in schedule "C". These items cover representation at foreign conferences and administration costs of the Senate and the House of Commons. Certain foreign conferences are to be held in the early months of this year, and this item would provide for Canadian representation. The main administrative costs of the Senate and the House of Commons are incurred when both houses are sitting during the first part of each year.

Section 6 would vote \$2,614,658.75, or one-twelfth of the items set out in schedule "D". This amount is required because expenditures under these items are heaviest in the spring months.

No part of this bill would vote the total amount of any item in the main estimates, and of course I give the usual undertaking that the passage of this bill will in no way prejudice the right of any honourable senator to discuss any item in the estimates when those estimates are before a committee of this house or the house itself.

Hon. Mr. Duff: That is satisfactory.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. Robertson moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

TERRITORIAL LANDS BILL

CONCURRENCE IN COMMITTEE AMENDMENTS

The Senate proceeded to consideration of amendments made by the Standing Committee on Banking and Commerce to Bill C, an Act respecting Crown Lands in the Yukon Territory and the Northwest Territories.

Hon. Mr. Farris moved concurrence in the amendments.

The motion was agreed to.

THIRD READING

Hon. Mr. Farris moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Golding, seconded by the Honourable Senator Veniot, that an humble Address be presented to His Excellency the Governor General for the gracious Speech which he has been pleased to deliver to both Houses of Parliament.—(Honourable Senator Horner).

Hon. Mr. Horner: Honourable senators, in view of the fact that this chamber and the country have survived to the present without the benefit of the advice which I intend to give in my remarks on this matter, I would hope that nothing serious would happen if, with the leave of the Senate, I were allowed to further postpone what I have to say until Tuesday next.

Some Hon. Senators: Hear, hear.

The Order stands.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of his Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their

Deputy Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1950.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1951.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

EASTER RECESS

Hon. Mr. Crerar: Honourable senators, on behalf of the leader of the government (Hon. Mr. Robertson) I move that when this house adjourns—

Hon. Mr. Duff: Honourable senators, before we adjourn I want to say to my honourable friend (Hon. Mr. Crerar) that surely it is about time this house were advised about the Easter recess. As a matter of fact, my name has appeared in the newspapers about wanting to get home to do some gardening, and I think it is time we were told when and for how long we are going to adjourn. If my honourable friend cannot tell us that, then he is not doing his job.

Some Hon. Senators: Oh, oh.

Hon. Mr. Duff: I do not know whether to make my railway reservations for next Wednesday or next Thursday, and I would ask the honourable member from Churchill (Hon. Mr. Crerar), who is a privy councillor, and a good friend of mine, to find out before we adjourn tonight just when our Easter recess is going to commence.

Hon. Mr. Crerar: I have listened with interest to the request of my honourable friend but I think this is a matter upon which honourable senators should sleep, and reflect. I have no doubt that one day next week my honourable friend will be enlightened on the point that he has raised.

Honourable senators, I move that when this house adjourns it stand adjourned until Monday, March 27, at 8 p.m.

The motion was agreed to.

The Senate adjourned until Monday, March 27 at 8 p.m.

THE SENATE

Monday, March 27, 1950

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

Prayers and routine proceedings.

AGRICULTURAL PRODUCTS BILL

FIRST READING

A message was received from the House of Commons with Bill 16, an Act to amend the Agricultural Products Act.

The bill was read the first time.

DIVORCE PETITIONS

NUMBER PRESENTED TO PARLIAMENT

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented certain petitions for divorce.

He said: For the information of honourable senators, the total number of divorce petitions presented, including those now being filed, is 274.

SUSPENSION OF RULES

NOTICE OF MOTION

Hon. Mr. Hugessen: On behalf of the leader of the government (Hon. Mr. Robertson) I give notice of intention to move on Wednesday next:

That for the balance of the present month Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

Hon. Mr. Haig: May I ask if that indicates that we shall adjourn on Friday night?

Hon. Mr. Hugessen: I have every hope that we shall.

Hon. Mr. Farris: "Hope deferred maketh the heart sick."

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

WITHDRAWAL OF MEMBER FROM COMMITTEE

Hon. Mrs. Fallis: Before the Orders of the Day are called, I rise to a question of privilege. It has to do with a speech which was delivered in this house on Monday night of last week. I realize that I should have brought up the question immediately afterwards, but the honourable senator who delivered the address has not been in the house since, until this evening, and in his absence I would not raise the question. I refer to the speech which was delivered by the honourable senator for Toronto-Trinity

(Hon. Mr. Roebuck) in speaking to his motion to set up a committee on human rights and fundamental freedoms.

As a former member of the joint committee of both houses on this question of human rights and fundamental freedoms, naturally I have been very much interested in it, and when the honourable senator introduced his resolution last year I was one of those who spoke in support of it. At the beginning of this session, when he introduced it again, he asked me if I would act on the committee which he was naming, and I said that I should be very happy to do so. I regret that I have to withdraw my name from that committee because of one or two paragraphs in the honourable senator's speech of last Monday night.

The honourable senator made a good speech, as he always does, and when he took his seat I said so to him; but I must confess that there were a few minutes during the early part of his address when my attention was focussed on something else and I did not get the implication of what he was saying. When I saw it in *Hansard* I read it two or three times before I could believe that it was really there; and I then decided that in view of the attitude of the honourable senator in proposing the setting-up of the committee it would not be possible for me to act upon it. I do not know that it is necessary for me to read to honourable senators the part to which I am taking objection; if any honourable members are interested they will find it on page 97, in the second column.

Hon. Mr. Roebuck: I think the honourable senator had better read the reference.

Hon. Mrs. Fallis: The honourable senator said this:

I of course fully realize that honourable senators, and many people outside this chamber, may wonder why I take so keen an interest in this subject. If I may be permitted, I shall endeavour to tell you the reason for my interest. I am a Liberal. The first principle of Liberalism is respect for the rights of the individual. The dangers which the world is facing today flow from two opposite sources: privilege, as promoted by those on the right, and socialistic worship of the state to the utter disregard of the rights of the individual, as promoted by those on the left. Old-time Tory privilege, with its assumptions of superiority by some over the mass of mankind, with its landlordism, its claim to ownership of the gifts of nature, its denial of equality, both economical and political, is bad enough . . .

Not was bad enough, but is bad enough.

. . . God knows; but I doubt whether this side of the story is as bad as the other side. This attitude of privilege has cursed the world with tyranny, oppression, untold poverty, cruelty, and woe . . .

Honourable senators, if those words had been used in the course of a controversial

debate in this house I would have had nothing to say, although I still should have thought it pretty strong language. But I take very strong exception to the use of this language by one who is setting up a committee on human rights and fundamental freedoms, which of all Senate committees should be approached in an absolutely unbiased and non-partisan way. I am not saying for one moment that there was anything personal in what the honourable senator said, and I think I know what was in his mind and what his explanation would be; but in my opinion there is no explanation for so biased and partisan an approach.

I could not act on a committee the approach to which has been couched in these words, and so with deep regret I would ask that my name be withdrawn from that committee.

The Hon. the Speaker: Honourable senators, is it your pleasure that the name of the honourable senator from Peterborough (Hon. Mrs. Fallis) be withdrawn from the special committee on human rights and fundamental freedoms.

Hon. Mr. David: With regret.

Some Hon. Senators: Agreed!

Hon. Mr. Roebuck: Honourable senators, I think the speech of the honourable senator—

Some Hon. Senators: Order!

The Hon. the Speaker: The honourable senator from Toronto-Trinity is out of order. There is nothing before the Chair.

Hon. Mr. Roebuck: Is there not a question of privilege before the chamber now?

The Hon. the Speaker: No.

Hon. Mr. Roebuck: I wish to call attention to Rule 47:

Any senator conceiving himself offended, or injured in the Senate, in a committee room, or any of the rooms belonging to the Senate, is to appeal to the Senate for redress.

I feel myself both offended and injured, and I claim the right to state my position before the house, and now, on a point of privilege. I was charged with partisanship.

Hon. Mr. Haig: On a point of order—

Hon. Mr. Roebuck: Yes, on a point of order. I am only arguing the point of order.

The Hon. the Speaker: Honourable senators, you have heard the honourable senator from Toronto-Trinity read Rule 47. Do you agree that the honourable senator should now have the right to appeal to the Senate for redress? Do you consent that he so appeal now?

Hon. Mr. Haig: No. On the point of order: the honourable member—

Hon. Mr. Roebuck: Allow me—

Hon. Mr. Haig: Please be seated. I am on the point of order.

Hon. Mr. Roebuck: I have not finished my point of order.

Hon. Mr. Haig: You have raised the matter of the rule. The Speaker has asked for the opinion of the house, and on that I have the right to speak.

The honourable member for Toronto-Trinity made a speech in the house. The honourable senator from Peterborough (Hon. Mrs. Fallis) called the attention of the house to a statement in that speech, and asked to withdraw from the committee. She did not make any charge against the honourable member. What she referred to was his own statement, and he stands by it. There was no charge against him; therefore he has no point of privilege in this house. Debates will never end if we allow a person to get up to reply to somebody else. I reiterate that a point of privilege does not lie, because nothing is alleged against the honourable gentleman. The honourable senator from Peterborough simply said "because of that statement in the speech I want to be off the committee." That is all.

Hon. Mr. Roebuck: I want to finish what I have to say, and I have a right to speak to the matter of privilege and the rules. I am not replying; I am speaking, as I have the right to do, in reply. Your Honour did not hear me—

Hon. Mr. Horner: The honourable senator should sit down when the Speaker rises.

The Hon. the Speaker: I think the point of order of the honourable leader of the opposition (Hon. Mr. Haig) is well taken. He says that what was read by the honourable senator from Peterborough (Hon. Mrs. Fallis) is what was stated by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). Unless the honourable senator from Toronto-Trinity now says that what he is reported to have said in last Monday's debate are not his words, that is, that what he said is other than as he has been reported, I do not believe that Rule 47 is applicable. To repeat the words of a senator as reported in the house does not constitute a grievance.

Hon. Mr. Reid: On this point, while it is true that the honourable senator from Peterborough (Hon. Mrs. Fallis) rose on a question of privilege—and I am not entering into the merits of the matter—she rose on the Orders of the Day, and in effect made a motion.

Hon. Mr. Haig: No, she rose on a question of privilege to make a request.

Hon. Mr. Reid: It was a motion to take her name off the committee. The motion of

the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), having been passed, became a record of the house, and a committee was set up. What she did was to make a motion to withdraw her name, and when the honourable senator from Toronto-Trinity rose he spoke to that motion, and not on the Orders of the Day.

The Hon. the Speaker: I must point out to the house that I asked honourable senators if it was their wish to consent to the request of the honourable senator from Peterborough that her name be withdrawn, and the house agreed that it be withdrawn. That closed the debate.

Hon. Mr. Reid: I would appeal your ruling.

Hon. Mr. Quinn: There was no motion.

Hon. Mr. Roebuck: It is the first time in my experience that a person has not been allowed to explain his position. Go ahead.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—POINT OF ORDER

On the Orders of the Day:

(Translation):

Hon. Athanase David: Honourable senators, I believe there has never been a greater desire in Canada for a better understanding between the different groups which make up the population. Anything liable to jeopardize or endanger this unity must be avoided.

What is said in the Senate is important because this chamber is composed of elderly men, of serious-minded and wise men who have had wide experience and who, moreover, have assumed a great responsibility.

The Hon. the Speaker: If I may be permitted to interrupt I believe the honourable senator should first outline his point of order.

Hon. Mr. David: I think I am being extremely courteous and I believe that, in this case, Mr. Speaker, I should proceed very carefully. I shall not discuss the point raised but wish to refer immediately to the speech made in the Senate on the Address in reply to the speech from the throne on March 22 last, by the senator from Calgary (Hon. Mr. Ross), to which I take exception. After having congratulated the mover of the address, the honourable senator said:

As to the seconder, I presume he spoke well in French, but I have asked him next time he speaks in the house to use Parisian French, because a number of us do not understand Acadian French too well.

Hon. Mr. Leger: There is no difference.

Some Hon. Senators: Oh, oh.

Hon. Mr. Ross: I have no doubt that he spoke well in Acadian French, because when he undertook to speak in English he made an excellent job of it.

For more than a hundred and fifty years, wherever there is in Canada a settlement of the minority group of French origin, we have fought, we have strived, we have educated ourselves, we have endeavoured to speak French properly, in order that those who brought the language we speak to the shores of the St. Lawrence may not have to be ashamed of us.

To claim that there is an "Acadian French" means—since Acadians speak exactly the same French as do all Canadians of French origin who speak French fluently—that one still holds to the old legend that our French is a patois, a provincial dialect.

Had this statement been made, as is sometimes the case, by uneducated or uninformed persons, it would hardly rate a reference. But in this chamber a statement of that sort takes on such importance that, much as I would like to, I cannot honestly let it go unchallenged.

It is my duty, not a painful one because in defending the language I speak I am defending one of my most treasured possessions. But I am sorry to have to defend it against a man who has occupied a high place in Canada and still does here, in the Senate.

True, some have said: "It might have been meant as banter, perhaps as a good joke". But that is not so, for there are certain things, including language, nationality and religion, about which one does not jest, or of which one does not make sport.

You may rest assured, Mr. Speaker, that I shall remain perfectly calm and speak with the utmost dignity in raising this point of order.

I admit that men may not always be masters of their feelings. But it seems to me that when they have reached a certain age they should at least be able to control their thoughts, their actions and their utterances.

If the honourable senator felt called upon to make such remarks, I shall not insult him to the point of believing that he had given no previous thought to them.

If he had, may I be permitted to say that we French-Canadians, whatever part of Canada we may come from, are somewhat tired of hearing this legend about a dialect, even though it may not be offered with malice aforethought, but which is too often repeated lightly and without the slightest justification whatsoever. The man most responsible, though unvoluntarily, for this

legend was a man who, strangely enough, deeply loved French-Canadians, Drummond, the author of "The Habitant". Many of us are all too prone to accept anglicisms, and nothing is easier than to take off the language of those who do not speak correctly. That is exactly what Drummond did.

I do admit that the language we speak is not faultless nor free from archaisms and the same applies to the language spoken in England by Englishmen and in France by Frenchmen.

Hon. Mr. Dupuis: Especially in Paris!

Hon. Mr. David: But to hear someone tell us here that because we do not speak Parisian French we speak a poor French, this is beyond me! Mr. Speaker, the *Comédie Française*, in Paris, is the place where French is most correctly pronounced and most clearly spoken and recited, and I challenge anyone to find in the pronunciation of the artists the least so-called "Parisian" accent. I do not want to be taxed with conceit or boasting, but I say that those masters of diction and elocution speak the most beautiful French in the world—the French spoken in Touraine. One may say that I am exaggerating, nevertheless, I say that the French spoken throughout Canada compares not unfavourably with that of Tours.

Some Hon. Senators: Hear, hear.

Hon. Mr. David: Please bear with me as I still have a few words to add. If I have resented so much the remarks of the honourable senator, it is because, Mr. Speaker, the French I speak, which may not be found perfect, I have learned it on my Acadian mother's knees. Further during the seven or eight trips I have made to France—I am not speaking out of vanity but out of legitimate pride—I have had the opportunity to speak alongside French speakers who, I admit in all humility, in no way made me feel inferior to them. What I am saying for myself, I could say with greater reason for ten, fifteen, twenty or a hundred of my compatriots who have given lectures at the Sorbonne or throughout France. I dare not name any, lest I forget some.

Let me tell you a story. Quite a long time ago, when I was Secretary of the Province of Quebec, a professor of the University of Oxford, a very smart and erudite Englishman who spoke, I believe, a better French than the honourable senator from Calgary, came to see me in Quebec city. After we had discussed many questions—education, language—I took the liberty of asking him what he thought

of the English spoken in Canada. Mr. Speaker, I ask your permission not to repeat his answer.

If my honourable friend from Calgary wishes to hear patois, I will tell him where to go. It is not difficult. Let him go to France, to certain parts of Brittany, Provence and Auvergne, to Marseilles, to the country of the Basques or to Alsace, and he will surely not understand some of the French that is spoken there.

I say, convinced that my statement cannot be contradicted, that a Frenchman who travels across Canada, from east to west and from north to south, will make himself understood and will understand the French spoken by French-Canadians or Acadians.

Some Hon. Senators: Hear, hear.

Hon. Mr. David: I do not wish to prolong this statement of facts unnecessarily. I wish to point out, however, that if our French is so poor a protest will have to be made to the government of the province of Ontario which has for some years entrusted to French Canadians the teaching of French in its high schools. I do not understand how the province of Ontario would tolerate the teaching of a patois in its schools.

Hon. Mr. Lacasse: Hear, hear.

Hon. Mr. David: I am about to conclude, but another incident deserves to be mentioned. It was on the occasion of a lecture given by Mr. Labori, an attorney in the Dreyfus case which had divided France. I was talking with Mr. Labori after his lecture when an old lady told him in a language which was neither French nor English: "You know, sir, we understand all that you say, but the French Canadians, here, I do not understand them; for I learned French in Paris". Turning his head towards me, Mr. Labori asked: "What is she saying?"

There is in this house at least one English-speaking senator who speaks French both correctly and fluently, and since he understands it well, I am sure he did not miss a single word of the remarks made in French by the senator from Gloucester (Hon. M. Veniot). I am speaking of the honourable senator from Inkerman (Hon. Mr. Hugessen).

That is the difference between the one who knows a language and is able to speak it and the one who does not know it and dares to mention it. And, as my final word, I say that every English-speaking person who does not understand French should at least refrain from making such unfair and uncalled for remarks.

(Text):

NORTHWEST TERRITORIES POWER COMMISSION BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill T2, an Act to amend the Northwest Territories Power Commission Act.

He said: Honourable senators will recall that in the year 1948 parliament passed a statute, being chapter 64 of the statutes of that year, respecting the supplying of electric power in the Northwest Territories. This bill has for its sole object the extension of the application of that Act to the Yukon Territory.

Perhaps honourable senators will be interested to know what progress has been made in the construction of power plants in the Northwest Territories since the Act was passed, under the powers conferred on the commission set up by that measure.

Since October 1948 the commission has operated, on a self-sustaining basis, a hydro electric power development on the Snare River, 94 miles northwest of Yellowknife, and now supplies power to gold mines at Yellowknife, and to the Yellowknife Power Company Limited for distribution in the town of Yellowknife. Power is supplied at a price calculated to meet operating and maintenance costs and interest charges on capital investment, and to amortize the capital cost over a period of twenty years.

At the present time the commission is constructing, and will have in operation during the present year, a second plant to provide diesel-generated electric power at Fort Smith, in the Northwest Territories, which will supply electric power on a self-sustaining basis to the town of Fort Smith and to the various federal government establishments located there. A similar plant is being constructed at Hay River, in the Northwest Territories, and it is expected that it also will be in operation before the end of the present year.

During 1949 surveys and investigations were carried out on behalf of the government to determine the feasibility of hydro electric power development on the Mayo river, in Yukon Territory, and consideration is now being given to the construction of a hydro electric plant on that river. This project, which would provide an initial development of 4,000 horsepower, with provision made in the dam and hydraulic tunnel for an additional 2,000 horsepower, would cost approximately \$3 million. This sum includes the cost of constructing a twenty-seven-mile transmis-

sion line from the power site to the property of United Keno Hill Mines Limited.

The purpose of this bill is to extend the application of the Northwest Territories Power Commission Act to the Yukon Territory, and thus enable the commission to render in the Yukon Territory a service similar to that in the Northwest Territories.

Hon. Mr. Horner: Will the cost of this extension to the Yukon Territory be paid entirely by the government?

Hon. Mr. Hugessen: In the first instance, of course, the money for the construction of the plant will be provided by the government. But I understand that, as has been the case with the other developments which have been undertaken under this Act, power contracts will be entered into under which the power will be paid for by the consumers, mostly mining companies, at a rate which within a reasonable period will amortize the cost of the construction of the plant.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Hugessen: If any honourable senators wish to obtain further information on this matter, the bill can go to a standing committee. If not, as it is quite a simple bill, perhaps it could be given third reading. In this matter I am entirely in the hands of the house.

Hon. Mr. Kinley: It is quite an important bill. I think it should go to committee.

Hon. Mr. Crerar: I suggest that it would be useful to have it referred to a committee, where we could usefully get information as to whether adequate amounts for maintenance and depreciation are charged against the earnings of the plant. Sometimes government enterprises of this kind have a way of travelling along rather easily. I think it would be a useful check, in order to ascertain what it has cost, how it is operating and whether there is a fair prospect of it continuing to operate profitably in the future. I am particularly interested in acquiring some further information on the proposal to establish a diesel electric light plant at Fort Smith. All this information would be useful to the members of the house, and could be obtained in committee.

Hon. Mr. Hugessen: If it is the desire of the Senate, I shall be glad to have the bill go to committee. As the Committee on Transport and Communications is meeting

to consider another bill on Wednesday afternoon when the Senate rises, it might consider this bill at the same time.

I move that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

PRECIOUS METALS MARKING BILL

SECOND READING

Hon. A. K. Hugessen moved second reading of Bill U-2, an Act to amend the Precious Metals Marking Act, 1946.

He said: Honourable senators, the sole purpose of this bill is to amend the Precious Metals Marking Act of 1946, so as to include within its provisions a precious metal known as palladium. I am informed that palladium is a white metallic element of the platinum group. In its pure state, it is malleable and ductile, and is slightly harder than gold or platinum. It can be hardened for jewellery manufacture by the addition of small amounts of another metal, usually ruthenium and this produces an all-platinum metal alloy that is wear-resisting, has the strength and toughness to retain gems permanently, is highly resistant to tarnish, and will retain a brilliant polish. This metal seems to have all the best qualities.

Hon. Mr. Leger: Is it found in Canada?

Hon. Mr. Hugessen: It is a derivative of platinum. The original Act, known as the Gold and Silver Stamping Act, was passed in 1906, and applied only to gold and silver. In 1928 the Act was amended to include platinum, and, with the coming into marketability of this new metal, it is now sought to amend the Act again so as to include palladium as one of the precious metals subject to its provisions.

I might add for the information of honourable members that this amendment has the endorsement of the Canadian Jewellers' Association.

Hon. Mr. Crerar: Can the honourable senator give us some idea as to what this new metal is worth?

Hon. Mr. Hugessen: I am afraid I am unable to do that; but I assume that as it is in the range of platinum it is a valuable metal.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Hugessen: If honourable senators feel that this bill is of sufficient importance

to be sent to committee, I shall be glad to so move; but as it seems to be a simple bill, I would move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Golding, seconded by the Honourable Senator Veniot, that an humble Address be presented to His Excellency the Governor General for the gracious Speech which he has been pleased to deliver to both Houses of Parliament.—(Hon. Senator Horner).

Hon. Mr. Horner: Honourable senators, it was my intention, when I adjourned the debate, to adjourn it until Tuesday. However, I understand that the honourable the junior senator from Vancouver (Hon. Mr. McKeen) wishes to speak this evening, and I am quite willing to give him my place so long as I am allowed to again adjourn the debate until tomorrow.

Some Hon. Senators: Agreed.

The Senate resumed from March 23, the consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. Golding for an Address in reply thereto.

Hon. S. S. McKeen: Honourable senators, I was rather shocked into entering this debate. The other day the honourable leader of the opposition (Hon. Mr. Haig) suggested that we should drop the TCA. His proposal hit me rather hard, but on thinking it over I have come to believe he was not too serious. He has a way of sometimes "needling" government supporters, thereby encouraging them to get up on their feet and tell the country what a good government it has. Perhaps that was his motive when he said that we should drop the TCA.

Some Hon. Senators: Oh, oh.

Hon. Mr. McKeen: Transportation is extremely important to any country. This is particularly true of Canada, so with the indulgence of the Senate I shall deal lightly with the early history of British Columbia. I hope my colleagues from Newfoundland will not laugh at the comparatively recent dates of the discoveries of our province, for our history does not go back more than a couple of hundred years and I know that the history of our new island province goes back five or six centuries or more.

Our province is far away, and time was when transportation there was not as good as it is now with the TCA. For this reason we did not have any early tourists. I believe

the first traveller to reach the west coast was a Chinese monk. The dates of his travels are unknown, but in China there is an old record of a monk who journeyed east and crossed a body of water, which was probably Bering Strait, and then travelled south to find some huge trees. His description of these trees fits the Douglas fir of British Columbia, Oregon and Washington. Then the record describes a tree similar to the California redwood, he must have travelled pretty well down the coast. There is nothing in our own history about this; perhaps it is just a legend.

Along about 1778, less than two hundred years ago, Captain Cook came upon the Pacific coast while travelling east in search of the Northwest Passage. Prior to this time all explorers had sailed westward to find the Northwest Passage. His venture was a most important one as far as the British government was concerned, because they had offered a prize of £100,000 to the discoverer of the Northwest Passage, and a smaller prize of £5,000 to the explorer who got within a few degrees of the North Pole. Captain Cook landed on the west coast of Vancouver Island at a place now called Nootka Inlet, and he told about the sea otter and other fur-bearing animals that he saw. The result was that a few years later a fur-trading station was set up in Nootka Sound. English traders loaded their ships here with furs, and soon commenced bartering them in China for silks, tea, spices and other oriental produce, after which the ships returned to England. British Columbia lacked overland transportation, and in 1788 or thereabouts an export trade by water was opened up.

The next discoverer of British Columbia was Captain George Vancouver, who made an accurate chart of the coast in 1792. The big island off the mainland was named after him in his honour, as were two coastal cities. One of these, the original Vancouver, is in the State of Washington. It is 100 years old, and celebrated its one-hundredth anniversary when Vancouver, B.C. was celebrating its sixtieth anniversary.

The next explorer to journey to the far western province was Alexander Mackenzie, the first man to reach the Pacific coast by the overland route. As honourable senators know, the early explorers were racing to establish fur-trading posts on the west coast. When they got beyond Winnipeg, because they could not make the trip back to Montreal in one year, they had to carry their stock of furs for two years. Some of the companies, not having sufficient money to finance themselves for two years, ran into trouble. They were in a worse plight than the prairie farmers today who have to carry over for one year.

Mackenzie was soon followed by Lewis and Clark, on the American side, who came up from the Missouri river and arrived at the mouth of the Columbia river in 1803. The Canadian fur traders, hearing that Lewis and Clark were coming, thought they would try to get ahead of them, but were a little late. They arranged with Simon Fraser to endeavour to get to the mouth of the Columbia river in advance of Lewis and Clark. He got to the mouth of a river all right, but it was not the Columbia. The river he reached is the one which now bears his name, the Fraser river, which is some 300 miles north of the Columbia. Fraser was quite disappointed to find that he had not arrived at the Columbia river, but he had done a good job of exploration for Canada, and blazed a trail for the fur traders going out there.

In about the year 1811 John Jacob Astor, who was then the fur king of New York, thought he would get into the fur trade on the West Coast. Being a very smart business man he established, at the mouth of the Columbia river, a trading post called Astoria, a thriving town which is still there. His actions revealed his business ingenuity. The site that he chose for the post was at that time supposed to be on British territory, and England sent out a sloop of war to take over the fort that he had erected. But before the sloop arrived, Astor sold the fort to the Canadians. He did very well out of this, because he got his money, and the fort was later handed back by the British.

The Treaty of Ghent, signed in 1818 between the United States and Britain, neglected to specify the southern border on the West Coast, and we had a squabble in trying to decide where it should be. Finally the matter was settled. The original border ran down to the Columbia river. One of the arbitrators, an Englishman, said that as the salmon on the Fraser river would not rise to a fly, the territory there was not worth keeping, anyway, and should be given to the Americans. So they got the line north of the Columbia river up to the forty-ninth parallel. A peculiar clause was inserted in the treaty and is still in force. It provides that any Canadian citizen—a trader or anyone else—can navigate up and down the Columbia river, through American territory, without any let or hindrance from the customs authorities. If that had been known during the rum-running days in California and Oregon, I am afraid the American authorities would have had a good deal of trouble with people wanting to run rum through the city of Portland, through which city the river flows.

In 1836, to provide better transportation on the coast, the Hudson's Bay Company sent out from England a vessel called the *Beaver*, the

first steamship to ply the Pacific Ocean. As a matter of fact, she did not carry enough fuel to complete the voyage, and came around the Horn under sail. On arriving at the mouth of the Columbia river she took on board some cordwood from the banks of the Columbia, shipped her paddles, and proceeded up the coast under her own steam, right to Victoria, out of which port she operated for the Hudson's Bay Company. Later on she was wrecked on the shores of Vancouver, and her old timbers, pretty well disintegrated by now, lie on the rocks there. Our good friend the senator from Huron-Perth (Hon. Mr. Golding) was presented by the former Prime Minister of Canada, the Right Honourable Mackenzie King, with a gavel made out of one of the timbers of the old *Beaver*.

There was trouble about not only the southern border, but also the northern boundary line. As honourable senators know, the United States bought Alaska from Russia. Opponents of the purchase said it was a very poor piece of business, but it has paid off many times since. The boundary line of the Alaska coast was drawn down to the coast line of British Columbia, but one of the members of the Boundary Commission strongly objected to this and, rather than sign the treaty confirming that boundary, resigned from the commission. That gentleman is still alive, and is today one of the members of this house, the honourable gentleman from North York (Hon. Sir Allen Aylesworth).

Some Hon. Senators: Hear, hear.

Hon. Mr. McKeen: Shortly after the 1849 gold strike in Southern California there was a strike in British Columbia, and large numbers of American miners and prospectors came up there. In 1864 there were on the coast two separate colonies, one called British Columbia and the other, Vancouver. But they ran into financial difficulties and decided that the only way to save themselves from bankruptcy was to unite, which they did, in 1866, under the name of British Columbia. At that time the population was 12,000. Immediately a move was made to join up with the eastern colonies, which were then attempting to form confederation. The chief obstacle to the union of British Columbia with the eastern part of the country at that time was lack of transportation. The only way then to get from British Columbia to, say, Central Canada, was by way of the coast down to San Francisco, thence by stage coach to Chicago, and from there into Canada.

Because of the unbridged rivers and mountainous territory in the British Columbia of those days, the miners could not get very far or make much speed with the horse and

buggy. The early miners had to carve trails out of the mountain side. The Cariboo Trail, which was a famous route built by the Royal Engineers, was used by pack trains, some wagons and even by camel teams. The camels, however, were not a very successful means of transportation, because they frightened the horses, which often bolted and lost their cargoes over the cliffs. Besides, most of the people, rough and ready though they were, objected to the smell of the camels.

As I have said, no sooner were the two colonies united in 1866 than there was a movement started to join with the rest of the country. Their price for confederating was a good method of transportation linking the Pacific coast with the East. That meant a wagon road, plus a railroad. It is rather noteworthy that in the same year there was a bill introduced in the Congress of the United States to annex the territory north of the 49th parallel. I do not think the bill ever passed; certainly there was never an attempt to put it into effect. There was considerable agitation in this coastal area and many people there, as in the Maritimes, did not want to join Canada; but the majority were in favour of it, and an arrangement was entered into whereby the wagon road was to be completed within two or three years and the railway was to be started within two years and completed within ten years. On these terms British Columbia came into confederation. Actually the railway was not completed until 1885.

When air travel came into being it was looked upon by the people of British Columbia as the finest form of travel yet devised. As a matter of fact, the only way one can travel up the coast of that province is by ship, either in the air or on the water. With all the inlets and indentations in the coast line it is impossible to build a railway or a roadway along most of the shore line; and the roads, when built, will have to be constructed well inland, with lateral roads leading to the coastal towns and cities. So for the opening up of a considerable part of the coastal area we are dependent upon the use of air ships and sea-going ships.

When at last there was an opportunity for the formation of an air line British Columbia was very much interested. There were many small companies formed in that area for local lines, the first of which was between Vancouver and Victoria.

In 1937 the Right Honourable C. D. Howe exercised courage and foresight in launching a programme to provide a system of air transportation that he knew was needed in this country. He introduced in the other house a bill incorporating Trans-Canada

Airlines. The original discussions were with the two railways, and for a time it looked as if the C.P.R. would participate in the project. At the last moment, however, Sir Edward Beatty, head of that railway, decided against the move, and the Canadian National Railways alone went along with the T.C.A., which was incorporated in the year 1937.

In the spring of that year the first route, between Vancouver and Seattle, started operating, making the line international from the start. Operation across Canada followed shortly afterwards, along with branch lines throughout the country; but I think it was not until 1938 that the first trans-continental mail was carried.

I recall that in February of 1939 our present Minister of Fisheries, the Honourable R. W. Mayhew, from British Columbia, was very active in trying to get mail-carrying services extended to Victoria. He was told at the time that there was not sufficient mail to warrant such a line. He put up some persuasive arguments—as a matter of fact, I believe he bet a hat that the line would carry twice as much mail as the post office said it would—and the line was put in operation. It was a success right from the start. In February 1939 Mr. Mayhew was the first passenger to fly from the East to the West Coast, and I think in May of that year the regular transcontinental passenger service was started.

In May of 1943 a trans-Atlantic service was put into operation, and during the war the TCA was asked to take over this service for the government, carrying priority passengers and mail. It operated in that manner until 1947, when the trans-Atlantic line was turned over to the control of TCA. In May of the year 1948 the service was extended to Bermuda, and in December of that year to Trinidad and Nassau. I think the planes now stop at Florida, but that is quite a recent development.

When the first route was operated between Vancouver and Seattle the daily distance flown was only 122 miles; today the total daily mileage is 16,000 miles. The TCA fleet at the end of 1945 consisted of 28 aircraft, with a carrying capacity of 369 passengers; today it is 47 planes, with a capacity of 1388 passengers. When the trans-continental run was started in 1938, there were two planes east and west daily; in 1949 this number was increased to three planes daily; and in May of this year a fourth trip will be added. This fourth plane will cut an hour off the regular flying time. A traveller may leave Vancouver at about 10:55 a.m., Toronto time, and arrive in To-

ronto at 8:10 that evening, a total travelling time of about nine hours.

It is interesting to note the saving of time resulting from non-stop flights. On the new run Trans-Canada planes will operate non-stop from Toronto to Winnipeg, and from Winnipeg to Vancouver. To indicate the speed that can be attained on such a flight, I would point out that the first North Star required, from the take-off in Vancouver until the landing in Montreal, a total elapsed time of six hours and fifty-two minutes—an average speed of 350 miles an hour. That is probably as fast as the jets will travel on commercial schedules to start with.

To indicate how important air travel is to British Columbia, I would point out that last year the Vancouver airport handled 339,900 passengers, many of whom came from all parts of the world.

I come now to the question of the cost of operating the Trans-Canada Airlines, and particularly this year's deficit of \$4 million, which need never have occurred. The government has taken a strong hand in the operation of the TCA, and the low-paid contracts with the post office department have brought about a deficit. Costs of operation have been going up along with everything else, but at the same time the revenue for carrying mail has been drastically reduced. As honourable senators know, Canada is the only country where one can send mail by air for regular postage. It is not the government that is paying for this service, but the TCA. In 1940 the mail rate per ton mile was \$6.35; in 1949 the rate was \$1.59. By a little calculation one can readily see that had the 1940 rates been in force last year the TCA would have had revenue from mail contracts of \$21 million instead of \$5,400,000. Even if the rate of three years ago had been maintained, the line would have had a revenue from mail carriage of about \$10 million, and the operation would at least have broken even.

But that is only part of the story. In 1949 the increase in ton-mile revenue was 16 per cent, and the amount of mail carried for that revenue was 48 per cent more. On the other hand, the number of passengers carried was 22 per cent greater than in the previous year, revenue passenger miles were up 24 per cent and the entire revenue obtained from this source was up 31 per cent. So the passengers are paying a considerable increase, and the people who are using air mail for letters and parcels are doing so at the cost of regular mail. In other words, passenger traffic has not derived any advantage from the additional payment of \$4 million to the air lines.

Hon. Mr. Howden: Where is the rail revenue going, then? The rates have never changed.

Hon. Mr. McKeen: The revenue has been absorbed by lower charges for mail. Mail is being sent by air as cheaply as by surface transport. That is, all letters weighing an ounce or less are carried by air.

Hon. Mr. Aseltine: Sometimes it goes that way.

Hon. Mr. McKeen: Well, it goes that way if air service will save any time.

Hon. Mr. Haig: No, it does not.

Hon. Mr. McKeen: But the tonnage is greater. I have the figures. In 1949 it represented 3,403,800 ton miles, an increase of 48 per cent over the previous year, but the rate per ton mile fell from \$2.03 in 1948 to \$1.59 last year. I challenge honourable senators to point to any other transportation company which can show such a reduction of rates. The railway companies have not been dropping their rates, nor have the steamships done so. But air lines charges are fixed by the postal authorities. I might mention that an appeal with a view of obtaining a fair rate is now before the postal department. Had the rates of 1940 been in effect last year there would have been a surplus of \$11 million, or more than sufficient to wipe out the present deficit.

But this again is only part of the story. Among the sources which provide revenue to the government are: deductions from payroll amounting to \$1,074,000; interest charges, taxes and landing fees of approximately \$3 million, \$467,000 of which is accounted for by landing fees alone. I understand that over \$150 must be paid every time one of these North Stars lands on an airfield. Taxes on gasoline amount to \$142,000. Aircraft parts and spares are imported at charges ranging from 30 to 35 per cent higher than those prevailing in the United States; and from this source the government obtains the customs charge. So judging from this standpoint, it is evident that the government is not losing money on TCA.

Another angle to which I would draw attention is this. TCA bought North Star ships from Canadair, and these ships are equal to any airships elsewhere. Their safety record is excelled by none.

Hon. Mr. Burchill: Is there any breakdown as between the trans-Atlantic service and service on the continent?

Hon. Mr. McKeen: Yes; I can give that information. The figures I have cited relate to domestic operations only, but the report tabled here this evening gives the figures on trans-Atlantic service. TCA losses, according to their bookkeeping, are \$1,419,444 on the

domestic lines, and \$2,898,149 on the Trans Canada Air Lines (Atlantic) Ltd. The big deficit is on the trans-Atlantic run.

While I am on this subject I will mention something which I think the government should do. CPA, which has bought North Star planes, is pioneering the run to Hong Kong and out to Australia and the rates which they are allowed to charge for that run are set, not by them alone, but by all the air lines. At the beginning of their operations they cannot possibly carry on this service—which is for the benefit of Canada—without loss, and I believe that since the government itself is not running a service across the Pacific, it should take into account the value of this operation in keeping Canada to the fore—at great expense to CPA—and subsidize the line. If air lines are not maintained we shall lose out in world trade. We have found by experience that it is a disadvantage not to have steamships to carry our freight, particularly such products as lumber. Those who control the ships control to a certain extent the trade. Private enterprise might reasonably have shied away from trans-Pacific operations, which looked like unprofitable business, at any rate for a while; but the private air lines have in this respect proved their worth, and I think they should receive some government support.

I have already referred to Canadair. A large plant has been built in Canada, and to show that it is not kept going solely by TCA and CPA, I may mention that the biggest order they have had was from BOAC, to whom they sold twenty-four planes. These planes are flying all around the world. In this connection I should like to mention a circumstance which is of particular interest to us in British Columbia, and would be also, I think, of interest to others. A few weeks ago our minister from British Columbia, Honourable R. W. Mayhew, had occasion to go to conferences in India and Ceylon. From Victoria he flew on a North Star aircraft to Montreal, and then to London. If he had waited another day to go from London to Cairo he could have taken a North Star in the service of the BOAC, but the schedule was unsuitable, so he took a Constellation. However, he was again on a North Star—that is, a Canadian-built plane—from Cairo to Bombay. From Bombay to Hyderabad, from Hyderabad to Bangalore, and thence to Madras and to Colombo he rode in small airplanes of another type, either Deccans or Air Salons. He was again in a North Star from Colombo to Karachi, and thence to Delhi, from Delhi to Singapore via Rangoon, from Singapore to Hong Kong, Hong Kong to Tokyo, Tokyo to Honolulu, and Honolulu to San Francisco, where he took an Australian

plane to Victoria. Had he wanted to, he could have gone to Australia, and stayed on a North Star ship on commercial air lines right from Victoria, clear around the world, back to Victoria again. That shows the dependability of these North Star ships which are made here in Canada.

There is another aircraft factory in Toronto, the Avro plant. They have a jet transport plane which is superior to anything on this continent. They are ahead of the United States in this field; and although the United Kingdom is building a Comet for trans-Atlantic flight, and the Avro plane cannot cover the distances for which the British plane is designed, so far the results obtained from the Avro have been as satisfactory as, if not more so than, those obtained by the Comet. The main difficulty at Avro at the moment is economic. Before this type of plane can be used in commercial work that problem must be solved.

In the trips taken by Honourable Mr. Mayhew to and from these two conferences he travelled 151 hours, flying a distance of 31,000 miles. Of this flight 136 hours were in a North Star. It may be of interest to add that he was accompanied by Mrs. Mayhew, who of course, as a passenger, paid her own way. Mr. and Mrs. Mayhew were in Ceylon, where their son was lost during the war while serving in the R.C.A.F., and they were able while on the island to go to an airfield and see where he was stationed at the time of his death. It was a most touching part of the trip, and it was particularly fortunate that they could go there at that time, because a month or so later the station was torn down. Mrs. Mayhew accompanied her husband all the way, and they never missed a meal or lost one on the whole trip. These people had no qualms about safety, and their trip illustrates how easily one can travel around the world these days.

Air transportation has a splendid record and is extremely useful in shortening our boundaries and bringing our people together. Commencing next Monday, a person may travel from Vancouver to Toronto, as I have said, in only nine hours; so I think the argument in favour of paying \$4 million or of giving a little more subsidy to the air line is a pretty good one. If my case has not been well enough argued, I have a few more computations which I think may interest honourable senators.

Last year the TCA carried approximately 690,000 passengers. Now, providing that the average earning power of each of those passengers was \$10 a day and, providing further that each of them was able to save one day's

travelling time by flying, the total amount saved would be approximately \$7 million. Because vital parts have been unobtainable or machinery has broken down factories have been shut down and workers have been laid off; but aircraft could load up in Montreal one day and deliver the next day in Vancouver.

Another point is that right now in British Columbia we have some beautiful spring flowers.

Some Hon. Senators: Hear, hear.

Hon. Mr. McKeen: Last year the TCA flew 125,000 pounds of cut flowers to the East, and people here were able to buy daffodils at 35 cents a dozen whereas they formerly paid \$2 a dozen. This meant the building up of this industry in British Columbia, and far westerners were thus able to get back some of the money they paid out for automobiles, textiles, radios, refrigerators, and so on, purchased from the East. I understand that last year something in the neighbourhood of 60,000 pounds of lobsters were flown from Yarmouth to Boston. The Right Honourable C. D. Howe has had a book published on Newfoundland, and in it I read that aircraft are picking up lobster and other fish there and flying them to the United States market. When, in June 1948, floods in British Columbia blocked the railroads, TCA handled 600,000 pounds of cargo; and again, in January 1950, when the railways were blocked by snow slides, TCA, in addition to handling its own regular cargoes, flew 50,000 pounds of cargo to Calgary.

Honourable senators, we cannot afford to dispense with this kind of service. We need it in this country. British Columbia came into confederation in the first place on the understanding that it would be brought closer to the rest of Canada through a modern up-to-date system of transportation. We want to keep the TCA running.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Horner, the debate was adjourned.

THE SENATE CHAMBER ATMOSPHERIC CONDITIONS

Hon. Mr. Beaubien: I want to call the attention of the appropriate officials of this house to the excessive heat and humidity in this chamber. I think something should be done to correct this condition.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, March 28, 1950

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

Prayers and routine proceedings.

AGRICULTURAL PRODUCTS BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 16, an Act to amend the Agricultural Products Act.

He said: Honourable senators, I think I must first apologize for the form in which this bill comes before us. It has been distributed to members in the form in which it received first reading in the other place. I am advised that the Printing Bureau was unable to get the bill ready in third reading form in time for distribution to us now, but as the bill was not amended in the other place, the form in which you now have it on your desks is really the same as the form in which it passed the House of Commons.

Honourable senators, the bill is a simple one consisting of a single clause. Its purpose is to amend the Agricultural Products Act, which expires on March 31 of this year, in such a way that it will not expire until March 31, 1951.

Honourable members will recall that the Agricultural Products Act was first passed by this parliament in 1947, and was adopted for the purpose of enabling the government to negotiate and carry out contracts with other countries for the sale of agricultural products other than wheat. The Act as passed in 1947 provided for the setting up of commodity boards to attend to the marketing of the particular products in respect of which contracts might be entered into. It gave power to the government to require the shipment or delivery of agricultural products in order to fulfil contracts which might have been entered into. By its terms the Act as originally introduced expired on March 31, 1948. Since that time it has twice been extended: once in the session of 1948 and once in the session of 1949, and on each occasion the extension was for a period of one year. The bill now before us provides for a further extension of one year.

I may say for the information of honourable members that at the present time there are only two food contracts now in operation under the Act, and both of these are with the government of Great Britain. The first is a pork products contract covering the sale of 60 million pounds of pork and bacon at 32½ cents per pound. That contract is

administered by the Meat Board, which is one of the commodity boards set up under the Act. The second is a cheese contract providing for the sale of 85 million pounds of cheese at a price of 25 cents per pound. That is the price which the British government pays. There is also a bonus of 3 cents per pound which the Governor in Council pays to the producer. This cheese contract is administered by the Dairy Products Board. Both of these contracts were entered into for the current year, 1950, but I am informed that it is altogether probable that they will both have been completed considerably before the end of the current year.

There are two basic reasons for the enactment of this legislation. The first is to continue the statutory sanction for the carrying out of the two existing agreements to which I have just referred; the second is to enable the Governor in Council to negotiate new agreements for future years, if it should be found possible and advantageous to do so.

There is one consideration which I think honourable senators should bear in mind. It is a truism, of course, to say that in the past the historical market for many of our agricultural products has been in Great Britain; and we hope that that situation will continue in the future. The present British government is wedded to the idea of bulk purchases by one government from another, and is reluctant to deal with private sources of supply. In fact, I am advised that this is so much the case that it is extremely doubtful whether Great Britain would have bought any Canadian pork products this year, had it not been for the fact that under this legislation our government had the power to enter into a contract with the British government. And that constitutes, perhaps, a further reason why the continuation of this Act is advisable.

I do not think there is anything further that I need say in explanation of the bill.

Hon. John T. Haig: Honourable senators, normally I would not be in favour of selling and buying by the government. I do not think the world will ever get back on its feet until we resume the old system of trading, whereby individuals in one nation sell to individuals in another. However, we have entered into two contracts under this legislation, and they could not be carried out unless this bill was passed. I presume the house knows that in both contracts we are bonusing the Canadian producer. To that principle I am desperately opposed.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Haig: I think that leads inevitably to disaster. The United States furnishes perhaps the best possible example of the terrific

load that has to be carried by a country which buys food products from its own people and cannot sell them.

I am naturally in favour of carrying out the contracts that we have made, and on that account I am in favour of the bill. I think, in fact I am sure, that before another year rolls around the British government will not buy anything more from us, except what the Americans allow it to purchase with the money they provide. Unless somebody else makes loans to Britain, its only source of money for such purchases will be the United States.

We have to carry out our contracts and, therefore, so far as I am concerned, this bill could be passed today.

Hon. T. A. Crerar: Honourable senators, from the remarks of the deputy leader (Hon. Mr. Hugessen) I think it is quite obvious that this bill has to be passed, if for no other reason than to enable us to carry out existing agreements. I am among those who hope that these agreements between governments will soon come to an end. I gather, though, from what the honourable gentleman said that it is contemplated there may be further renewals of the contracts under this Act, or possibly new agreements covering other commodities.

When this legislation was first brought down in parliament its purpose was to facilitate our getting over the transitional period between war and peace; but it now appears to be developing into what may be a permanent feature in relation to our sale abroad of various agricultural products. It seems to me undesirable that this should become a permanent feature of our commerce with Britain or any other country. I agree with the leader of the opposition (Hon. Mr. Haig) that we shall ultimately get the best results by returning to a measure of private trading as between suppliers in this country and purchasers abroad. We are asked to extend this legislation for another year, and I hope that at the end of that period it will be decently interred, and that we shall hear no more of it.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Reid: Would the honourable gentleman permit a question? In view of the fact that purchases for the British people are made through their government, would it be possible for individuals to make trading agreements as before?

Hon. Mr. Hayden: No, it could not be done.

Hon. Mr. Crerar: If I am in order, I would reply that before the recent election in Great Britain the committee on estimates brought in a recommendation to the government which would indicate that in some respects that

country is moving away from this arrangement of bilateral contracts. That committee recommended the re-opening of the Liverpool and London corn exchanges, and that the former method of trading of wheat be resumed. Similar recommendations were made with regard to tea and cotton. That of course means a return to free trading between producers and consumers.

The motion was agreed to and the bill was read the second time.

THIRD READING

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

Hon. Mr. Hugessen: I would appreciate the views of honourable senators as to whether this bill be referred to a committee or, in view of its simplicity, be read a third time now. The two contracts to which I have referred have, I think, already been considered during this session by the Standing Committee on Natural Resources, and any information which might be obtained by referring the bill to committee is already in the possession of honourable members of the Standing Committee on Natural Resources. Unless someone has views to the contrary, I would move that the bill be now read a third time.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

SECOND READING

Hon. Gray Turgeon moved the second reading of Bill R-2, an Act to amend the Canadian Red Cross Society Act.

He said: Honourable senators, it is not my intention to take up much of your time on the motion for second reading of this bill, because when second reading has been given I shall move that the bill be referred to the Standing Committee on Miscellaneous and Private Bills. Under the present circumstances, the committee will not be called together until some time after the return of honourable senators following the Easter recess. In the meantime, possibly, I should leave a few thoughts with honourable members, particularly as the bill was before this house last session.

At that time some objection was taken to the passage of the bill on the grounds that the rules of the Senate had not been complied with. The bill had passed through the other place and came before us as the session was nearing its end, and there was not sufficient time to give proper consideration to the operations of the Red Cross Society or to the objectives of the proposed amendments.

With one exception the bill before us now contains the same amendments as the previous bill. At present the society may hold real estate in Canada to the value of \$100,000. By subsection 2 of section 1 of the bill the society asks that:

The annual value of the real estate held in Canada by or in trust for the society shall not exceed two hundred thousand dollars.

If my memory serves me correctly, the bill before us last year placed no limit on the value of real estate which could be held by the society.

The increase in the membership of the council, which is identical with the increase proposed in the previous bill, is necessitated by the entry of Newfoundland into confederation, the growth of the population of Canada, and a strong desire to give the various communities a greater voice in the conduct of the society's affairs. The enlargement of the executive committee is necessitated by the expansion of the central council.

The final amendment is that which is required to sanction the use of "La Société Canadienne de la Croix-Rouge" as the name of The Canadian Red Cross Society in the French language.

Some statements made in the debate on this subject last session indicated misunderstanding and doubt concerning certain operations of the Red Cross Society; but let me say, to reassure members of the society who may not have understood the refusal of the Senate to give unanimous consent to the amending legislation of last year, that every member of this chamber is fully aware of the fundamental value of the society, and appreciative of the great work done by it not only for Canadians but for people in many parts of the world, particularly during and following the second world war. Speaking from memory, I believe that a sum approaching \$50 million was subscribed by Canadians, through this society, to maintain life in the impoverished areas of Europe and elsewhere, and to aid men, women and children whose unhappy circumstances were almost wholly due to the ravages of war and the internal troubles which followed the war.

The Red Cross Society in Canada was formed in 1896. As some references have been made in this chamber to the St. John Ambulance Association, it may be worth while to mention that the same individual, General Ryerson, promoted the formation of the Red Cross Society and of the St. John Ambulance Association. The society obtained statutory powers in 1909, and in 1927 it was constituted an autonomous national society internationally recognized by the committee of the International Red Cross.

I know that difficulties have occurred between the Red Cross Society and the St. John Ambulance Association, in connection with various undertakings; but I am sure that every honourable senator who looks into the facts will agree that both these organizations are trying earnestly to work together and that there is no reason in the world why they cannot arrive at an amicable agreement. I would further assert that when the bill has received second reading and has been thoroughly discussed in the Committee on Miscellaneous Private Bills, where pertinent questions can be put to and answered by responsible representatives of the society, the Senate will be able to play a valuable part in bringing together, on a harmonious basis, the two societies I have mentioned. Incidentally, the Deputy Minister of National Health has thrown out suggestions to this end, and the two organizations have been working together in the hope of reaching a successful conclusion. Personally I am positive that an agreement will be arrived at which will be both just and beneficial to both associations, and I believe that, in the ways I have mentioned, the members of the Senate can materially help to promote the best interests of the two groups.

Hon. Norman P. Lambert: Honourable senators, because of the circumstances which surrounded the introduction of this same bill, in almost the closing minutes of last session, some of us at that time took exception to the pressing of the passage of the measure. Incidentally, the bill received rather dubious treatment in the other place.

Hon. Mr. Euler: May I ask my friend about a phrase which has been used several times by the mover of the second reading. What is this "other place"?

Hon. Mr. Turgeon: The House of Commons.

Hon. Mr. Lambert: I leave the answer to my honourable friend's imagination. I am trying to reconstruct the circumstances under which we dealt with this matter, rather abruptly, I must admit, but necessarily so, in the concluding moments of last session.

We are asked now, as we were asked then, to give approval to amendments of the Red Cross Society Act, the main one of which is to provide for increased financial facilities for the society. Now, as has been stated by the sponsor of the bill, we shall have the opportunity, when this bill goes before the committee, to satisfy our desire for information as to details of the society's real estate holdings. From what I know of the situation I am certain that the circumstances which resulted in the rejection of the bill at the close of last session were not related to any failure of the

society's officials to do their duty, but to other factors altogether. I think we should give full consideration to the statements which representatives of the Red Cross Society will place before our committee. I am sure there will be nothing controversial about these statements, and they will be enlightening. In this connection one might observe that so far we have had no detailed information under the sections of the Red Cross Act respecting the society's audit. I am sure that when the society's representatives meet the Committee on Miscellaneous Private Bills, details will be presented which will meet the wishes of any member of this house.

In conclusion I can only reiterate what has been said by the sponsor of this bill. There has never been any question about the worth of the Red Cross Society and the splendid humanitarian service it renders in various parts of the world.

Some Hon. Senators: Hear, hear.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, I am happy to support the bill sponsored by the hon. senator from Cariboo (Hon. Mr. Turgeon). I seize this opportunity to congratulate the Red Cross for the valuable services which it renders.

As the result of a fire which took place a few months ago in Quebec, eighteen or twenty families were left homeless. The flames had hardly died down when the Red Cross rushed to their assistance with clothing, blankets and medicine.

To those who wonder what the Red Cross is doing now that the war is over, here is an answer, amongst many, which shows the magnificent work being carried out by this splendid organization.

I am happy also to find that the Society has, for the first time, decided to translate its name into French; this will enable us to understand one another better when we are speaking our own language, which has nothing in common with any patois, as the honourable senator from Sorel (Hon. Mr. David) so forcefully explained yesterday.

(Text):

REFERRED TO COMMITTEE

Hon. Mr. Turgeon moved that the bill be referred to the Standing Committee on Miscellaneous and Private Bills.

The motion was agreed to.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

The Senate resumed from yesterday, the consideration of His Excellency the Governor

General's Speech at the opening of the session, and the motion of Hon. Mr. Golding for an Address in reply thereto.

Hon. R. B. Horner: In rising to take part in this debate I should like, on behalf of honourable senators, to extend the sympathy of the Senate to the people of the United States in the tragic loss of five of their distinguished countrymen who were killed in an airplane crash this morning within ten miles of Ottawa. Our deepest sympathy also goes out to their families.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: I wish to congratulate the mover (Hon. Mr. Golding) and the seconder (Hon. Mr. Veniot) of the Address on their excellent speeches. They are both fine fellows physically and mentally, and admirably represent our two splendid races. We have heard also a number of other good speeches on the Address, and I particularly want to compliment the senator from New Westminster (Hon. Mr. Reid) for the touch of independence he injected into his remarks. I fully expected this from him, because he showed signs of independence in another place; that is why I welcomed him to this chamber. I should also like to congratulate the honourable senator from Kennebec (Hon. Mr. Vaillancourt), whose remarks were of the highest order.

My objection to the speech by the mover is that he seems to think everything is just fine. He claimed that, except for the odd black spot, the members in both houses of parliament—and especially our leaders—are all splendid people. When he mentioned the odd black spot I was wondering whether he was referring to me.

Some Hon. Senators: Oh, oh.

Hon. Mr. Horner: Then I thought about the book entitled *Link to the North*, in which a story is told about a native woman gathering up a lot of white roots in a swamp, splitting them, taking out the little black spots and boiling them in a kettle, and then using the brew to cure a man suffering from pneumonia. I began to wonder whether I might be the black spot that possibly would cure the ailments of this country.

Some Hon. Senators: Oh, oh.

Hon. Mr. Golding: There is an ex-member of another place who is still serving time in the penitentiary.

Hon. Mr. Horner: Perhaps I have something new to add to the debates of this house, and perhaps I have some old complaints to make.

I have noticed that some members start a speech in one year and finish it the next, so I want to do likewise and complete dealing with a rather critical attack made on me last year by the *Toronto Star*. I just want to say to that newspaper that I, like many others, could have been elected to parliament by merely running for a certain party. On one occasion I was assured that if I ran on the Liberal ticket I would be nominated and elected, but I declined the offer, and I ran as a Conservative. Later I was asked to accept the Progressive nomination, and I again declined, saying that I would still be the same man and that I did not believe in camouflage. Honourable senators know that many persons across Canada who forsook their own parties are now holding prominent positions in another chamber, and when they meet an old friend they look like a small boy who needs his mother. I at least was able to maintain the respect of my Liberal opponent, and when he passed away we were the best of friends.

If the *Toronto Star* thinks that I would have been a better man for being elected to office by merely running for a certain party, it is welcome to that notion. There are two prominent members in this chamber who first came to Ottawa as Progressives when, as there ought to be now, there was a great feeling that both old parties were neglecting Western Canada in the matter of tariffs and so on.

My honourable friend from Huron-Perth (Hon. Mr. Golding) spoke about the splendid example our leaders have set. Perhaps in his remarks, he included some of those who have passed on. I am inclined to think of the confession heard in the Anglican Church:

We have left undone those things which we ought to have done; and we have done those things which we ought not to have done.

Canada has made every mistake that it is possible for a country to make. We should be ashamed when we think of what we have done with our great heritage of land and forest, and realize that we have lost to the United States so many of our sons and daughters, and that the money we have spent to bring immigrants here has been wasted because most of these people have moved on to the States.

I have had a wide experience in meeting people. I was raised not far from here, in Pontiac, in as fine a settlement as there is in Canada. There were a lot of Irish people in the district—Kennedys, Faheys and O'Briens—and in all truth one could apply to them the scriptural saying:

Better is a neighbour that is near than a brother far off.

There was real neighbourliness in that district. I remember that Mrs. Kennedy used to walk sixteen miles to market with a basket of eggs. She raised a fine family of eleven children, including five sons, all of whom it was said could jump over a five-foot fence.

When I went to Western Canada I lived for the most part in entirely different communities, made up of Dukhobors, Ukrainians, Poles and people of other races. I would suggest that when we bring in such immigrants now we let them know that Canada is a democracy, and do not ask them to promise beforehand that they will vote for a certain political party, as those people, before they were nationalized, were required to give their word that they would support the Liberal party. That is not the way to train immigrants to become good citizens; thought I must admit that, politics aside, those were first-class people.

I have before me an article entitled "Fifty Years of Wheat Selling as I have seen it." It is by E. J. Young. He is entirely wrong. He tells about the Wheat Board that was set up under the chairmanship of John I. McFarland. He says that James Murray of the Grain Exchange was appointed as McFarland's successor, that he sold the surplus that had accumulated, and retired from the board. That is an entirely wrong picture. McFarland would not have had any great difficulty had he been allowed to carry on. In 1937 there was the worst crop in the history of Western Canada, only 130 million bushels, and the wheat that the Murray board held was wheat on which the farmers held participation tickets. It was their wheat. And when it was known to every man in the country that there would not be a crop that year, the board was selling wheat at 70 cents a bushel and boasting about it. Yet, all that wheat might have been sold for at least \$1.25 a bushel. I can forgive the premier of the province of Saskatchewan for a lot of his socialism because of the remark he made when Murray was appointed head of the Wheat Board. He said it was like putting a weasel in a chicken coop to watch the hens.

The Saskatchewan wheat pool has been sneered at and called socialistic. But honourable senators from Nova Scotia know of the co-op down there, and the honourable gentleman from Kennebec (Hon. Mr. Vailancourt) has told us about the honours paid to the man who inaugurated the credit union, the *Caisses Populaires* which recently celebrated their fiftieth anniversary. It is right

to honour such a man. Well, the sole aim of the Saskatchewan Wheat Pool was to cooperate in the sale and marketing of wheat, and in the building of its own line of elevators to help in the achievement of that aim. I might point out that the strongest support of these elevators comes from districts where there is scarcely a socialist or CCF vote. I have always been a staunch supporter of the co-operatives and pool elevators.

But how can there help being criticism of organizations when the men appointed to run them are not the best available? Yet, anyone who criticizes the work that an organization is doing—or, for that matter, what the government is doing—will himself be severely criticized and charged with disloyalty by people who seem to think that once they are appointed they should stay on as long as they wish, as is done in dictator countries. We had a taste of that in this country. As Gratton O'Leary said, we in this country were not only having government by anniversaries, but were running a kind of political marathon, in competition with an Englishman named Walpole, who had held the office of Prime Minister of Britain for some twenty years. Incidentally, history does not record that he did anything of moment, other than hold on to office for a long time.

Out in Saskatchewan a few days ago a CCF supporter resigned from that party, saying that he saw no difference between it and the Liberal party, and that one was as good or as bad as the other. Even the senator from Toronto-Trinity (Hon. Mr. Roebuck) admits that people cannot go on being half Liberal and half something else. And, by the way, when he utters the word "Tory" you would almost think he was scraping his hand down a rusty tin dish.

The railroad question—in fact the whole question of transportation, including air transport—is of vital importance to this country. If anyone will take a good look at the map and observe the route of our two railroads across Canada, East and West, he will conclude that our people who have to pay freight rates and maintain the railroads—one of which is state-owned, and the other a private enterprise—are like the fellow who is trying to walk along with one foot on each side of a barbed wire fence. This is a matter that demands the attention of people of ability, and it is admitted that we have some people of that kind in the Senate.

I have before me an article entitled *No Oscars for the Senate*, which appeared on the editorial page of yesterday's *Ottawa Citizen*. As honourable senators know, "Oscars" are prizes handed out once a year in Hollywood to

the actors who are deemed to have given the best performance during the year. The article begins by referring to a prize movie, *All the King's Men*, which has to do with a demagogue called Willie Stark, who becomes governor and boss of an American state. Finally, a doctor, employed in one of the hospitals that Stark built, frees the people from dictation by shooting him. The article goes on to voice a popular idea, that in Canada there would be no need to assassinate our "Willie Starks", that they would be dealt with by the Senate. Then the writer says this:

In an age when constitutional reform is in the air in Canada, an excellent opportunity exists for a fresh study of the Senate and the possibilities of reforming it. If the Senate was added to the agenda of the federal-provincial conference, and a strong committee was set up to report on it, one point at least could be cleared up. The Senate is often defended as the protector of minority and sectional interests, and the suggestion is sometimes made that the provinces should have the power of appointing senators. It would be worth consulting the provinces to see whether they have any interest in preserving the Senate.

My view is that the remedy for the decline of the Senate will not be found in anything the government does, or what the House of Commons does, but only in the Senate itself.

That is very sensible, it seems to me. The article continues:

It possesses more power than the British House of Lords, yet its reputation as being a mere rubber stamp for legislation passed by the House of Commons has grown steadily. The Senate evidently possesses great powers to bring public policy under scrutiny, to mobilize information, to express itself, and to exert influence upon Canadian thought and development. It may have started on a new road, with its recently awakened interest in a few items selected from the government's estimates. It remains to be seen whether the Senate has the stamina to go through with it, or whether its vitality is wholly exhausted by its frustrations.

* * * * *

Where the Senate falls down is in having missed its destiny as an independent branch of the government of Canada. It was not intended, as Sir John A. Macdonald once said, to be "a mere chamber for registering the decrees of the lower house." Yet in 1950, the Senate has only a shred of independent character left.

The Senate possesses more brains—

The article gets rather good now.

—more experience, more intelligent and fewer demagogues than the House of Commons—

Hon. Mr. Bouffard: You do not believe that, do you?

Hon. Mr. Horner: I am not free to say.

—and to despair of it would be to despair of the human race. Yet it is content to be kept in reserve, to wait upon the call to duty when it will perhaps prevent the lower house from wasting public money, when it will perhaps stand up against some Willie Stark who has installed himself in the East Block and in the federal bureaucracy. The risk is that its sword and its brains will be too rusty when the day comes, and it will have to be someone else who will die on the barricades defending the public interest.

Hon. Mr. Euler: Is that an editorial or an article by some writer?

Hon. Mr. Horner: It is an article by "B.T.R." of the *Citizen*.

Hon. Mr. Aseltine: That is Richardson.

Hon. Mr. Horner: I come now to the question of transportation. If the province of Saskatchewan, from which I come, is to remain prosperous—if it is even to remain in the dominion—it certainly cannot stand the recent increases in freight rates. The effect of such increases on that province is most severe. I notice that a member from Saskatchewan in the other house has indicated his readiness to divide the province and give it away. Well, that is in keeping with the policy of the Liberal party—they have been selling us down the river for the last few years. But may I point out to honourable senators that during the First Great War Saskatchewan produced more wheat than all the other eight provinces combined. Its agricultural area is greater by far than that of any other province, and eventually it will be the backbone of the nation. I believe that it has created more new wealth from the soil than has any other province.

In the matter of transportation, Saskatchewan is at a disadvantage geographically. That province is a long way from the head of the lakes, and its products cannot be shipped west to British Columbia, as can those of Alberta. With no competition from water transport, our freight rates are high. For instance, there is some market in eastern Canada for western horses, but the increases in freight rates make trade with that market practically impossible.

I have no positive suggestion about what should be done with the Canadian National Railways, or whether it should be sold or taken over by the Canadian Pacific Railway. Certainly this country cannot afford two trans-continental railways. The head of the socialist group might advocate taking over both railways and allowing them to run in competition with one another. How that would work I do not know. But today we have two trans-continental trains running side by side, each partially filled and both arriving in Winnipeg at the same time. Certainly if the railways were operated together one would not see, as we sometimes do today, four trains going west from Winnipeg within an hour.

I do not quite agree with what the honourable senator from Calgary (Hon. Mr. Ross) said as to the operation of trucks for hire. I notice that a representative of the railways said recently that trucks should either be highly taxed or prohibited. The honourable

senator from Calgary suggested that the people who are barred from using carriers for hire would buy their own trucks. Well, I cannot imagine a person spending \$10,000 for a truck to move his furniture a thousand miles. There has to be a good deal of traffic moving before a businessman will invest in a truck.

The Speech from the Throne makes mention of the Trans-Canada Highway. A year ago I was prepared to support the expenditure of money for such a project, but today I am opposed to it. I believe that before we consider a trans-Canada highway we should build local roads to open up out-of-the-way areas and provide some outlet for the people living there.

After the house closed last December I drove west across the Trans-Canada Highway. When I mentioned going west that way people warned me about getting stuck in the bush and all kinds of trouble. I spoke to the honourable senator from Prince Albert (Hon. Mr. Stevenson), and he told me that his daughter had come that way and found the road all right. I expected I would have company on my trip, but finally I made it alone. I was warned that I would require a shovel and chains for my car, but such was not the case.

I left Ottawa late on a Tuesday morning and arrived in Saskatoon the following Saturday at noon, and had a lovely trip. The highway through Ontario is very good. It is well marked in the open country by signs with black markings on white background. In such towns as Haileybury and New Liskeard the road signs might be improved, but generally they quickly catch one's eye. The trip from Cochrane to Hearst was pleasant. The hotels were fair and the meals were very reasonable; the Thunder Bay House at Geraldton was particularly good. The section from Geraldton down to Nipigon on Lake Superior must be particularly pleasant in summer. I drove from Geraldton to Kenora, a distance of something more than five hundred miles, in one day.

West of Port Arthur there are few farms, and the building of railways through that area must have been very expensive. Yet there were the two railways running side by side. On the highway west of Port Arthur I met twelve huge motor vans, as big as box cars, travelling from Winnipeg; but some of the railway cars along that stretch were empty. There is no local freight to be carried by the railways in that area, but on the highway there are many of these huge vans travelling at fifty and sixty miles an hour. They almost blow a small car off the road.

What will happen when passenger-carrying buses commence to operate on the Trans-Canada Highway? I predict that we will see the day when buses and transport trucks will operate from coast to coast, and again we will be asked to put our hands in our pockets to meet the deficits of the Canadian National Railways.

What is the Senate doing about protecting the people who live a hundred miles north or south of the Trans-Canada Highway? The highway and the railroad parallel each other fifty miles apart, but it is next to impossible for local settlers to get to either one or the other. This condition may have serious consequences when a doctor is needed, or some other emergency occurs.

What have we done to protect our forests? In these northern areas a fire may spread for hundreds of miles without meeting a stop-gap. I suggest that before we go on with the Trans-Canada highway we should begin to build cross-roads, and open up the country. With the machinery now available it would not be a difficult operation. There are many swamps in the beautiful evergreen bush of Northern Ontario. I am told that if these swamps were drained, the ground would retain plenty of moisture and the trees would grow ten times as quickly. Further, our deer are being slaughtered by wolves. To protect them we need a highway every six miles, with a game guardian to patrol the area. If a fire should break out equipment could then be moved very rapidly. Airplanes are all very well, but it is difficult to land them in case of fire and they cannot carry in much heavy equipment. If highways were built, protection would be easy.

Here is a national heritage which should be guarded. I contend that the main highways are quite good enough, but we need feeder roads to connect with the existing roads. People who live at a distance from the main lines of transportation have a right to some consideration. They are taxpayers, but they are getting next to nothing at the present time, except the snowdrifts and the mud which they have to plow through. If they make any sort of an income they are taxed in every direction, while others receive all the benefits. For these reasons I agree with the leader on this side that we senators should be mindful of our obligation to protect the small man.

What are Trans-Canada Airlines being run for? The wealthy? When they have a deficit the poor man is taxed to provide the wealthy man with accommodation. We are told that air travel saves time. Well, if we lived in an age when people worked six days a week, and really did work, there might be some argument for this special service; but there does not seem much reason for speeding up travel

when the working week is limited to five days, leaving two days to spare. The main idea nowadays seems to be to do as little as possible, so I cannot see why trains or buses are not sufficiently rapid as a means of transportation. While I was on the Pacific Coast last winter there were several stormy days when, because of poor visibility, planes were unable to fly. But the highways of British Columbia were in good order, the bus depots were busy, and buses were arriving at Vancouver and moving off to Winnipeg, Calgary and other distant points. They handled the traffic, while the airplanes were grounded.

I repeat that someone in the Senate must have the courage to deal with this question of duplicating facilities. If we are not prepared to challenge the policy of paralleling the services which the railways and motor buses are capable of giving, and giving continuously I do not know what other body can do it with equal authority. There is, I suggest, no greater service that we can perform.

It has been said that railroad hotels are not paying their way. I know that some of these hotels have operated at a profit ever since they were built. But they were designed and constructed for men of ordinary means, not for the wealthy few. I understand that the Canadian Pacific Railway hotel at Regina cost \$175,000, yet it has fifteen more rooms than the Bessborough hotel at Saskatoon, which cost about \$4,000,000. The fact is that anyone who stays at the Bessborough is being accommodated at the expense of the poor people who are taxed to meet the difference between what he pays and the \$15 a day which he would have to pay if the hotel is to make any interest on the money invested in it. The Palliser at Calgary, which also belongs to the Canadian Pacific Railway, has been consistently run at rates which ranchers and everyone else could afford. It is a good plain hotel and has always covered its expenses. The Macdonald at Edmonton is the result of grandiose ideas: it has huge rooms and high prices. I trust that when the extension is added, it will be of a size and type to accommodate the ordinary man, not merely to serve the rich. On this general question of what we can and should do, I am concerned about socialistic trends on the part of the present government.

I have here a reprint from *The Reader's Digest* of a condensation of *The Road Ahead*, a book by John T. Flynn. I understand that he is the author of a book—I have not read it—in which the late President Roosevelt is severely criticized. Incidentally, he shows that Canada is not the only country which is losing money through government operation of aeroplanes. Flynn severely criticizes the socialistic policies of the present

British Government. It has been suggested that the contents of this little pamphlet should be read in every public school. He writes:

Let us look at the black record. The Socialist government has operated at a loss the basic industries and services which it took over. At the end of 1948 it was producing coal at the rate of 7 million tons a year less than the mines under private ownership produced before the war, notwithstanding the expenditure by the Socialist government of over \$170 million on mechanization to increase output. The National Coal Board lost about \$95 million in 1947. By raising the price of coal it managed to cover costs in 1948, but it is still in the red about \$90 million since it began operations.

The miners, despite the fiction that they are now the "owners" of the mines, will not produce as much for themselves as they produced before the war for private owners. Around 84,000 miners a day fail to show up for work.

I was talking recently to a gentleman who was born in England and returned to this country last year after a visit of four months. Two of his nephews who are in the manufacturing industry in Great Britain told him that the percentage of absenteeism among their employees was 17 per cent. This figure was arrived at without including displaced persons, who constituted one-third of their working force, and whose attendance record was much better.

Mr. Flynn continues:

The government owns and has operated the overseas air-transport industry in the Atlantic area at a loss of \$244 on every passenger carried.

Referring to the threat to our democratic freedom, the author states:

One of the first things those opposed to this socialistic program must do is to rid themselves of the moral intimidation which has been imposed on their minds. In the debate around this problem, the American system has been painted as something, wicked, bungling, even brutal, while the Planned New World of the future will be filled with sweetness, light and plenty. The very word "profit" has been endowed with sinister implications.

But it is not a choice between a perfect system called Socialism and an imperfect system called Capitalism. It is a choice between two human systems both of which will inevitably have their imperfections because they are human . . .

In Italy Socialists of various schools dominated the political life with the same results as in Germany, and that too ended in Fascism and Mussolini.

Honourable senators, this illustrates what these things will lead to. The honourable senator from New Westminster (Hon. Mr. Reid) spoke about Russia not practising communism. Well, Canada is not practising democracy, and some of these days we shall have to show the world that we are willing to practise it. Last year I complained about the huge amount we were spending for defence purposes, but defence expenditures have been increased this year. Comparatively recent history shows that a nation's downfall is caused by forces from within.

For instance, was it an outside enemy that overthrew the Russian government, or that took over control in Germany? What about the forces that took over in Italy, and what about the American revolution?

Hon. Mr. Farris: What about Czechoslovakia?

Hon. Mr. Horner: I admit that Czechoslovakia has been overrun by an outside power, but perhaps if we were doing our full duty some things that have been happening in the world might not have taken place. For instance, there was a time in Britain's history when, with ships and guns, she undertook to see that justice was done to peoples who were wrongfully treated. But the great fear that is sweeping this country has resulted in our spending approximately \$600 million for defence. If we do not set our own house in order and satisfy our people and the rest of the world that we are practising democracy, we shall certainly need what this money is being used for. We were told recently that it did not matter why the Minister of Justice refused to publish a certain report. But this action may yet make it necessary for us to spend many more millions on defence. We cannot afford to have our people lose faith in our democratic form of government. It is like a man trying to cut hay without a knife in his mower—the hay all piles up behind him. In other words, what is the use of spending money on national defence if there is discontentment at home?

We hear a lot of talk about Exercise Sweetbriar, and so on, but these things are of no avail if our people cannot be assured of justice. Our danger comes, not from without but from within. Look at what happened in Italy, and the rape of Ethiopia by Mussolini. Dr. Riddell, our representative at the old League of Nations, attempted to have Mussolini's expansion movements restricted, but our government failed to back him up. How many millions of lives might have been saved if some restraining action had been taken?

Mussolini's representatives here in Canada appealed to our government, and the leader of our government—who, incidentally, was praised so much by the mover of the Address—stated, "Canada will not take that action at all". Honourable senators know what eventually happened.

As the honourable senator from Inkerman (Hon. Mr. Hugessen) has on occasion quoted Oliver Goldsmith, perhaps I will be permitted to read a poem by the same author entitled *The Deserted Village*.

Ye friends to truth, ye statesmen, who survey
The rich man's joys increase, the poor's decay,
'Tis yours to judge, how wide the limits stand
Between a splendid and a happy land.
Proud swells the tide with loads of freighted ore,

And shouting Folly hails them from her shore;
 Hoards e'en beyond the miser's wish abound,
 And rich men flock from all the world around.
 Yet count our gains. This wealth is but a name
 That leaves our useful products still the same.
 Not so the loss. The man of wealth and pride
 Takes up a space that many poor supplied;
 Space for his lake, his park's extended bounds,
 Space for his horses, equipage, and hounds;
 The robe that laps his limbs in silken sloth
 Has robb'd neighbouring fields of half their
 growth;

His seat, where solitary sports are seen,
 Indignant spurns the cottage from the green;
 Around the world each needful product flies,
 For all the luxuries the world supplies:
 While thus the land adorn'd for pleasure, all
 In barren splendour feebly waits the fall.

That was Italy: a place where rich men
 lived in barren splendour, and where the
 poor were neglected. Thus a small force
 within was all that was necessary to over-
 throw the country.

The Speech from the Throne forecast the
 presentation of a bill to widen the scope and
 extend the benefits of unemployment insur-
 ance. Well, this will merely result in a
 further tax on our people, and they will never
 receive any benefits from it. We already pay
 taxes indirectly in a hundred different ways,
 and the load now is really heavy. For
 instance, we used to be able to ship wheat
 down to the Great Lakes for 2½ cents a
 bushel, and in some cases it would go all the
 way from Fort William to Liverpool, England,
 for 5 cents a bushel. Now we have to pay
 10 cents a bushel. The shipping people are
 making millions of dollars, but we are told
 that they have to pay excess profit taxes and
 so on. When the honourable leader on this
 side (Hon. Mr. Haig) had concluded his speech
 on the second reading of Bill 14 the other
 day, the honourable senator from Mount
 Stewart (Hon. Mr. McIntyre) gave figures
 to show that both single and married
 men in the United States and Great Britain
 were taxed more heavily than Canadians. But
 let me say to him that a person living in the
 States can buy an automobile for \$400 less
 than a person living in Canada, and can buy
 a washing machine at half the price paid in
 Canada. The cost of living is much less in that
 country.

Hon. Mr. Duff: You are a free trader?

Hon. Mr. Horner: You bet I am a free
 trader.

Here I should like to make a brief quota-
 tion from a recently discovered speech that
 was made by Abraham Lincoln in 1858, when
 he was a candidate for election to the United
 States Senate. This campaign speech, which
 was delivered without preparation, provides
 further proof of what an amazing man Lincoln
 was. Referring to the men who drafted the
 Declaration of Independence, he said:

Wise statesmen as they were, they knew the ten-
 dency of posterity to breed tyrants; and so they
 established these great self-evident truths, that
 when in the distant future some man, some faction,
 some interest, should set up the doctrine that none
 but rich men, or none but white men, or none but
 Anglo-Saxons, were entitled to life, liberty and the
 pursuit of happiness, their posterity might look up
 again to the Declaration of Independence, and take
 courage to renew the battle which their fathers
 began—so that truth, and justice, and mercy, and
 all the humane and Christian virtues might not be
 extinguished from the land; so that no man here-
 after would dare to limit and circumscribe the
 great principles on which the temple of liberty was
 being built.

Now, my countrymen, if you have been taught
 doctrines which conflict with the great landmarks
 of the Declaration of Independence, if you have
 listened to suggestions which would take from its
 grandeur, and mutilate the symmetry of its propor-
 tions; if you have been inclined to believe that all
 men are not created equal in those inalienable
 rights enumerated by our charter of liberty; let
 me entreat you to come back. Return to the foun-
 tain whose waters spring close by the blood of the
 revolution. Think nothing of me—take no thought
 for the political fate of any man whomsoever—but
 come back to the truths that are in the Declaration
 of Independence. You may do anything with me
 you choose, if you will but heed these principles.
 You may not only defeat me for the Senate, but
 you may take and put me to death. While pretend-
 ing no indifference to earthly honours, I do claim to
 be actuated in this contest by something higher
 than an anxiety to office. I charge you to drop
 every paltry and insignificant thought for any man's
 success. It is nothing; I am nothing; Judge
 Douglas is nothing. But do not destroy that im-
 mortal emblem of humanity—the Declaration of
 Independence.

We have a wonderful climate in the prairie
 provinces. The honourable senator from
 Medicine Hat (Hon. Mr. Gershaw) has often
 urged the need for irrigation in southern and
 central Alberta, and no wonder, for the soil
 out there is very rich and needs only water
 to make it the most productive in the whole
 world. It was in that district that the famous
 song *Home On The Range* originated. And
 the words of the song are true, for in that
 part of the country "The skies are not cloudy
 all day".

We hear a good deal in these times about
 unemployment, and I sympathize with the
 government. I really do. There is lots of
 work to be done, but the difficulty is that
 while many people are looking for positions
 with good salaries, very few want work. There
 is work for millions, if we would only under-
 take it. I recommend a project that would
 repay every dollar spent upon it—the building
 of a railroad from Flin Flon through the north
 country, right to Stewart, British Columbia.
 That line would open up vast mineral and
 timber resources, and some farming land.

But the argument advanced against pro-
 ceeding with this and many another first-class
 project is lack of money. However, as was
 said by the editor of a paper in Lloydminster,

"Nothing is so unsound as so-called sound money." We cannot even run a pipeline through our own country, although we know that it would pay well. What would you think of a farmer who had something that would obviously bring him in a good profit and who turned it over to his neighbour? Any adult not confined to a mental hospital knows that we could make lots of money out of oil pipelines through our own country; yet we seem to think they are too big a job for us to finance, and so we bring in outside capital.

I say again that I would like the honourable senator from New Westminster (Hon. Mr. Reid) to tell me how we can hope to sell our products abroad unless we have free trade. And I ask him also: How human and how Christian have we been in our treatment of the Japanese on the Pacific coast? Can we expect the Japanese to believe that we are a real democracy? Many Japanese people who were born on the coast worked hard and long as fishermen and market gardeners. They knew no other way of living than the Canadian way, and they endeavoured to make a success under our system. This winter I was within a mile of the honourable senator's home, and I was shown a place on which an immense amount of hard work must have been done. There was a nice house, worth about \$10,000, and it was taken from a Japanese at a price of \$1,700.

Hon. Mr. Reid: A good price at the time. I would take my oath on that.

Hon. Mr. Horner: These men were born in Canada.

Hon. Mr. Reid: The honourable gentleman does not know what he is talking about.

Hon. Mr. Horner: Let us have Japanese shirts and shoes in Saskatchewan, let us have genuine free trade, and then we shall be able to sell our own goods. How can we teach the Japanese democracy if we impose dumping duties against their goods and put fictitious values on them for customs purposes?

The other day the senator from Cariboo (Hon. Mr. Turgeon) suggested that the United Nations should exclude Chinese representatives from certain conferences. I wonder if he has any idea how that could be done.

Hon. Mr. Turgeon: I think I have. Of course, at the time I was referring only to conferences on atomic and hydrogen bombs.

Hon. Mr. Horner: We denied the vote to large numbers of people and we would not allow them to bring their wives to this country. What right have we to send missionaries abroad. Let us search our own hearts.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Aseltine: I stopped subscribing to foreign missions some years ago.

Hon. Mr. Horner: I know many people who have done that.

Now, honourable senators, I should like to quote from another newspaper article that I have here. It is headed "Weak Weapons."

Mr. David Lilienthal, who resigned as chairman of the United States Atomic Energy Commission to devote himself to public education, does not hesitate to quarrel with scientists who expect atomic energy to destroy the world. In a notable speech he attacked four famous scientists who recently predicted the end of everything in an atomic war.

"For thirty minutes," Mr. Lilienthal said, "four scientists speculated on how to wipe out the earth. These fine minds came up with this fine contribution to transplant thirty to sixty million people. With all due respect to them I want to state that this is a lot of high intellectual nonsense. It can't be done. It won't be done."

There is no safety in retreat from the problem of atomic and hydrogen bombs, Mr. Lilienthal believes, no hope in the dispersal of industry and people in burrows under the earth. Nor is a stockpile of these weapons any guarantee of security.

I will skip part of the article and read the last paragraph, which interested me very much:

Mr. Lilienthal has put his finger on the real crisis of our time—the crisis of democratic faith. He has identified the true dilemma when he says that democratic peoples will be lost if they substitute a faith in weapons for a faith in ideas.

I am very much in sympathy with these remarks of Mr. Lilienthal. If we are going to allow oils to come into Canada, and permit oleomargarine to be sold in competition with butter, with 400,000 local industries being depressed, then by all means let us demand that our goods be allowed access to the markets of the world, and that we be not prohibited from buying from the cheapest source.

We are at the crossroads as far as our young men are concerned. What will happen if they continue to depend on social security from the cradle to the grave? I heartily agree with the feelings of Mr. Mutch on this subject, as expressed in the March number of the *News Letter*.

There comes to my mind a biblical story, which may have some application today. The children of Israel sent out their spies to view a land said to be flowing with milk and honey. The spies reported back that they had found such a land, but that it was inhabited by giants and was very dangerous. Now, the children of Israel were not prepared to make the necessary sacrifices to occupy the promised land. Perhaps a present-day interpretation would be that they preferred an eight-hour day and a five-day week. It takes effort and hard work to successfully maintain a land the products of which are milk and honey. There is no suggestion that it was a land flowing with oleomargarine and oils.

Some Hon. Senators: Oh, oh.

Hon. Mr. Horner: And nothing is said about manufacturers who want to produce one day and then shut down for the balance of the week. The moral of this ancient story seems to be that people should be willing to make sacrifices—to get up in the morning and do a useful task.

There are farms within a radius of sixty miles of Ottawa on which were raised stalwart families of eight or ten children without one cent of assistance from the government. Today those farms are vacant, and the young men have not sufficient courage to leave the congested cities to work them. Now we are extending the unemployment insurance and increasing the baby bonus. I foresee the day when, by reason of these social measures, we will be going around in a circle and nobody will be creating any new wealth. The Bible tells us in several places that we must earn our bread by the sweat of our brow. With the few hours that people work today, nobody is doing much sweating. Medical doctors tell us that man is an animal, and in order to have good health he must have plenty of exercise. I maintain that an eight-hour working day, five days a week, is not enough exercise for any strong young man.

There are in the other place members of the government who unfortunately—or fortunately for them—amassed for themselves a sizable fortune before the present system of taxation came in vogue, and who now say to the other fellow: "You go out and make the money I did." Well, with the high taxation it simply cannot be done. The attitude of men such as these bring to my mind this biblical passage:

For they bind heavy burdens and grievous to be borne, and lay them on men's shoulders; but they themselves will not move them with one of their fingers.

The young man of today is so heavily taxed that in many instances he is not even able to build a house for his family. His cost of living is out of all proportion to his earnings.

I have before me an article entitled "Franco: Brilliant Fourflusher", which interested me very much and which I should like to read. It is as follows:

Now that the United States actively, and the rest of us at least passively, are helping Franco maintain his grip on Spain, it might be well for all of us to read "Report on Spain." Its author, Emmet John Hughes, speaks with exceptional weight on this subject because he is a Roman Catholic who spent several years, during and after World War II, in Madrid, first with the OWI then as press attache of the U.S. Embassy.

In this fascinating book Mr. Hughes explains how Franco, as brilliantly successful a fourflusher as history has known, has remained in power only by

playing off the Army, the Church and the Falange against each other. The regime he describes as "a government without the people, above the people and against the people." He details Franco's eager aid to our enemies during the war. He describes the total police state in all its repressive aspects including complete censorship and unspeakable torture of political prisoners. And he explains just why Spain matters to the ordinary citizen of the Americas.

Mr. Hughes shows clearly that the only hope communism has of ever winning Spain is through the perpetuation of the Franco regime. He believes that the Soviet rulers know this and that the reason for continued communist calls to press Franco out of power is to make sure that we shall continue to do exactly the opposite. He thinks that in doing so we are playing into the communists' hands and that they are making frightened puppets of us. The recent reported Soviet-Spanish grain and oil deals fit in perfectly with this thesis, which has already been borne out in a parallel way in China.

Mr. Hughes outlines several courses of possible action, one of which he believes could force Franco out within a few months without alienating the Spanish people by attempting to dictate to them as regards a new government. He makes it clear that this would not force democracy in but that it would open the road to the Spanish democrats and forestall the communist triumph which otherwise he sees as eventually inevitable. It might be worth our while to consider his point of view and, if we find it logical to do something about our foreign policy so as not to continue handing countries to the communists on a silver platter.

Hon. Mr. Quinn: That is all nonsense. If Spain did not have Franco she would have Stalin, and he would be in control of the whole Mediterranean.

Hon. Mr. Lacasse: Who will lick Russia first in Europe?

Hon. Mr. Horner: Well, who will?

Hon. Mr. Lacasse: Franco.

Hon. Mr. Quinn: I agree.

Hon. Mr. Lacasse: He is the only one who has successfully met Stalin so far.

Hon. Mr. Horner: I do not think so, but I am only expressing my own opinion, as I am entitled to do. I quite agree with that article. I do not believe there was ever an all-out war in Spain. I know a man from Winnipeg who took part in the Spanish war, so-called, and if conditions at that time were as he described them, I have every sympathy for the people of that country. However, the Mr. Hughes mentioned in this article has been in Spain for some time and ought to know what he is talking about.

Hon. Mr. Quinn: The Spaniards are worse than the Russians, are they not?

Hon. Mr. Horner: I do not know. If they are being persecuted as this article suggests, the situation is critical. Of course our trouble is that we are not permitted to know what conditions are in Russia today.

Now, honourable senators, I think I have covered what I intended to say. But let me emphasize that not one more dollar should be spent on the Trans-Canada highway. I suggest to the leader of the opposition that the province in which he lives could improve the system of marking Manitoba roads. The yellow and black signs are not easily seen; at the cost of a few hundred dollars they could be made more legible, and figures could be added to indicate distances. The tourist road through Northern Ontario is first-rate, and I commend the provincial engineers for a wonderful job. They refrained from doing a foolish thing which has been done in the Western Provinces, that is, levelling the hills—as though they were making a railroad—and digging deep ditches. Wherever possible they followed the contours of the land. It is a beautiful road, and a delight to anyone who travels over it. Plenty of accommodation is to be had; camps are located at convenient intervals; I believe there is lots of fishing to be had nearby; and it is a pleasant route for a summer vacation.

To conclude, we must bear in mind the need for crossroads; we have never had them. I recall years ago, that Sir Alexander Gibb, after he had paid a visit to Fort Churchill, made a speech at Montreal in which he said he was amazed at what we had accomplished in a new country, but

the thing that amazed him most was that we had built a highway across the country alongside a railroad track.

Let us open up our national forests. A railway from Flin Flon west would cross the pre-Cambrian shield, where there are reported to be important deposits of iron with a lighter overburden than in any other part of Canada.

I hope I have said something which will stir up interest in these matters. I have made the effort because I feel that this chamber is not doing all that it might do. The Senate includes in its membership some of the best brains of the country. They are used in other directions, but I doubt whether they are exercised here to the extent that they might be. I feel that some of the criticism levelled against this chamber is justified, and that we should rise to the level of our opportunities, for if ever there was a time when this country and the world at large faced what can truly be called a crisis, that time is now.

My remarks have been somewhat disjointed, but you have borne with me, and I thank you.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Stambaugh the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, March 29, 1950

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill V-2, an Act for the relief of Jessie Ferguson Deans McKenzie.

Bill W-2, an Act for the relief of Daisy Muriel Smallcombe Devaney.

Bill X-2, an Act for the relief of Stella Burns Herdman Elder.

Bill Y-2, an Act for the relief of Ethel May Alice Turnbull Colligan.

Bill Z-2, an Act for the relief of Effie Irene Collier Newman.

Bill A-3, an Act for the relief of Phyllis Anne England McNab.

Bill B-3, an Act for the relief of Martha Jean Brooks Markell.

Bill C-3, an Act for the relief of Kathleen Zawitkoska Symianick.

Bill D-3, an Act for the relief of Jeannine Martineau Masse.

Bill E-3, an Act for the relief of Betty Borman Archambault.

Bill F-3, an Act for the relief of Edwin Dawson.

Bill G-3, an Act for the relief of Mavis Barker Billingham.

Bill H-3, an Act for the relief of Roland Gour.

Bill I-3, an Act for the relief of Margaret Elizabeth Taylor Clarke.

Bill J-3, an Act for the relief of Sylvia Singer Mepham.

Bill K-3, an Act for the relief of Mabel Kathleen Baxter Simons.

Bill L-3, an Act for the relief of Vittoria Minotti Mastracchio.

Bill M-3, an Act for the relief of Dent Harrison.

Bill N-3, an Act for the relief of Margaret Mahajahla Aitken Schoch.

Bill O-3, an Act for the relief of Esther Spector Gelfand.

Bill P-3, an Act for the relief of Sophie Roth Pliss.

Bill Q-3, an Act for the relief of Gertrude Howard McWilliams Rubin.

Bill R-3, an Act for the relief of Remenia Bertha Duguay Briggs.

Bill S-3, an Act for the relief of Blanche Naomi Greenlees.

Bill T-3, an Act for the relief of Leslie William McNally.

Bill U-3, an Act for the relief of Jacqueline Marie Scully Sirois.

Bill V-3, an Act for the relief of Phyllis Christina McLeod Daly.

Bill W-3, an Act for the relief of Winnie Florence Clitheroe DuVal.

Bill X-3, an Act for the relief of Muriel Elizabeth McCurry Welham.

Bill Y-3, an Act for the relief of Betty Margaret Slinn Metivier.

Bill Z-3, an Act for the relief of Fanny Abramowitch Mergler.

The bills were read the first time.

SECOND READING

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to, and the bills were read the second time, on division.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills on Bill G, an Act to incorporate Ukrainian National Federation.

He said: Honourable senators, the committee have, in obedience to the order of reference of March 20, 1950, examined the said bill, and now beg leave to report the same with the following amendments:

1. Page 1, lines 17 and 18. After "Ukrainian National Federation" insert "of Canada".
2. Page 3, line 20. After "a" insert "special".
3. Page 3, line 22. Delete "dominion convention" and substitute "annual meeting".
4. In the Title: After "Ukrainian National Federation" insert "of Canada".
5. Page 4, line 38. Delete "to".

The motion was agreed to.

THIRD READING

Hon. Mr. Bouffard: Honourable senators, with leave of the Senate I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented and moved concurrence in the report of the Standing Committee on Miscellaneous Private Bills on Bill F, an Act respecting United Grain Growers Limited.

He said: Honourable senators, the committee have, in obedience to the order of reference of March 17, 1950, examined the said bill, and now beg leave to report the same with the following amendment:

1. Page 3, lines 14 and 15. After "shares" delete ", or in any specific instance or instances".

The motion was agreed to.

THIRD READING

Hon. Mr. Crerar: Honourable senators, with leave I move that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

SUSPENSION OF RULES

MOTION

Hon. Mr. Hugessen (for Hon. Mr. Robertson) moved:

That for the balance of the present month Rules 23, 24 and 63 be suspended in so far as they relate to Public Bills.

He said: The reason for this resolution, as honourable senators appreciate, is that certain legislation will come to an end tomorrow midnight unless in the interval it is extended by parliament. There are three acts in this category, namely, the Agricultural Products Act—which was amended by a bill which received third reading in this house yesterday afternoon—the Agricultural Prices Support Act, and the Transitional Measures Act. The sole purpose of this resolution is to permit the passage of bills extending the life of those Acts, which otherwise will expire at midnight tomorrow.

Hon. Mr. Haig: Does my honourable friend not mean Friday night?

Hon. Mr. Hugessen: I am advised that it is provided that when an Act is to expire on March 31, the Department of Justice considers that it expires at the beginning rather than at the end of the day. It is therefore necessary for the amending bills to be put through parliament before midnight tomorrow.

Hon. Mr. Farris: Then we will have Royal Assent tomorrow night?

Hon. Mr. Hugessen: Yes, tomorrow night.

The motion was agreed to.

AGRICULTURAL PRICES SUPPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 17, an Act to amend the Agricultural Prices Support Act, 1944.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Hugessen: I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to move second reading of this bill.

Hon. Salter A. Hayden moved second reading of Bill 17, an Act to amend the Agricultural Prices Support Act, 1944.

He said: Honourable senators, this bill is to amend the Agricultural Prices Support Act, which was passed by parliament in the 1944-1945 session. At that time it was designated as a temporary measure to aid in the transition from wartime to peacetime conditions. Section 9 of the Act, which provided for the powers of the Agricultural Prices Support Board, was to come into force upon proclamation, and was to remain in force until the date of termination fixed by the terms of the proclamation. Following the enactment of the legislation there was a proclamation which brought the Act into force—particularly as to section 9—and it was to remain in effect until March 31, 1948.

Honourable senators will recall that in June, 1948, this house passed a bill which provided that section 9 of the Act would be deemed to have been in force from March 31 of that year, and would continue in force until the date when the bill became law and such period thereafter as might be proclaimed by the Governor in Council. The time of expiration fixed by proclamation was March 31, 1950.

Bill 17, the measure now before us, is very simple. It merely removes from the Act any reference to the matter of proclamation or extension of time. So, with that provision removed, the Act will become part of the permanent legislation of Canada until such time as it is repealed. The fundamental principle involved in the consideration of this simple-looking bill is whether or not its purpose is such that it should be made part of our permanent legislation.

Briefly, so as not to trespass unnecessarily upon the time of the house, I shall point out the essential provisions of the present Act. First, there is the definition of "agricultural products", as follows:

any natural product of agriculture except wheat, designated by the Governor in Council, and includes processed meat, dairy and poultry products if so designated.

I come now to the powers of the board. The chief power with which I think this body will be concerned is that of periodically prescribing prices which would really constitute floor prices for these agricultural products. Under

section 9 the board, in accordance with regulations that may be made by the Governor in Council, has authority:

to prescribe from time to time, with the approval of the Governor in Council, prices at which the Board may purchase agricultural products in the market.

Another paragraph deals with the right of the board to pay to the producers of an agricultural product a sum which would represent the difference between the average market price as determined and a price which may be established by the board as being reasonable at that time. That provision, I take it, would be used mainly in connection with contracts for the sale of agricultural products for export. It is really a bonus or subsidy.

The overriding policy with relation to dealing with prices is contained in subsection 2 of section 9, which provides that in prescribing prices—

the Board shall endeavour to ensure adequate and stable returns for agriculture . . . and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

There you have the substance of this legislation, which at the present time is part of the law of the land, but will cease to be so in another day unless we extend its life for a limited time or make it permanent. The bill comes to us from the other place in a form which would make it part of the permanent law of Canada.

In that connection I wish to point out that the Board, in operating under the Act as it is, has functioned in relation to some agricultural products, namely potatoes, apples, dried white beans, dried skimmed milk, honey, butter and cheddar cheese. Operations concerning these products extended from 1946 to 1949 and are still continuing. The net cost to the government in respect of purchases and sales of potatoes, apples, dried white beans, and dried skimmed milk amounted to \$7,492,200.09. This is the loss which the Board incurred in the purchase and sale of these commodities.

Hon. Mr. Pirie: Has the honourable senator a breakdown of those figures?

Hon. Mr. Hayden: Yes.

Hon. Mr. Pirie: I should like to have them.

Hon. Mr. Hayden: I intended, with the permission of the Senate, to put the details on the record, as part of the explanation which I am giving. Does the honourable senator require the particulars only by commodities in terms of dollars?

Hon. Mr. Pirie: Yes.

Hon. Mr. Hayden: I could even give the information by locations.

Hon. Mr. Pirie: Just the quantity, in dollars.

Hon. Mr. Hayden: With regard to potatoes, in 1946 the net loss was \$170,748.48. In 1947 the net loss on apples (Nova Scotia) was \$3,119,274.22. The net loss on potatoes in 1948 was \$1,646,839.34. The net loss on apples (Nova Scotia) in the same year was \$1,443,231.39. The net loss on apples (British Columbia) in 1948 was \$44,650.93. In the same year the net loss on dried white beans, which by the way were from Ontario, was \$194,419.88. In 1949 the net loss on dry skimmed milk was \$5,043.52, and in the same year the net loss on apples (both Nova Scotia and British Columbia) was \$867,992.33. There are three other items for 1949 for which we have no figures yet, because the board is still in possession of substantial quantities of these products. I refer to honey, butter and Cheddar cheese. As of December 31, 1949, the quantities of these products on hand were as follows: honey, 2,985,322 pounds; butter, 40,694,784 pounds; Cheddar cheese, 18,680,469 pounds. With regard to these three products, from January 1, 1950 to the present time, the board holds a small balance in excess of the cost so far as the quantities sold are concerned. This gives some indication of the manner in which the board functions.

I should point out that according to my interpretation the Act is not one which guarantees that the price prevailing at a certain time is to be the price which the Board will establish—with the approval of the Governor in Council—as being the floor price or the price at which the board will buy. What the statute does provide is that the board, in fixing prices at which it will buy or subsidize, must have regard to certain factors which establish some reasonable relationship between the production costs of these agricultural products and general costs in other fields of endeavour. That is the basic principle, and there is no guarantee that the price of a certain agricultural commodity today, for instance, is to be the measuring stick for all time.

Hon. Mr. Lambert: Do they control the sale of the products as well?

Hon. Mr. Hayden: When the board purchases products, it will control their sale. The products become the property of the board and, indirectly, of the government.

May I just say in passing that when the bill relating to this subject came before the Senate in 1944 there was some debate, and from the speeches then made it seemed that the support of it was unanimous. I can still recall what was said, and I refreshed my memory by reading what some senators had to say about the bill at that time. I was very pleased to note that, since it now seems to be part of the government policy, the honourable senator from

Blaine Lake (Hon. Mr. Horner) and the honourable senator from Winnipeg (Hon. Mr. Haig) both supported the bill. The only criticism they had to make of it was that the government did not go far enough, and make the measure part of the permanent legislation of Canada. I must confess that when I read what these two senators had to say in 1944, it made me feel that they have a gift that some of the rest of us do not possess.

Hon. Mr. Haig: Read what was said at that time.

Hon. Mr. Hayden: They claimed that this measure was not necessary at that time, but they forecast that in four or five years it would be most necessary to the agricultural life of Canada, and they argued that it should therefore be made part of the permanent legislation of this country.

Hon. Mr. Horner: We did not have margarine then, though.

Hon. Mr. Hayden: I do not want to get off on a side issue—though I do think that even margarine might qualify for assistance under this Act.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: Thank you.

Hon. Mr. Hayden: But in this regard I think margarine can get along much better than butter.

Now that we are discussing agriculture, I thought that I should point out the pronouncements of these honourable senators and that they should be listened to with some degree of attention. I do not know what glass they were looking into or what people they were talking to, but certainly their prophecy as to what would be likely to happen was true. It has become necessary, perhaps a little earlier than they forecast it would, but certainly just as they predicted, that this legislation be made part of the permanent legislation of Canada. This does not mean that I am inclined to agree with this view. But, much as I dislike the government being in business, we must remember that during the war years we interfered very materially with the law of supply and demand in relation to agriculture.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Hayden: And if we are going to interfere with the law of supply and demand when it swings very markedly in favour of the producer, I think that having embarked on that course of action we must take the consequences that flow from it.

Hon. Mr. Haig: That is exactly my idea.

Hon. Mr. Hayden: If we interfere with large bodies of producers at a time when interference may be of distinct advantage to

a substantial part of our consumer population, then it is only decent and equitable that at a later date we provide some method of ensuring that the basic cost is returned to the producers. I do not think there is much more to say in favour of this bill.

There are one or two parts of the original Act that should be amended if this legislation is to become part of our permanent law. We should be consistent, and delete from the preamble of the Act the words which described it as being effective "during the transition period from war to peace". I think also that we should remove from section 9 (2) the words qualifying the powers of the Board in prescribing prices, namely:

The Board shall endeavour to ensure adequate and stable returns for agriculture . . .

and

by promoting orderly adjustments from war to peace conditions . . .

That phrasing has no place in permanent legislation, and if the Senate approves of this bill in principle, and it is not desired that it should go to committee, I would suggest that we resolve ourselves into a Committee of the Whole in order to perform this decent mutilation and give the legislation the appearance of permanency.

Hon. W. M. Aseltine: Honourable senators, you will have gathered from the remarks of the honourable senator from Toronto that we on this side of the chamber will not be raising any strenuous objection to the passing of this measure. I always feel that when the senator from Toronto has finished introducing a bill, no matter what its nature may be, there is very little left to be said by anyone else.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: He has covered several points that I intended to bring out in my argument. Legislation of this kind has long been advocated by the Conservative party, and is, in fact, a plank in the party's platform. Therefore, we are not going to raise any serious objections to the principle of the bill.

My effort will be directed to giving all the assistance in my power towards passage of the measure. If I have any objection at all it will be because no real formula for fixing floor prices is set out in the bill, or in the act which we are extending. By that I mean that there is no definite plan. The minister makes the decision in every case, and it is always difficult to understand just how the decision is arrived at. For example, in fixing the price for eggs, the figures were juggled and a decision given, and I do not know that

we are yet fully informed as to how the price of 38 cents was determined.

As stated by the honourable senator from Toronto, the object of the Act of 1944 was to support prices during the transitional period following the war, and the intention was to extend the measure from year to year. Now we are going to make it a permanent part of our legislation.

In reading the debate on the bill in another place, I noticed that there was a general discussion of prices of not only wheat, oats and barely but of all other products whose prices were fixed during the war and, in most cases, are still fixed. The honourable gentleman mentioned these indirectly, and I propose to give some specific examples to show what has taken place.

The price of any agricultural product, honourable senators, is bound up with and tied to the price of wheat. At the present time many of our markets for agricultural products have been lost, and surpluses are piling up. That is why it is necessary to extend this legislation. The ceilings that were placed on the prices of all agricultural products during the war kept the prices down, and on that account Canadian agricultural producers lost many hundreds of millions of dollars. When prices were first fixed, shortly after the establishment of the Wartime Prices and Trade Board, wheat, oats, barley and other farm products were at their lowest levels for many years, for they had not then fully recovered from the low to which they fell during the 30's.

From time to time the leader of the opposition (Hon. Mr. Haig), the senator from Blaine Lake (Hon. Mr. Horner) and I have made speeches here referring to the low prices of wheat, cattle, hogs and cereal grains, and I should like now to give a summary of the prices that prevailed during the war and shortly before it broke out.

In 1938-39 the price of No. 1 Northern wheat, f.o.b. Fort William and Port Arthur was 62 cents; oats were 29 cents, and No. 1 feed barley was 36 cents. Honourable senators will admit that these prices are very low indeed, and would not cover the cost of production. In 1939-40 prices were up a little. Wheat was 76.5 cents, oats 35.6 cents and barley 42.5 cents. Those prices were maintained for the crops of 1940-41 and 1941-42, and for the greater part of the 1942-43 crop. It was not until the 1943-44 crop was grown and marketed that the price of wheat went above \$1 a bushel. For that crop the prices were: wheat \$1.23; oats 51.5 cents and barley 64.8 cents. Those prices continued in effect for the crops of

1944-45 and 1945-46. Participation payments have increased the amount received by grain growers for the three crop years since then.

I mentioned that a number of speeches referring to the low prices of agricultural products had been made by senators on this side of the chamber. One such speech was delivered by the leader of the opposition (Hon. Mr. Haig) on February 3, 1949. I had previously spoken on the same subject on March 21, 1947, and I discussed the matter again on March 16, 1949. In order to show that three years ago we on this side took the same stand that we do now, I should like to quote briefly from what I said here on March 21, 1947:

My chief objection, honourable senators, to this whole matter has been the manipulation of prices. In my opinion it can neither be justified nor explained. People in this part of the country can scarcely understand exactly what has been going on. It is difficult enough for us, who are dealing in wheat almost daily, to understand the set-up.

The Canadian Wheat Board still sells wheat to the millers of Canada for 77½ cents a bushel. For a long time the board paid the farmer for that wheat at \$1.25 a bushel. For any wheat used domestically the farmer drew \$1.25 a bushel and the government made up the difference by way of a subsidy. That accounts for two prices. During a good deal of this time the board was exporting wheat at \$1.55. That represents a third price. Wheat is still being sold to the millers at 77½ cents but the price to the farmer for such wheat is \$1.35 a bushel and the difference is being made up by way of a dominion subsidy. There is still another price that has been prevailing for some time—the world price. Just how the poor farmer can understand all those prices, I do not know.

We heard in this house recently that the world price has been running close to the \$3 mark.

Now I wish to refer briefly to the speech which I made in this chamber on March 16, 1949, reported at page 173 of *Hansard*. I do not intend to read what I said at that time. I pointed out that on the 1946 wheat crop the farmers of Western Canada lost 89½ cents a bushel on 169 million bushels; that in 1947 they lost \$1.33½ per bushel on 170 million bushels; and that on the sale of wheat, for consumption in Canada, there was a loss of \$73 million. The total loss for the two years was over \$500 million. Those figures, to my knowledge, have not been successfully disputed. I have been told, and I find that it has been said in another place, that the grand total of the losses on cereal grains and other farm products, not only for the years 1946 and 1947, but for the full period up to the present time, is in the neighbourhood of \$2 billion. This bill would set up a revolving fund of \$200 million, which is only ten per cent of the total loss the farmers have suffered.

I am giving these figures because I believe that the wheat price governs the prices of hogs, cattle, poultry and dairy products. If

the price of wheat is high or reasonable, one usually finds that the prices of these other items are high, or at least reasonable.

Honourable senators will readily see that during the recent war and since, the agricultural producers of this country contributed a great deal of money to consumers in Canada and other countries to which their products have been shipped. In my opinion they have built up a huge credit of \$2 billion. If things go from bad to worse, the passage of this bill will give them a chance to recover some of that money.

The government has continually made promises about what the farmers might expect in return for their products. I wish now to put on the record a few statements which have been made by some of the members of the government.

In a speech made at London, Ontario, on October 15, 1944, the Minister of Agriculture is reported in the Windsor *Daily Star* of the following day as follows:

In placing ceilings upon products, with limited subsidies now, the government is assuming responsibility to maintain floors until this country is re-established after the war. The government owes this to the farmers who have maintained production under ceilings, and also owes it to the men and women who will return from the services to the farms.

On December 2, 1943, the Prime Minister, speaking over the radio, said:

As an essential part of its post-war policy the government intends to ask parliament, at the next session, to place a floor under the prices of the main farm products.

In the Speech from the Throne delivered early in 1944, I find these words:

To ensure economic stability for agriculture, you will be asked to make provision for a price floor for staple farm products.

Following that forecast the Minister of Agriculture, in July, 1944, introduced a bill asking for agricultural prices support, and quoted the views of a recent Liberal convention as follows:

We advocate a policy under which Canada will provide security for farmers and fishermen by safeguarding against inflation now and by guaranteeing minimum prices for their products against collapse of prices after the war.

Those are some of the promises made by the government of that day, but many other promises have been made since. For example, just before the last federal election the Minister of Agriculture is reported to have said at certain places in Saskatchewan that the "have regard" feature of the British wheat agreement would be considered shortly, and that in the fall of 1949 the farmers would receive consideration for the losses they had sustained under that agreement, by reason of the "have regard" clause having had no effect.

I would point out that if this country is to remain prosperous the farmers must obtain fair prices for their products. The people engaged in agriculture comprise 27½ to 33 per cent of the total population. In 1926 the farmers' share of the national income was 17 per cent; in 1947 it went down to 11.3 per cent. The Minister of Agriculture went further and said that 60 per cent of the consumers are directly engaged in agriculture or in some way are indirectly connected with it.

I reiterate that the agricultural producers have built up a huge credit by subsidizing the consumers during the war years and after; that the prosperity of agriculture is vital; that when prices for agricultural products are high we have general prosperity, and when prices are low we have bankruptcy and depression.

Honourable senators well recall that in the 30's, when eggs were five cents a dozen and wheat reached the lowest price in history, not only was the farmer in a bankrupt condition but every businessman in Canada was in a similar plight.

I was much disturbed by the recent announcement that the United States has a huge surplus of agricultural products on hand, and that under the Marshall Aid Plan the American Government intended to give away \$1 billion worth of American goods, principally agricultural products, instead of furnishing the money to the countries who would buy these products. This disturbing situation will, I think, interfere greatly with the sale of Canadian agricultural products. The United States has a surplus of the same products as we have. At the present time we have butter, eggs, meat and poultry piled up in storage. Our only hope, honourable senators, is in the passage of such legislation as we now have before us. I know that the farmers of the country—certainly this is true of those in the part that I come from—are in favour of this bill, and I hope that honourable senators will pass it today.

Hon. T. A. Crerar: Honourable senators, it is possible that some of my colleagues in this house have some idea of my reaction to this bill. It has been brought in and explained on behalf of the government in a very lucid speech by the honourable senator from Toronto (Hon. Mr. Hayden). His presentation was marked with the clarity which invariably characterizes his speeches, and the bill has received a bountiful blessing from my honourable friends opposite. In these circumstances it is merely a gesture of futility to attempt any opposition to it. But there are a few comments which may usefully be made.

To what the honourable senator from Rosetown (Hon. Mr. Aseltine) had to say

about the disabilities from which farmers have suffered in the marketing of their products I can largely subscribe. But I think his estimate of two billion dollars as being the loss they have sustained under the policies of the last several years is quite fantastic.

Hon. Mr. Aseltine: We will not argue about the amount.

Hon. Mr. Crerar: Nevertheless, agriculturists have had substantial losses under the British wheat agreement and under the restrictions, imposed and maintained for several years after the war, against the export of Canadian agricultural products to the United States. On that ground it might be argued with some reason that the bill before us, which contemplates floor prices, is a measure to compensate farmers for what they have lost in the last few years.

But, having said that, it does appear to me that there are certain dangers in legislation of this kind. Following the war the world was in a seller's market. Food products of all kinds, in Canada and elsewhere, commanded high prices. The same could be said of practically every type of product. Now we are passing from that stage to a condition wherein we have surpluses, and these surpluses may accumulate rapidly. The honourable senator from Rosetown (Hon. Mr. Asteltine) spoke of the surpluses in the United States, and mentioned that they were so large that within the last year large quantities of food products, especially potatoes, have been destroyed. This state of things will probably continue. So we are faced with this legislation, which embodies the principle of maintenance of what may be described as floor prices.

Who is to determine what are adequate floor prices? Here, in my judgment, lies the chief objection to this legislation. The honourable senator from Toronto quoted from the legislation a stipulation that floor prices shall be adequate and stable and shall bear some proper relation to what commodities in other lines of commerce may be selling at.

Hon. Mr. Beaubien: Parity prices.

Hon. Mr. Crerar: I ask, who is to determine, and how, what are adequate and stable prices? The only machinery for this purpose that is provided in the legislation is that the Minister of Agriculture, who has the administration of this Act, will present a recommendation to his colleagues in council and, after discussion, they shall arrive at the so-called floor price. The prediction may safely be made now that that price will not have been published forty-eight hours until someone in some part of the country will

object to it on the ground that it is insufficient; and probably the first, or among the first, to object will be my honourable friends opposite.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Crerar: Certainly there has been enough contention over efforts to control and regulate prices during the last few years. It is not so long ago that the price of eggs, upon the termination of the contract with the United Kingdom, took a dive downwards, and an effort was made—probably all that could be done—to stabilize the marketing of this product. Was that effort acceptable? Was it satisfactory? Criticism came from farmers' organizations and from political bodies that the government, in the price it fixed, had been extremely parsimonious.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: The honourable leader of the opposition confirms my statement.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: Is it conceivable that any price that will be fixed by the Governor in Council will be accepted as satisfactory?

If criticism ended there, probably the consequences would not be so dangerous. But the matter will be a source of political discussion week in and week out, month in and month out, until the next election comes along, and then we shall hear opponents of the government saying "If only we had been in power you would have received much more generous treatment than you got from this parsimonious government." The leader of the opposition laughs. I am willing to give him the benefit of the doubt, and to agree for purposes of debate, that the party of which he is the leader in this house is so filled with virtue that it would not use that sort of an argument.

Hon. Mr. Haig: Oh, perish the thought.

Hon. Mr. Crerar: But there are others who will use it. So discussions at elections will proceed on the basis of who will offer the greatest favours to the agricultural community of this country. In other words, farmers put themselves on the auction block and I do not think that that is a desirable state of affairs under any circumstances.

Hon. Mr. Horner: It works with other interests in the country so you cannot blame the farmers for trying it out.

Hon. Mr. Euler: They will try anything.

Hon. Mr. Horner: Well, the system works with others.

Hon. Mr. Crerar: My honourable friend from Blaine Lake (Hon. Mr. Horner) made a

very interesting and, shall I say, protracted speech yesterday, and perhaps he may have something to say about this bill when I am through.

It is inconceivable that you can have that sort of discussion without lowering the standards of our public life. It may be that these things are inevitable and that the old days when various issues and the soundness of policies were discussed, are giving way to times when political parties seek favours from the electorate on the largesse they will give the electorate once they are in office. To my mind that is one of the basic objections to this kind of legislation. Someone has said that we are travelling down the road to socialism very rapidly. Well, anyone who gives thought to what is happening in legislation, more so perhaps in the United States than in Canada, must be convinced that there is a large measure of truth in this viewpoint. I do not believe in a socialist state, nor do I believe, as I have said more than once in this house, in increasing the power and influence of the state in any way against the individual. That is why I am opposed in principle to this sort of legislation but, as I have said already, what is the use of making opposition? The government brings it in and my honourable friends opposite—

Hon. Mr. Aseltine: This is what they promised us when the prices were kept down.

Hon. Mr. Crerar:—give it their blessing largely perhaps because they are afraid that if they do not do so they might run the full gamut of electoral criticism. That might be. I never enter the realm of prophecy, but it will be surprising if a great deal of contention does not arise out of this legislation. The energies of the people will be drawn away from the great issues that confront our country. I do not mean only international issues but national issues, because a person is desperately deceiving himself if he thinks that we are living in a world where everything is going to be fine. We are living in more dangerous times now than at any period in the last fifty years. We have to build up the financial resources of this country, and above all we must build up the moral and spiritual resources of our people so that they will have a sound and true conception of what freedom is, and even be prepared to fight and die for it. I do not believe that this kind of legislation supports the building up of those principles which must be the bedrock of our society if this nation is to survive.

Hon. J. J. Kinley: Honourable senators, it is not my purpose to criticize this legislation; I think it is necessary considering the times in which we are living; but I was rather surprised to hear my honourable friend from

Rosetown (Hon. Mr. Aseltine) claim that the farmers lost \$2 billion by reason of government control of prices of farm products, principally wheat.

Hon. Mr. Aseltine: No, I did not say that at all.

Hon. Mr. Kinley: I thought the speech of my honourable friend (Hon. Mr. Aseltine) was a good one. It had a bit of the political colour I would have expected, but I did not think he had due regard for the financial economy of this country when he claimed there was a great loss to the farmers. I cannot quite see how you can lose what you never had. We know that incomes were controlled during the war, and that businesses were only allowed to make profits in proportion to earnings made in a certain period just prior to the war. Many firms across Canada had to pay a 100 per cent excess profits tax to the government, and the wheat farmers, if they had received the price my honourable friend said they would have got on the world market, the government would have taken most of it anyway. So it seems to me that while it is true the farmers had to take a lower price for their produce, Canadians generally contributed their profits in the form of income tax anyway.

Therefore, to keep the record straight, we should not lose sight of the fact that the taxes in Canada were paid by industry generally, whose profits were controlled and restricted to a large degree.

Some Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, let me first congratulate my honourable friend from Churchill (Hon. Mr. Crerar) upon the position which he has taken in reference to this bill. When I heard the lucid explanation given by the honourable senator from Toronto (Hon. Mr. Hayden), and then the blessing bestowed on the bill by opposition members, I thought I would be alone in disturbing the delightful harmony prevailing in this chamber, because I realized that the member for Churchill (Hon. Mr. Crerar), who usually agrees with me in matters of principle, comes from a farming community whose interests may be beneficially affected by this legislation. I felt that this would influence his thinking, but I was delighted to see him hold to his principles, irrespective of the interests which might be involved.

I should not like to join in some contest between our urban and our rural populations, and it would be too bad if we were to be the cause of a conflict of interest between these people. But this bill does that very thing.

In my judgment the bill is unsound in principle, because it calls upon one class of business, which may be profitable, to make up the deficiencies of some other business which may or may not be profitable. I know that the farmers have some cause for complaint. There has been unjust and unsound legislation in effect in Canada which has been adverse to the farming population. For instance, the customs laws which have required our farmers to pay city manufacturers for machines which they use, more than those machines were worth on the world market, were an unjust interference between farmer and manufacturer, to the benefit of the manufacturer. I have voiced that opinion on many occasions. There are other things that farmers may complain about; but one mistake does not justify another, and the farmers should not seek to recoup themselves through unsound legislation which may be in their favour.

Hon. Mr. Aseltine: We will take a cash settlement.

Hon. Mr. Roebuck: Well, that is a sell-out, and I do not like selling out when it is wrong in principle.

I am not going to make any lengthy speech on this matter. My views on legislation of this kind have been expressed here on many occasions and are well known to the house. I simply do not believe in allowing departments of government to interfere beyond the proper function of government in the economic life of our country. I have held as a principle, and hold now, that it is not the function of government to set prices, to interfere in business or to take part in business. That is the job of private individuals, and I can see nothing but harm to Canada in legislation like this.

As honourable senators well know, I am not in favour of a controlled economy, and this bill is a major step straight in that direction. It gives to the god that resides in Ottawa, the State, the right to say what one person shall pay and another person shall receive, aside entirely from market conditions. I do not believe in that. I can see no permanent good coming out of this measure, and I regret to see that the legislation is becoming permanent in this country.

Hon. George H. Barbour: Honourable senators, this bill will be very welcome to the people of Prince Edward Island. It will assist this country's economy to perhaps a greater extent than any other measure that is to come before this session. If I were to refer back to the depression days I think I could show that the farmers of Canada fed the urban population at a loss, year after year. Beef cattle sold as low as 2½ cents a pound. As for potatoes, I know that one year I had a

large crop and refused to sell any because I preferred to feed them rather than take 10 cents a bushel.

In those days not more than four or five binders were sold on Prince Edward Island. But last year I believe our people bought a thousand new motor cars. In a single small section, that of O'Leary, one oil company served seventy-three farm tractors. The farmers have motor cars, tractors and farm machinery, most of which things are manufactured in Ontario and Quebec. Union labour is employed in making them, and the farmers have to pay high prices or go without.

Last year we had a crop of about 15 million bushels of potatoes. Perhaps 13 million bushels were available for sale. They are being sold and have been sold ever since last fall for as low as 36 cents a bushel—that is, 36 cents for 60 pounds of potatoes. A train load or more of potatoes leaves Prince Edward Island every day for other parts of Canada and the United States. The cheap prices at which they are sold must be having some little bearing on the economy of the cities where they are consumed. But there has been no reduction in the farmers' costs of producing potatoes. Last year they paid as high as \$46 a ton for fertilizer. They paid the regular price for their farm machinery, for sprayers and spraying materials, for labour in harvesting the potatoes, and for the bags in which the potatoes are placed. Consequently, the potatoes are being sold at a big loss, and have been all winter long. There is no way under this bill for compensating farmers for their loss on potatoes already sold. And I may say that, despite the low prices, there is no attempt to hold on to stocks.

It is very unfair to require farmers to provide at less than cost the food that the rest of the people live on, while farm machinery, motor cars, tractors and other things produced by organized labour and required by farmers are kept at high prices. As we all know, in times of high prices organized labour gets its wages raised as high as possible and endeavours to keep them there. The same is true of civil servants employed by the federal government and by all the provinces.

As I see it, this is one of the fairest bills that has come or that we can expect to come before parliament. On a carload of automobiles from Oshawa or Windsor to Prince Edward Island the freight is about \$200 each and this charge has to be absorbed by our farmers. And these very people are making a large indirect contribution by providing goods for the railways to haul and low-cost food for the people of this part of the country.

The bill would be a considerable help to the lowest-paid producers in Canada, and I see no reason why it should not pass.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I listened with great pleasure to the honourable gentleman who explained the bill (Hon. Mr. Hayden), and to my honourable friend from Rosetown (Hon. Mr. Aseltine) who gave a masterly review of the agricultural prices situation that has existed since the imposition of controls. I also listened with pleasure to the honourable gentleman from Churchill (Hon. Mr. Crerar), but I would point out that in 1944 he was a member of the government which introduced the legislation in 1944.

Hon. Mr. Crerar: May I interrupt my honourable friend? What he says is quite true, but at that time the legislation was intended to be temporary, for the transition from war to peace. But now we are making it permanent legislation, and that is what my honourable friend is supporting.

Hon. Mr. Haig: I admit it. And, as the honourable gentleman from Toronto said, in 1944 when the first of these bills was brought before us I prophesied that we would be asking for just this kind of thing. It was as plain as the nose on your face that once we adopted legislation like this it would take us a lifetime to get rid of it. That was my attitude in 1944, and what I said would happen has happened. I believe that the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) was a member of the House of Commons at that time. He may have protested against the passing of the measure by the other house, but I have no recollection of reading a report of it.

Hon. Mr. Roebuck: I opposed the measure when it was before this house.

Hon. Mr. Haig: But not when it was passed originally.

Hon. Mr. Roebuck: I do not recall now whether I did or not.

Hon. Mr. Haig: I can find no record of such a protest.

Now may I pay my compliments to the *Winnipeg Free Press* for the magnificent service it has done for the public in the matter of the price of wheat. That paper fought the wheat agreement right from the beginning. Today it carries an editorial which states very clearly the effect of the legislation now before us.

I can appreciate the position taken by the honourable member from Rosetown (Hon. Mr. Aseltine) whose district lost millions of dollars by reason of controlled prices of wheat, oats, barley and cattle. It was not until 1948 that the West was allowed to ship cattle into the United States. As a consequence, the farmers in that area—and the

senator himself is a farmer—lost millions of dollars. The people of Prince Edward Island are in somewhat the same plight. My honourable friend from Prince (Hon. Mr. Barbour) complains that potatoes are selling at only 36 cents a bushel. It is no wonder that this problem has developed. As my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) has often pointed out, that is what is bound to happen.

Hon. Mr. Baird: Excuse me, please. How can people lose what they never had?

Hon. Mr. Haig: I will answer that question in a moment.

I want first to speak to the honourable gentleman from Toronto-Trinity, who so often has warned against interfering with economic laws. The moment the wheat agreement was adopted there was an interference with the economic laws and trouble was bound to follow; and the moment this Act was passed the same results began to develop.

Hon. Mr. Euler: Were you in favour of it then?

Hon. Mr. Haig: I was not in favour of the wheat agreement. I said so many times, but I was a voice crying in the wilderness.

Hon. Mr. Euler: Are you in favour of this bill now?

Hon. Mr. Haig: I am in favour of it only because the situation has become so difficult that there is no other way to handle it. How am I to face my honourable friend from Prince when I admit that we controlled the price of his potatoes when otherwise he would have had a good market? Now that prices have gone on the rocks are we going to leave him unaided? There is no alternative; we have to pass this legislation. I predicted four or five years ago that this very thing would happen.

And now I want to make another prophecy for the benefit of my honourable friend from Toronto (Hon. Mr. Hayden), so that when he speaks six years from now he will be able to quote from it. I say this bill is political dynamite. My honourable friend from Churchill (Hon. Mr. Crerar) never spoke with more truth than he did a few moments ago. He pointed out that it does not matter what floor price is fixed, it is too high for my friend from Toronto-Trinity; and no matter how high the ceiling is, it is too low for my friend from Prince. We are caught between two fires; we cannot please everyone.

Some members of the House of Commons asked the Minister of Agriculture why he did not appoint a board to fix prices. By this

means he would at least escape political difficulties. When he fixed the value of eggs at thirty-eight cents per dozen, the newspapers on the prairies and at the coast complained that many things had not been taken into consideration, and that the price should have been sixty-six cents.

Hon. Mr. Horner: It emptied a lot of hen houses.

Hon. Mr. Haig: That is true.

I intend to vote for this bill. What else can I or anybody else do? We may agree with what has been said by the honourable senator from Churchill and the honourable senator from Toronto-Trinity, but once we start down hill there is no way of stopping until we reach a crisis. Make no mistake about it: we have reached the crisis.

My honourable friend from Rosetown (Hon. Mr. Aseltine) is quite correct when he says the United States has huge surpluses of products. That country is loaded to the gun-wales with potatoes, wheat, corn and every other type of agricultural product. The situation is so grave that a committee of the House of Representatives recently made a recommendation—I do not think it will be implemented—that a billion dollars worth of goods be given away. I have no right to discuss American politics, but I predict that when the next general election is called in that country the rural areas, whether Democratic or Republican, will be in favour of giving away a billion dollars worth of goods instead of giving a billion dollars in cash.

How are we ever going to reduce the cost of living if we keep prices high? The city people will always complain that farm prices are exorbitant. For instance, they will say that potatoes, selling at \$1 a bag, should be sold at thirty-five cents. What is the answer? There is no answer.

Hon. Mr. Roebuck: The answer is the market.

Hon. Mr. Haig: I admit that that is the answer that should have been given. We in the West had wheat, and it was taken away from us and we were paid \$1.35 for it when we should have been paid \$2.35. At first we were paid \$1.25 a bushel; then we were paid \$1.35 for wheat to make bread. That wheat belonged to us. It was not some fictitious commodity which did not represent a true value, as was suggested by the honourable gentleman from Lunenburg, or wherever he comes from. We owned that wheat, and we had it in our possession. Then the authorities said: "We will take your wheat and sell it to the millers, and all we will charge them for it is 77½ cents a bushel; the people of Canada will make up the balance."

Hon. Mr. Kinley: If the farmers had received a higher price, much of the money would have been taken back by taxation under the laws of Canada.

Hon. Mr. Haig: My friend is thinking in terms of companies; I think in terms of individuals. Let us suppose that I am a small farmer living on a quarter section of land. I have a family of six children, which exempts me from income tax, and I have an annual crop of 2,000 bushels of wheat. If I receive 89 cents a bushel less than the market value, I lose about \$1,800. My friend is talking about companies.

Hon. Mr. Kinley: There are companies in the West too.

Hon. Mr. Haig: Surely my friend is only permitted to ask a question. I will not be interrupted by senators who want to make speeches.

Hon. Mr. Kinley: I know that I am only entitled to ask a question, but I did not like the insulting remark of my honourable friend.

Hon. Mr. Haig: Now will you please take your seat?

Hon. Mr. Kinley: I will sit down when the Speaker tells me to.

Hon. Mr. Haig: Mr. Speaker, is my honourable friend going to be allowed to keep the floor when I am speaking?

The Hon. the Speaker: The honourable senator from Queens-Lunenburg will please refrain from interrupting the honourable leader, except to ask him a question.

Hon. Mr. Haig: He may only interrupt me if I give him permission.

Hon. Mr. Reid: May I ask a question?

Hon. Mr. Haig: Yes, sir.

Hon. Mr. Reid: Is it not a fact that a considerable quantity of wheat was sold on the world market, and that the farmers received a good deal more than \$1.45 per bushel. I have in mind two men in my riding who received thousands of dollars more than the \$1.45 per bushel would have given them.

Hon. Mr. Haig: I thank my honourable friend for that question, and I will deal with the point he raised. In 1946, for instance, 170,000,000 bushels of wheat were sold to Great Britain at \$1.55 per bushel; 130,000,000 bushels were sold in Canada at \$1.25 and \$1.35 per bushel—the millers bought so much and the domestic consumption was so much. For the balance of about 80 million bushels, the farmers received \$2.39. In 1947 a little more was sold, and a greater loss was taken because the price rose to \$3.25. Now last spring payments were made to the farmers

on the wheat profits up to that time, and they amounted to only twenty cents a bushel. A report which was presented the other day indicated that the twenty cents included not only the profits to the end of July, 1949, but also \$5,225,000 in excess of the proceeds from wheat sales up to that time.

Hon. Mr. Horner: Was this payment of 20 cents made just before the election?

Hon. Mr. Haig: Yes. The payment at the rate of 20 cents per bushel, which was made between April and June, amounted to more than the sum standing to the credit of the Wheat Board at that time. In fact, the Board had an overdraft of around five and a quarter million dollars.

Hon. Mr. Aseltine: And had to pay interest on it.

Hon. Mr. Haig: The whole case for this bill, as the farmers would put it, is this: "You took from us the wheat we owned and which was in our granaries, and you sold it at these reduced prices. As a result, we lost a great deal of money. You owe us some compensation."

There are evidences that the market for wheat will soon contract. How soon the shrinkage will take place we cannot tell; it all depends on the American Marshall plan. If aid under that plan is cut off in the near future, I do not believe that Canada will be able to dispose of her wheat even at giveaway prices, for nobody will have the money to buy it. That is the situation, and the prospect.

This legislation, therefore, is to partially recompense the farmers for losses on products which were sold for them at less than the then standard prices. For that reason, and that only, I am willing to vote for the bill. I quite agree with the honourable senator from Churchill (Hon. Mr. Crerar) and the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) that for every interference on our part with the economic laws there is a penalty to be paid; and I admit that today we are paying the penalty.

I go further, and say that nobody seems willing to tell the public what we are actually doing. People do not seem to understand it. They say, "Well, the government will pay this money." Where does the government's money come from? Anyone who sat in the House of Commons yesterday during the speech of a very distinguished gentleman who told us we had to provide so many millions to carry on the public business, can be under no misapprehension on that point. It has to come out of taxes.

As I said, I intend to vote for the bill. But if I and my honourable friends from Toronto-Trinity and Churchill should be alive five years hence, and we are in trouble over the consequences of this legislation, I hope they will not get up here and say: "Well, you voted for the bill. We did not; we talked against it and voted against it." My position in this: because four years ago I consented to an interference with the laws of economics, I have got to go on to the end of the chapter.

Hon. Mr. McDonald: There is no alternative.

Hon. Mr. Haig: As far as I can see there is no alternative. Once we take the first step we must go on. I may be told that that is not sound philosophy. But people cannot so easily turn, after repenting of their sins, and start on a new road. I repented my sins; I repented at the time; I was aware that legislative interference of this kind was economically unsound.

Hon. Mr. Hugessen: You repented by anticipation!

Hon. Mr. Haig: I had to. I foresaw that this legislation would remain in effect for years. It has lasted much longer than I expected it would. In making this provision for the producers, Canada is acknowledging that they made a real sacrifice, and is trying to compensate them in a small way for what they have lost.

Hon. W. D. Euler: Honourable senators, as I did not foresee that this bill would be before us today, I had not expected to say anything with regard to it. But there are involved in this legislation certain principles of which, it seems to me, not sufficient cognizance is taken either by the government or by those who are speaking in favour of the measure.

The only argument that has been made in support of it—and to me it is not at all convincing—is that the farmers, having suffered a heavy loss because some years ago they were paid for their wheat less per bushel than the market price, and therefore lost hundreds of millions of dollars—I think the estimate of two billion dollars by the honourable member from Rosetown (Hon. Mr. Aseltine) is grossly exaggerated—

Hon. Mr. Aseltine: That is for everything.

Hon. Mr. Euler:—should be recompensed by the enactment of this legislation empowering the government to place floor prices under agricultural products. Surely two wrongs do not make a right.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Euler: I cannot understand the attitude of the leader of the opposition (Hon. Mr. Haig), who is usually pretty logical, and

with whom I very often agree, when he says that although a few years ago when this legislation was introduced he was opposed to it, there is no other course open to him than to vote for the bill. For the life of me I cannot understand that sort of logic. He says that we, having entered on this road, must continue along it right down to perdition, or until the crisis comes, and that then we may apply some corrective measures. Would it not be infinitely better to correct our fault as soon as we see it? Two wrongs do not make a right. If the principle was wrong three or four or five years ago, it is wrong today.

I admit that the farmer did have a grievance. Perhaps it was advisable during the war to sell Canadian wheat to Britain at prices lower than the world prices. If that action was necessary, the loss should have been borne by all the people of Canada, not by the farmers alone.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: I am quite willing to agree with that argument. And I am not going to start another row by saying that against the loss they suffered we could set a good many other items, by way of payments to the farmers of Western Canada, which would go very far to counterbalance the losses of which they make so much. I might speak of the Crowsnest Pass railway rates. I might cite the Prairie Farm Assistance Act, under which millions upon millions of dollars have been taken from the taxpayers of Canada and paid over to the farmers of the western prairies.

Hon. Mr. Aseltine: What about the coarse grains that were shipped to Ontario?

Hon. Mr. Euler: Very well: I have said that two wrongs do not make a right. Granted the losses which I have mentioned, I do not think that the way to compensate for them is through this bill. While I might go so far as to admit that something should be done to compensate the farmers for the losses they suffered, I complain of this legislation because it is an attempt to fasten on the people of this country obligations which are to stand for all time, and because it is a direct violation of the principles for which I, for one, stand. I firmly believe that if the individual enterprise system is to be preserved, we cannot have this sort of thing. I am dead against the principle of subsidies. It has been applied in many directions, but in nearly every case to the products of the farm.

Hon. Mr. Horner: What is tariff protection for manufacturers but a subsidy?

Hon. Mr. Euler: Again, two wrongs do not make a right. I say, in all good faith and

kindness, that I am getting just a little bit tired of hearing about the troubles of certain sections of the people, and of the group pressure upon governments—to which they are too prone to yield—for favours which other groups do not receive.

I am not going to deliver a speech on a subject which is probably tiresome to you, but you cannot get a better illustration of group pressure than in the case of margarine. The budget which was brought down last night has been described as an "ice cream budget" because it removed the sales tax from ice cream. I suppose this was done because the dairy farmers wanted to sell more cream. I am not opposed to the removal of this sales tax, because ice cream is more or less a food; but I leave it to anyone here to deny that margarine is more of a food than ice cream. The sales tax was removed from ice cream, so it certainly should have been removed from margarine, thereby reducing its price by possibly three cents a pound.

I object to making this sort of legislation permanent. I was opposed in principle to a good deal of the legislation passed during the war, but I am ready to admit that it was perhaps necessary. But it is five years now since the end of the war, and here we are taking what was supposed to be temporary war-legislation, and fastening it upon our people permanently.

I sympathize with my honourable friend from Prince (Hon. Mr. Barbour) if he has trouble with his potatoes. I wish he could sell them and make a profit; but I should like to ask him in all kindness, regardless of the bit of hard luck he is having with his potato crop, if there is any good reason why the ordinary taxpayers of this country should have to reach down into their pockets to help him out? If this is fair why then should not every other group or class be entitled to the same consideration from the government?

Let me mention, if you like, the poor despised manufacturer. I hold no brief for him, nor am I opposed to the farmer. But let us take a manufacturer in my town or your town who employs, shall we say, three to five hundred people. He is producing good merchandise, but he falls upon hard times and cannot sell his goods. Then he has to lay off his help, and they become unemployed and dependent upon the good will of their municipality. Now, why would this manufacturer not be just as much entitled to federal assistance as the farmer? If you help out the farmer, you will have to do the same for the fisherman, and almost everybody else. If you start this sort of thing, you might just as well have government ownership of

everything—in other words, a socialistic state. What you are doing here is just scrapping the good old law of supply and demand.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: If we are going to do this we might as well do it with our eyes open. I am dead against this sort of legislation.

Honourable senators, I apologize because I was not prepared to speak at this time; but I wanted to state some of my objections to this bill. I object to it in principle because it is class legislation and we do not know where it will end, and I particularly object to adopting it at this time and trying to impose an objectionable principle on our people on a permanent basis.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hayden: Honourable senators, may I say a few words in reply to some of the statements that have been made about this bill. I suppose I should first accept the support offered by the leader of the opposition (Hon. Mr. Haig), and not test his memory too strictly as to what he said in support of this measure in 1944.

Hon. Mr. Haig: Go ahead.

Hon. Mr. Hayden: He is not as clear or dogmatic in his statements now as he was then. At that time he appeared, without qualification, to favour the bill. I should like to read part of what he said:

... during the last forty years I have never felt that the farmers got a fair share of the national income. I admit that this measure is an attempt to give them a larger share. To that I say "Amen," but I really thought we would have had a much more comprehensive measure.

Then later in his speech he said:

This bill is a delayed and partial recognition of the importance of the farming industry, and the bill yet to come . . .

He was referring to the Fisheries Prices Support Bill.

... gives similar recognition to the importance of the fishing industry.

I am all for this bill, but it does not go far enough. I think it should be the settled policy of this country that, so far as the farmers are concerned, the basic figure should equal the cost of production. It is all right to say that you can grow wheat in Western Canada for 40 cents a bushel. You can if you have a mechanized farm and a large acreage; but on the average farm you cannot grow it for less than 60 cents a bushel.

Further on he said:

We must see to it that a greater share of our income goes to the primary producers of this country.

Finally he was asked these questions by the honourable senator from Ottawa (Hon. Mr. Lambert), and gave these answers:

Hon. Mr. Lambert: How many years does my honourable friend think the bill should cover?

Hon. Mr. Haig: I think good times will last five years, because the demand for our products will continue that long.

Hon. Mr. Lambert: How far do you say the bill should extend beyond that?

Hon. Mr. Haig: I would make it permanent.

So in 1944 my honourable friend was prepared to make this legislation permanent.

The honourable senator from Churchill (Hon. Mr. Crerar) said this legislation would have the effect of creating an election auction block, with all parties bidding for support. I may have a misconception of my friend's political sagacity, but I am sure that he learned the ways of politics as he went along, and would agree with me that a political platform, although it may be sincerely designed to assist the country, is also designed to win the support of the majority of the people. What is the difference between legislation affecting agriculture, that is designed for the benefit of a large section of the community, and an overall platform designed by a national party seeking to be elected by the people as a whole?

My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) talked about this bill leading to controlled economy. Having known and enjoyed his friendship for a long time I feel that I know his views on anything that smacks of control. However, opposition to anything that smacks of control must be tempered by the situation involved. My concept is that the establishment of floor prices does not lead to controlled economy, whereas the establishment of ceiling prices definitely does.

May I point out a misconception that seems to exist in the minds of several of the honourable senators who have spoken today. This bill in no way makes prices compulsory; there is no compulsion about it. The bill seeks to permit the government to step in or step out of economic situations from time to time, exactly as I pointed out in giving the figures to the house earlier today.

This legislation is designed to deal with the problem of surpluses of agricultural products. What are we going to do if we produce agricultural products in this country, as we are bound to do, in excess of the requirements of our consuming public? We could let the law of supply and demand function, but even then Canadians could not consume all of our agricultural products. Therefore, we have two choices. We could let the surpluses flood the market, which would lead to a deflation in prices that would have a bad effect on the producers, or we could accept the problem as a national one and deal with it as such. In many other matters where we recognize that there is a national burden we spread it over the people as a whole. Passage of this bill will not mean that the economy of Canada is going to be disrupted. As long as outside

markets for our surplus products are available there is no problem, but there would be a serious problem if we allowed our surpluses to remain here unsold. Because of political situations certain countries have each established a single purchasing agency, and the only effective way by which we can trade with these countries is through a government-supported single vending agency.

Much as I dislike this legislation, and though I believe it is basically wrong and that full economic recovery will not be made until individuals and corporations in one country can deal with individuals and corporations in any other country, I feel that we must have a single vending agency in order to resist pressure on the part of the single purchasing agency in any other country to force down prices of our products. The design of this legislation is to protect the people of Canada in that way, and that is altogether different from the former design, when the legislation was intended to be temporary.

No one can accuse me of liking government controls or of being opposed to private enterprise. The success of the greatest and most powerful nations in the world today has been built up on private enterprise. But economic conditions which in this and other countries were necessarily controlled during the war have not returned to normal even yet, and we must deal with them realistically, in the light of the most reliable information before us. I think that this legislation, permanent in nature, will assure our people that should it at any time become necessary to solidify the price of any product at, shall we say, a subsistence level, a government agency will be able to step in and by purchases drain off the surplus from the market so that the law of supply and demand will be able to come into operation and regulate the price for the remainder of the product. That is another object of this legislation. It is not a nefarious or under-hand measure, and it is not designed to transfer more power into the hands of the government. It is just an honest attempt to prevent conditions operating outside of Canada from seriously endangering our economic life of our people.

The Hon. the Speaker: Honourable senators, the motion is for the second reading of this bill. Is it your pleasure to adopt the motion?

Hon. Mr. Roebuck: On division.

The motion was agreed to, and the bill was read the second time, on division.

REFERRED TO COMMITTEE

Hon. Mr. Hugessen: Honourable senators, the honourable gentleman from Toronto (Hon. Mr. Hayden) intimated, when explaining the

bill, that he had certain amendments to propose, and I would suggest that we perhaps could deal with them most expeditiously by going into Committee of the Whole and then reporting back to the house. In that way we might be able to give third reading to the bill today.

I would therefore move that the bill be referred to the Committee of the Whole House.

Hon. Mr. Pirie: Honourable senators, I think this bill should be referred to a standing committee. It deals with a very important matter, and there are several angles which I should like to have explained. I do not wish to prolong debate here this afternoon. Is there any reason why the bill could not be sent to a standing committee and dealt with by it tomorrow?

Hon. Mr. Hugessen: There is no reason except shortage of time. We have two other measures to get through by tomorrow night. If my friend wishes to have this bill sent to a standing committee, the committee would probably have to meet this evening.

Hon. Mr. Duff: Let it meet.

Hon. Mr. Pirie: I am interested in the mechanics of the legislation. I heard an honourable gentleman from Prince Edward Island (Hon. Mr. Barbour) say here today that potatoes from that province were being disposed of at 36 cents a bushel, which means a price of about 90 or 95 cents for a 165-pound barrel. That is a very low price. This legislation has been in effect for some time and I should like to know what the government has done to try to prevent the price from falling so low. There are a number of angles having to do with the mechanics of the legislation that I should like to take up in committee, and therefore I feel the reference should be to a standing committee. I do not want to oppose the measure if I can get satisfactory answers to my questions.

Hon. Mr. Hugessen: Obviously, I am in the hands of the house. If I move that the bill be referred to the Standing Committee on Banking and Commerce, it will be understood that the committee is to meet this evening?

Hon. Mr. Haig: Eight o'clock.

Hon. Mr. Hugessen: If that meets with the approval of the house, I would withdraw my previous motion and now move that this bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Farris: If the motion carries, I will take it as definite notice that the committee is to meet this evening at eight o'clock.

The motion was agreed to.

THE MAYOR OF SHERBROOKE

FELICITATIONS TO HON. MR. HOWARD

On the Orders of the Day:

Hon. Mr. Hugessen: Honourable senators, before the Orders of the Day are proceeded with I should perhaps call attention to the fact that the honourable gentleman from Wellington (Hon. Mr. Howard) was elected yesterday to a very important office, the mayoralty of Sherbrooke. The honourable gentleman's experience of the turbulent proceedings in this chamber will probably fit him adequately to deal with his city council.

SPEECH FROM THE THRONE

ADDRESS IN REPLY

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

Hon. J. Wesley Stambaugh: Honourable senators, I would first like to express my sympathy to the people of the United States, and especially to those who have been personally bereaved, in the loss suffered through the disaster that occurred just outside of Ottawa yesterday.

I also wish to join with those who have preceded me in this debate in complimenting the mover (Hon. Mr. Golding) and the seconder (Hon. Mr. Veniot) of the Address.

On March 22 my colleague from Alberta, the honourable senator from Calgary (Hon. Mr. Ross) proposed the amalgamation of the Canadian National and Canadian Pacific Railways as a means of settling our freight rates problem. I read from page 123 of Hansard of March 22 last, as follows:

The Canadian Pacific Railway should be nationalized and amalgamated with the Canadian National Railways and operated by the people of Canada for the benefit of the Canadian economy as a whole.

The whole problem of freight rates is now before a royal commission. A new president who has just been appointed to the Canadian National Railways is advocating a change in the set-up of its financial structure. I have confidence in his ability, and therefore I think that we should give him a chance to develop his ideas.

The situation with regard to the Canadian Pacific Railway is entirely different. Though I agree with the honourable senator from Calgary (Hon. Mr. Ross) that the West is carrying a heavy burden in the matter of the freight rates, I am certain that an amalgamation of the railways is not the answer.

Many years ago the CPR was given millions of dollars and millions of acres of our best western land, in order that it might build

and operate a line of railway to the Pacific coast. A part of the bargain was what is known as the Crow's Nest Pass agreement. I note that the CPR, in presenting its case before the royal commission, has said that this agreement is now out of date and should be set aside. I believe that its terms have been incorporated in the statutes of Canada, and they cannot be varied except with the consent of parliament. That being so, we will no doubt have a chance to say something about the agreement before any change is made.

The railway was built and has since been operated, but the company is not using the land for the purposes for which it was given. Instead of the proceeds from the sale of this land being used to operate the railway and give us cheap freight rates, they are being used in other ways. I believe that if this money was put into the general revenue of the company there would be no need for increases in freight rates.

The C.P.R. was given approximately 22 million acres of land, including the mineral rights. It is quite possible—indeed even probable—that these mineral rights will in time be worth more than the land itself. I believe that most of the land has been sold, but the company has reserved the mineral rights. This arrangement reminds me of the Mother Goose rhyme of Little Jack Horner—and I am not referring to the honourable member from Blaine Lake—

Some Hon. Senators: Oh, oh.

Hon. Mr. Stambaugh:—"who put in his thumb, and pulled out a plum." The C.P.R. has pulled out a plum which it is holding, in the form of mineral rights on this land, and it is giving the western farmers the crust—and that company has plenty of crust. It now controls vast quantities of coal, gas and oil, worth many millions of dollars, and I am quite sure that in the future it will not use these resources for the benefit of the western farmers any more than it used its land grants for their benefit in the past. In the past it has used revenue derived from such sources to form new corporations.

Today the CPR is no longer primarily interested in providing long-haul railway service, but has become a vast industrial octopus with tentacles reaching out into every kind of modern transportation and into many other fields as well. It owns at least a dozen huge industrial enterprises, and controls as many more. True, the company may not be making any money today out of the operation of the railway, but it is making millions out of its subsidiary companies. It would be a fine thing, after the railway has been squeezed dry, to hand this "lemon" over to the government.

On Monday evening, March 20, the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) gave an interesting talk in this house. I should perhaps apologize for being absent from the chamber that evening, but since my appointment to the Senate I have missed only two sittings of the house.

Hon. Mr. Euler: You are forgiven.

Hon. Mr. Stambaugh: The honourable senator moved second reading of Bill G, an Act to incorporate the Ukrainian National Federation. Had I been here I would have given my approval to this bill, and would have paid tribute to the contribution which the Ukrainian people have made to the settlement of Alberta.

I arrived in Alberta in 1905, and I found my nearest neighbours, who were Ukrainians, very fine people. When that province was being settled, the average American and Britisher took up land on the open prairie, but the Ukrainian settler chose an area where there was more bush. This land was more difficult to clear, and it took more time to get started, but in the end the judgment of these people proved to be sound. The soil of the average bushland which borders the prairie is better than that of the prairie, by reason of more rainfall, and the Ukrainian settlers have profited from it. On the whole they have worked hard to "prove up" their homesteads, and they have made a great contribution to the building up of the province of Alberta.

I should like now to refer to some statements made by the honourable member from Blaine Lake (Hon. Mr. Horner) on March 20 last, and in this connection I wish to read an excerpt from page 101 of Hansard.

Let me point out here that the government by seizing the halls of another Ukrainian group, made Communists out of many Ukrainians. This was one of the government's bigger blunders. Not content with locking their halls and leaving them unoccupied, they decided to seize and dispose of them for a fraction of what they were worth. Many Ukrainians turned in disgust against the government because of this action.

I disagree with that statement. In my opinion the loyal Ukrainians heartily approved of this action, and the greatly increased Liberal vote in the Vegreville constituency at the last election is proof of my contention.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Stambaugh: I would now refer to some statements made by the honourable senator from Blaine Lake (Hon. Mr. Horner) on March 20, as reported in *Hansard*, page 102. He said:

I want also to say a word with regard to Mr. Hlynka, the former member of parliament for

Vegreville. At the federal election of 1945, in which he was returned, a Communist ran against him and received nearly 4,000 votes. Because of Mr. Hlynka's fine work in Edmonton and all over the country in opposition to Communism, these people—

Speaking of the Communists.

—decided not to put forward a candidate last year, but to vote Liberal in order to defeat him, and this they succeeded in doing. Government supporters may take what satisfaction they can from the fact that Communists helped to elect the Liberal in Vegreville. I was in the district afterwards and, knowing what a fine fellow had been defeated, tried to find out the reason. This is the explanation I got.

Hon. Mr. Leger: I am just wondering—the honourable senator from Blaine Lake is not here—whether the honourable senator from Bruce is not reading from a speech on a motion which has already been adopted.

The Hon. the Speaker: I have not before me the text of the speech of the honourable senator from Blaine Lake, but I am inclined to think that he was speaking on the Address in reply to the Speech from the Throne. If, however, the quotation by the honourable senator from Bruce is from a speech made upon some other motion, I would hold that the point of order is well taken, because there can be no discussion of a matter which is already closed.

Hon. Mr. Haig: The speech of the honourable senator from Blaine Lake was on another bill.

Hon. Mr. Stambaugh: Then I will not quote any more from that speech.

Hon. Mr. Leger: The speech from which the honourable senator from Bruce is quoting was on a motion of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck).

Hon. Mr. Stambaugh: Not being familiar with the rules of this house, I stand corrected. Am I allowed to quote what the honourable senator said at that time?

Hon. Mr. Duff: Go ahead.

Hon. Mr. Haig: No.

Hon. Mr. Euler: Not from something which was said in a previous debate on another matter.

Hon. Mr. Haig: The honourable gentleman can quote it next year, but not this year.

Hon. Mr. Beaubien: He has already quoted it.

Hon. Mr. Haig: He cannot quote it in the same session.

Hon. Mr. Stambaugh: Then I will see what else I can do about it. I am on my own now, I am not quoting anybody.

Some Hon. Senators: Hear, hear.

Hon. Mr. Stambaugh: What I wish to do is to speak about the election in the Vegreville constituency.

Hon. Mr. Beaubien: The honourable member has a perfect right to do so.

Hon. Mr. Stambaugh: In the Vegreville constituency several thousand Communist votes were cast in 1945 for the Labour-Progressive candidate. At that time the Labour-Progressive movement in Alberta was new; it must not be forgotten that Russia was then our ally; and it was not unusual to hear words of praise of that courageous nation that was holding back the Nazis. That being so, in my mind there is no doubt that many people in the Vegreville district were somewhat confused and probably somewhat misinformed as to the character of the Labour-Progressive movement. In 1949 the voters' list of Vegreville constituency contained several thousand additional names, but actually about a thousand less people voted at the election. If anyone will examine the record he will find that the polls in which the vote in 1949 was smaller than in 1945 were those which in 1945 had the heaviest Communist votes. It therefore appears to me that last year many of the real Communists did not vote at all; and I doubt very much if there are now more than a thousand communists in that riding. However, in the 1949 election there was no Labour-Progressive, no CCF and no Conservative candidate, so these various parties could either line up with Mr. Decore, the Liberal candidate, or Mr. Hlynka, the Social-Credit candidate, or not vote at all. And this is just what a large number of voters must have done, because, as I said before, although there were many more names on the voters' list, a thousand fewer votes were cast.

I am personally acquainted in the Vegreville constituency, which is only twelve miles from the farm where I live. I worked in that constituency before and during the election. I know a fairly large number of Conservatives in the Vegreville constituency, though it appears that the main aggregation of Conservatives is in the district from which my honourable colleague from Calgary (Hon. Mr. Ross) comes. Calgary is a little different from any other place. I might digress for a moment to say that two of the most promising politicians Canada has ever known came from Calgary—anyway, they made the most promises—namely the Right Hon. R. B. Bennett and Mr. Aberhart. Certainly Mr. Aberhart out-promised anybody I ever heard of: I think he made more promises than all the party politicians since confederation, and he never kept any of them.

Hon. Mr. Reid: It brought results, though.

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Hon. Mr. Stambaugh: I have said that I am personally acquainted with many Conservatives in the Vegreville constituency, and with one exception all of them worked and voted for the Liberal candidate, Mr. Decore. These, I submit, are Conservatives who may properly be called Progressive Conservatives.

A word as to Mr. Hlynka, the Social Credit candidate. In the 1949 campaign, Mr. Hlynka advertised in the Ukrainian language that he had helped deserters and had also aided young men to escape the draft. He also toured the constituency with two DP's, who had been in this country only a short time and who exhorted the people to "vote for Hlynka." What an insult to the intelligence of the people in the Vegreville constituency! These loyal people rightly and properly repudiated Mr. Hlynka as well as Social Credit.

Hon. Mr. Euler: May I interrupt my honourable friend? I do not like to do so, because this is his maiden speech. But he has just mentioned Social Credit. Like many others, I believe, I have never quite understood the theory of Social Credit, and since my friend comes from a province in which it is so politically active, would he explain very briefly what it means, both in theory and practice, in Alberta.

Hon. Mr. Stambaugh: Well, that is a fair question. I must admit that I do not understand Social Credit. I never knew anybody who did. It is pure theory, fanatically held, and fanciful. There is nothing practical about it: it has never been tried.

Hon. Mr. Howden: What about the promise of \$25 a month?

Hon. Mr. Stambaugh: If honourable senators would like it, I could go into that a bit. Social Credit was introduced into Alberta by Mr. Aberhart, the man who made so many promises. Let me tell you about some of them. He promised at least \$25 a month—and he said that he saw no reason why he could not pay \$75 a month—to every adult person in the province. He claimed that he would do not only this but that he would not take anything away from anybody. He promised to hand out all this money and to abolish taxation. So the real theory of Social Credit is, of course, that you give something for nothing. Mr. Aberhart read a book by Mr. Douglas, who, as far as I know never made a success of anything in the Old Country. Nevertheless, Douglas expounded this theory, and Mr. Aberhart took it up, enlarged upon it and went before the people of Alberta, and was elected in 1935.

Hon. Mr. Haig: 1934.

Hon. Mr. Stambaugh: It was August 22, 1935. I can remember that very well.

Hon. Mr. Haig: Was he ever defeated?

Hon. Mr. Stambaugh: No, he died.

Hon. Mr. Haig: Has his party ever been defeated?

Hon. Mr. Stambaugh: Not yet. Now, I suppose a lot of you people down here wonder why Social Credit ever took hold in Alberta. I shall tell you. You probably think it is some sort of a child's disease, something like the measles, and possibly it is. I do not think there is anything serious in measles themselves, but sometimes their after effects are very serious. I know people who are suffering in adult life because they had measles as a child; and in the same way there are going to be aftereffects in Alberta because of this Social Credit government.

In 1937 there was quite a rebellion within the ranks of the Social Credit party. Before he was elected in 1935 Mr. Aberhart had promised that he would bring in this system of Social Credit and would start to pay dividends within eighteen months. As he had done nothing to implement this promise by 1937, many of his party followers rebelled because they had taken him at his word. When this uprising was at its height in the Alberta legislature, one of the Social Credit lady members turned to the rebels and said, "You should be ashamed of yourselves. Mr. Aberhart took most of you off the bread line". This will give you a pretty fair idea of the success these legislators had previously enjoyed in ordinary walks of life. I remember Mr. Hlynka once said to me, "Stambaugh, I could go out on a platform and beat you all to pieces arguing the theory of Social Credit". I replied, "I am not interested in theories; I am interested in facts, and as there are no facts to prove the merits of Social Credit there can be no argument".

Hon. Mr. Duff: Did he beat you on that occasion?

Hon. Mr. Stambaugh: We did not argue because I wanted to stick to facts and he wanted to stick to theories. There was no common ground for argument.

Honourable senators, in closing I should like to pay tribute to the member for Vegreville, in another place, who spoke so strenuously against communism both on and off the platform. I should also like to pay tribute to the fine, intelligent people of the Vegreville constituency, who along with the rest of Canada realized that the real bulwark against communism is the Liberal party.

The Address was adopted.

ADJOURNMENT—MORNING SITTING

Hon. Mr. Hugessen moved:

That when this house adjourns it stand adjourned until tomorrow morning at 11 o'clock.

He said: Before we adjourn for the Easter recess it is desirable that we give third reading to the Agricultural Prices Support Bill and to two other bills yet to come before us. Therefore, I think it would meet the convenience of honourable members if we gave third reading to Bill 17 tomorrow morning, so that we would have the remainder of the day in which to deal with the other two bills to which I have referred.

Hon. Mr. Duff: I should like to say a word before my honourable friend, the deputy leader, adjourns the house. This is Wednesday, March 29, and it seems to me that it is about time somebody in authority informed the house when our Easter recess is going to start and finish. Most of us in this chamber are businessmen, and while we are of course glad to come here and help look after the affairs of the country, we feel our own interests should not be neglected. It seems to me that somebody is falling down badly on his job. As far as I am concerned I am going to leave tomorrow afternoon and it does not make any difference to me whether the Senate continues to sit or not; but the deputy leader should inform the house now when we are going to adjourn for Easter. He will probably tell us that we are going to meet tomorrow and Friday, but that is not sufficient.

Hon. Mr. Hugessen: All I can say is that the leader of the government (Hon. Mr. Robertson) is expected to return here tonight, and I think my honourable friend's question will be answered then. I would suggest to him that, in order to make certain he gets this information, he attend the meeting of the Banking and Commerce Committee at 8 o'clock this evening.

Hon. Mr. Duff: My honourable friend is not being fair. There is no reason I should attend a meeting of the Banking and Commerce Committee to obtain information which should be divulged in this chamber by himself or the leader. We should have been given this information long ago. I have been trying to secure railway reservations for tomorrow or Friday from Donald Gordon, the man who is now running the C.N.R., but who should never have been appointed. Alistair Fraser should have been appointed—but that is neither here nor there.

My honourable friend the deputy leader (Hon. Mr. Hugessen) looks wonderfully serious, and I would like him to announce when the Senate is to adjourn and when we

THE SENATE

Thursday, March 30, 1950

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

AGRICULTURAL PRICES SUPPORT BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen, for the Chairman of the Standing Committee on Banking and Commerce (Hon. Mr. Farris) presented the report of the committee on Bill 17, an Act to amend The Agricultural Prices Support Act, 1944.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 17, an Act to amend the Agricultural Prices Support Act, 1944, have, in obedience to the order of reference of March 29, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. Hugessen moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

REGULATIONS BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen, for the Chairman of the Standing Committee on Banking and Commerce (Hon. Mr. Farris) presented the report of the committee on Bill H, an Act to provide for the Publication of Statutory Regulations.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill H, an Act to provide for the Publication of Statutory Regulations, have, in obedience to the order of reference of the 16th of March, 1950, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. Hugessen moved the third reading of the bill.

Hon. Mr. Haig: I do not want to delay the house, but before the bill is given third reading there is a matter to which I wish to refer. During the discussion on the motion for the second reading of the bill,

allusion was made to the number of orders in council which had been made, and it was admitted that, although these orders are being gathered together with a view to the preparation of a compendium or some sort of list, no complete list is available at the present time. I suggest to the leader of the government that between now and next session he request the department to prepare a complete official list, and that an amendment setting out that list be then presented.

This is not a contentious question. At the present time if you go to a library or a law office to obtain a list of all the orders which have been passed under these regulations—and by all of which you are bound—you have no assurance that the list you got will be complete. The case is somewhat analogous to that of the Dominion statutes. When one is looking for amendments to existing legislation, the consolidation of 1927 makes it unnecessary to go back earlier than that year.

I repeat, there should be a list or schedule attached to the Act which will embrace all orders up to the present time. Otherwise, when people come into my office, or into the office of any other lawyer, for information on this matter, we have to admit, "For the life of us we can't tell you whether the information is complete or not."

Hon. Mr. Hugessen: Honourable senators, it goes without saying that I shall direct the attention of the government to the suggestion made by my honourable friend. I well recall, as no doubt all honourable members do, the discussion which took place on the second reading of this bill. At the moment the departmental officials are preparing a compendium of all the orders in council having the force of legislation effective as of and up to December 31 last, and I understand my honourable friend's suggestion to be that next year amending legislation should formally declare that the orders in council embodied in that compendium or book, when it is produced, do in fact constitute all the orders in council having the force of legislation as at December 31st last.

Hon. Mr. Haig: That is it.

Hon. Mr. Hugessen: I shall direct the suggestion to the government.

Hon. Mr. Haig: Thank you.

Hon. Mr. Marcotte: But would such a compilation be binding on the courts? I ask that because in Saskatchewan, where I am practising, we once had a certain compilation of statutes; but as it contained certain statutes which had been repealed, the courts held,

when this was discovered, that it was not binding. So I would suggest that if a compendium is made there should be a provision that it will be binding on the courts.

Hon. Mr. Hugessen: I think that is what was intended by the leader of the opposition (Hon. Mr. Haig)—that legislation should declare that the compendium, when produced, comprises all the orders in council effective with respect to the general public as of December 31st last, and that it is binding on the courts.

Hon. Mr. Haig: That is my suggestion.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill D, an Act respecting the purchase by Canadian Pacific Railway Company of shares of the capital stock of the Shawinigan Falls Terminal Railway Company.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill D, an Act respecting the purchase by Canadian Pacific Railway Company of shares of the capital stock of The Shawinigan Falls Terminal Railway Company, have, in obedience to the order of reference of March 21, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. McKeen moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

NORTHWEST TERRITORIES POWER COMMISSION BILL

REPORT OF COMMITTEE

Hon. Mr. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill T-2, an Act to amend the Northwest Territories Power Commission Act.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Transport and Communications, to whom was referred Bill T-2, an Act to amend the Northwest Territories Power Commission Act, have, in obedience to the order of reference of March

27, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Mr. Hugessen moved third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

TRANSITIONAL MEASURES BILL

FIRST READING

A message was received from the House of Commons with Bill 56, an Act to amend The Continuation of Transitional Measures Act, 1947.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: When shall the bill be read the second time?

Hon. Mr. Hugessen: Honourable senators, I have asked the honourable senator from Ottawa (Hon. Mr. Lambert) to move the second reading and explain this bill. Before he does so, perhaps I should again apologize to the house for the form in which the bill has come to us. It is a matter of time. Only yesterday the bill was given third reading in the other house, and the Printing Bureau has been unable to get the bill to us in third-reading form. Therefore all we have is the bill in the form in which it was introduced in the other place; but I am advised that it was not amended there, so the bill before us is in fact in the form in which it was passed.

Hon. Norman P. Lambert moved the second reading of the bill.

He said: Honourable senators, The Continuation of Transitional Measures Act, 1947, which seeks to amend, was passed with the proviso that it would be continued year by year. The Act was the outgrowth of The National Emergency Transitional Powers Act, 1945, which in its turn was a carry-over from the War Measures Act, passed during the war.

I do not think a prolonged discussion on this bill is necessary. Its importance lies in the fact that it announces definitely the expiration, thirteen months from now, of rental controls. It prolongs the Act passed in 1947 until April 30, 1951. The major item in the schedule of controls appended to that Act is rent control. The Minister of Finance, in discussing this bill in the other place, said "The effect of this proposed bill is to continue authority to control rentals only for a further period"—and the period of such extension is thirteen months.

This bill might be said also to mark the culmination of the government's efforts to get

rid of wartime controls in as orderly a manner as possible. In this connection, the Supreme Court of Canada recently gave a unanimous decision upholding the validity of wartime legislation relating to leasehold regulation, but, as the Chief Justice said when judgment was delivered, there is no doubt that under normal conditions the subject-matter of rents belongs to provincial jurisdiction. Accordingly, the only limitation to the government's proposal as contained in this amending bill would seem to be an unseen limitation—what may or may not be regarded at any time as a national emergency. Certainly it is to be hoped that the supply of labour and materials will be adjusted more closely than in the past few years to the public need of buildings in areas where they are most required. In connection with other matters which have come before this house it has been observed that we have reason to think that on almost the entire economic front production is catching up with, and even actually exceeding, the demands of our people for various commodities and services. Certainly we hope that that condition will apply generally in 1951 in the field of rental housing.

The discussion which took place in the other house relating to the application of the provisions of the Act, as amended, during the next thirteen months, need not, I suggest, be repeated here. The objective of the bill is to do away with rental control by April 1951. Therefore the suggestion that a special statute be passed to explain in detail how the legislation is to be applied seems somewhat beside the mark. At any rate there is satisfaction in knowing that the bill was approved unanimously in the other place last evening; and I trust that this house may consent to it receiving third reading without reference to a committee.

Hon. Mr. King: Was it not the decision of the Supreme Court that the question of continuation of control would be left to the judgment of parliament, and does this Act not confirm their judgment with respect to the retirement of the government from such control?

Hon. Mr. Lambert: That, I think, in effect is correct. The Supreme Court of Canada in no way attempted to usurp the function of parliament to decide what course would be necessary, but it did uphold the validity of the leasehold regulations which have been in force, on the ground that they were for the general good of Canada. It also held that under ordinary conditions jurisdiction in the matter of rental housing rested with the provinces.

My point is that if in the spring of 1951 it were the opinion of parliament, based on

evidence, that there was still a national emergency and that the general good of Canada would be served by the imposition of rent control, this bill might come here again for renewal. But our hope, and, I am quite sure, the hope of the Minister as explicitly expressed in the other place, is that thirteen months from now the end of rental controls under federal jurisdiction will be realized.

Hon. Mr. Reid: Is rental control the only control now remaining with the government?

Hon. Mr. Lambert: Yes.

Hon. Mr. Haig: I want to ask the honourable member from Ottawa a question. I followed the debate in another place, and I did not hear any suggestion there to the effect of the statement he has just made. I wondered whether he was announcing a change of policy, because the Minister and all the speakers in the other place, at least on the government side, stated that this was the end of controls.

Hon. Mr. Lambert: That is right.

Hon. Mr. King: That is the intention.

Hon. Mr. Haig: No, it was not "the intention". The statement was that this is the end.

I am not sure that my honourable friend has rightly interpreted the judgment of the Supreme Court. I think the court held that when, because of the existence of an emergency such as prevailed during the war, certain emergency powers were exercised, the question of when that emergency was over was for the judgment of parliament. I believe the court clearly acknowledged that—without an original basis of urgency—the Parliament of Canada had no power to deal with rent controls; and the minister in charge of this legislation has intimated in another place that at the end of the period referred to in this measure, rent controls will be discontinued, and he recommends that any province which wishes to have the controls continued should institute them itself.

I hope that the words of my honourable friend from Ottawa are not an indication that parliament may be asked to continue these controls. I feel sure that the other house voted for the measure in the belief that this was the last time the Act would be extended, and if I vote for the bill I will do so on the understanding that I am attending the funeral of rent controls. I want to be sure of that. I do not want anyone to notify us later that the corpse came back to life. The chief medical officer for the legislation—the minister—has certified that the patient is dead and can be buried, and I hope we shall not be told next year that the doctor was

wrong, that the patient is alive and should not be buried at all. My honourable friend seems to be appearing at this solemn service in the role of a mid-wife.

Hon. Mr. McKeen: I thought you said this was a funeral.

Hon. Mr. Haig: Yes, but I am afraid this legislation may have a new birth.

Personally, I have always been bitterly opposed to rent controls, and I think that their history right from the beginning has shown that they are futile.

Let me tell a story of a little incident that happened last summer. A man and his wife who live on Broadway in the city of Winnipeg came to a friend of mine and told him they were voting for the Liberal party. My friend said, "I thought you were CCFers." They replied, "So we are, but we think the Liberal party is the only one that will continue rent controls." I have not been able to see this friend since this bill was announced, for I have been here, but I was speaking to him at Christmas, after the statement by the Minister of Finance that owners of domestic property were to be allowed to increase their rents by 18 and 22 per cent, and he suggested that the man and his wife had decided to vote for the CCF again and to continue to do so in future.

My honourable friend from Ottawa, says he hopes that the supply of labour and materials will increase to the point of making it possible to build more houses. The fact is, that labour and materials are available now, but that houses are not being built for rent—either individual houses or apartment houses—except where the government puts up the necessary money and guarantees that the builder will get a certain revenue over a period of years. I am sorry that my honourable friend from Ottawa suggested the possibility that rent control may again be invoked, for as long as this threat exists there will not be enough dwellings built for rental purposes. There is no question about that.

Of course, even today the problem is not so much one of shortage of labour and building materials as of inability on the part of most would-be tenants to pay a rent high enough to give a reasonable return on the cost of the houses that could be built. A house that sold for \$3,500 in 1938 is worth \$7,000 today, and the owner has to charge a sufficient rent to bring in reasonable interest on \$7,000. Besides, taxes have gone up tremendously, in two ways—by increased assessment and increased tax rates. In Winnipeg the present assessment on a house that would have been assessed at \$3,500 in 1938 is perhaps \$7,000, and the tax rate has gone up from 38 mills

on the dollar—I speak subject to correction—to about 44 mills. And remember, honourable senators, that the increase of 6 mills applies to the doubled assessment.

Rent control has not made it easier for people with low incomes to obtain housing. The man who would invest his money in houses for rent was prohibited from getting a higher return than he was getting in 1937, although business people and farmers were allowed to use current values on their properties as a basis for the return of profits. Consequently, people who ordinarily would invest their small savings in the construction of houses have turned to other kinds of investment. It always was a custom in Canada for many people who owned their own homes to save up their money until they could buy another house—usually in the same neighbourhood, with which they were familiar—and later on still another, and so on, in the hope that by the time they retired they would receive from these properties a sufficient income to provide for their old age, at least in part. It is true that since 1917 a good many of our people who are able to save amounts of from \$500 to \$1,000 yearly have been purchasing government bonds; but certainly prior to that time the bulk of these savings used to be invested in residential property.

Hon. Mr. Hugessen: That is still the custom in Quebec.

Hon. Mr. Haig: It may be, but this legislation made it impossible for people to build houses for rent, because they were prohibited from obtaining reasonable interest on their money. The control in effect placed a special tax on every man and woman who had money invested in rented dwellings.

When it was suggested that the provinces could, if they so desired, take over rent control, I noticed that my own province of Manitoba promptly sidestepped the issue. Maybe there will be a provincial control later on, but I have grave doubts about it. So far the only province that has made a definite move towards imposing rent control is Saskatchewan, whose government is CCF.

Hon. Mr. Fogo: What about Quebec?

Hon. Mr. Haig: It has not done anything.

Hon. Mr. Fogo: It said it would.

Hon. Mr. Haig: Well, it has not done anything yet.

Hon. Mr. Fogo: It has not had time.

Hon. Mr. Haig: Oh, yes it has.

Hon. Mr. Fogo: Alberta also intimated that it might impose controls.

Hon. Mr. Haig: What Alberta proposed was a different thing altogether, namely, the setting up of a board to which owners and tenants could apply for the fixing of proper rents. If such a board were set up, and acted fairly, it would no doubt allow a fair return on the basis of present day costs.

Hon. Mr. Beaubien: New houses do not come under this Act at all.

Hon. Mr. Haig: I know that. The point I am making is that my honourable friend from Ottawa was wrong in suggesting that an increased supply of labour and building materials would make available more houses for rent, I say this will not happen, because most people who are looking for houses to rent cannot afford to pay a rent high enough to yield a good return on the cost of new buildings. There is no question about that. Every day you hear people saying that they cannot afford to pay the rents that are demanded for new houses.

Hon. Mr. Lambert: Will my honourable friend allow me? My point was that general economic conditions which, as we emphasized yesterday, are bringing about an accumulation of food surpluses, will undoubtedly apply soon to building materials, and that it will be possible to build houses more cheaply next year than it is now.

Hon. Mr. Haig: My honourable friend is more optimistic than I am. I do not know how in the world the cost of labour is going to come down.

Hon. Mr. Quinn: Or the cost of building materials either.

Hon. Mr. Haig: I have been interested in the building industry for many years, and I know that whenever wages rise—as they did in, say the period from 1919 to 1922—they never go back to their former level. At times there have been some little “shenanigans”—if I may use that word—whereby wage rates appear to be maintained when in reality they are not. For instance, suppose the hourly rate for plasterers is \$1.10 and that it takes a man one hundred hours to plaster a certain type of house. A builder might make a contract with four or five plasterers to do the work on a number of such houses at an average cost of \$50 or \$60. These plasterers would earn at the work only 50 or 60 cents an hour; they would be regarded as contractors and so technically would not be looked upon as plasterers who had worked for less than the regular wage.

In the United States there are two or three organizations which study the price levels that have applied over the last 150 years. I have listened to some of their experts. They have found that every fifteen years, on the

average, there has been a rise and a fall in the price of houses; that the level would rise for seven or eight years and then decline for seven or eight years. But the cost has never fallen as low as it was before, and it has always moved higher again. My explanation of this is that it is easier to sell a house for \$8,000, for instance, and leave labour costs as they are than to cut costs in order to reduce the selling price to \$7,000.

Rent control is a political weapon which has been used by those in power because there are more tenants than owners; but the very people it was sought to help through this legislation are the ones who in the long run must suffer the most, because now hardly any low-priced housing is being built, and none is for sale or for rent at a price these persons can afford to pay.

In 1941, when rent control was introduced, it was less stringent than it became later on. At that time, if property were sold, the tenant could be forced to vacate. Later came a provision, as rigid as cast iron, that he could not be removed at all. I am delighted to have the opportunity to vote for this legislation. The vote I shall cast in a minute or two will be given more happily than any I have previously cast in this house.

An Hon. Senator: That covers a long time.

Hon. Mr. Haig: In my opinion, which I think is shared by every other honourable member, by this vote we shall do more for the people of Canada than we as an assembly have ever been able to do before. People will build houses to rent when they know that they can control their own properties, and will not be thwarted by somebody who, once in occupation, cannot be made to get out.

May I illustrate my meaning with a personal experience? I owned a house on Chestnut street, Winnipeg. My wife, my daughter and I lived in it. We sold it, and it is now occupied by twelve people, for whom it provides reasonably good accommodation. But could I get possession of another house I owned, worth only half as much? No, because it was subject to rent control. That sort of thing is characteristic of the whole control system throughout its cycle of operations.

I congratulate the Minister of Finance upon his attitude in this matter. He was well advised when he excluded from control all new properties. His judgment was equally good when, about a year ago last December, he decided that, upon a tenant vacating a house or apartment, controls ceased to apply. I did not agree—though I admit many of my friends did—that the rental boost last December was a good move, and I will tell you why. It was not that those who rent houses are, even now, paying too much, but the change

was made at the wrong time of the year. In my opinion, rather than permit rents to be raised during the winter, an announcement should have been made last September that rent control legislation would expire on the 30th of June of the present year. I do not say this in a spirit of criticism; I think that what he did was a tactical mistake.

Let me give one more experience. I know of a twenty-three suite block in Winnipeg, owned by people who live in Brandon. Under rent control, suites on the south side and on the first and second floors were rented at \$51.75 per month; for other suites the rents charged were \$48.50 and \$45. Thus, three categories of rents were under control, except that when tenants moved out the owner could for their successors, increase the rent 22 per cent. Twenty-two per cent on \$51 is about \$11, which would make the rent about \$61.50. These owners said to their agent, "We will increase the rents 7 per cent, and we will use the proceeds to decorate the building." Every one of the tenants renewed his lease. I believe that this incident is typical of the great bulk of landlords. I know there are exceptions, for some people are grasping; but landlords must always remember that times change, and conditions with them, and if they treat their tenants well they are not likely to lose them.

I repeat that I am glad to vote for the bill, and I hope it will pass unanimously.

Hon. Gray Turgeon: I wish to say a word or two with reference to some remarks of the honourable leader of the opposition as to an inference he drew from the speech of the honourable senator from Ottawa (Hon. Mr. Lambert) and from the bill itself. If I correctly understood the honourable senator from Ottawa, he definitely said that the main feature of this bill is that it is to put an end to rent control in thirteen months from now.

I am not a lawyer, but it seems to me that the language of section 7 is quite explicit. If this bill is carried, the new section 7 will read:

This Act shall expire on the thirtieth day of April, one thousand nine hundred and fifty-one.

This clause replaces the old section 7, which reads:

... This Act shall expire . . . on the thirty-first day of March, one thousand nine hundred and fifty: . . . provided that, if at any time while this act is in force, Addresses are presented to the Governor General by the Senate and House of Commons, respectively, praying that this Act should be continued in force for a further period, not in any case exceeding one year, from the time at which it would otherwise expire and the Governor in Council so orders, this Act shall continue in force for that further period.

That provision is eliminated from the legislation if what is proposed in this bill becomes part of the The Continuation of Transitional Measures Act, 1947.

There could hardly be a more definite indication of the intention of the minister and those associated with him in the preparation of this bill, and of the members of the House of Commons and the Senate, when they pass the bill, that here is an end of rental controls so far as this parliament is concerned. No individual can say that similar legislation will not be introduced at some time in the future; but here is a definite end of rental controls at this time.

Hon. Mr. Haig: A year from now my honourable friend could introduce the same legislation.

Hon. Mr. Turgeon: That may be, but it would not be a re-birth; it would be a resurrection.

Hon. Mr. Reid: A few minutes ago I asked the honourable senator from Ottawa (Hon. Mr. Lambert) if, when this bill is passed, it will mark the end of the last remaining order with respect to controls. His answer was yes. On checking up, I find that this chamber is not getting all the information that was given in the House of Commons. When the government was asked about the continuation of orders in council—which, like rental control, are under the Wartime Prices and Trade Board—it was pointed out that a number of orders in council and regulations remain, some of them affecting steel, some affecting timber. But here we are, deliberating only on rent control, and preparing to rush this legislation through. I object to that kind of thing. If information was given in the other place in the form of a list of all orders in council pertaining to this matter, we also should be provided with the facts. I have before me a House of Commons *Hansard*, from which I could quote. There is reference to these controls on page 1105, and there is a schedule on page 1106. Then, the Parliamentary Assistant to the Minister is reported as having said:

The actual list of controls which will still be in effect will appear in a schedule to the bill.

Hon. Mr. Hugessen: May I ask my honourable friend from what he is quoting?

Hon. Mr. Reid: I am quoting from *Hansard*.

Hon. Mr. Hugessen: What page?

Hon. Mr. Reid: 1105.

Hon. Mr. Hugessen: Of this year?

Hon. Mr. Reid: Of this year, on March 24. On the following page will be found a number of orders in council affecting control of timber and steel. All these matters are comprised

in the bill, yet this body has been deliberating solely about rent control, and there is no such schedule to the bill as was promised in the House of Commons. In view of these facts, until I get further information I am going to object to second reading at this time.

Hon. Thomas Farquhar: It seems to me that in the remarks he made the honourable leader of the opposition (Hon. Mr. Haig) showed inconsistency. He said that he was very happy that rent control would cease in about a year from now, and that all of us should be very happy too. The reason he gave for his satisfaction was that people would build when they were no longer hampered by existing restrictions.

Hon. Mr. Haig: No, I did not say they would build. I said they would be inclined to build, that is all.

Hon. Mr. Farquhar: I thought the honourable gentleman said that if rent control was removed all these people would go ahead and build houses.

Then the honourable gentleman said that present-day building costs are so high that people cannot afford to pay enough rent to give builders a good return on their money. If that is so, why would the removal of rent control cause more houses to be built for rent? The honourable senator also said he thought that wages would not be reduced, and that building costs would remain at the present high level.

To sum up, I think the honourable gentleman was very inconsistent in his remarks, and that his view of the housing situation is extremely pessimistic.

Hon. T. A. Crerar: Honourable senators, I wish to make two or three observations on the bill. The first is that it comes to us for consideration at the latest possible moment, for if the control is to be extended, this measure must receive assent before midnight tonight.

Hon. Mr. Haig: That is right.

Hon. Mr. Crerar: In believing that the federal government's power to impose rent control will expire on the 30th of April, 1951, we are relying on the declaration made in the House of Commons by the Minister of Finance when he said—and he was no doubt speaking for the government—that parliament would not be asked for a further extension of this power. Should the government say next year that in the light of new conditions it has had to change its mind, it could of course come back to parliament and ask that the control be extended once again, but that is unlikely to happen. I think my honourable friend the leader of the opposition (Hon. Mr. Haig) is

quite right in his assumption that by the thirtieth day of April, 1951, which is about thirteen months from now, he will be able to attend at the obsequies of rent control and raise a cheer, in which I should be willing to join.

One point that was raised here today had to do with the reference to the Supreme Court for the purpose of determining whether, in the light of present conditions, the jurisdiction over rental control lay with the federal parliament or with the provincial legislatures. It was argued before the court that the emergency still exists. Now, how could the court determine whether or not the emergency continued to exist? It seems to me that an important point upon which it could base its finding was the fact that parliament, whose two houses are composed of representatives from all parts of Canada, had after due consideration declared that there was a continuing emergency. What else had the court to go upon? And my feeling is that if year after year for the next ten years, parliament were to declare that there still was an emergency necessitating rental control, and if a reference were made to the Supreme Court every year, the eminent men who sit upon that bench—and they are eminent men—would have to rely largely upon parliament's declaration as the basis of the court's judgment. In my opinion this is a very important point for parliament to keep in mind. What it means to me is that both houses of parliament should in future exercise very great care—perhaps more than they have exercised in the past—in declaring what is an emergency; otherwise the powers of the provinces may be whittled down.

Hon. Mr. Euler: Did the Supreme Court not say in its judgment of a few weeks ago that the opinion of parliament as to whether or not there is an emergency is what governs?

Hon. Mr. Crerar: I think that conclusion could be drawn from the court's judgment.

Hon. Mr. Lambert: Will my honourable friend permit a question? In the press reports at the time of the decision, did he not observe a statement credited to one judge that the evidence placed before the court indicated that there would have been a chaotic condition in this country but for the enforcement of rental regulations?

Hon. Mr. Haig: That was merely *obiter dictum*.

Hon. Mr. Crerar: I think that statement was made, and it is probably true that without rental control there would have been a more or less chaotic condition. But that does not touch the point that I was endeavouring to place before the house, namely, that if

parliament declares that an emergency exists, the Court is bound to take notice of that. A few years ago, when we were considering legislation affecting the Canadian Wheat Board, we declared that there was in this country an emergent condition which made it necessary for the government—under the power of parliament to declare works to be for the general advantage of Canada—to take control of small grist mills throughout Western Canada. At the time that certainly struck me as trenching very far on the property and civil rights jurisdiction of the provinces.

Hon. Mr. Beaubien: May I ask my honourable friend a question?

Hon. Mr. Crerar: Certainly.

Hon. Mr. Beaubien: If parliament at any time declares there is an emergency and the issue is tested before the Supreme Court, has the court not the right to decide whether there is or is not an emergency, regardless of what may have been declared by parliament?

Hon. Mr. Crerar: Yes. I suppose it has. But what I am asking is this: What is to guide the court when it comes to consider whether or not there is an emergency? Could there be any better evidence that an emergency existed than a declaration to that effect by parliament? As I remarked earlier, both houses of parliament comprise representatives of all parts of Canada who are supposed to be aware of the conditions existing in their respective localities; and if in its sober judgment parliament declared that there was an emergency the court would be bound, I think, to give very serious weight to such a declaration. My whole point is this, that whenever parliament declares the existence of an emergency, whether as to rentals or anything else, it assumes a very serious responsibility.

Hon. J. Gordon Fogo: Honourable senators, the answer given to the question asked by my honourable friend from Provencher (Hon. Mr. Beaubien) has pretty well covered the point I was going to make. However, I think it would be appropriate to remind the house that it is rather dangerous to quote decisions of Supreme Court Judges without having the text before you. It has been suggested that, in a sense, the court abrogated its responsibility of determining whether or not there was still an emergency justifying the imposition by parliament of rent control. As I remember the judgments of the various judges, that is not so; they did not preclude the possibility that anyone attacking the legislation could satisfy the court that, as a matter of fact, and notwithstanding the preceding opinion of parliament, an emergency no longer existed. If any opponent of the legislation were able to establish to the satisfac-

tion of the court that as a matter of fact an emergency no longer existed, the court would be free to hold the legislation was invalid. However, the combined opinion of representatives of all parts of Canada in both houses of parliament that there is an emergency, together with the decision of the government that the legislation should be continued, is undoubtedly a significant fact of itself. But, as I say, it is not conclusive and it does not preclude the court from subsequent action to invalidate the legislation. I think the point of it is this; that the danger which seems to impress my honourable friend from Churchill (Hon. Mr. Crerar) is not, perhaps, as great as he believes it to be. We still have the court to protect us against a mistaken declaration of emergency.

I am going to say only one more thing. Like the honourable gentleman from Algoma (Hon. Mr. Farquhar) I had a little trouble in following the honourable leader of the opposition (Hon. Mr. Haig) in his argument. It seemed to me that, to borrow his own terms, he was confusing the function of a midwife with that of an undertaker. As I understand the matter, we are being invited to the funeral of this legislation: we are given due notice that as at April of next year it will be ended; and if at that time any of the provinces and provincial governments that have been so ready to criticize the federal government for mismanagement of rental control want to try their hand at the same business, the opportunity will be theirs.

Hon. Mr. Euler: They need not wait. They can do it even now.

Hon. Mr. Fogo: If they wish to, they can take it over now.

Hon. L. M. Gouin: Just one word with regard to the question of an emergency. The powers of the Parliament of Canada are much greater during a state of emergency than they are under normal conditions. I share absolutely the opinion so well expressed by the senator from Carleton (Hon. Mr. Fogo) that a declaration by the Parliament of Canada—which, after all, is a unilateral declaration—is not absolutely conclusive. It is a presumption, of course, but the court is still allowed to scrutinize the exercise of our powers in connection with this matter. Otherwise, if we were to take the position that we have absolute discretion in connection with this declaration of emergency, we could go even so far as to declare that there is and always will be, an emergency.

From a certain standpoint, no doubt, it was important that the honourable senator from Churchill (Hon. Mr. Crerar) should make the remarks which we have just

heard. We must exercise our discretion with the greatest care: we must be, in other words, in the utmost good faith. Again and again the Privy Council has affirmed the principle that neither parliament nor a local legislature should be allowed to usurp jurisdiction. For instance, if the Canadian Parliament—under the pretence of legislating in a case of emergency—should try to usurp the jurisdiction of the provinces in the matter of civil rights and liberty, such colourable legislation would be *ultra vires*. As a matter of fact it would be wholly opposed to the spirit of the constitution.

In a certain sense, honourable members, we are, I think, this morning a very united family. We believe that this bill will make an end to rent control; and all our other remarks, even though quite apropos, do not eclipse the importance of this first-class funeral which is now taking place.

Hon. A. K. Hugessen: Honourable senators, I agree entirely with the remarks of the two honourable gentlemen who have just preceded me, in reference to what was said by the honourable senator from Churchill (Hon. Mr. Crerar). It is of course perfectly true that the Parliament of Canada has the right to declare an emergency; but in declaring an emergency in order to take over certain powers which it would not normally possess, parliament must be in good faith. In other words, this parliament could not declare an emergency, when it did not exist, merely for the purpose of trenching upon some provincial right.

As my honourable friend from De Salaberry (Hon. Mr. Gouin) has pointed out, it has attempted to do this on quite a number of occasions. One instance comes to my mind. As honourable senators know, on more than one occasion the Privy Council has declared that the business of insurance and insurance contracts is a provincial matter. On one occasion this parliament attempted to deal with British and foreign insurance companies carrying on business in this country, and it purported to control them on the ground that the question involved was one of immigration—the immigration of these foreign and British insurance companies to Canada. The Privy Council decided at once that the real intent and purport of the legislation had nothing whatever to do with immigration, but that it was an attempt to do indirectly what parliament could not do directly in the way of controlling insurance contracts in this country.

Hon. Mr. Lacasse: That decision would apply equally to American companies.

Hon. Mr. Hugessen: Oh, yes, to foreign companies of all kinds.

There is just one thing I want to say in reply to the honourable senator from New Westminster (Hon. Mr. Reid). I think he has misread that part of the proceedings of the other house to which he referred. On page 1106 of the Commons *Hansard* will be found a long list of orders in council, divided into two sections. At the foot of the first column on page 1106, under heading No. 1, are the orders in council still in force and which will remain in force until the end of April of next year. These are certain orders of the Wartime Prices and Trade Board having to do with rental control and certain wartime leasehold regulations. There are also one or two other very minor orders. But on turning to the second column of the same page, under section 2, we find orders in council revoked by the order in council of March 14, and these cover the regulations relating to steel and timber controls, and so forth, to which the honourable senator referred. So these are out.

Hon. Mr. Reid: Then it is clear that only rental control remains to be dealt with?

Hon. Mr. Hugessen: Rental control is the only one that remains, apart from one or two very minor orders, indicated at the foot of the first column of page 1106, affecting some employees under the Government Employees Compensation Act numbering, I understand, about nine persons. Otherwise what rental controls remain in effect will terminate on the 1st of April, 1951. I wish to make this point clear, because I do not want any honourable member to assume that under cover of saying that this legislation is being continued for the purpose of rental control, we are bringing in anything else.

I was very interested, as I always am, to listen to my honourable friend the leader of the opposition (Hon. Mr. Haig). Whatever else may be said, I think my honourable friend in this matter has the merit of consistency. He has at all times opposed rental control legislation: he has opposed it very eloquently in this house, largely I think on the grounds he expressed this morning. His opposition is quite a logical one, and perhaps all that remains to be said is that the vast majority of the people of the country have disagreed with him; that, generally speaking, public opinion has been that this measure of control was wisely adopted and administered in the first instance, in the emergency of war, and that, during the few years after the war, control and the gradual process of decontrol have been operated in a reasonable manner and for the greatest good of the greatest number.

I think my honourable friend the leader on the other side misunderstood to some

extent what the honourable member from Ottawa (Hon. Mr. Lambert) said. I do not think there is any likelihood that the corpse will be resuscitated on the 30th of April, 1951. The only conceivable reason I can imagine for the continuation of rent control after that date would be the arising of a new emergency, the outbreak of another war or some other really serious development, of which we have no advance information. Of course, when you say you are going to abandon emergency legislation at a certain date, you always have to keep in the back of your mind the possibility that by that date a new emergency may have arisen.

I think the justification for the federal government's abandonment of rent control as of the end of April next year was very well expressed by my honourable friend from Ottawa. There is an increase in the supply both of labour and of building materials, and though, as the leader of the opposition (Hon. Mr. Haig) properly remarked, the wages of workmen in the building industry are not likely to decline, we must remember that in the last few years labour has become more efficient. Furthermore, while the cost of materials needed for house construction may not drop appreciably in the near future, there has been a large increase in the quantity and variety of materials available to prospective builders.

I think the possibility we have to consider is that a year from now there may still be a rental problem in some areas of the country, but not in most, and that in these circumstances it would be wise for the federal parliament to abandon the general regulation of rents and leave it to the provincial legislatures to impose controls in any local areas where they are deemed necessary.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. Hugessen moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

FISHERIES PRICES SUPPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 54, an Act to amend the Fisheries Prices Support Act, 1944.

The bill was read the first time.

SECOND READING

Hon. Mr. Hugessen: Honourable senators, I have asked the honourable gentleman from Northumberland (Hon. Mr. Burchill) to move the second reading and to explain the bill.

Hon. G. P. Burchill moved the second reading of the bill.

He said: Honourable senators, this bill is similar to the measure which we considered yesterday afternoon, the Agricultural Prices Support Bill. The original Act was passed in 1944 and, with the exception of section 9, came into force on royal assent. Section 9, which empowers Fisheries Prices Support Board, subject to regulations of the Governor in Council, to prescribe prices and purchase fisheries products, was not to come into force except on proclamation of the Governor in Council. Pursuant to provisions of section 12 of the Act a proclamation was issued bringing section 9 into force on July 23, 1947. This proclamation did not specify the period during which section 9 would remain in force. Section 12 is now being repealed. This will have the effect of placing section 9 on a continuing basis. In other words, this section, like the other sections of the Act, could only be put to an end by parliament.

Honourable senators might like to hear a short resume of what has been accomplished by the Fisheries Prices Support Board. Originally it consisted of five members, and after confederation with Newfoundland one more was added, to represent that province. Two members, one each from the East and West coasts, represent the processing industry; two other members represent fishermen's co-operatives, one on the West and one on the East coast. The chairman is a permanent departmental official.

Since its organization the board has made two purchases. In 1948 it purchased a quantity of canned fish, and the house might find the circumstances of interest. These canned fish were herring, mackerel and cod, all from the East coast. No purchases have been made from the West coast.

The canned fish industry on the East coast had expanded during the war from a production of 50,000 cases to 500,000. There was a ready market for all this fish up to the end of 1947, when the entire production was purchased by UNRRA. In 1948, however, the market for this class of goods disappeared, and the fishermen were left with a big stock on hand and no prospect of disposal. In these circumstances the board thought it was justified in taking action, and it purchased 50 per cent of the quantity that had been bought in the previous year by UNRRA. The prices paid by the board were 90 per cent of the previous year's figures. Purchases were allocated among the canners in proportion to the quantities that they had supplied to UNRRA in the preceding year, and 151,000 cases were delivered. A large part of this fish was shipped to Middle East relief, and

about 45,000 cases were given to hospitals and charitable institutions in Canada. Some 10,000 cases were sold—3,000 to commercial exporters, at cost price, and 7,000 to United Nations international relief. The transaction shows a loss of \$603,000.

The other purchase was made from the lake fishermen of Manitoba. In the spring of 1949, largely because of the deep snow on the ground, these fishermen were unable to make deliveries to their normal market, which is in the northern part of the Central United States, and they had left on their hands 5 million pounds of frozen fish, chiefly white fish, sauger, pike, pickerel, trout and tullibee, which the dealers in Winnipeg refused to purchase. The board fixed a price at 80 per cent of the current market price, and took delivery of approximately 3,400,000 pounds at a total cost of \$281,740. Of this amount \$48,000 was realized, leaving a loss of \$264,000. The total net loss on the purchase of fish products by the board up to date is \$867,000.

I might add that I have been informed that many insistent demands have been made by the fish industry in other sections of the country for relief and for support, all of which have been denied by the Fisheries Board, as they felt that the circumstances in each case did not justify their taking action.

I believe that the explanation I have made pretty well covers the legislation; but if honourable members wish to have the bill go to committee for further information, the officials of the department and of the board will be only too happy to provide any further details which members may require.

Hon. Mr. Reid: Is it to be the policy of the board in future, after their experience with former purchases of canned fish, not to buy any more canned fish?

Hon. Mr. Burchill: To judge from conversations I have had with members of the board, I think it would be going a little too far to say that they have come to that decision, but I have the very strong impression that every demand of this sort will be scrutinized most carefully, and that no purchase will be made unless the members of the board are absolutely sure that no other course is open to them.

Hon. Mr. Quinn: In case of emergency they would take similar action.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Hugessen: Now, unless any honourable senator wishes to send it to committee.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Haig, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Asetline) moved the third readings of the following bills:

Bill V-2, an Act for the relief of Jessie Ferguson Deans McKenzie.

Bill W-2, an Act for the relief of Daisy Muriel Smallcombe Devaney.

Bill X-2, an Act for the relief of Stella Burns Herdman Elder.

Bill Y-2, an Act for the relief of Ethel May Alice Turnbull Colligan.

Bill Z-2, an Act for the relief of Effie Irene Collier Newman.

Bill A-3, an Act for the relief of Phyllis Anne England McNab.

Bill B-3, an Act for the relief of Martha Jean Brooks Markell.

Bill C-3, an Act for the relief of Kathleen Zawitkoska Symianick.

Bill D-3, an Act for the relief of Jeannine Martineau Masse.

Bill E-3, an Act for the relief of Betty Borman Archambault.

Bill F-3, an Act for the relief of Edwin Dawson.

Bill G-3, an Act for the relief of Mavis Barker Billingham.

Bill H-3, an Act for the relief of Roland Gour.

Bill I-3, an Act for the relief of Margaret Elizabeth Taylor Clarke.

Bill J-3, an Act for the relief of Sylvia Singer Mephram.

Bill K-3, an Act for the relief of Mabel Kathleen Baxter Simons.

Bill L-3, an Act for the relief of Vittoria Minotti Mastracchio.

Bill M-3, an Act for the relief of Dent Harrison.

Bill N-3, an Act for the relief of Margaret Mahajahla Aitken Schoch.

Bill O-3, an Act for the relief of Esther Spector Gelfand.

Bill P-3, an Act for the relief of Sophie Roth Pliss.

Bill Q-3, an Act for the relief of Gertrude Howard McWilliams Rubin.

Bill R-3, an Act for the relief of Remenia Bertha Duguay Briggs.

Bill S-3, an Act for the relief of Blanche Naomi Greenlees.

Bill T-3, an Act for the relief of Leslie William McNally.

Bill U-3, an Act for the relief of Jacqueline Marie Scully Sirois.

Bill V-3, an Act for the relief of Phyllis Christina McLeod Daly.

Bill W-3, an Act for the relief of Winnie Florence Clitheroe DuVal.

Bill X-3, an Act for the relief of Muriel Elizabeth McCurry Welham.

Bill Y-3, an Act for the relief of Betty Margaret Slinn Metivier.

Bill Z-3, an Act for the relief of Fanny Abramowitch Mergler.

The motion was agreed to, and the bills were read the third time and passed, on division.

BUSINESS OF THE SENATE

Hon. Mr. Hugessen: I move that the house do adjourn during pleasure, to re-assemble at the call of the bell. May I inform honourable senators what I understand the position to be? This evening there will be a Royal Assent to the various measures which have gone through parliament in the last two days. This afternoon the other place will consider a resolution now before it to invite this body to join with it in the establishment of a joint committee to consider old age pensions. In the event of the other place concluding that discussion this afternoon and adopting the resolution inviting us to join with them, it may be that this evening, with the consent of the Senate, a resolution will be introduced in this body to appoint our own members of that joint committee. In that case, probably the Senate will meet at 8 o'clock; otherwise it will meet just prior to the Royal Assent.

Hon. Mr. Haig: If that resolution is passed by the other place and comes to our house before 8 o'clock this evening, would it be possible to adjourn this house tonight for the Easter recess?

Hon. Mr. Hugessen: I understand that if that resolution does come to us and is passed by this house, the business on our Order Paper will be concluded, and it will be possible for us to adjourn tonight.

Hon. Mr. Haig: Thank you.

Hon. Mr. Hugessen: Otherwise it may be necessary for us to be here tomorrow in order to consider this old age pension resolution to which I have referred.

The Senate adjourned during pleasure.

The sitting was resumed.

DIVORCE STATISTICS

Hon. W. M. Aseltine: Honourable senators, I wish to present a brief progress report on the work of the Divorce Committee, but first

I would point out that the time for filing petitions has now ended and I believe that those I have presented at this sitting are the last we shall have this session.

Hon. Mr. Farris: How many are there?

Hon. Mr. Aseltine: The progress report gives the figures:

Petitions presented	301
Petitions heard and recommended	117
Petition heard and rejected	1
Petition withdrawn	1
Petitions partly heard	2
Petitions pending	180

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine presented the following bills:

Bill A-4, an Act for the relief of John Wood.

Bill B-4, an Act for the relief of Olivia Mary Tipping Morris.

Bill C-4, an Act for the relief of Mable Veronica Askin Williamson.

Bill D-4, an Act for the relief of Christine Rachel MacLeod Nicholson.

Bill E-4, an Act for the relief of Anne Halperin Perelmutter.

Bill F-4, an Act for the relief of Phyllis Rochlin Rabinovitch.

Bill G-4, an Act for the relief of Mary Kaybridge Goulbourn.

Bill H-4, an Act for the relief of Muriel Alice Mary Westgate.

Bill I-4, an Act for the relief of John Elliot Cumming.

The bills were read the first time.

SECOND READINGS

Hon. Mr. Aseltine: Honourable senators, with leave, I move that these bills be now read the second time.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. Aseltine: Honourable senators, with leave I move that the bills be now read the third time.

The motion was agreed to, and the bills were read the third time, and passed, on division.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of

Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate chamber this day at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of

His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Agricultural Products Act.
An Act to amend the Agricultural Prices Support Act, 1944.

An Act to amend the Continuation of Transitional Measures Act, 1947.

An Act to amend the Fisheries Prices Support Act, 1944.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, March 31, 1950

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

Prayers and routine proceedings.

OLD AGE SECURITY

JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved: That a joint committee of both Houses of Parliament be appointed to examine and study the operation and effects of existing legislation of the Parliament of Canada and of the several provincial legislatures with respect to old age security; similar legislation in other countries; possible alternative measures of old age security for Canada, with or without a means test for beneficiaries, including plans based on contributory insurance principles; the probable cost thereof and possible methods of providing therefor; the constitutional and financial adjustments, if any, required for the effective operations of such plans and other related matters;

That 28 members of the House of Commons, to be designated by the house at a later date, be members of the joint committee on the part of this house, and that Standing Order 65 of the House of Commons be suspended in relation thereto;

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary; to call for persons, papers and records; to sit while the house is sitting, and to report from time to time;

That the committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of Parliament, and that Standing Order 64 of the House of Commons be suspended in relation thereto;

And that a message be sent to the Senate requesting that house to unite with this house for the above purpose and to select, if the Senate deems advisable, some of its members to act on the proposed joint committee.

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

Hon. Mr. Robertson: With leave of the Senate now.

SENATE SECTION—MOTION

Hon. Wishart McL. Robertson: Honourable senators, with leave of the Senate, I move:

That the Senate do unite with the House of Commons in the appointment of a Joint Committee of both Houses of Parliament to examine and study the operation and effects of existing legislation of the Parliament of Canada and of the several provincial legislatures with respect to old age security; similar legislation in other countries, possible alternative measures of old age security for Canada, with or without a means test for beneficiaries, including plans based on contributory insurance principles; the probable cost thereof and possible methods of providing therefor; the constitutional

and financial adjustments, if any, required for the effective operations of such plans and other related matters;

That the following senators be appointed to act on behalf of the Senate on the said joint committee, namely, the Honourable Senators Burke, Doone, Fallis, Farquhar, Ferland, Horner, Hurtubise, King, Leger, Moraud, Stevenson and Vaillancourt.

That the committee have power to appoint, from among its members, such subcommittees as may be deemed advisable or necessary;

To send for persons, papers and records;

To sit during sittings and adjournments of the Senate, and to report from time to time.

That the Committee have power to print such papers and evidence from day to day as may be ordered by the committee for the use of the committee and of parliament, and that Rule 100 of the Senate be suspended in relation thereto.

That a message be sent to the House of Commons to inform that house accordingly.

He said: Honourable senators, before appointments from this house are made to this joint committee, I wish to point out that the subject to be considered, although not new, is of vital importance to the general public of Canada, and that when appropriate action is taken it will undoubtedly have a great effect on the economy of Canada.

With the rapid advance that is being made by leading industries in the way of providing pension rights for their employees, the people of Canada, on the question of pensions, are being divided into two classes. In one group are those who are fortunate enough to have an employer who offers a pension system, whether contributory or otherwise, from which his employees may expect to receive benefits in their old age, and in the other group—and no doubt it includes by far the largest part of the population—are those who undertake by their own efforts, or should undertake, to provide for their old age. The unhappy position in which the members of the second class find themselves is this: that while attempting unaided to provide for their own old age they, as consumers of goods and services, are helping to maintain most of the old age pension plans from which others benefit. Though I have no particular knowledge on the subject, I would say, that the contributions made by the employers over a period of time are equal to or greater than those made by the individual contributors. Make no mistake about it: whether the organization is a government institution or one of our industrial, commercial or financial enterprises, the contributions needed to supplement payments by individuals do not come out of the air; they are derived from the public generally, either through taxation or the enhanced cost of goods and services. It follows that those who are attempting to provide independently for their future must bear not only the cost of their own protection but make a contribution to the pensions of

those who, I suggest, are in the more favoured class. Obviously that condition cannot be prolonged indefinitely.

More and more, as time goes by, progressive industrial and commercial businesses are engaging themselves to provide for their employees through some type of old age pension scheme. The more widely this trend develops, the more the people at large will have to contribute in some form or other. Consequently, while admitting the value of schemes which protect those who can pay for them, and others sponsored by large employers of labour, public and private, it is important that some provision be made to enable those outside these favoured circles to obtain the like advantages.

Any such system, if national in scope and open to everyone, will involve a very great financial outlay, and the people of Canada must be prepared to undertake the provision for this purpose of large sums year after year. But, on the other side of the account, I should point out that those who reap these benefits will inevitably proceed to spend the money, and the stabilizing effect upon the economy of the country should be very considerable.

One of the most important tasks of the projected committee is to approach the subject in a realistic manner, with a view to determining how the desired end can be attained without unduly weakening the economy of the country. It should ensure that as far as possible everybody concerned does what he should do, and provides his due share; because there can be no doubt as to the wisdom of any individual during his earning days laying aside something for his old age. The only problem is one of method, and that is primarily for the committee.

For my part, I have always felt that if a scheme is worked out after sober consideration and with careful attention to detail, it should not have a serious adverse effect upon our national economy. I take it as a matter of course that existing plans must be integrated to whatever national plan is adopted; and those who today are not participating upon a contributory basis in one or other of the various pension plans are, I take it, or should be, laying aside voluntarily an amount equal to the average of their neighbours' contributions, with a view to accumulating sufficient on which to retire. Mind you, the 5 per cent which is the usual contribution by the employee under existing pension plans is in most cases supplemented by an equal or greater contribution from the employer. Therefore if an individual hopes to have an adequate retirement fund of his own, he should be setting aside something equivalent to these contributions.

Hon. Mr. Burchill: There are many non-contributory schemes.

Hon. Mr. Robertson: My honourable friend from Northumberland (Hon. Mr. Burchill) says there are many non-contributory schemes. That means, of course, that the employer pays the whole cost of the retirement pension out of the goodness of his heart. But one thing is sure, and that is that this burden is reflected in the salary of the employees. I know of one utility corporation which is meeting the total cost of its employees' old age pensions, but the wage level of the employees indicates that they are, in effect, carrying their share of the cost of the retirement fund. This must necessarily be so. For instance, if a person receives a salary of \$3,000 of which he contributes 5 per cent to an old age pension scheme which is supplemented by his employer, that is tantamount to a salary of \$2,500 or \$2,850 where the employer bears the whole cost of the pension. Broad and long it is generally recognized that the contributory basis is the most workable plan.

I would point out to the members of the committee that they have a great responsibility, but I am sure that other honourable senators feel that it will be capably discharged. This problem will have far-reaching effects, and the only persons who cannot possibly be interested in it are those who believe they will never grow old. Unless some pension scheme is put into effect, it is inevitable that our people will face a time when they have nothing on which to retire, and this will result in a serious problem. I have every confidence that our committee will enter upon their task with a full realization of its importance, and will address to it their very best efforts.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I do not intend to say anything about the work of the committee. I have every confidence that the members of the committee have the ability and experience to render an able judgment to this house and to parliament.

This is probably the most difficult subject that any committee of this house has attacked since I have had the honour of sitting in this chamber. I read the *Hansard* report of this debate in another place, and I noticed that two or three of the members there took very much the line that has been taken by my honourable friend the leader of the government, when he said that the pension schemes of the federal, provincial and municipal governments and of industrial concerns will have to be properly co-ordinated. I agree with that.

I might refer to one point which my honourable friend did not mention. People employed by small companies which have no retirement plan at all, or at any rate, not a very generous one, are constantly being attracted to federal, provincial or municipal services, because of the old age security provided by governments. Small concerns are unable to meet this competition, and daily they are losing members of their staffs, every one of whom has undergone some period of training at the employer's expense and has become more or less efficient. In every such case an employee's resignation means some loss in the company's efficiency, which requires time to make good. I am persuaded that if there was a pension scheme right across the board, this pulling away of employees from small industries would cease.

The joint committee will, I think, do a very fine work. To the Senate section of the committee I wish to make one suggestion. Yesterday when the appointment of the committee was under consideration in another place, some honourable members there expressed their views on pensions—to the effect that the amount payable should be \$60 a month, that everybody should be eligible on reaching the age of sixty, and so on. I have no intention of going into that kind of thing at all, for it will be the committee's duty to investigate the facts and base its report upon them. But, in all humility, I would point out to the members of the Senate section that they will be the representatives of this chamber on the joint committee, and I suggest that they should always remember that their responsibility is heavier than that of the members of the House of Commons section. The members of that house, being elected by the people, are bound to feel the pressure of public opinion in their respective constituencies, and may make some recommendations that it would be impossible for parliament to carry out. But the sole purpose of the group from this chamber should be to give their best consideration to the facts. We members of the Senate are the highest class of pensioners in Canada. I say that with every desire to be fair. No other people in the country are in the same position as we are, and on that account the burden on us is very much heavier. If we do not bring in a proper report on the facts, our action will be very severely criticized by the public.

I am one of those who congratulate the government upon having proposed the establishment of this committee, for the subject of old-age pensions is too big to be determined on political considerations. If, in

dealing with the problem, we were to go off on the wrong tangent, we might wreck the economic stability of our country. That is another point which the twelve members of the Senate section must keep in mind.

I am hopeful that the committee's report will be made before the present parliament ends, so that the people will be given an opportunity to express their opinions upon it. My further hope is that the recommendations which the committee may make will receive public endorsement.

I have very much pleasure in joining the leader of the government in supporting this resolution.

Hon. Thomas Reid: Honourable senators, I first wish to commend the government for taking the initiative in recommending the appointment of a committee on old age security. There are many more problems related to this subject than most people realize. I say that because the government has been criticized by certain groups who are telling poor people that the setting up of a committee is the only action that will be taken by the government in this matter. We are all concerned in the welfare of our fellow citizens, and no one can say that his concern for the public is greater than that of anyone else. If the committee's recommendations result in taking the question of old age pensions out of politics a great advance will have been made, because ever since the present scheme was put into effect it has been the political football of various parties, some of whom have sought to gain votes by promising that if elected they would see to it that the amount of the pension was increased.

I would point out to the leader of the opposition (Hon. Mr. Haig) that while in Canada, as elsewhere, there are of course some elderly people whose lack of means is the result of their own improvidence, the important fact to bear in mind is that large numbers of honest and worthy citizens have raised families and worked hard throughout their lives, but for reasons beyond their control have been unable to lay by enough to take care of themselves in old age. They have given the best of their lives to the building up of this country, but perhaps because of sickness and relatively small incomes, or for other good reasons, it has been impossible for them to make themselves independent.

The leader of the opposition said that we senators are the most highly-pensioned group in the country. Well, before I was appointed to this chamber I said that it provided the most striking example of what social security can do for human beings. British Columbia

discovered through investigation of the aged people in that province that since the establishment of old age pensions the average life of its citizens had increased by almost two years. Now, surely it is worth giving serious thought to any scheme which, by removing from people's minds and hearts the fear of becoming destitute—and it is a very real fear—results in the lengthening of life.

As I have not had the honour to be appointed to the committee, which is one of the most important that parliament has set up, may I respectfully suggest that some consideration be given to the scheme of old age pensions in Britain, where people of sixty-five and seventy are encouraged to keep on rendering some service. I have long been of the view that labour in this and other countries has not taken the wisest course in advocating and procuring the compulsory retirement of people at sixty-five. I have previously expressed my strong belief, and I would like to repeat it, that the majority of people who are pensioned at sixty-five, and have nothing to keep them busy, do not live longer than five more years. Even though a person can retire at sixty-five with enough income to provide for his food, clothing and shelter, if you force him to retire at that age and leave him without any occupation at all, you in effect pronounce the death sentence upon him. I should like to see encouragement given to those people who are able to continue rendering service after sixty-five. I should like to see encouragement to continue in service given to those who are able to do so but are beyond a prescribed age. We must remember that the cost of financing an old age pension plan has to be paid for by what individuals produce. With shorter working hours and retirement at sixty, I am wondering if the country will be able to carry the cost of any very extensive scheme of pensions.

It may interest some honourable senators to know that last year some unions were advocating retirement at a much earlier age than sixty-five. A lobby went around the House of Commons proposing fifty-five years as the age of a retirement and a pension of \$100 per month—a suggestion which caused me to ask somewhat sarcastically: Why not make it forty years instead of fifty-five? The trend is towards producing less and receiving more.

My principal reason for rising to take part in this discussion was to commend the government on its action and to reiterate what has already been said, that this is a most important committee.

Another matter which must be considered is the extent of the benefits to be paid to superannuated people. Just last week a man

who came to see me said that for twenty-five years he had paid into a retirement fund, and that now he was getting an allowance of \$65 a month; whereas his neighbour, who had not contributed directly to the exchequer or to a retirement fund, was getting \$100 a month. He wanted to know why the distinction. I believe that to a considerable extent we have penalized thrift.

I do not wish to say more than to express my best wishes to the joint committee. I trust that when a report is brought in it will mark a forward step in removing the means test and taking this whole question out of the realm of politics, sometimes very cheap politics.

Hon. Mr. Baird: Honourable senators, as a member from the tenth province of Canada I wish to protest against being put in the category of the highest class of pensioners in Canada. I do not think it was a proper reference for the honourable leader opposite to make, and I should like to hear what he has to say about it.

Hon. Norman P. Lambert: Honourable senators, we are now concerned with the passing of a resolution to set up the Senate section of a joint committee to investigate the question of old age pensions. I have no desire to pre-judge the case, neither do I wish to say anything which might be interpreted as a suggestion to the representatives of this chamber on that committee. I rise at the moment as a result of the off-hand characterization of this body by my friend the leader opposite, to the effect that it is composed of the highest class of pensioners in Canada.

I wish to take exception to this characterization on various counts. First, I do not think that in approaching this question honourable senators should give any consideration to the annual indemnities which they receive.

Some Hon. Senators: Hear, hear.

Hon. Mr. Lambert: As a matter of fact, I know of nothing that will be capitalized on more sensationally by a certain element of the press in this country than the observation made by my honourable friend. I know that he never thought of it in that way.

Hon. Mr. Haig: Yes, I did.

Hon. Mr. Lambert: I have been observing such matters for a long time now, and I know what the results will be.

The second aspect of the question is this: When persons decide to run as candidates for the House of Commons—eventually, perhaps, to be appointed to this chamber—they approach the prospects from a wholesome point of view and with a desire to secure for

the people some of the benefits that they themselves have enjoyed as a result of their citizenship in Canada.

Hon. Mr. Reid: Hear, hear.

Hon. Mr. Lambert: I believe that that is the paramount desire in the minds of most people who choose public life as a career, and I do not think it can be expressed in terms of old age pensions. We are greatly privileged if, through our attention to this matter of pensions, we can be of any use to the community which is responsible for our being here.

I may remind honourable senators, that in 1925, as a result of the position taken by this body, with respect to a certain bill, the question of old age pensions was for the time being rejected. This in turn gave rise to another issue, namely, the reform of the Senate. True, very little has been heard about this incident in the years since, and I merely refer to it now to show the historical association of the Senate with the old age pensions issue. It has a very direct bearing upon the point of view of the Senate in such matters when eventually it comes to decide on this subject in the year 1950. The position taken in 1925 was due, I think, to a feeling of partisanship before a general election. I hope the Senate will not now do anything in that spirit.

This joint committee will be set up to consider all the aspects of a very involved and difficult problem. I believe that the basic consideration must be the economic and financial capacity of this country to bear the cost of whatever system is recommended. That is the guiding principle that should be followed by the members of this committee.

Hon. Arthur W. Roebuck: Honourable senators, this is not the time to debate the subject before us, but I wish to take enough time to express my vital interest in it. I trust that the committee will succeed in its endeavours, and will bring in a wise and human report.

I should like now to come to the defence of my friend the leader opposite (Hon. Mr. Haig). I think he has run the risk of indulging in the most dangerous form of argument, that of analogy. When one says that a certain matter is analogous to something else he has in mind certain points of similarity, but he is running the risk of being misunderstood on other points as to which similarities do not exist. I think the honourable gentleman made an error when he said we were the highest paid old age pensioners.

Hon. Mr. Haig: I did not say "old age".

Hon. Mr. Roebuck: Well, "pensioners", then. I suppose what he had in mind was that we of this Senate enjoy a certain security; that we are not worried about the cost of bread and butter, and coal for the stove,

and so are in the position to give our best thought to subjects in which we are not especially personally interested, and to devote our time to public affairs. I believe, and I hope, that that was his meaning; because I do not—and I know he does not—look upon the members of this body as pensioners, but rather as hired men engaged by the public in their service. Let us not get away from that thought. We are not pensioners: we are not drawing anything for nothing. At least I do not feel that I am. I believe I am giving service for every dollar I receive, and if I thought otherwise I would resign and leave the job for somebody else who could do it. We are hired men, not pensioners, and we are giving, I hope and believe, the equivalent in service of everything we receive. But let us go a little further if we can give \$2 worth for every dollar we receive.

Hon. Mr. Fogo: Will the honourable senator permit a question? By the use of the simile "hired men" is he not transgressing the very rule he set up for the conduct of the leader of the opposition?

Hon. Mr. Roebuck: Perhaps I, too, fell into that error. Our position is not quite analogous to that of a hired man, but the simile is, I think, a much better one than that used by the leader of the opposition. I do not think we need pursue it further: I rather fancy that I have expressed the thought that was in the mind of the honourable gentleman when he spoke.

Hon. Mr. Dupuis: May I interject on behalf of the leader of the opposition that I am convinced that he is one of those in this chamber who earns twice as much as the indemnity he receives.

Some Hon. Senators: Hear, hear.

Hon. T. A. Crerar: The subject of old age pensions is one which always engages our sympathies. Like most welfare projects, it makes an appeal to the heart more than to the head. And that is not a bad thing, because there is pretty high authority for the statement that out of the heart are the issues of life.

I do not propose today to offer any suggestions to the representatives from this house who will sit upon the committee. The subject matter of the question before us is one which cannot be considered apart from the general financial situation of the country; indeed, it was made clear that that was the main reason for setting up the committee.

Much has been said in the press, by certain public men and by various organizations, about old age pensions. It has been argued that they should be payable at a much earlier age than they are at the present time; that

they should be contributory; that they should not be contributory; that there should be no means test. As I understand the terms of the motion, it is proposed that the committee which is being set up will examine into all these matters and, if possible, reach some sound conclusion. But it appears to me that we must beware lest we defeat the generous purpose which has inspired all the projects of social security that have been undertaken not only by the federal government but by provincial governments and many municipalities. For let us not deceive ourselves; expenditures of this character are not confined wholly to the dominion treasury. Most of the provinces carry in their provincial budgets large items for precisely this object. At times the doubt rises in my mind whether there is not a danger of so burdening with expenditures the productive capacity of this country that neither the national nor the provincial governments nor the municipalities will be able to support the budgets which are placed before their constituents.

Taxation is at a very high level. It would be interesting to ascertain, as I think could be done with approximate accuracy, how much by way of taxes a man who earns, say, \$2,000 a year, and has five children, is paying to our various governing bodies. The popular notion is that he is exempt from taxation because the exemption from income tax of married people now includes those in receipt of \$2,000 a year. But taxes on income form only a small part of what people pay by way of taxation. Take cigarettes as an illustration. From statistics as to the quantity used in this country, it is quite obvious that most of them are consumed by people whose incomes are not over \$2,000 a year. Yet I am told that every 35-cent package of cigarettes—

Hon. Mr. Farris: Thirty-six cents.

Hon. Mr. Crerar:—pays to the federal treasury a tax of about twenty-two cents. That is an impost of which people know little or nothing. But I am sure this committee will have in mind the total weight of taxation upon the Canadian people when they address themselves to consideration of the problem of old age pensions, and whether such pensions should be contributory, and what other factors enter into the matter.

May I express regret that my honourable friend the leader of the opposition (Hon. Mr. Haig) alluded to the members of this house as being the highest class of pensioners in Canada. I agree with the honourable member from Ottawa (Hon. Mr. Lambert) that that remark will probably make headlines tomorrow. I do not look upon our position

in that way. When the framers of our constitution devised the instrument under which we are governed they provided expressly for a second chamber—for a Senate—and it is not too much to say that if they had not been able to agree upon the creation of a second chamber and how it should be constituted, confederation would never have been achieved. This is an historical fact, and in those circumstances we are not a group of hirelings or pensioners; we form a body of men provided for under our constitution, and as such we have a responsible duty to discharge to our country. This being so I for one refuse to look upon myself in this chamber as a pensioner or a hired man. If I looked upon myself as being in that category, I honestly say that my self respect would not permit me to sit in my chair five minutes longer.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I hope that too much notice will not be taken of the remark of my honourable friend the leader opposite (Hon. Mr. Haig), because I know he is as much concerned as anyone here in maintaining the position and standard of the Senate. My honourable friend has made a most useful contribution to the work of this chamber in the past, and I am sure he will continue to do so in the future. I feel that upon further reflection both he and my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck), whom I also hold in the highest regard, will come to the conclusion that perhaps they spoke a little ill-advisedly.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: Honourable senators, I know that I have not the right to speak to this subject again at this time, but would the house permit me a word?

Some Hon. Senators: Proceed.

Hon. Mr. Haig: First I should like to thank the honourable member from Toronto-Trinity (Hon. Mr. Roebuck), the honourable member from Rigaud (Hon. Mr. Dupuis) and the honourable member from Churchill (Hon. Mr. Crerar) for their remarks. I want to say quite candidly that I meant no insult to anybody. I fully appreciate the work done by the Senate, I have always tried to do my share, but when we make our report on this important subject I do not want any outsider to say that we forgot our own positions. Perhaps this attitude may not be understandable to some, but there is no denying the fact that I was not elected to this chamber, I was appointed by the government of the day.

Hon. Mr. Crerar: As provided for under the constitution.

Hon. Mr. Haig: I admit that, but what I want to stress is that the Senate members on this joint committee are faced with a most difficult role. The members on the committee from another place are not in the same position, because they were elected by the people and can take the consequences.

If honourable members think I have made a mistake, I shall accept their judgment, but I do not want any man or woman outside this chamber to call attention to the fact that I have an annuity for life which I did not earn. It is true that I give service for it now; but I do not care what anybody says, the fact is that I did not earn it, I was presented with it—and I have never heard of more than one or two senators resigning. I agree with my honourable friend from Toronto-Trinity that it is rather difficult to make comparisons, but I want to say that when I have come to my judgment as the result of the work of this committee I shall have done so knowing the difficulty of my position.

Hon. Mr. Lambert: Would my honourable friend substitute the word responsibility for the word difficulty? If he did, I think he would be right.

Hon. Mr. Haig: Well, I will use that word—the responsibility of my position. I do not want somebody outside of the house to say what I am saying now in this house.

Hon. Mr. Farris: They will.

Hon. Mr. Haig: Perhaps they will, but I shall have said it first. I have been in politics long enough to know that you silence the fire of the opposition if you beat him to the gun. What I am trying to make clear is that I do not want somebody to say: "Well, Haig, you voted against pensions, but what stipend do you draw? Is it all earned, or is it purely a pension?" If they say that to me I shall be able to tell them that I admitted it from the start, and that nevertheless my judgment was the best I could give.

I agree with the honourable senator from Churchill about the difficulties involved in this matter; and I want to stress the fact that the twelve senators appointed to this committee have a tremendous burden to carry, and that I shall do everything I can to help them.

Some Hon. Senators: Hear, hear.

Hon. J. Gordon Fogo: Honourable senators, I have no intention of detaining the house at any length, but I should like to express my support of the appointment of this important committee.

While it may be presumptuous on my part to give some advice to the members who are about to serve on this committee, to do so

would seem to be in line with what has already been done. I should like to draw the attention of the house to the awkward situation which exists at this particular time—the spring of 1950—when so many pension proposals are being presented across the country. The impact of these proposals in relation to the present government pension-plan is creating this situation, so I suggest that the inter-relation of government schemes and industrial schemes is something to which the committee ought to direct particular attention.

The motion was agreed to.

MESSAGE FROM THE HOUSE OF COMMONS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons in the following words:

Resolved that a message be sent to the Senate to acquaint Their Honours that Messrs. Ashbourne, Benidickson, Beyerstein, Blair, Brooks, Brown (Essex West), Corry, Cote (Verdun-La Salle), Courtemanche, Croll, Diefenbaker, Ferrie, Fleming, Gingues, Homuth, Knowles, Laing, Lesage, MacInnis, Macnaughton, Picard, Pinard, Richard (Gloucester), Robertson, Shaw, Smith (Queens-Shelburne), Weaver and Welbourn have been appointed to act on behalf of the House of Commons on the Joint Committee of both Houses on Old Age Security.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

REPORT OF COMMITTEE

Hon. Mr. Roebuck presented the report of the Special Committee on Human Rights and Fundamental Freedoms.

The report was read by the Clerk Assistant as follows:

1. Your committee recommend that their quorum be reduced to five (5) members.
2. Your committee recommend that it be authorized to print 1,000 copies in English and 200 copies in French of its day to day proceedings, and that Rule 100 be suspended in relation to the said printing.

Hon. Mr. Roebuck: I move the adoption of the report.

The motion was agreed to.

AERONAUTICS BILL

FIRST READING

Hon. Mr. Robertson presented Bill J-4, an Act to amend the Aeronautics Act.

The bill was read the first time.

THE SENATE

NEWSPAPER COVERAGE

On the orders of the day:

Hon. Wishart McL. Robertson: Honourable senators, before the Orders of the Day are

proceeded with I should like, with leave of the Senate, to answer a question that was directed to me some days ago by the honourable senator from Halifax (Hon. Mr. Dennis), and to which, for one reason or another, I have not previously had an opportunity to reply.

The honourable gentleman asked me if I was satisfied with the newspaper coverage of the Senate's activities. Speaking for myself, and for myself alone, I may say that I have always been more concerned about having the Senate do what it should do, and doing that well, than about whether it "made" the headlines in the press.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: Though our work is necessary, much of it is tedious and unspectacular. A former distinguished member of this house once said, "The Senate should be a workshop, not a theatre." If matters of news interest are dealt with in the course of our activities, the press will be keen to note and publish the facts, as developments of recent weeks have clearly demonstrated. Our major concern should be to do what we should do; and what we do, we should do well.

I have not the slightest doubt that, in due course, changes may be made in our constitution. For example, consideration may be given to a compulsory retiring age for future appointees to the Senate as well as to the Superior Courts of the provinces. This and possibly other proposals may well be considered by the responsible authorities, but it is my considered opinion that the Senate of Canada will, in some form, continue indefinitely to be a part of our parliamentary institutions.

The Senate was originally constituted for the express purpose of protecting racial, religious and geographical minorities in the country against the possible action of a transient majority in the House of Commons. It is a tribute to the good sense and the spirit of fairness which have characterized all governments since confederation that it has not been necessary for the Senate to exercise its power and assume its responsibility in this respect in a single instance. However, I am convinced that, should the occasion arise, any attempt on the part of any government to encroach on the rights of the minorities in Canada would be fiercely resisted in this chamber. Though anyone familiar with the political history of Canada would know that this function was one of the primary reasons for the creation of the Senate, there has been over past years a certain body of opinion that the Senate was unnecessary for the protection of these rights, because of the

fact that a Canadian constitutional amendment affecting minorities would be adequately scrutinized by the Imperial Parliament. Whether or not this assumption was right is open to question, but since the power to amend the Canadian constitution is in process of being given to Canada, the agitation for abolition of the Senate is disappearing. I believe it would be a very small minority in Canada which would advocate that future amendments to the Canadian constitution should be left entirely to a one-chamber parliament. I think we can conclude, therefore, that whatever form it may take in the future, a second chamber will remain a permanent part of the Canadian parliament.

If this be the case—and I believe it is—the question that next arises is what the Senate does, and in what way it could do more. In addition to standing, and continuing to stand, as a bulwark against anything that would adversely affect the rights of minorities, there are at least four other distinct types of service which I believe the Senate can render as part of the Parliament of Canada.

The first is the detailed consideration of all legislation that is placed before it, whether introduced in the Senate in the first instance or coming from the House of Commons. This work we have always done and, I believe, done well; and I should hope we would continue to do it well. As our consideration of legislation in detail largely takes place before our standing committees rather than in Committee of the Whole, it does not attract as much publicity as it would if the reverse were the case. But because our consideration of legislation in this way is not widely publicized by the newspapers, this does not mean that our work is not done effectively. Under our present practice, most of the legislation is referred to the Standing Committee on Banking and Commerce. The care and effectiveness which have characterized the deliberations of that committee in considering legislation have been highly commended, from time to time, by those qualified to judge its work. I do not hesitate to say that the detailed consideration of legislation in the Senate of Canada, through its standing committees, is equal to that given to legislation in any other legislative body. Whether or not the newspapers appreciate it—and say so—is another matter entirely.

The second responsibility which is ours and has been ours for a long period of time is, under present practice, the work of the Divorce Committee. Because there are no divorce courts in Quebec and Newfoundland, persons in those provinces who seek divorce

do so through the medium of parliament, and the responsibility is on the Senate to set up a committee to hear all the applications and make findings on the evidence. This is tedious work. It is unspectacular work. The work is not reported in the newspapers, but it has been done well and thoroughly in the past and, I believe, will continue to be done that way as long as the responsibility rests on our shoulders. On the Senate committee charged with this responsibility there are laymen of sound judgment and some of the ablest legal minds in Canada. I do not believe it is possible to improve on the standard of work which is done by the Senate through the medium of its Divorce Committee.

The Senate's third responsibility is the consideration of governmental expenditures. Not a dollar can be legally voted, nor can any tax be imposed by parliament, without the consent of the Senate. There has always been some investigation by the Senate of government expenditures. I am bound to admit, however, that it has been far from sufficient. The reasons for our shortcomings in this respect have been varied, and have been due partly to the fact that in the past the estimates were not tabled in parliament as early in the session as they have been this year. I need hardly remind this house that this session we have moved to give more detailed consideration to governmental expenditures than we have given to them in other years.

We have in this house men of considerable business, professional and political experience, who are able and anxious to study ways and means of increasing the efficiency of the public service, and who carefully scrutinize expenditures with a view to pointing out possible economies in the cost of administration. Public funds should be expended in such a way as to insure that adequate value is received in return for the money which is provided by the taxpayers. The amount of money spent by our government today is so large that it is impossible for one house of parliament to fully examine the details of expenditures. There is sufficient work of this nature to occupy the time of both houses. Probably the most useful work the Senate can do in this connection is to study the expenditures with a view to recommending to the government methods of effecting economies.

The fourth activity which I would suggest to the house is that during each session of parliament we undertake at least one inquiry by a special committee into some major problem that confronts the Canadian people. In the past we have inquired into the Income

Tax Act and the problem of immigration, and currently we have before us the subject of human rights and fundamental freedoms. I need not say to the house that when the time is opportune we should embark on an extensive inquiry into the future position of Canada's international trade, or any problem of a like nature, a thorough investigation of which might be of benefit to the people of Canada. Many members of the house have advocated such inquiries.

I am not suggesting that the activities to which I have referred exhaust the possible services which the Senate could render in the parliamentary life of Canada. I am convinced, however, that in carrying on these activities we will have the personal satisfaction of knowing that we are discharging our responsibilities well, and that there will be an ever-increasing appreciation of this fact on the part of the public of Canada generally.

Some Hon. Senators: Hear, hear.

PRIVILEGE

Hon. Vincent Dupuis: Honourable senators, following the views expressed by my honourable leader—

Some Hon. Senators: The question is not debatable.

Hon. Mr. Dupuis: Your Honour, I crave the privilege of completing my sentence.

The Hon. the Speaker: If it is a matter of privilege, the honourable gentleman may do so.

Hon. Mr. Dupuis: Following the remarks of the honourable leader, may I say that it is better not to be publicized at all than to be wrongly publicized or to be the subject of newspaper reports based on falsehoods. It is with that view that I now rise on a question of privilege.

The *Globe and Mail* of March 20 last published an editorial based on a few remarks I made on the 15th instant on the question of immigration. This editorial was based, I say, on false pretences. Speaking of myself, it says:

He would admit as immigrants' only children between the ages of seven and fourteen.

And the editorial concludes with these words:

On second thought perhaps the senator ought to try again. Perhaps the Senate ought to be reformed.

If the matter had been left at that I would not have replied, because it has always been my line of conduct in public life never to pay attention to newspaper reports. But on March 28 the *Toronto Daily Star* published an editorial on my remarks. What surprises me most, honourable senators, is that the *Star* should get its information from the *Globe and Mail*.

Some Hon. Senators: Oh, oh.

Hon. Mr. Dupuis: I say this editorial also is based on falsehoods, and with the permission of the house I will read just a few lines from it, as follows:

In the course of the years a good many absurd suggestions emanate from the members of the Canadian Senate.

One may take what he wishes from that statement.

Continuing:

One of the silliest of the present session of parliament is that of Senator Vincent Dupuis, from Quebec, who proposes that only children between the ages of seven and fourteen be allowed into Canada as immigrants.

Further on, speaking of Dutch families, I find these words:

The children among these families make good Canadians, yet many would be barred under any such regulation as Senator Dupuis offers.

If the editors of these newspapers had taken the trouble to get the information from the proper source, namely *Hansard*, they would have found that I made only a few specific remarks. In part I said:

In rising to speak on the resolution I intend to discuss only one angle of the immigration question.

A little later I said:

In my opinion the best type of people to bring into this country are children of, let us say, seven to fourteen years of age . . .

I had no thought of prohibiting children of other ages, and it is quite apparent that I was referring to orphans.

I concluded my remarks with these words:

I have nothing to say against the present policy of admitting adults to this country, but I am sure that the bringing in of children would greatly benefit Canada.

Is that not clear? I am tempted to put the question asked by Ross Gregory, the writer of an article headed "The man who fought the press—and won" which appeared in a Canadian magazine published a week ago. In that article he gives the details of the campaign of a Mr. Allan Lamport in a recent municipal election in Toronto, in which the three leading newspapers, the *Toronto Daily Star*, the *Globe and Mail* and the *Telegram* were fighting vigorously against him. Speaking of the election, the writer said this:

It was a "set-up" that failed, and in doing so again raised questions long troubling responsible persons everywhere.

Do our papers today have the political power they once had?

The answer is that editors of newspapers must state the facts as they are and give their opinions honestly. Contrary to that principle, they base their articles on falsehoods, as they did in my case.

While searching another Toronto paper, the *Telegram*, to see if it contained a vitriolic article on my humble self, my eyes became focussed on a column entitled "Saga of Immortality—by Poet Wilson MacDonald", written by Percy Ghent. It recalled to my memory the year when I had the good fortune to meet this illustrious and inspired poet. I went to my library and picked up a book entitled "The Song of the Undertow", which he was good enough to give me, and in which he wrote, under his signature: "May your faith never be defeated by the undertow of life."

Those words helped me to renounce my intention of taking revenge against these Toronto papers. The sentiments of this poet raised my soul to a level which excluded feelings of hate and induced me to forgo the idea of bitterly fighting these people. I had another reason for doing so, and it is this: each time that I have been in Toronto I have been received in princely fashion, in the kindest possible manner, with all the hospitality for which our friends in Toronto are so well known. So I forgive them, and I conclude my remarks by quoting from the same poet:

Take me by the hand, you storm winds, take me fiercely by the hand:

Lead me far beyond this prating—

Unfounded prating.

—where my spirit may expand.

In the truthful, silent places

I will waken phantom faces

And forget the world for hating and the gossip-ridden land.

Some Hon. Senators: Hear, hear.

BUSINESS OF THE HOUSE

Hon. Mr. Robertson: Honourable senators, before making a motion for the adjournment of the house, I should mention that all the items on our order paper have been disposed of except one or two bills as to which there is no special urgency. I have inquired about the work of our committees and have ascertained when I shall probably be in a position to present further legislation to the Senate. Under the circumstances it has been decided to suggest that we adjourn until a week beyond the return of the House of Commons after the Easter recess; and as that house will resume on April 17th, I now move that when this house adjourns it stand adjourned until Monday, April 24, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Monday, April 24, at 8 p.m.

THE SENATE

Monday, April 24, 1950

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

Prayers and routine proceedings.

THE LATE SENATOR LEGER

TRIBUTES TO HIS MEMORY

Hon. Wishart McL. Robertson: Honourable senators, I regret to have to say that since we last met we have lost one of our most esteemed and distinguished colleagues, the Honourable Antoine J. Leger, LL.D., K.C., who died on April 7, 1950.

Senator Leger was born October 16, 1880 at Memramcook, New Brunswick. He was the son of Julien T. Leger and his wife, the former Marie LeBlanc, both French Acadians. Educated in the common schools of New Brunswick, he attended St. Joseph's University, where he received the degrees of B.A. and M.A. The university later honoured him with the degree of Doctor of Laws.

Senator Leger was called to the bar of New Brunswick in 1907, and was created a K.C. in 1932. He carried on an extensive law practice in Moncton as the senior partner of the law firm of Leger & Leger.

In addition to this, his activities touched almost all aspects of the community in which he lived. He was a director of the Moncton Broadcasting Company Limited; solicitor for the Provincial Bank of Canada; a member of the advisory committee of the Eastern Trust Company, Moncton Branch; legal adviser of *La Société L'Assomption* and a member of the Board of Trade. He was also a trustee of the Moncton School Board and President of the Grand Pré Memorial Church Committee. As a member of the Royal Society of Canada, Senator Leger was keenly interested in the culture of this country, and was the author of three notable works: "*L'histoire de la Société L'Assomption*," "*Elle et lui*" and "*Une Fleur d'Acadie*." In 1925 he was elected to the New Brunswick legislature and was made Provincial Secretary-Treasurer in the same year. He was re-elected in 1930 and served in the cabinet until 1935, when he was summoned to this chamber. In 1947 he was appointed a parliamentary adviser to the second session of the General Assembly of the United Nations, held in New York.

In the passing of Senator Leger this house has lost one of its most experienced, useful and conscientious members. He had enjoyed a long and varied experience in law, business, finance and public affairs. His membership

in the Royal Society of Canada and his activities as an author bore witness to his great interest in culture, particularly that of the Acadians, of whom he was such a distinguished representative. He combined with his wide knowledge an industry and application in the discharge of his responsibilities; that made him an outstanding figure in the senate of Canada and, indeed, in any assembly of which he was a member. His kindly manner, his wide knowledge and great industry gained for him the affection and respect of his colleagues in this house.

Senator Leger is survived by his wife, the former Marie Bourgeois; one daughter, Mrs. Leo LeBlanc; and four sons, the Reverend Camille Leger, Charles Edouard and Francis Leger, Moncton barristers, and Dr. Emery Leger.

To his widow and family I extend our sincerest sympathy in their great bereavement.

Hon. John T. Haig: Honourable senators, it is with a heavy heart that I rise tonight to speak of the passing of Senator Leger. He and I had the honour of being appointed to this chamber on the same day, and the longer I knew him the better I liked him. It seems that when one lacks a certain quality one deeply admires it in a friend, and Senator Leger possessed many qualities that I have lacked. Whenever I had occasion to ask him to read over an amendment to a statute he would soon present me with a brief fully explaining the amendment and what effect it would have if adopted.

Senator Leger was a cheerful person whose word was as good as his bond. He brought honour to the Acadian people, to New Brunswick, to the Senate of Canada and to Canadians as a whole. Such men are hard to replace, and whenever he spoke I turned around to listen, for I knew that his words would be to the enlightenment of all honourable senators.

I always felt that Senator Leger would outlive those who were appointed to the Senate with him in 1935; but here tonight we are recording his passing. I am sure that I convey the feelings of honourable members of this house when I say to his widow and children that they may well be proud of a husband and father who gave such distinguished service to the country of his birth. We in this part of the chamber have very heavy hearts over the passing of Antoine Leger; we know it will be many a day before New Brunswick is represented here by a more distinguished man. One of the most distressing things about being a senator is that you get to know and love the men around you—you know in your heart that you love them, though you do not tell them so—and inevitably the time

comes when some of them are removed from your side. That is the kind of emotion Senator Leger inspired in me and in the hearts of many others. Sometimes the leader of the government (Hon. Mr. Robertson) and I have to discuss the appointment of senators to special committees, and whenever I proposed the name of Senator Leger a smile would pass over the face of the leader, as though I were naming his best friend. I thought that spoke volumes about the innermost feelings of one man towards another.

Again I offer to the widow and children of our late colleague our sincere condolence in their sad bereavement. At the same time I would remind them of the comforting thought that the life of the late senator was well-lived, and that he was a credit to his country.

(Translation)

Hon. Cyrille Vaillancourt: Honourable senators, may I be permitted to add to the eloquent tribute paid by the leader of the government and the leader of the opposition, the sincere regrets, not only of the members of this Chamber, but also of all our compatriots, at the passing of our esteemed colleague, honourable Senator Léger.

Before this kindred people, whose survival is due to its heroic sons, we bow in admiration. What an inspiring lesson in patriotism has been given us by Senator Léger and many other Acadians.

A man such as he who has devoted the greater part of his life to advancing the cause of his own people is worthy of our gratitude. Senator Léger has gone, but his memory will linger on in our hearts. He was most industrious and fully conversant with matters of law. His judgments were based on plain common sense. He was a real teacher to me, for he taught me how a senator could and should work in the interest of his own people and of the whole country, by favouring the adoption of clearer and more social measures.

In the name of my compatriots, I wish to express to Mrs. Léger, her daughter, her sons and the whole family, our deep sense of loss, and our sincere sympathy.

Hon. Arthur Marcotte: Honourable senators, I cannot refrain from adding my tribute to those already expressed in French on this side of the house.

Although he was not an intimate friend of mine, I knew senator Léger for many years. Everyone is aware that our late colleague was rather reserved in his manner. He liked solitude and was not always easy to approach. It was however possible to pass judgment upon him. Both honourable leaders of the house have paid tribute to his graciousness and to the services he has rendered to his country. As I have said before, I did not know

him intimately, but a man is not judged by his words alone; he may be judged above all through his writings. Those who have had occasion to read books from the pen of our late colleague are able to appraise the author's character and feelings. The honourable senator for Sorel (Hon. Mr. David) seems particularly interested in my remarks concerning the publications which bear the name of our late lamented friend. Is it not true that there, as nowhere else, one may find a deep love of our race and our land? The senator from Acadia has given us three books which are filled with a deep reverence for this active land, a land steeped in memories which has enabled him to give such a testimony as should remain alive forever in the minds of all French Canadians. He has sung the glories of a land he knew and loved so well, a land where Acadians have endeavoured to establish French traditions. He had a deep affection for his own people and that is how I came to know and respect him.

As I myself am deeply attached to my own people, I may say in this brief but sincere tribute that I appreciated him all the more because he also had a deep feeling for his compatriots.

May I offer to his bereaved family my deepest and most respectful sympathy. Their loss is great, but the memory of our late colleague will endure.

(Text):

THE SENATE AND ITS WORK

NEWSPAPER ARTICLES

On the Orders of the Day:

Hon. John T. Haig: Honourable senators, before the Orders of the Day are called, I wish to bring one matter to the attention of the house. One of our colleagues has written four very able articles on the Senate and its work, and these have been published in one of our Western newspapers, the *Winnipeg Free Press*. Those of us who take that paper have of course had the pleasure of reading the articles, but as I am not sure that they have been published elsewhere I am wondering whether the honourable gentleman would not make them available to all of us.

Hon. Mr. David: Hear, hear.

Hon. Mr. Haig: The author of these articles is the senior senator from Ottawa (Hon. Mr. Lambert), and I wish to express to him my respect and admiration for the very valuable contribution he has made.

AERONAUTICS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill J-4, an Act to amend the Aeronautics Act.

He said: This bill is designed to clarify a number of points which have arisen in connection with the exercise of federal government authority in the field of civil aviation.

The Aeronautics Act was approved by parliament shortly after the First World War, and at that time accorded to the government and the responsible minister broad powers over the development of civil aviation. These powers related primarily to technical matters, such as airports and airways, certification of airworthiness and of pilots, safety regulation and other similar matters. The regulation of civil aviation was, in the first instance, included within the general framework of military control, but in the 1930's it was transferred to a separate minister.

In view of the increasing importance of commercial aviation in Canada and its expected expansion after the war, in 1944 a new section was added to the Act which provided for the licensing of commercial air services and for their general economic regulation by the Air Transport Board, under the supervision of the minister. This new section became Part II of the Act, and the older framework, which related primarily to technical control, became Part I.

The rapid growth of commercial aviation in Canada since the war and the reasonably satisfactory economic position that it has achieved since that time, with a several-fold multiplication of the total amount of business done, provide evidence that the legislation was generally satisfactory and that the policies pursued within its limits were sound.

The amendments in this bill are not intended to provide for any major change in policy or substantial extension of authority over civil aviation. Rather, they are changes which have become necessary as a result of experience in administration of the Act over recent years. They are designed to correct certain anomalies in the Act, to clarify the intent of certain sections and clauses upon which some doubt has arisen in practical interpretation, and to avoid any confusion or overlapping in responsibility. This will make it possible for the Air Transport Board and the Department of Transport, (Air), to deal with civil aviation in a flexible fashion, and to keep pace with the frequent changes which are taking place in this relatively new field.

Without going into the detail of the individual changes proposed, a brief statement on some of the major points involved will indicate the intent and nature of the amendments proposed.

Some changes are designed to avoid confusion between Part I, which deals primarily with technical regulation, and Part II, which deals primarily with economic regulation. In

addition, minor changes are introduced to clarify the relationship between civil aviation and the defence field, and to eliminate provisions which relate to military requirements, which are now provided for elsewhere.

Further, the economic regulation of carriers applies to all commercial air services which have been defined as services for hire or reward. In view of the arguments advanced in certain legal proceedings under the Act, there is much confusion as to the exact meaning of this phrase. The argument advanced was that a commercial operation which is not designed for profit, or a commercial operation which does not show a profit, cannot be classed as an operation "for hire or reward". A legal interpretation that a service which is not making a profit could not be considered a commercial air service would obviously lead to grave difficulties. One of the amendments includes a definition of "hire or reward" which will eliminate doubt on this score.

Another change relates to the jurisdiction of Canadian authorities over Canadian aircraft and Canadian commercial air services when operating outside the territorial limits of Canada. Hitherto the Aeronautics Act has covered jurisdiction within Canadian territory. It is obviously desirable that there should be some relationship between the regulations as applied to Canadian aircraft and Canadian commercial air services within Canada—for example, as to safety, fares and tariffs—and the regulations as applied outside of Canadian territory. Moreover, the Canadian government as a party to the International Civil Aviation Convention and numerous bilateral air agreements with other countries, authorizing international air services, has with other governments assumed responsibility for the actions of its own carriers and aircraft. In order to carry out these commitments to other governments it is necessary that Canadian authorities have jurisdiction over Canadian aircraft and Canadian commercial air services when operating outside Canada. Changes are proposed to both Part I and Part II to meet this situation.

In certain circumstances the military aircraft of the Department of National Defence may be availed of, and remuneration may be accepted from other departments of the government for services performed, in the air survey field, for example. These operations should be dealt with on an interdepartmental basis, and the government does not intend to require that the R.C.A.F. should be licensed as a regular commercial air carrier or be subject to the regulations applied to commercial air services. An amendment to the

Act will therefore exempt military aircraft from the jurisdiction of the civil authorities over commercial air services.

In the licensing of commercial air carriers, the Air Transport Board is required to determine public convenience and necessity before authorizing any scheduled air service, and public interest before authorizing any other type of commercial air service. Since scheduled international air services are a subject of intergovernmental agreement, an amendment is included which will permit the board to exempt international scheduled services from the finding of public convenience and necessity. Otherwise, this requirement would add unnecessary procedural difficulties in implementing bilateral agreements and be inconsistent with obligations assumed by the government with other governments.

Experience has also demonstrated that the clauses providing for penalties in the event of violation of the law are not entirely consistent with similar clauses in other federal statutes, and have not been a sufficient deterrent to wrong-doing. Changes will be made which will bring these clauses into line with similar clauses in other legislation, and provide for somewhat stiffer penalties.

This explanation of some of the points contained in the bill will give an indication of its purpose and of the type of detailed amendment which it contains.

As the subject-matter is detailed and largely technical in nature, it is my intention, if and

when the house has seen fit to give the bill second reading, to move that it be referred to the Standing Committee on Transport and Communications, where officials of the Air Transport Board and any other officials whose presence honourable senators may require will be in attendance to give detailed answers to such questions as may occur to the committee, and where interested parties will be able to appear if they so desire.

Hon. Mr. Haig: It is not the intention, if the bill receives second reading this evening, to go ahead with it at once? I assume that persons who wish to be heard will get sufficient notice.

Hon. Mr. Robertson: I believe certain interests have intimated that they wish to be heard, and I suggest that their wish be complied with. As far as I know there is no immediate urgency.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, April 25, 1950

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

Prayers and routine proceedings.

THE SENATE AND ITS WORK

NEWSPAPER ARTICLES—PRIVILEGE

On the orders of the day:

Hon. A. Marcotte: Honourable senators, I rise to a question of privilege. I was rather puzzled yesterday when I heard my honourable leader here (Hon. Mr. Haig) refer to some articles which had been published in the *Winnipeg Free Press*. Upon making inquiries I found that certain articles—probably those to which he referred—had been condensed and appeared in that form in last Saturday's issue of the *Ottawa Journal*. I join with the leader on our side in expressing my respect and admiration for the work done by the honourable senator from Ottawa (Hon. Mr. Lambert), but I strongly object to a certain paragraph published in the *Ottawa Journal* last Saturday, April 22, and which is as follows:

Indeed, as a matter of legislative record, the Senate has never been called upon to decide more than a few unimportant questions involving the rights of any province as against the Dominion.

I think this statement is most incorrect and that the honourable senator would not have included it in his article had he just read once more the remarks made in this chamber by the late senators Murphy and Bench. I do not intend to enter into a controversy on this subject today, but I give notice now that within a few days I shall move a resolution which will enable us to have a free debate on the matter. If it is desired, I am ready to proceed now to

prove that no matter how admirable this article may be in its entirety, the particular passage I have quoted is in error. I shall leave it to the house to decide whether I should proceed now or wait until I move my resolution.

Hon. Mr. Haig: Give the proper notice.

Hon. Mr. Lambert: I do not intend to reply to my honourable friend from Ponteix (Hon. Mr. Marcotte), but I should like to thank him for raising this point. I do not think it is proper to discuss in this chamber now any articles appearing in the press, but a free debate on this subject, after it has been properly introduced by resolution, would prove most interesting.

Hon. Mr. Marcotte: Honourable senators, I accordingly give notice now that within a day or two I shall move a resolution that will give us an opportunity to discuss this matter.

PRIVATE BILL

FIRST READING

Hon. Mr. McDonald presented Bill K-4, an Act to incorporate United Security Insurance Company.

The bill was read the first time.

BUSINESS OF THE SENATE

TRANSPORT AND COMMUNICATIONS COMMITTEE

Hon. Mr. Hugessen: Honourable senators, in moving that the house do now adjourn, I would draw the attention of honourable members to the fact that the Standing Committee on Transport and Communications is to meet immediately to consider the bill to amend the Aeronautics Act.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, April 26, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

OLD AGE SECURITY

JOINT COMMITTEE—CHANGE OF PERSONNEL

Hon. Mr. Robertson: Honourable senators, with leave of the Senate, I move that the name of the Honourable Senator Fogo be substituted for that of the Honourable Senator Stevenson on the list of senators appointed to serve on the joint committee of both houses of parliament on old age security, and that a message be sent to the House of Commons accordingly.

The motion was agreed to.

PRIVATE BILL

FIRST READING

Hon. Mr. Vaillancourt presented Bill B-5, an Act to incorporate the Apostolic Trustees of the Friars Minor or Franciscans.

The bill was read the first time.

ELECTRICAL AND PHOTOMETRIC UNITS BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading, Bill S-2, an Act respecting the units of Electrical and Photometric Measure.—Hon. Mr. Robertson.

Hon. Mr. Robertson: Honourable senators, I must apologize to the house for not being ready to proceed with this bill, which has been on our order paper for some little time. Since the bill was introduced here my attention has been drawn to the fact that its passing is contingent upon the passing in another place of a bill to amend the National Research Council Act. Therefore I have to ask that this order stand until Monday next, hoping that in the interim the other house, with more than its usual expedition, will have passed the National Research Council bill and made it possible to proceed with this one.

Hon. Mr. Haig: Hear, hear.

The Hon. the Acting Speaker: The order stands.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Ross presented the following bills:

Bill L-4, an Act for the relief of Ethel Bell Lifshitz.

Bill M-4, an Act for the relief of Martin Matthew Waagemans.

Bill N-4, an Act for the relief of Elaine Ruby Cooper Pierre.

Bill O-4, an Act for the relief of Gertrude Toulch Standard.

Bill P-4, an Act for the relief of Thomas Gordon Williams.

Bill Q-4, an Act for the relief of Ethel Lerner Baker.

Bill R-4, an Act for the relief of Robert Earl Skinner.

Bill S-4, an Act for the relief of Chasia Berger Wolf.

Bill T-4, an Act for the relief of Henry William Askew.

Bill U-4, an Act for the relief of Lemman Makinson.

Bill V-4, an Act for the relief of Rose Anna Levesque Kirkland.

Bill W-4, an Act for the relief of Douglas Barrymore Stone.

Bill X-4, an Act for the relief of Nancy Doris Evan-Wong Meade.

Bill Y-4, an Act for the relief of Louise Elizabeth Garner Mitchell.

Bill Z-4, an Act for the relief of Vivian Pearl McCrea Gunning.

Bill A-5, an Act for the relief of George Bruce Lancaster.

The bills were read the first time.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, as the work on the order paper is completed, I have no alternative but to move the adjournment of the house. In so doing I would point out that the short sitting is due in part to the expeditious manner in which the Senate handles matters which come before it for consideration, and also the fact that I have no work to place before the house. Though the work of the house is somewhat limited, the committees are carrying on with unparalleled activity, and are taxing our space and stenographic services.

With that explanation I now move the adjournment of the house, so that honourable members may attend the committees that are to meet this afternoon.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, April 27, 1950

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

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, for the Chairman of the Standing Committee on Miscellaneous Private Bills (Hon. Mr. Bouffard), presented the report of the committee on Bill R-2, an Act to amend the Canadian Red Cross Society Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of March 28, 1950, examined this bill, and now beg leave to report the same without any amendment.

THIRD READING

Hon. Gray Turgeon: Honourable senators, with leave, I move that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

OLEOMARGARINE—REMOVAL OF TAX

NOTICE OF MOTION

Hon. Mr. Euler: Honourable senators, in view of the fact that I gave notice of motion yesterday concerning a certain subject, I should perhaps at this time assure the house that, in giving notice today on another subject, I have no desire to monopolize the order paper.

I wish to give notice that on Wednesday next I shall submit the following motion:

That in the opinion of the Senate oleomargarine should be added to the list of foods which are exempt from the sales tax of eight per cent.

Hon. Mr. Nicol: Why not drop it?

Hon. Mr. Haig: Now the war is on.

Hon. Mr. Nicol: Why does not my friend ask for a bonus?

Hon. Mr. Haig: That will come next.

Some Hon. Senators: Hear, hear.

STANDING COMMITTEES—THEIR CONSTITUTION AND FUNCTIONS

MOTION

Hon. Wishart McL. Robertson moved:

1. That a special committee of the Senate be appointed to review the constitution and functions of the standing committees of the Senate and to

make such recommendations to facilitate the business of the Senate as it may deem necessary or expedient, and

2. That the said committee be composed of the Honourable Senators Aseltine, Beaubien, Bouffard, Burchill, Farris, Fogo, Haig, Hayden, Hugessen, Lambert, Moraud, Robertson.

He said: Honourable senators, the question of the constitution and function of the Senate of Canada, as a part of our parliamentary institutions, has been the subject of a good deal of discussion during recent weeks. This activity, which would seem to indicate a lively interest on the part of all concerned, places on the Senate a responsibility to give careful consideration to all the problems which are involved.

In answering an inquiry from the honourable senator from Halifax (Hon. Mr. Dennis) some weeks ago, I said I had no doubt that in due course proposals affecting the constitution of the Senate would be made, and would be considered by others as well as ourselves. Despite that, there is a responsibility on us to give most careful consideration to all matters which may be entirely within our control.

As to constitutional reform of the Senate, I should hope that some definite proposals concerning the amending of its constitution would be forthcoming through the ordinary channels during the life of this parliament. If this appears to be unlikely, it is my intention to make definite proposals for Senate reform on my own responsibility as Senate leader, for the consideration of this house and the public generally.

I am anxious that a special committee of this house review the constitution and the functions of its standing committees and make such recommendations as would facilitate the duties of the Senate. In due course a report would be presented to the house, and full consideration would be given to it. I need not remind honourable senators that there is nothing new in such a procedure. Indeed, a committee with exactly the same terms of reference was appointed in 1945. But a few matters have arisen which, I think, are important enough to merit detailed consideration at this time. I have no desire or intention to restrict the scope of the inquiry into the constitution and functions of the standing committees of the Senate or the procedure in this house with respect to legislation or other matters; but as leader of the Senate I think it is my responsibility to draw your attention to some questions with which I have been faced from time to time, and to make some suggestions which I hope will be considered if the Senate should approve of this resolution.

The first of these matters is the size of our standing committees. It will be recalled that

in 1945 the Senate approved a recommendation of the special committee on this subject that there should be a quite drastic increase in the membership of most of the standing committees. The impelling reason, as I remember it, was that as the Senate makes a great deal of use of standing committees to consider proposed legislation, it was only fair and reasonable to increase the number of their members sufficiently to enable as many senators as possible to take part in their deliberations. As honourable senators know, the device of examining bills in detail in committee of the whole is not frequently adopted in this chamber, for reasons on which I shall comment later.

In actual practice, as honourable senators know, a very large part of the legislation that is referred to standing committees is assigned to the Committee on Banking and Commerce. That committee might be regarded as our main standing committee on legislation, and I do not think there is the slightest doubt that the increase in its membership from 42 to 50, which was approved in 1945, was justified.

I have looked over the lists of senators on standing and joint committees, and my opinion—which I express for what it is worth—is that the size of most of the committees is about right. But I would raise a question about what may be termed “specialist” committees, such as those which deal with natural resources, immigration and labour, Canadian trade relations, public health and welfare, external relations, and, perhaps, finance and transport and communications, but with some reservations as to the latter. These committees are large. It is my impression that there has been a tendency to nominate to these particular committees not only senators who are specially interested in the subject-matter allotted to such committees, but quite a number of other senators who have no such specific interest. I do not make much of the point, but I hope that the committee which is about to be set up will discuss the question whether the work of these “specialist” committees would not be more efficient if their membership were not quite so large. As I have said, I think the Banking and Commerce Committee is about the right size, but I admit to some doubt about the committees on finance and on transport and communications. But whether my views in this particular respect are acceptable or not, I trust that the question of the size of the committees will be reviewed.

Now, a word with regard to the organization of the standing committees. I am speaking in the light of recent developments, particularly this session, when there has been a great deal of committee activity. In a

previous reference to the matter I took occasion to voice the hope that this body, besides assuming the responsibility of dealing with any legislation which comes before it, and of discharging its obligations with regard to divorce, will continue its active interest in the finances of the country by considering the estimates, and that each session there shall be at least one special committee to deliberate upon some subject of public interest. Experience has shown that if this were done the capacity of our committees would be pretty well taxed, and I should hope that this would continue.

Now I should like to make a suggestion about our plans for next year. It concerns the rather difficult problem that I have always had to face in discharging my duty of recommending to honourable senators when the Senate should sit and when it should adjourn. In the past the opening of parliament has usually occurred on a Thursday, and the Senate has then adjourned until the following Tuesday. This long week-end adjournment is needed so that the benches and special furniture used at the opening ceremonies may be removed from the chamber. Then, some time during the next week a motion is made for the appointment of a Committee of Selection to nominate senators to our standing committees. In due course this committee makes its report, and the organization and work of the various standing committees gets under way.

During the last three years the earliest starting dates upon which the Divorce Committee has started its work have been fifteen or sixteen days after the opening of parliament. The actual divorce hearings this session did not commence until twenty-four or twenty-five days after the commencement of the session. The committee is set up without anyone knowing exactly when it will be able to begin its sittings, because of uncertainty as to the duration of the debate on the Address and as to legislation that may come before the house prior to the first adjournment. Consequently those who are interested in the presentation of divorce petitions are uncertain when they can be heard; and further, after the Divorce Committee has been organized, some ten days or two weeks must elapse before witnesses can be called.

Immediately after the opening of parliament the question always arises whether the Senate should adjourn pending the organization of committees. This is perhaps not serious to those members who live in the immediate vicinity of Ottawa, but to those who live farther away it is important.

I want to propose now—because it dovetails into the whole organization of our committees—that the special committee, and indeed the Senate itself, give some consideration to the suggestion that on the opening day of the next session of parliament the deputy leader move for the appointment of the Committee of Selection. This committee could bring in a report the following day and we could sit, if only briefly, to set up the Divorce Committee. I should not at that time be so concerned about the appointment of personnel to the other committees, but I should certainly like to see the Divorce Committee set up.

I am advised by the Clerk of Committees that if he knew in advance that we were going to stay here and go on with our committee work right through till Easter, whether or not there was legislation to keep us busy in the Senate, it would be possible to have the Divorce Committee begin its work on the Monday after the opening of parliament instead of, as formerly, two or three weeks from that time; and I would suggest that those who assume the responsibility of serving on the Divorce Committee could then, by proceeding as expeditiously as possible, clean up its work for the session before Easter. I think it should be made known that persons wishing to make applications to the committee should have their cases ready to proceed when parliament opens; and in my opinion the committee's sittings should not be allowed to run on into the late spring and summer, and thereby cause hardship to those senators who have been public spirited enough to participate in the onerous duties of the Divorce Committee.

I also hope that the practice adopted this year of bringing down the estimates early in the session will be continued, and that our respective committees to whom these are to be referred will be in a position to begin functioning promptly after the opening of the session.

Also I think that those senators who desire to have matters dealt with by special committees should endeavour to have the committees appointed and start working as early as possible in the session. Of course, as honourable members know, we cannot have a large number of special committees sitting at once, for then it becomes difficult for some committees to obtain a quorum; so at times it might become necessary to have someone act as arbiter, to decide which committees should be given precedence.

In brief, honourable senators, my suggestion is that we should finish up our divorce work, our special committee work and our study of the estimates as early as possible

in the session, and that then, when we have dealt with whatever legislation is before us and it appears that no further legislation is imminent, we should adjourn the Senate until such time as there will be something more for us to do.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: But before I would move that the Senate adjourn, I should want to have all the work before us completed.

I would therefore suggest to honourable senators that, beginning next session, we remove all doubt as to the possibility of an early adjournment by deciding to stay here from the beginning of the session until we have finished with our divorce work, special committee work and the consideration of whatever legislative measures are before us. I admit that unless there is a change from the practice that has prevailed ever since I have been a member of this house, there is not likely to be any legislation introduced here in the first two or three weeks of the session. Let us take advantage of that situation by getting our various committees into full-time operation during that period. For, mark you, honourable senators, our reporting staff is not large enough to handle the proceedings of two sections of the Divorce Committee and of one or two special committees, if these are sitting when lengthy debates are proceeding in the Senate. I just mention this as another reason why we should finish as much as possible of our divorce work in the early part of the session. Let us make a virtue of necessity, and concentrate on committee work when there are no bills before the Senate.

Hon. Mr. Euler: May I ask a question? The leader's remarks, it seems to me, are based on the assumption that the estimates will be brought down early in the session. Have we any assurance that this will be so?

Hon. Mr. Robertson: I can only say that the early bringing down of the estimates in the present session has worked out very well, and I hope this will develop into a regular practice.

Hon. Mr. Euler: Aside from the divorce work, the estimates would be the only things upon which we could expect to proceed right after the opening of parliament.

Hon. Mr. Robertson: I cannot give any definite assurance on the matter. I would suggest however, even if the specific estimates were not ready when our committees were formed, that the whole question of governmental expenditure in this country has reached such proportions—not only in amount, but in complexity—that a committee

could well spend a week or two getting ready to ask questions on the estimates. I should hope that in future sessions the estimates would be brought down as early as they were this year; but I am not able to give the house any assurance in this respect. I should like to get away once and for all from the past uncertainty that has prevailed shortly after the opening of every session, as to whether the Senate should or should not be adjourned, with half the members urging me to move for adjournment and the other half urging against it, so that I have sometimes felt like tossing a penny to decide the matter.

Hon. Mr. Baird: Is there any limit to the number of divorces that may be granted in a year?

Hon. Mr. Haig: There is no limit.

Hon. Mr. Baird: Then, the number might so increase as to keep a committee going indefinitely.

Hon. Mr. Robertson: There is a time limit for the filing of petitions, and of course it is within the power of the Senate to fix a date beyond which no more applications will be heard until the following session. If all the divorce cases for each session were dealt with before Easter, the chairman and other members of the committee would not be deprived, as they now are, of the opportunity to participate later in the session in the work of other committees in which they are especially interested.

If honourable senators have any questions to ask as I go along, I shall be happy to hear them. They would give me a chance to collect my thoughts.

Hon. Mr. Nicol: May I ask the honourable leader a question?

Hon. Mr. Robertson: I should be delighted.

Hon. Mr. Nicol: I understand him to say that he had some definite ideas to submit on reform of the Senate, but it was not clear to me whether his proposals were to be submitted to this committee—

Hon. Mr. Haig: No.

Hon. Mr. Nicol: —or to the federal-provincial conference.

Hon. Mr. Robertson: Oh, no.

Hon. Mr. Nicol: If the minister has some definite proposals to make, would it not be proper to inform the house what they are?

Hon. Mr. Robertson: I have none. I expressed the opinion that in due course proposals affecting the constitution of the Senate would be made, and I went on to say:

As to constitutional reform of the Senate, I should hope that some definite proposals concerning the

amending of its constitution would be forthcoming through the ordinary channels during the life of this parliament. If this appears to be unlikely, it is my intention to make definite proposals for Senate reform, on my own responsibility as Senate leader, for the consideration of this house and the public generally.

I have no intention whatever of making any proposals today.

Hon. Mr. Euler: Would the honourable gentleman clarify what he means by "ordinary channels"?

Hon. Mr. Robertson: As my honourable friend knows, any legislative measures introduced in this house, aside from private bills, originate with the government.

Hon. Mr. Euler: But the provinces also might have a say in this matter.

Hon. Mr. Robertson: I should hardly imagine they could initiate legislation in the Senate. I have no intention of entering into a discussion as to who should or should not introduce proposals for Senate reform; but if none were forthcoming from any source I, on my own responsibility, would bring forward some for consideration by the Senate and by the public generally.

Hon. Mr. Nicol: Do I understand that whether or not the government makes any proposals for Senate reform at the federal-provincial conference, our leader himself has some proposals that he personally intends to make? That is what I understand from his remarks.

Hon. Mr. Robertson: What I intended to say to the house was that for some time I have had personal opinions as to constitutional reform of the Senate. As to whether and when I shall express them depends on whether specific proposals are forthcoming from other quarters. I am giving myself considerable scope. As I say, I hope that during the life of this parliament some proposals will be made. Failing that, I intend to make my own suggestions in this matter, for the consideration of the Senate and the public generally.

Hon. Mr. Nicol: Does not our leader think that he should first submit his proposals for reform to the Senate for its consideration, rather than to the federal-provincial conference?

Hon. Mr. Robertson: I assure my friend that I did not mean to suggest that I would make any proposals to the federal-provincial conference. If I have any proposals to make, it is my intention to make them to the Senate.

Hon. Mr. Nicol: That is not what the honourable leader said.

Hon. Mr. Robertson: I do not remember the slightest reference to a dominion-provincial conference; but if I did refer to it in the way suggested, I must ask that what I said be withdrawn.

Hon. Mr. Davies: May I ask a question concerning the problem of the hearing by the Senate of divorces from those provinces which have no divorce courts? I have recently read articles in the press to the effect that the Senate may be relieved of hearing divorce cases, and that they may be dealt with by the Exchequer Court of Canada. Has that question been discussed by the government?

Hon. Mr. Robertson: Perhaps my honourable friend was not present at the organization meeting of the committees, when the matter was discussed. Certain suggestions have been made about the divorce question; but as far as I know nothing has actually been done. I feel that as long as the task is ours it should continue to be performed in the same efficient manner as it has been in the past. My only concern has been to ease the burden on those who have so willingly assumed this responsibility.

Hon. Mr. Baird: In view of the fact that reform of the Senate is being considered would it not be well to eliminate the divorce question?

Hon. Mr. Robertson: Of course the procedure with regard to divorce is in essence simply that of introducing bills and passing them. Whether this should or should not continue is a big question, and one which I cannot answer.

I should like to refer to the problem of the timing of the activities of committees in relation to the opening of parliament. Also I wish to bring up the question of the method to be adopted in organizing committees, apart from the Divorce Committee.

Honourable members know that after the members of the various committees are appointed an organization meeting is held by each committee, as selected, and nominations for chairman take place. As government leader I have carried on the tradition and practice of nominating a chairman for each of the committees; apart from the Committee on Divorce, which chooses its own chairman. The observation has been made that such procedure is not altogether democratic. While I am quite content to continue in this manner, I have no objection to change, if it is the wish of honourable senators. The suggestion has been made that the special committee should consider and report on this question of the appointment of chairmen, and that then the Senate could make up its mind once for all as to the practice to be

followed. If it is the desire of the house that standing committees choose their own chairmen, that is quite satisfactory to me.

Hon. Mr. Euler: Is the present practice set out in our rules, or is it a matter of tradition.

Hon. Mr. Robertson: I think it is tradition.

In keeping with the practice of my predecessor in office, when selecting chairmen, I have brought to bear various factors, namely geographic location, experience, seniority and so on. In this respect I should like to point to a rather delicate matter and suggest that the committee give serious consideration to it. I have in mind the tenure of office of a chairman. As matters stand at the present time, I re-nominate the same chairman year after year, until he resigns or I suggest him for another committee. I do not think that is good practice, but it is difficult for a leader to say to a chairman who is known to all of us as a man of high calibre, wide experience and good judgment, that he should relinquish his office. It does seem to me, therefore, that we should stipulate a period of service, at the end of which a chairman, however excellent, would become ineligible for the office. Such procedure would give another capable person an opportunity to render service in that particular field. I may say that my problem is not caused by scarcity of talent, but rather by the wealth of material to choose from.

I come now to a problem in connection with the Standing Committee on Banking and Commerce which, apart from the Committee of the Whole, is our chief legislative committee. Though a great many members are anxious to sit on this committee, its full membership represents only half the Senate. There are many cases of members who have been re-appointed to the committee year after year, and for various reasons—some beyond their control have been unable to attend the meetings of the committee. Such a condition, if it continues for long, is detrimental to the committee, as many senators who would like to participate in the activities of the committee are unable to do so. To remedy that situation I think there should be a general rule that if a committee member does not attend for a year—or perhaps two years—he should not be re-nominated as a member. Our general practice has not taken that situation into consideration.

I now wish to devote a few remarks to the subject of greater use of Committee of the Whole. This question has been discussed at various times. Although many senators are on committees which deal with legislation—for example, the Banking and Commerce Committee, which has fifty members

—the Senate has a membership of 102. So at least half of the membership of the Senate, although not precluded from attending the committee meetings and asking questions, cannot vote; and there is often some reluctance to attend, particularly on the part of junior senators who are not members. In consequence, over the years at different times there has been a good deal of insistence that the device of the Committee of the Whole should be used to a greater extent than is our practice, so that individual senators who are not members of the Committee on Banking and Commerce might have some opportunity of hearing and discussing points of detail. Generally speaking, a bill, after being thoroughly discussed in that committee, comes here for third reading and is reported without much debate. The same remark applies to measures which have been referred to other standing committees.

Hon. Mr. King: There is nothing to prohibit discussion.

Hon. Mr. Robertson: No. There is no prohibition of discussion upon third reading.

This brings me to the question whether it would not be desirable to refer bills to the Committee of the Whole, so that any honourable senator can speak on any part of them in which he is interested. I think this is the kernel of the matter. If a bill goes to Committee of the Whole, as one clause follows another, inevitably there arises in the mind of this or that senator some question which particularly affects his constituency or in which he is otherwise interested. If he were attending a meeting of a standing committee at which a minister, his parliamentary assistant, or some specialist, were present, he would probably ask a question based on his particular interest, and perhaps having received an answer, would make some comments on the matter. As we are organized at present, I do not think it is possible to set up a system whereby satisfactory answers could be given to any question which any honourable senator might ask in Committee of the Whole. As far as introducing legislation, outlining its scope, and explaining its underlying principles is concerned, I am confident that following some preparation and consideration—by making use of the talent that is available—a presentation can be made which, without disrespect to the ministers and parliamentary assistants in the other place, will bear comparison with the presentations made there. But when it comes to answering a whole range of questions covering the general field of the subject-matter, more detailed knowledge is required than I, as minister, possess; and it would be hardly fair for me to ask or

expect any of my colleagues to become sufficiently conversant with all the administrative details and related features of a particular measure to provide, even with officials in front of us, as full and complete answers as honourable senators may think they are entitled to. I suppose that this is one of the reasons why, over the years, we have depended to a greater extent on our standing committees, where officials attend and can reply to questions put to them.

Consequently, if it is desired to make greater use of the Committee of the Whole, it seems to me that the only possible way of doing so, year in and year out, is to amend our rules to enable a minister or his parliamentary assistant, with his officials, to attend and answer questions. Presumably the minister or his assistant, with the help of permanent officials, would be in a position to do this.

As honourable senators may recall, our rules were amended to provide that a minister might come into this house and participate in the debate on a bill on second reading, or in Committee of the Whole, provided that the bill had originated in the Senate, but not if it had been initiated in the other place. So if it were held desirable to avail ourselves of the Committee of the Whole to a greater extent than we do now—and there is much to be said for this practice—the committee contemplated in this resolution might consider the advisability of so amending our rules as to permit the attendance in Committee of the Whole of the responsible minister, his parliamentary assistant, and his officials, regardless of whether the legislation had been introduced in this house or in the other place.

Hon. Mr. Hardy: Have we not already that right, or privilege?

Hon. Mr. Robertson: A minister can come into this house only on legislation introduced in the Senate.

Hon. Mr. Hardy: I have a recollection that some assistants, perhaps heads of departments, were here many years ago. I remember that Honourable Senator Dandurand brought them in here two or three times.

Hon. Mr. Robertson: Oh yes, officials can come here; but the suggestion is that the minister or his parliamentary assistant shall be here as spokesman, and may have his officials in front of him if the maximum of information is desired. What little experience I have leads me to believe that honourable senators would be interested in putting questions, receiving answers, and carrying on a discussion after replies were obtained.

Hon. Mr. Euler: The officials, not the ministers or parliamentary assistants, would be the ones who would have the information.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Euler: They might be able to interpret it better, perhaps.

Hon. Mr. Nicol: They are not allowed to speak in the other place.

Hon. Mr. Robertson: I am by no means suggesting that the activities of the committee should be confined to the suggestions I have made. I hope that honourable senators who have had far more experience in this chamber and in parliamentary life than I have will contribute their suggestions for the benefit of the committee. However, I have advanced these views after five years' experience as leader of the Senate, in the hope that they will at least provide something to which the special committee will give consideration if the Senate in its wisdom concurs in the resolution to appoint such a committee.

Hon. Mr. Gladstone: Relative to the work of the Committee on Estimates: one committee on which I have the honour to serve was attended by some six or eight senators; departmental officials attended; questions were asked and some valuable information was elicited. But no record was kept. The information contained in the answers could in no way come to the knowledge of other honourable senators; neither could the questions and answers be known to the elected representatives of the people in the other place. I am just wondering what is the value of carrying on in this way. It seems to me that the questions and answers just go into thin air, and that unless some fear is put into the minds of the officials, no value is derived in the way of making amendments. I should like to know if it is the practice to have no record made in these committees on estimates. Just what is the purpose of these committees if the information obtained is not available to all honourable senators, and no opportunity is given for definite action in the way of making corrections?

Hon. John T. Haig: Honourable senators, I do not propose to follow the line of the leader of the government. While he clearly explained some of the subjects that he thinks should be dealt with by the special committee, anything I might say now about any action to be taken by the committee would be unfair to both myself and the committee. I might be pre-judging the ultimate decisions of the committee.

I should like to point out, however, that only twelve of approximately ninety members of the Senate have been named to this special committee. I believe, therefore, that the remaining members would be performing a useful service if they were to pass on to this special committee their own views and

ideas about the problems raised by the leader. This could be done by way of individual memoranda, and it would certainly assist the special committee in its work. For instance, the striking committee meets at the opening of parliament to nominate senators to serve on the various standing committees during the ensuing session. The leaders of the government and of the opposition automatically act as members of that committee. At least, this has been the practice in the fifteen years I have been here. It is then the practice for the two leaders to propose names of senators whom they wish to serve on the various committees, and appointments are usually made without question. Further, the leader of the government and the leader of the opposition are members of eight or nine different committees. I have had people call me up and say, "Now, look here, such and such a committee meets tomorrow morning and you are a member of it". Well, perhaps two or three other committees are meeting at the same time, and I have to decide which one to attend. To put an end to this sort of thing I would suggest that the special committee consider making the two Senate leaders ex-officio members of all committees except the Committee on Divorce. I am sure the leader of the government, like myself, is eager to attend any Senate committee that may be sitting; but when several committees are meeting at the same time, the problem is to decide which one to attend.

I agree with the leader that we should organize our committees right at the beginning of the session. I admit that I have attended only two or three openings of this house in the last fifteen years, one of them being when I was sworn in; but I do not think it right to ask those of us who live in the far east or the far west to come all the way to Ottawa for one day and then to sit around idle for four or five days. I also entirely agree with the leader's proposal that the Committee of Selection be appointed on the day that parliament opens, and that the Divorce Committee be set up the following day. The Committees Branch could then notify divorce petitioners that the Divorce Committee would commence its hearings on the following Monday morning. Strictly speaking, of course, the divorce petitioners are supposed to receive so many days' notice; but there are always many of them who are willing and eager to have their cases heard immediately. Then, as is the practice this year, the Divorce Committee could meet from Monday through to Saturday. I also think that those seeking divorces should be told that no more petitions will be accepted when the list is closed. In other words, anyone who is not ready to proceed with his case

when parliament opens will have to wait until the following session. There is no doubt that we do not like the job of handling divorces. The longer one serves on the committee the more one dislikes it, and finally he rebels and some other fellow takes his place for a while. The courts of our country set aside certain days for hearings, and if a case is not on the list it has to wait a month or six weeks until another list is ready. The same principle should apply here. Petitioners come to us on a Monday and say, "I am on the list for today, but I am not ready to proceed. I would like to be heard on Thursday". This is not right.

It must be very nice to live as close to Canada's capital as do the Ontario and Quebec members; but we who come from the four western and four eastern provinces would like to work five days a week in an effort to clean up our business and then be allowed to go home until such times as new legislation comes to us from another place. This is what we should like, and what any sensible person should like, anyone who says otherwise is drawing on his imagination.

I have just one more point to make. I regret that my honourable friend from Bedford (Hon. Mr. Nicol) has left the chamber. The leader suggested that before this session terminates the government should introduce a plan for the constitutional reform of the Senate. He added that if this were not done he would be prepared to submit certain constitutional ideas of his own to the Senate. This is his right and privilege, but I would recommend to all honourable senators that they read over several things I shall mention. First, they should read the memorandum prepared by the Parliamentary Counsel of the Senate, Mr. MacNeill, on the debates that took place at the time of confederation. This will explain why the Senate was put in our constitutional system. Then I would ask them to read the House of Commons *Hansard* of 1886. That is really something! Confederation had been in existence only nineteen years, and Sir John A. Macdonald, one of the chief fathers of confederation, was still Prime Minister of Canada. In 1867 he nominated to the Senate, seventy-two persons who were in favour of confederation: thirty-six with Liberal views and thirty-six with Conservative views. In 1873 his government was defeated and the Honourable Alexander Mackenzie became Prime Minister. During Mackenzie's term of office from 1873 to 1878 some of the senators passed on and their places were filled. In 1886, during the course of the budget debate in the House of Commons Mr. Mills, a former member of the Mackenzie government and a former Minister of Justice, moved an amendment criticizing the Senate. It has

struck me that some newspapers which have been criticizing the Senate within the last three months must have copied parts of Mr. Mills' speech almost *verbatim*. The editors probably had not the ability to write such material themselves. Sir John A. Macdonald replied to Mr. Mills, and I can assure you that if tomorrow the Prime Minister was challenged by opposition in another place he could present a perfect answer simply by reading Macdonald's speech. After explaining the purpose of the Senate, Macdonald said, in effect, "My honourable friend complains that senators do not want to do any work, and that they do not represent the people. Well, whom do we in the House of Commons represent? I maintain that I have the confidence of this house, and that my supporters have the confidence of the people. And the Senate also must be carrying out the wishes of the people, for it has always accepted the legislation we have passed."

Sir John pointed out that during the five years when the Alexander Mackenzie government was in office the majority in the Senate was politically hostile to that government's policy, but he asked Mr. Mills if there had ever been any trouble in getting its legislation through this house. Then he went on to refer to the British constitution, and he discussed the problems peculiar to an elective chamber. Macdonald's speech is a most interesting one and well worth reading today. I believe that if some of our newspaper editors would take time to read it and to quote what he said in reply to Mr. Mills, there would not be so much agitation on this question.

Senate reform was advocated sixty-four years ago. No reform had been proposed prior to that, either by Macdonald or Mackenzie. Macdonald and his Conservative successors remained in office until 1896, and there was no move to reform the Senate in that period. Then from 1896 to 1911 we had another great Prime Minister, Sir Wilfrid Laurier. At the beginning of his term the Senate was composed almost entirely of Conservatives, yet I can find no record of any important reform of the Senate advocated by him. Sir Robert Borden, another eminent Prime Minister, came to power in 1911, and again there was a politically hostile Senate, but the only difference that occurred between him and this chamber was over his proposal that the number of senators from Western Canada be increased from sixteen to twenty-four, in order that the representation of the four Western provinces might be equal to that of the other three senatorial divisions. The Senate agreed to the increase, with the proviso that it should not become effective until after the next election. I think the

Senate was right in that, and apparently Sir Robert Borden thought so too, for he raised no objection.

Honourable senators will recall that a few years ago the government of the day fell in line with the stand taken by the Senate on another question. The government brought down a bill to make the Foreign Exchange Control Act permanent legislation. This house did not like that and, by a large majority, suggested that the extension of the Act be limited to two or three years. In one of our committees the Acting Minister of Finance, who is now the minister, was asked what he thought about the suggestion, and he said that he personally had no objections, but he did not know whether the government would agree to it. However, within two or three days he notified us that the government was agreeable.

I mention these instances by way of pointing out that when the Senate makes an amendment to any part of the government's program, it does not do so out of hostility to the government.

My honourable friend has suggested constitutional reform of the Senate. Well, the Senate cannot be constitutionally reformed without its own consent. That statement may be challenged, but I assert that that is one of the results of the legislation passed last fall by the United Kingdom Parliament to enable Canada to amend its own constitution. Prior to that time, if the House of Commons had passed a resolution addressed to the Imperial Parliament, praying for Senate reform, that parliament, with a socialist majority in the House of Commons, might have acted on the resolution.

Hon. Mr. Marcotte: I do not think so.

Hon. Mr. Haig: You may be right, but my point is that the United Kingdom Parliament could have done that.

Hon. Mr. Crerar: May I interrupt the honourable gentleman? Does our constitution not provide that such resolutions have to be presented by way of a joint address from both houses of parliament?

Hon. Mr. Haig: No, it does not. The practice has been to have resolutions accompanied by a joint address, but I cannot find anything making this necessary.

I feel sure that there is no member of this house who is not wholeheartedly in favour of making the Senate the most useful body that it can be in our system of confederation; and if in order to bring that about it is necessary to reform this chamber by changing either the method or term of appointment, or in any other way, that would have the support of every senator. It goes

without saying that we would not be fit to be senators if that were not so. At the same time let us keep in the back of our minds the purpose for which the Senate was created. I am not going into that further just now, for the whole matter is fully treated in the speeches by Mills and Macdonald and the review by Mr. MacNeill.

I should like a newspaper editor or a demagogue inside or outside parliament—for there may be some in parliament—to point out to me one instance in the eighty-three years of confederation when the Senate acted contrary to the purpose for which it was originally established. Further, I should like someone to refer me to a single instance in which the Senate resisted the House of Commons and that house came back and fought the Senate on the issue. Nobody can show me an instance of either kind, for there has never been one. In the election campaign of 1917 Sir Robert Borden did not make an issue out of the Senate's refusal to agree to an increase in the number of Western senators until after the election. He did not complain, as he might have done, that the Senate took this stand in the hope that the Liberals might win the election and have the say as to who the new senator should be. That question was never raised at all.

I am glad that the leader of the government (Hon. Mr. Robertson) has proposed the appointment of this committee, and I say again that I hope every senator will realize the importance of the committee's work. It is in the interest of all of us and of the country at large that this committee should have placed before it all the useful suggestions and information that can be obtained, and I would ask every senator who is not on the committee to co-operate with us to the fullest in this respect.

One problem that I think should be discussed was brought to my mind by the senator from New Westminster (Hon. Mr. Reid). When I first came here I felt as I think he does, that a new member finds it difficult to be appointed to committees where he thinks he can do the most good. It is all very well to say that every senator is free to attend the meetings of any committee, but one does not like to take part in the proceedings of a committee of which one is not a member. I was at such a committee yesterday, and somebody wanted to know why I was so quiet. I did not dare let on that I was not a member of the committee.

Honourable members, I hope the house will see fit to pass this resolution. Whatever the result, I trust that it will make the Senate more efficient and useful to the people of Canada.

Hon. Mr. Euler: The honourable leader opposite paid a compliment to the honourable member from Churchill (Hon. Mr. Crerar) and myself, when he suggested that we should do a little thinking. It occurs to me that my friend is offering a rather negative defence of the Senate when he says that in all its eighty odd years it has never done anything wrong. Would it not be better to tell the people of the good things it has done?

Hon. Mr. Haig: The late Senator Murphy, in his speech, covered that subject fully. I do not wish to enter into that branch of the argument for the reason that it is not necessary to do so to meet the charge which the Senate is facing. The charge against this house is either that it is useless or that it is a threat at the present time to provincial legislatures whose parties have no representation here. Let us suppose that at the next general election there was a swing towards the Social Credit party. There would then be a fear that this house would resist the proposals of such a government. I do not think that such prejudices exist in this chamber. If my honourable friend will refer to the speech of the late Senator Murphy he will see that this house refused to approve certain railway extensions, the estimated cost of which would have been sufficient to pay the salaries of senators for the next hundred years.

Hon. Mr. Euler: That is a better defence than to say that it has done nothing wrong.

Hon. Mr. Haig: There are many cases in which the Senate resisted the passage of legislation proposing expenditures. I did not mention those points because they do not answer the charges made by the press.

Hon. Thomas Reid: Honourable senators, as one of the junior members of this house, I have not the temerity to present my views on the question of reformation to be considered in this chamber. I rise particularly to commend the honourable leader of the government for introducing his resolution concerning the functions of the Senate committees, and to say a word about those committees to which the estimates have been referred.

The honourable leader opposite (Hon. Mr. Haig) brought me into the debate this afternoon by saying that when he came to the Senate he was like the member from New Westminster—eager to get on committees. I want to assure him that I take my committee work seriously, and the day that I am unable to attend the meetings of the committee of which I am a member I shall resign. When I get on a committee I want to go to work;

and I believe that before a member is re-appointed it should be shown that he has attended the meetings of the previous session. I do not believe in the age-old practice—that just because a man has been here for years that he should be re-appointed to certain committees year after year. I think there is a great deal of merit in the suggestion that the records of the committee should be examined in order to determine what members are attending the meetings.

My suggestion has to do with the standing committees which are studying the estimates. It is perhaps too early to judge the results of their work, but I think they are doing a splendid job. I would point out to the leader of the government that the most serious matter before parliament is the tremendous government expenditure which is taking place. It would seem that the various branches of the government are vying with each other to see how much money they can spend.

Those of us who have had experience in the other house know full well how the estimates are prepared. The minister has no time to prepare the estimates for his department, so his deputy comes up with an estimate of, say, \$200 million for the year. Then some move is made before the Treasury Board, and the estimates are placed before parliament. Everybody knows that what happens in the other place by way of review of expenditures is just a farce. Up to the present time the estimates have been left until the dying days of the session, and we have all seen a billion dollars voted within half an hour. Nobody has had the temerity to call a halt to such procedure. I am wondering whether we in this house, who are not looking for votes, will dare to call a halt on some of the expenditures which appear to have got out of hand, or whether the same psychology, that the government must be supported at any cost, will continue.

I am just a little concerned about the results of the work we are doing in the committees. There is a great deal to be said for the American system—of course it cannot be introduced here—under which the estimates of the government go before a Senate committee, where they are pared down. The Americans have an advantage over us in that respect, and I think the special committee which is now being set up would do well to consider the appointment of two or three standing committees to consider the estimates. In that way we would not spread the subject amongst so many committees, and there would be some check as to overlapping of expenditures.

Later the committees could bring in recommendations with a view to economy and, if necessary, we could eliminate certain of the estimates placed before parliament. I think that if standing committees for considering the estimates could be set up along the lines I suggest, a greater service would be done for the people of Canada than we are now doing by giving relief to a few people through the work of the Divorce Committee.

Hon. Mr. King: Honourable senators. I move the adjournment of the debate.

The motion was agreed to.

PRIVATE BILL SECOND READING

Hon. J. A. McDonald moved second reading of Bill K-4, an Act to incorporate the United Security Insurance Company.

He said: Honourable senators the purpose of this bill is to incorporate a new insurance company under the terms of the Canadian and British Insurance Companies Act, with headquarters at Halifax.

The capital stock of the company is authorized at \$1 million, to be divided into shares of \$10 each. The bill contains restrictions to protect the public, and provides that the company shall not commence business until a minimum amount of the authorized capital stock has been subscribed.

The bill has been submitted to the Superintendent of Insurance, and has his approval. It has also been referred to the Parliamentary Council of the Senate, and has been approved as to form. I am told that the bill is typical of those passed upon the incorporation of other companies under the authority of the Canadian and British Insurance Companies Act of 1932, and that it contains no unusual provisions.

If the bill is given second reading, I intend to move that it be referred to the Standing Committee on Miscellaneous Private Bills, where the Superintendent of Insurance will be called to answer any questions as to detail.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. McDonald moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Ross, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Aseltine) moved the second reading of the following bills:

Bill L-4, an Act for the relief of Ethel Bell Lifshitz.

Bill M-4, an Act for the relief of Martin Matthew Waagemans.

Bill N-4, an Act for the relief of Elaine Ruby Cooper Pierre.

Bill O-4, an Act for the relief of Gertrude Toulch Standard.

Bill P-4, an Act for the relief of Thomas Gordon Williams.

Bill Q-4, an Act for the relief of Ethel Lerner Baker.

Bill R-4, an Act for the relief of Robert Earl Skinner.

Bill S-4, an Act for the relief of Chasia Berger Wolf.

Bill T-4, an Act for the relief of Henry William Askew.

Bill U-4, an Act for the relief of Lemman Makinson.

Bill V-4, an Act for the relief of Rose Anna Levesque Kirkland.

Bill W-4, an Act for the relief of Douglas Barrymore Stone.

Bill X-4, an Act for the relief of Nancy Doris Evan-Wong Meade.

Bill Y-4, an Act for the relief of Louise Elizabeth Garner Mitchell.

Bill Z-4, an Act for the relief of Vivian Pearl McCrea Gunning.

Bill A-5, an Act for the relief of George Bruce Lancaster.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: When shall these bills be read the third time?

Hon. Mr. Haig: Now.

Hon. Mr. Ross: I so move.

The motion was agreed to, and the bills were read the third time, and passed, on division.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, April 28, 1950

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

Prayers and routine proceedings.

AERONAUTICS BILL

REPORT OF COMMITTEE—CONSIDERATION
POSTPONED

Hon. Mr. Reid presented the report of the Standing Committee on Transport and Communications on Bill J-4, an Act to amend the Aeronautics Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Transport and Communications to whom was referred the Bill J-4, an Act to amend the Aeronautics Act, have in obedience to the order of reference of April 24, 1950, examined the said bill and now beg leave to report the same with the following amendments:—

Page 6, line 23: Delete "such".

Page 7, lines 10 to 19 both inclusive: Delete proposed section 24.

Page 7, line 20: Renumber proposed section 25 to read 24.

Page 7, lines 24 to 32 both inclusive: Delete proposed section 26 and substitute therefor the following:

"25. In any action or proceedings under this Act or any Regulations made thereunder.

(a) Any document purporting to be certified by the Secretary or Assistant Secretary of the Air Transport Board and sealed with the seal of the Board or any document purporting to be certified by the Secretary of the Department of Transport, to be a true copy of any minute, decision, licence, permit, certificate, order, instruction, book of reference, book entry, or other document or any part thereof, shall without proof of the signature of the Secretary or Assistant Secretary of the Board or of the Secretary of the Department of Transport as the case may be, be prima facie evidence of the original document, of which it purports to be a copy, made, given, or issued by or by the authority of or deposited with the Minister or the Board as the case may be, and that the same was made, given, issued or deposited at the time stated in the certificate, if a time is stated therein, and is signed, certified, attested, or executed by the persons by whom and in the manner in which the same purports to be signed, certified, attested or executed as shown or appearing from such certified copy;

(b) A certificate purporting to be signed by the Secretary or Assistant Secretary of the Air Transport Board and sealed with the seal of the Board or a certificate purporting to be signed by the Secretary of the Department of Transport, stating that a valid and subsisting licence, permit, certificate or other document of authorization under this Act or any Regulation made thereunder has or has not been issued by the Minister or the Board, as the case may be, to a person or persons named in the said certificate, is prima facie evidence of the facts therein stated, without proof of the signature or of the official character of the person appearing to have signed the same and without further proof thereof".

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

Hon. Mr. Reid: With leave, at the next sitting of the house.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Ross, for the chairman of the Standing Committee on Divorce (Hon. Mr. Aseltine) presented the following bills:

Bill C-5, an Act for the relief of Lillian Soper Pearce Smith.

Bill D-5, an Act for the relief of Antoinette Carriere Lepine.

Bill E-5, an Act for the relief of Marjorie Blythe Shore Marriott.

Bill F-5, an Act for the relief of Norman Harold Lucas.

Bill G-5, an Act for the relief of Blanche Irene Aurore Schryer Batryn.

Bill H-5, an Act for the relief of Leah Judith Godfrey Green.

Bill I-5, an Act for the relief of Phyllis Martin Payne.

Bill J-5, an Act for the relief of Geraldine Estelle Leduc Brunet.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Ross: With leave, at the next sitting of the house.

STANDING COMMITTEES—THEIR CONSTITUTION AND FUNCTIONS

MOTION

On the Order:

1. That a special committee of the Senate be appointed to review the constitution and functions of the standing committees of the Senate and to make such recommendations to facilitate the business of the Senate as it may deem necessary or expedient.

2. That the said committee be composed of the Honourable Senators, Aseltine, Beaubien, Bouffard, Burchill, Farris, Fogo, Haig, Hayden, Hugessen, Lambert, Moraud, Robertson.

Hon. Mr. King: Honourable senators, I ask that the order stand until Tuesday; although, if any honourable senator wishes to speak today to the motion I would be quite willing that, with the consent of the Senate, he should do so.

The Order stands.

The Senate adjourned until Monday, May 1, at 8 p.m.

THE SENATE

Monday, May 1, 1950

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

Prayers and routine proceedings.

PRIVATE BILL

FIRST READING

Hon. Mr. Gladstone presented Bill K-5, an Act to incorporate the Canadian Commerce Insurance Company.

The bill was read the first time.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Ross, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Aseltine) moved the second readings of the following bills:

Bill C-5, an Act for the relief of Lillian Soper Pearce Smith.

Bill D-5, an Act for the relief of Antoinette Carriere Lepine.

Bill E-5, an Act for the relief of Marjorie Blythe Shore Marriott.

Bill F-5, an Act for the relief of Norman Harold Lucas.

Bill G-5, an Act for the relief of Blanche Irene Aurore Schryer Batryn.

Bill H-5, an Act for the relief of Leah Judith Godfrey Green.

Bill I-5, an Act for the relief of Phyllis Martin Payne.

Bill J-5, an Act for the relief of Geraldine Estelle Leduc Brunet.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: When shall these bills be read the third time?

Hon. Mr. Ross: With leave of the Senate, now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

AERONAUTICS BILL

CONCURRENCE IN COMMITTEE AMENDMENTS

The Senate proceeded to consideration of amendments made by the Standing Committee on Transport and Communications to Bill J-4, an Act to amend the Aeronautics Bill.

Hon. Mr. Reid moved concurrence in the amendments.

Hon. Mr. Farris: Honourable senators, I think there is a clerical error in the sixth line from the bottom of the amendment to paragraph 25. It reads "by the Minister of the board". I take it that it should read "by the Minister or the Board". I do not imagine a motion is necessary to correct this error, but it makes quite a difference in the amendment.

Hon. Mr. Robertson: It is correct in the report of the committee.

The motion was agreed to.

THIRD READING

Hon. Mr. Robertson moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 2, 1950

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

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill L-5, an Act for the relief of John Allen Young.

Bill M-5, an Act for the relief of Laura Kathleen Potter Stewart.

Bill N-5, an Act for the relief of Edna Hannah Keene Ley.

Bill O-5, an Act for the relief of Ada Friedman Mendelsohn.

Bill P-5, an Act for the relief of Ann Mitchell Rabinovitch.

Bill Q-5, an Act for the relief of Ernest Joseph Poirier.

Bill R-5, an Act for the relief of Maria De Gregoria Zarbatany.

Bill S-5, an Act for the relief of Jean Paul Verret.

Bill T-5, an Act for the relief of Gladys Eileen Hungate Norman.

Bill U-5, an Act for the relief of Marie-Anne Alice Lalonde Campey.

Bill V-5, an Act for the relief of Sadye Gasn Blidner.

Bill W-5, an Act for the relief of Lera Mary Rombough Kirkey.

Bill X-5, an Act for the relief of Micheline Loranger Major.

Bill Y-5, an Act for the relief of Jane Letitia Hardie Ball.

Bill Z-5, an Act for the relief of Russell Mowbray Meredith.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. Aseltine presented Bill A-6, an Act to incorporate Saskatchewan Mutual Insurance Company.

The bill was read the first time.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION POSTPONED

On the Notice of Motion:

By Hon. Mr. Euler:

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how for their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. Mr. Euler: Honourable senators, as I understand that a number of members desire to speak on this motion, I wish to inform them that I am not prepared to go on just now, and with the permission of the Senate I would ask that the motion stand until Tuesday next.

The Hon. the Speaker: The motion stands.

THE LATE SENATOR JONES

TRIBUTES TO HIS MEMORY

On the orders of the day:

Hon. Wishart McL. Robertson: Honourable senators, before the Orders of the Day are proceeded with, I regret that I must officially advise the house of the death of one of our colleagues, the Honourable George Burpee Jones, P.C., of Royal, New Brunswick, who died on the 27th of April. Senator Jones was born at Belleisle Bay, New Brunswick, on January 9, 1866, the son of Stephen Jones and Susan Eliza, his wife. He was educated at Apohaqui Superior School. He was a merchant, and for many years was president of Jones Brothers Limited, of Apohaqui, a leading New Brunswick lumber firm, and of the Bayside Lumber Company Limited. He held directorships in the New Brunswick Telephone Company and the Maritime Trust Company, and was Vice-President of General Dairies. For more than fifty years he was Chairman of the Apohaqui Superior Schools.

His political career started in 1908, when he was elected to the New Brunswick Legislature, and he was re-elected in 1912, 1917 and 1921. First elected to the House of Commons in December, 1921, he was re-elected to that house in the general elections of 1925, 1926 and 1930, and in the by-election of 1932. In 1926 he was appointed Minister of Labour in the Meighen government.

Senator Jones was summoned to this chamber in 1935, and brought here a very wide business and political experience. Until a comparatively recent date, when illness prevented his doing so, he was a faithful

attendant of the Senate. He was interested in all public matters, and was always anxious and willing to do everything in his power to advance the interest of his native province. He will be widely missed by his colleagues here.

Senator Jones is survived by a daughter, Mrs. Frank McMalkin and a son, Colby, and to them we extend our sincere sympathy in their bereavement.

Hon. John T. Haig: Honourable senators, this is the second time within a week that I have had occasion to rise in my place and speak of the passing of one of my party colleagues. I shall miss George Jones very much. His life furnished one of the outstanding illustrations of the high place that a young man, starting out with nothing, can carve out for himself in the business, educational and political life of Canada. Few, if any, men have enjoyed such a long political career without a single defeat. The records show that a few weeks after his last re-election to the New Brunswick legislature, in October 1921, he resigned from that body and successfully contested an election for a seat in the House of Commons.

I think the experience of the late senator as chairman of Apohaqui Superior Schools, a position which he held for fifty-eight years without defeat, and in which he was only twice opposed, was most unusual. I doubt if his record has ever been equalled; certainly it has never been surpassed.

Our late colleague made his greatest contribution to business. Having started in very humble circumstances, he worked for two or three years at practically apprentice's pay, and later developed a business that was unique in the Dominion of Canada. Though he operated in a small town of not more than five hundred people, I am sure he left a record of business acumen which has seldom been equalled.

George Burpee Jones started his career in a small province that had only a fair amount of natural resources, but he carved out for himself a great career. Such a thing could only happen in a country like Canada, and in view of the development that has taken place since 1866, our late colleague's example should be most encouraging to our young men and women who are starting out today. So much for the public side of George Burpee Jones.

As a member of the Senate he was a unique individual. I think we all realize at times that we should not indulge too much in politics. But I do not think it is bad for a man to remember the early days, when we had keen contests for political positions, and to recall the trials and tribulations of those days

and the things he did for his party or for himself, which in his heart of hearts he knows were really done for his country. I am sure that when George Burpee Jones went into the provincial legislature he did so because he liked the political activity and the combat; but by and large he did what he did for his province. He got a lot from the province of New Brunswick, and he wanted to return a lot to it. Then when he stepped into the wider sphere of Dominion political life he no doubt did so because he still liked the exhilaration that comes with the battle; but I am sure that his real motive was to work for the benefit of Canada. I have talked to our late colleague about these matters and I know his attitude in relation to them. I therefore find it hard to say what I have to say this afternoon. Several times he told me: "Jack, Canada has been good to me; I am going to be good to it". That is the kind of thinking we need in this country. It justifies the confidence of our people.

The late Senator Jones will be missed by all the members of this house—personally, I will miss him very much—and he will be missed by the business men and women whom he knew throughout Canada. His son and daughter will miss him most of all; but they may be happy in the thought that he made a great contribution to Canada. He contributed largely to the general goodwill, not only in the Senate of Canada, but everywhere he went; and we in this chamber will miss him sorely. He left a great record not only in this house but in the House of Commons and in the Legislative Assembly of New Brunswick, and today we honour his service to our country. So I say "Good-bye, George; I know you will be happy where you have gone; and I will always remember how happy you were here."

Hon. Felix P. Quinn: Honourable senators, having been associated with Senator Jones for many years, and as one of his colleagues in parliament for twenty-five years, may I join with the two leaders in paying tribute to his memory. Seldom are we called upon, as we have been in the case of Senators Antoine J. Leger and George B. Jones, to record the death, within three weeks of each other, of two members of this house, who represented adjoining constituencies in their native province and occupied seats together in this chamber.

Senator Jones lived to a ripe old age and enjoyed remarkably good health: he was active until his final illness. He was born of poor, honest parents in the province of New Brunswick, and having had but a common school education he had to go to work when in his teens. A firm believer

in free enterprise, he decided that he would enter business for himself. He was not one of those who parade with placards on their breasts and backs and carry a banner declaring that the world or the government owes them a living. Rather, he relied on his own efforts and his own industry.

When only twenty-one years of age he started in business. He went into the lumber industry, built a mill, and eventually opened a general store; and through his close attention to business and his industry and application he became one of the country's most successful business men.

He earned the confidence of the people not only in his own locality but throughout the province. That is demonstrated by the fact that he was called to the directorate of several very important corporations and, as the leader has pointed out, acted for nearly sixty years as chairman of the board of school trustees in his own locality; also by the fact that for forty-two years, without suffering one defeat, he represented his constituency in the Legislature of New Brunswick, and, since 1921, in the federal House of Commons, until his appointment to this chamber in 1935.

He entered the Senate at the same time I did. Nineteen of us took our seats on the same day. We then numbered sixty-nine; we filled one side of the house and overflowed to the benches at the rear of the opposite side. After a little over fourteen years but thirteen of us are left. During that period fifty-six on our side of the house, as well as many on the government side, have passed to the Great Beyond.

These events are a reminder of the uncertainty of this life and the short time allowed to us on this earth. They make me sad and remind me of the words of that beautiful poem "Oft in the Stilly Night" by the immortal bard of Ireland, Thomas Moore:

When I remember all
The friends, so link'd together,
I've seen around me fall,
Like leaves in wintry weather,
I feel like one who treads alone
Some banquet-hall deserted,
Whose lights are fled, whose garlands dead,
And all but he departed!

And so, honourable members, I lay my wreath upon the grave of our late colleague, George B. Jones, and I join with those who have already spoken in extending my sympathy to the ones he has left behind.

Hon. G. P. Burchill: Honourable senators, I should like to add a word to what has already been so ably said in tribute to the memory of the late senator from New Brunswick. During a long association in our native

province of New Brunswick and in this chamber, I grew very fond of Senator Jones and learned to admire his many fine qualities.

As the leader of the opposition has said, Senator Jones will be greatly missed by his colleagues in the Senate and the House of Commons, and by his many associates here in Ottawa. He will be missed by his business acquaintances throughout New Brunswick and elsewhere in Canada, but most of all he will be missed by the people in the little community of Apohaqui where he spent his life and carved out a career which should be an inspiration to the youth of Canada. I join with the preceding speakers in extending my sympathy to those whom he left behind.

PRIVATE BILL

SECOND READING

Hon. Cyrille Vaillancourt moved the second reading of Bill B-5, an Act to incorporate the Apostolic Trustees of the Friars Minor or Franciscans.

He said: Honourable senators, this is a bill to secure on a national scale the incorporation of a body of trustees who heretofore, incorporated under a special Act of the legislature of Quebec, passed in 1893 and amended in 1899 and 1936, have been administering the material interests of the Franciscan Order. Since its incorporation in Quebec, the Franciscan Order has founded several convents and other establishments across Canada, as a result of which it has been found advisable that the trustees be accorded by parliament the necessary incorporation and powers to enable them to discharge in all ten provinces the responsibility which heretofore they have carried on under a Quebec statute. The provisions of this bill are identical with those of bills of a like nature approved by parliament in the past.

I am not very familiar with this order, but I may say that the Franciscan Fathers are not permitted to handle financial matters and therefore trustees are appointed for this purpose. These trustees have the same powers as do trustees for other organizations. Witnesses will be available for questioning when the measure reaches committee, and a full explanation of the bill can be obtained at that time.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Vaillancourt moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

BUSINESS OF PARLIAMENT

SESSIONAL PROGRAM

Hon. W. McL. Robertson: Honourable senators, before proceeding with the next item on the Order Paper, I should like to make a brief statement about the work of the Senate generally. I have heard that there is some question being raised as to why the Senate should sit when there is a minimum of work before the house itself. I may explain that the purpose of having the house sit is principally to facilitate the work of the Senate committees, which, as honourable senators know, is taxing the capacity of not only our members but our reporting staff. If we had more legislation before us we would deal with it as usual, but I would remind the house that the work of the Divorce Committee and the Special Committee on Human Rights and Fundamental Freedoms is making unusual demands on the members of our stenographic staff, and any lengthy sittings of the Senate at this time would place a very heavy burden on them.

I am anxious that the Senate, by disposing of its work at the earliest possible moment, should in every way facilitate the House of Commons in dealing with its tasks. I have always felt that the public generally does not appreciate the heavy work and responsibilities of both government members and private members in another place. Their daily routine is very strenuous. Members of the government have to deal with departmental matters, correspondence, government meetings, committee meetings, and in addition have to attend the long sessions of the House of Commons itself, which carries on from three o'clock in the afternoon until eleven o'clock at night throughout the week, except for Wednesday nights and Saturdays. Private members have their correspondence to handle, and they must visit government departments in the interests of their constituents. Further, they have much committee work to do and they have to attend long sittings in the house itself.

Since the Senate must sooner or later pass every bit of legislation which goes through parliament, I have often felt that some further redistribution of responsibility as between the two houses could be arranged so that the very heavy work of the House of Commons would be lessened. If a satisfactory redistribution could be arrived at, it would contribute greatly to the shortening of each session of parliament. Such a program was arranged some years ago when the Senate assumed the major responsibility in the handling of divorce bills. In the meantime, all

we can do is to put our house in order, and plan accordingly, to render our maximum service.

I must say that I was disturbed to read in the columns of a morning newspaper yesterday that the prevailing opinion in House of Commons' circles is that parliament will not prorogue until some time in July. It is difficult for me to believe that this would be a pleasant prospect for anyone connected with parliament, be he a member of the government, a private member or a departmental official. Except for the intermission over the Christmas holiday season, parliament has been in session more or less continuously since last September.

Now I do not wish, and I do not think anybody else wishes, to see any member deprived of his or her traditional right to consider matters which come before parliament, but I believe honourable senators will agree with me when I say that, generally speaking, the weather conditions in Ottawa in the latter part of June and during July are not such as to lend themselves to very efficient work on the part of parliament.

Personally, I should like to see an arrangement whereby the work of the session would be completed not later than the latter part of June each year, and, if possible, by the end of May; and I think that members of parliament generally hold this view.

In order that we may make our maximum contribution, I am going to ask the Senate to sit from Monday through to Friday every week, until at least the end of May. So far this session we have received from the House of Commons seven bills, and have dealt with them. We have forwarded to that house 139 bills, including divorce bills, and I hope that any other legislation which comes before us will be dealt with as speedily as is consistent with careful consideration, in order that the House of Commons may have the measures at as early a moment as possible. I should like to suggest to the Divorce Committee that it consider completing its hearings not later than May 19, in order that the bills resulting therefrom may be dealt with and sent to the House of Commons not later than the end of May. Also, if possible and convenient, I should like to see the Special Committee on Human Rights and Fundamental Freedoms and the committees on the estimates complete their investigations and present their reports by the end of May—always provided, of course, that they are able to complete their work within that time to their satisfaction.

I am sure that the Senate would be prepared to assume any other responsibilities

that might be practical, and if it were agreeable to the House of Commons, and feasible, I would be happy to recommend that the Senate participate in a joint conference with that house to consider how the work of the session could be expedited.

STANDING COMMITTEES—THEIR CONSTITUTION AND FUNCTIONS

MOTION

The Senate resumed from Thursday, April 27, the adjourned debate on the motion of Hon. Mr. Robertson:

1. That a Special Committee of the Senate be appointed to review the Constitution and functions of the Standing Committees of the Senate and to make such recommendations to facilitate the business of the Senate as it may deem necessary or expedient.

2. That the said Committee be composed of the Honourable Senators Asetline, Beaubien, Bouffard, Burchill, Farris, Fogo, Haig, Hayden, Hugessen, Lambert, Moraud, Robertson.

Hon. J. H. King: Honourable senators, I propose to speak only briefly to this motion that was moved by the leader of the government on April 27. The senators whom he nominated would, I am sure, constitute an excellent committee, and one fairly representative of the members of this house. However, I am going to suggest to the leader that he add to the committee two and possibly three of the most recent appointees to the Senate who were formerly members of the House of Commons. I believe their addition to the committee would bring to it a reflection of the feeling of the House of Commons towards this chamber. I would not press my suggestion, but I believe that if it were carried out it would work to the committee's advantage.

I think the leader of the government is to be commended upon his desire to facilitate the organization and work of our committees, so that we may find useful employment at certain periods of the parliamentary session when otherwise there would not be much for us to do. He has suggested that the Divorce Committee should begin its work each session almost immediately after the opening of parliament. I can see no objection to that and I think it could be easily arranged. I believe there has been a growing feeling that to be a member of the Divorce Committee is rather *infra dig.* That should not be so. At the time of Confederation jurisdiction in marriage and divorce was assigned to the federal parliament, and the hearing of divorce applications was a duty assumed by the Senate, in accordance with the practice in Britain, where this subject is considered by the House of Lords. I think it is to the credit of the Senate, and of parliament as a whole, that although a very large number of divorce cases

have been dealt with here in the last eighty-three years, nothing has occurred in connection with them to defame or lower the status of our committee. That committee in the past was considered so important that it was presided over by some of the most prominent members of the Senate, including Mr. Ross, an able lawyer from Halifax, and Sir James Lougheed, of Calgary, another able lawyer. The Honourable Mr. Willoughby, of Moose Jaw, who was leading this house when I entered it in 1930, was also for some years chairman of the Divorce Committee. Later on I became a member of the committee and served on it for some eight or nine years. I took on the work in succession to the late Dr. Rankin, at the request of the then leader of the Senate, the Right Honourable Arthur Meighen, who represented to me that the committee needed a member with medical experience. Mr. Meighen put the matter to me in a very tactful way. He said, "King, I know you are too young for the work, but will you act on that committee?"

In the Divorce Committee three members are a quorum. If a large committee were appointed—and there is no reason why this should not be done—the members could arrange among themselves to distribute the sittings so that the hearings could continue even if the Senate were adjourned over the slack period that usually intervenes between the debate on the Speech from the Throne and the bringing down of legislation in the House of Commons. I do not see why there should be any difficulty about this. After all, members of this house are appointed to serve under the constitution and to perform the duties devolving upon them by reason of their appointment. No hardship would be caused to honourable senators by continued sittings of the committee during a relatively short period while the Senate itself was adjourned, and I quite agree with the honourable leader (Hon. Mr. Robertson) that the committee should start its work almost immediately after the opening of parliament, and continue from day to day until its business for the session is disposed of.

Over the course of time various provinces have established their own divorce courts, but if I read the constitution aright any citizen of Canada has the privilege of filing petition for divorce with parliament. It might be that the Senate would say, "We will not hear your petition because you have the right to go to a court within your own province." Nevertheless, I think every citizen has the right to file a petition for divorce with the federal parliament in Ottawa.

Let us not worry too much about this question, for no government in Canada would undertake to force any province to establish

a divorce court. We hear suggestions made that there should be some other arrangement than now exists, but it is my belief—and it must be the view of most honourable senators—that during our lifetime divorces will continue to be heard by the Parliament of Canada. In the course of years it may be that the provinces which have not yet seen fit to establish a divorce court will reach the conclusion that this question should be dealt with provincially. I think at the present time we waste a great deal of time debating the question of when and how parliament may dispose of its responsibility in the matter of hearing divorce petitions. To my mind it is not possible for parliament to rid itself of this responsibility, and we might as well accept the situation.

As to the work of the Divorce Committee, I may say that I have served on many committees but in no other did I find a more absorbing interest than I found in the Divorce Committee. There one learns much of human nature and witnesses human frailties; there one sees what the ordinary man does not see, and experiences are gained which are valuable through life. If those who are appointed to the Divorce Committee have any anxiety about the burden and worry of the committee, they will find compensation in the knowledge that they are rendering a service to a certain branch of society. I hope, Mr. Leader, you will succeed in prevailing upon your committee to accept your suggestion that the work of the Divorce Committee proceed almost immediately after the house has been called into session.

The leader, in his desire to give useful employment to the senators, has undertaken this year to have the estimates—which had been tabled in the House of Commons but had not been explained by the ministers—placed before certain committees of this chamber. I cannot concur in that procedure.

We enjoy the benefit of having the views of Eugene Lafleur, Aimé Geoffrion and John S. Ewart—perhaps the most able constitutional authorities of their time in Canada—as expressed in a memorandum which forms part of the report of the Special Committee of the Senate on the rights of this house in matters of financial legislation, of which the late Honourable W. B. Ross was chairman. The learned gentlemen whom I have named said that the Senate had the right to investigate and inquire into governmental expenditures. Obviously that right has not been exercised.

It has been stated that I contravened the practice when, as government leader in this chamber, I introduced a resolution very similar to that of my good friend the present

leader, to investigate the estimates which had been tabled in the House of Commons but had not yet been discussed there. I was very careful at that time about what I did. I merely revived the Finance Committee, which had been set up in the early stages of the First Great War to consider war expenditures. Once the budget was brought down in the House of Commons it was my desire to utilize it and get an indication of the policy of the government in the matter of expenditures, but there was no intention or suggestion that we as members of this chamber should undertake to investigate estimates, which had not been dealt with by the ministers responsible for them. We carried on in that way after the budget resolution came down.

As honourable senators know, once the Finance Minister makes his budget speech the information contained in the budget becomes public property and is discussed by various associations of bankers, boards of trade and other public bodies, as well as in the home. At the time I am referring to, we considered the budget as presented, and from time to time called various ministers to explain their estimates. I think very useful information was obtained, and the financial policy of the government was determined.

Of course at that time the Senate was a different body from what it is today. We had a very effective opposition, there being a difference of only eight or ten members between the two parties. It was to my advantage as leader of the government to see that the opposition, which was fairly vocal, had the information it asked for. That arrangement worked out to the advantage of both the Senate and the House of Commons.

I have had a fairly long experience in public life, and I know that there are certain features of the Parliament of Canada, as constituted, which must not be disregarded. As a member of the House of Commons I was twice the minister of a large-spending department of the government. If the leader of the Senate had requested me, as Minister of Public Works, for example, to appear before a committee of this house and explain the estimates of my department before I had explained them to the elected chamber of parliament, I would have refused to attend, and I would have forbidden the officers of my department to do so. True, the leader of the Senate might have had the power to compel me to attend, but I would have been an unwilling witness, and I know that the view prevalent among the legal fraternity, at least, is that unwilling or biased witnesses are not desirable. So, while the objective of the leader is commendable, I protest absolutely against action on our part to bring before our

committees ministers or deputy ministers to tell us in advance what should first be communicated to the elected chamber.

As we all know, money bills can be introduced into the House of Commons only by a minister and with the consent of His Excellency the Governor General. And there is one bill, the supply bill, which has precedence over all others. It comes in at the front door; it is presented by the Speaker of the House of Commons, the elected house; it is taken from him and becomes the first consideration of members of the elected chamber of this parliament. We should, I think, keep that fact in mind; and I hope it will have the careful attention of the committee which is to be set up. After all, the amenities that must exist between the two branches of parliament are of great importance. If we are to perform the duties which are expected of us as a parliament, there should be the closest relationship possible between the two branches. I had occasion to look up the definition of the word "amenities". It is most interesting and has a very broad application. Let me read some of the meanings that are given: "pleasantness, agreeableness, affability, amiability, blandness, graciousness, obliging manner, good manners and good breeding". Is it not the desire of every member of this senate that we, individually and as a group, have these qualities? Is it not desirable that we of this chamber should maintain these qualifications?

I have mentioned the committee under the chairmanship of Mr. Ross which considered the matter of expenditures. I feel very strongly on this matter. I realize, of course, that the leader, in proceeding as he has done this year, must have had the consent and the opinion of Council; but he is moving on the assumption that the estimates will be presented next year as early as they were this year. I have great doubt that that will occur. I know something about the preparation of estimates, what it means. Estimates are the things that bring men to the elected chamber of parliament, where they are enabled to make representations to the government, to the ministers and to the officers of various departments as to their requirements and those of their constituents. It is true, because the house prorogued in April and a general election intervened between sessions, that at the earlier session the full amount of the estimates for the year was not voted, but only sufficient for requirements until the end of September. Therefore it was necessary for us to meet later to pass the estimates for the balance of the year. The completion of the budget was also withheld. When we came back the appropriate resolutions were brought down and in March or April were

proceeded with and concluded. But in that period we had a new parliament: about one hundred new members were elected to the House of Commons. Before this session opened they had the opportunity of going to the ministers and various officials and of explaining their requirements, and that, in my opinion, was the reason why the estimates were presented early this year.

I cannot believe that it is the intention of the government, or, if it were, that the Liberal party would acquiesce in it, to declare on the first or second day or in the first week of the session, "These are the estimates we place before you, and these are the estimates you will accept." That is not Liberalism, nor is it a practice which will be continued in this parliament. The elected representatives will always have the right to go to the various departments of government and explain their requirements; and when I say that I do not mean only the supporters of the government, but every member of parliament. From my own experience I can say that nothing pleased me more than to have a member of the opposition come and discuss with me the requirements of his district. The suggestions of the members making representations were noted, and if they were considered to be worthy and advisable and practicable, provision for them was included in the estimates, the items went to Council and were discussed there, and from there passed to the Treasury Board, and those that got through, got through. My point is that, if we are to have responsible government, those who are elected to the other chamber must have the right and the opportunity to do those things which they think necessary in the interests of their constituencies.

I would not hope that committee work would continue on the lines which were followed this year. The honourable senator from Wellington South (Hon. Mr. Gladstone) pretty well exposed the situation the other day. From experience this year with his committee he had this to say:

Relative to the work of the Committee on Estimates: one committee on which I have the honour to serve was attended by some six or eight senators; departmental officials attended; questions were asked and some valuable information was elicited. But no record was kept. The information contained in the answers could in no way come to the knowledge of other honourable senators; neither could the questions and answers be known to the elected representatives of the people in the other place. I am just wondering what is the value of carrying on in this way.

I think experience will show that we are out of step when we undertake to summon

ministers to the Senate to explain the estimates before they are explained in the House of Commons, where the elected members have the primary interest in them.

The honourable leader has also said that it is his purpose to make definite proposals for Senate reform, on his own responsibility as Senate leader. Well, if there is to be cohesion and unanimity in government circles, ministers should not declare their own personal views, especially on matters of such magnitude as the reform of the Senate. Surely if we are to get leadership and advice from those who are really the elected representatives of the people of Canada, the information must come from a minister of the government who can say that he is speaking for the government and not just for himself.

I have high regard for my honourable friend (Hon. Mr. Robertson). He is a clear thinker and expresses himself well; but I would suggest to him that he hesitate to make such a declaration in this chamber, because if he does, my reaction will be that he is "flying a kite"—you all know what that means—and I do not believe that he would lend himself to that.

The matter of Senate reform will shortly come to the fore, and I am doubtful if any minister or officer of the government will state his personal views about it, at least not until the meeting between the dominion and provincial governments in September. I have no doubt that this question will be thoroughly canvassed at that time, and perhaps something will come out of it all. We know what happened at the conference in 1928 when the provinces refused to take any action or make any suggestions about the reform of the Senate. The question is more pressing today, and representations about the constitution of the Senate will probably be made during the next dominion-provincial conference, and we may find that suggestions will be made for reforming the membership of this chamber and the method by which persons shall become members of it, but I doubt that the powers of the Senate will be greatly increased.

Honourable senators, I may have spoken too long, but I wanted to say a few words about this subject. What I have said has been said with a feeling of the greatest kindness and with no intention of offending anyone. I believe that we have a real problem to consider, and I do hope the committee which is to handle this matter will remember what I have said about amenities. The two houses of parliament must, if they are to fulfil their functions, move along from day to day with a view to carrying out the duties that have been prescribed to them by our constitution.

Some Hon. Senators: Hear, hear.

Hon. T. A. Crerar: Honourable senators, it appears to me that one point in this resolution requires clarification, and perhaps the honourable leader (Hon. Mr. Robertson), who presented it, can enlighten us. The operative part of the resolution is:

That a special committee of the Senate be appointed to review the constitution and functions of the standing committees of the Senate and to make such recommendations to facilitate the business of the Senate as it may deem necessary or expedient.

I think there would be a clearer understanding if it read "to facilitate the business of the committees", instead of "to facilitate the business of the Senate". As it reads now it appears that two responsibilities are placed upon the eminent gentlemen named to the committee: first, to review the constitution and functions of the standing committees of the Senate and, secondly, to make such recommendations to facilitate the business of the Senate as it may deem necessary or expedient. Here the words "business of the Senate" mean business of the Senate apart from the work of the standing committees. I do not know that this is what my honourable friend had in mind when he presented his resolution, and perhaps it would be useful to have this point clarified.

I should like now to comment on the remarks just made by the honourable senator from East Kootenay (Hon. Mr. King). I am not sure that I agree with the view he apparently holds, that it is not the function of the members of this house to examine estimates.

Hon. Mr. Euler: He does not say that.

Hon. Mr. Crerar: Perhaps I am not interpreting his remarks correctly or fully; but my understanding of what my friend said was that we should not ask ministers or their deputies to appear before committees of the Senate to explain estimates before they are explained in the other house.

Hon. Mr. Euler: That is different.

Hon. Mr. Crerar: As a matter of fact, if we were to adopt this practice it would mean that we would scarcely ever be able to consider the estimates for the simple reason that the Supply Bill, which covers all the estimates of the various departments, usually comes to us at the very end of the session. Under such procedure, therefore, it would be impossible for this house to give any consideration to the estimates in the main bluebook, which this year totalled \$2 billion 308 million. I would remind honourable members that when the estimates are submitted by the government they are not just tabled in the House of Commons. This

house is just as much a part of parliament as is the other house, and consequently the leader of the government in the Senate formally places the estimates before us every session by tabling them, as he invariably does, when they are tabled in the House of Commons.

It may be a nice question how far the Senate, being a non-elective house, has the power or the right to inquire into the amounts of money asked for by the government for administrative purposes. Personally, I very strongly hold the view that the responsibility of senators in this respect, although we are appointed rather than elected members of parliament, is just as continuing and just as important as is that of members of the Commons. To anyone who accepts that view it follows logically that we are quite within our right in examining the proposals that the government submits to parliament—bear in mind, not to the House of Commons alone, but to parliament—for the expenditure of public moneys raised through the ordinary processes of revenue. Holding that view, I am bound to say that I find myself in some disagreement with my good and highly esteemed colleague from Kootenay, East (Hon. Mr. King).

Judged by the results that might come from it, I think the current examination by Senate committees is of value. If there is one thing that characterizes our public life today, it is the hazy and indefinite idea that the public in general has about public expenditures.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: That accounts for the frequent and perfectly ludicrous situation wherein a delegation appearing before the government or a minister advocates, in one breath, reduced taxes and, in the next breath, increased expenditures for this, that, or the other thing.

Hon. Mr. Reid: That is the new philosophy.

Hon. Mr. Crerar: It appears to me, at any rate, as our evidence of a certain confusion in the public mind. A lot of people these days seem to have the idea that governments get their money in some mysterious fashion, quite apart from payments by individual taxpayers. The point I am trying to make is that the more attention we give to these expenditures and the more light we throw upon them, the more intelligent will public opinion about them become, and to my mind that is a valuable service which our committees will render through their current examination of estimates.

I do not think it derogates from the dignity of a minister or a deputy minister or departmental official to be asked to appear before a Senate committee and explain what is proposed to be done with the money asked for, and to enlighten us as to why certain votes are needed. The asking for such information by this branch of parliament is no reflection on the government or on any minister, deputy minister or other official. Consequently I disagree with my honourable friend on that point. Frequently since I have been a member of this house we have had ministers explain their bills to some of our committees. That practice did not detract at all from the dignity or standing of the ministers concerned, and it gave this branch of parliament useful information which was necessary to enable us to discharge properly and adequately the functions that the constitution places upon us and that the people expect of us.

Hon. A. K. Hugessen: Honourable senators, I would not have intervened in this discussion had it not been for the most interesting speech which we heard a few minutes ago from our distinguished colleague from Kootenay East (Hon. Mr. King). I have the most profound respect for my honourable friend, and his views are entitled to a great deal of consideration because of his long experience as a member of the other house as a Minister of the Crown and as a member who has held the most distinguished offices in our own chamber. I must say, however, that in this particular instance I ask the liberty to disagree with some of the views that he has expressed.

However, right at the beginning let me say that I agree with him, and I think we in the Senate must all agree that the primary responsibility for the raising and the expenditure of public moneys does reside in the elected chamber. It would be most unfortunate if the Senate were to do anything which would give the other house the idea that we were in any way attempting to trench upon its well-known and fully recognized constitutional prerogative in that respect.

But the proposal made by our honourable leader (Hon. Mr. Robertson) which has been carried out this session by the various standing committees that have been examining the estimates, does not to my mind partake in any way of an infringement upon the prerogative of the other house. Rather, I would try to put the matter in another way. I should think that in making his proposal, which has been carried out this session, my honourable friend had two distinct objects in mind. The first was that by having our standing committees conduct a study of the

estimates—which, as was pointed out by my honourable friend from Churchill (Hon. Mr. Crerar), are placed before parliament and not only before one house—we are in a position to inform ourselves as to the details of public expenditures and the general public administration of the country. That, I say, was the first object which I think my honourable friend had in mind; that as members of a legislative branch of the parliament of Canada we should be in a position to have the fullest information about public moneys and their expenditure.

My honourable friend from Kootenay East (Hon. Mr. King) told us a good deal about the amenities which should exist between the two chambers. On this point also I thoroughly agree with him; but I think that the second object which the leader had in making his proposal is thoroughly consistent with it. I think that what he had in mind was an endeavour to assist the other place in the overwhelming amount of work which devolves upon it during the course of a session, with the result that under normal circumstances huge estimates involving the expenditure of hundreds of millions of dollars cannot be considered until the very end of the session. It seems to me that without derogating in any way from the prerogatives of the other house, the advantage of the practice adopted this year is to relieve the other chamber to some extent of the necessity of conducting a detailed inquiry into some of these estimates at the end of the session, when there is not time to do so properly.

I think, perhaps, there is a third advantage from the procedure to which I have referred. Honourable senators know that what happens in the other place is that the minister responsible for the particular department whose estimates are under discussion has his deputy sitting in front of him, and the minister himself gives the answers to such questions as may be asked of him after a momentary whispered conversation with the deputy minister. That, honourable senators is the way, year after year, in which the various departments are enabled to tell the public their stories about what they are doing and what their proposals are for the future. It seems to me that in adopting the system of having standing committees of the Senate summon deputy ministers before them to give an intelligent statement of what their department is doing, how it works, and what its hopes and ambitions are, we are doing a service not only to ourselves but to the departments, to the deputy ministers and to the public of Canada. As my honourable friend from Churchill (Hon. Mr. Crerar) has aptly remarked, the more the public of Canada

knows about the method by which the administration of this country is being carried on, the better it will be for the country and for democracy in general.

I feel, therefore, that I must disagree with my honourable friend from Kootenay East (Hon. Mr. King). It seems to me that in the past there has been a gap in what one might call the relationship between the departments of government and the public, resulting, as I have said, from the extreme pressure of time under which the other place finds itself at the end of the session. The fact that that is so is surely clear from the debates which have been going on in the other place during the last few days. All the suggestions that are being made about having an estimates committee in the other place result from the gap which now exists. I submit that the suggestion of my honourable friend the leader of the government, which has been carried out this year, was merely an attempt in the most friendly way to help the other place to bridge that gap.

Hon. Mr. Howden: Before the honourable senator sits down, I should like to put a question to him. There seems to be a general impression on the part of people everywhere that the primary function of the Senate is to review the work of the House of Commons before it is finally adopted. If that be so, would there not be a conflict to some extent by reason of our investigating the estimates before they have been dealt with by the House of Commons?

Hon. Mr. Hugessen: Well, as the honourable senator from Churchill said, and as I also have said, once the estimates are brought down they are before both branches of parliament, and technically there is nothing to prevent either branch from considering them.

Hon. Mr. Howden: But they have not yet been dealt with or considered by the House of Commons.

Hon. Mr. Davies: May I ask a question of the honourable deputy leader concerning the committees on estimates? After sitting for some time and hearing explanations by deputy ministers, would the committees have power to do anything? If they did not agree with certain estimates, could they reduce them?

Hon. Mr. Hugessen: Technically speaking, a committee could reduce estimates. I think, however, the advantage lies in the publicity which would attend a deputy minister appearing before one of our committees and explaining the work of his department. And mark you, honourable senators, deputy ministers and officials of departments, knowing that from now on, they may be called upon

personally to explain any items, will all be more careful to see that the items they submit are completely justified.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. King: The minister is responsible for the estimates, not his deputy.

Hon. Thomas Vien: Honourable senators, the power of the Senate to review financial matters and amend money bills has been discussed for a long time, and has been the subject of an elaborate report by most eminent counsel. It is hardly debatable any longer.

Under the provisions of section 18 of the British North America Act, the Senate has all the powers which the House of Commons in England possessed at the time of confederation.

Hon. Mr. Haig: Read the section.

Hon. Mr. Vien: It reads as follows:

The privileges, immunities, and powers to be held, enjoyed, and exercised by the Senate and by the House of Commons and by the members thereof respectively shall be such as are from time to time defined by Act of the Parliament of Canada, but so that the same shall never exceed those at the passing of this Act held, enjoyed, and exercised by the Commons House of Parliament of the United Kingdom of Great Britain and Ireland and by the members thereof.

This question has been clearly analyzed and set out in a report made by Mr. Eugene Lafleur, Aimé Geoffrion and another counsel. That report, which was referred to a minute ago by the honourable senator from Kootenay East (Hon. Mr. King), has now been in the hands of honourable senators for several years. The findings of these eminent Counsel are contrary to the view generally but wrongly held that we cannot amend a money bill. Our powers with respect to all bills are not those of the House of Lords, but those possessed by the House of Commons in England at the time of confederation. There is in the B.N.A. Act a limitation in the matter of parliamentary procedure, namely with respect to the introduction of money bills. Section 53 of the British North America Act reads:

Bills for appropriating any part of the public revenue, or for imposing any tax or impost, shall originate in the House of Commons.

Money bills must originate in the House of Commons, but once introduced there, the powers of the Senate with respect to such bills are not limited; they remain as set out in Section 18 of our constitution.

I am not unmindful of Section 54 of the British North America Act, which limits the powers of the House of Commons as well as those of the Senate. It reads:

It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address, or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose

that has not been first recommended to that House by message of the Governor General in the session in which such vote, resolution, address, or bill is proposed.

As you see, that limitation affects both the House of Commons and the Senate, and does not refer to the amount involved in a money bill, but only to the "purpose" of such a bill which must have been recommended by message of the Governor General.

It has never been suggested that we have not power to investigate. We can at any time create select special committees of investigation. The estimates are laid on the table of the House of Commons and of the Senate, usually at the beginning of the session or a few weeks thereafter. They are not in the form of a bill. They are tabled as a blue-book, and later are submitted and considered as resolutions. When these resolutions are adopted, a bill of supply, and a bill of ways and means based on the said resolutions, are introduced, first in the House of Commons, but thereafter they must receive the concurrence of the Senate. Nothing in our constitution prevents the leader of the government from laying the estimates on the table of the Senate, and moving that a committee be constituted to consider them. The most logical and effective way of dealing with this matter would be to lay on the table of the Senate, early in the session, the report of the Auditor-General and the estimates and then to constitute a committee of the Senate to which these two documents could be referred with instructions to investigate public expenditures and to report thereon. To ascertain how the moneys voted by parliament are being spent, let us study the report of the Auditor-General; let us find out how the moneys voted in previous years have been used.

I speak extemporaneously, and I do not want to take too much of the time of the house; but it would seem to me that it is the duty of not only a small committee of twelve drawn from the membership of the Senate, but of all honourable members, to give proper consideration to the estimates and the expenditures of public money. I therefore suggest that we should adopt the practice followed in the House of Commons, where the estimates and the budget are studied in Committee of the Whole and all members participate. I do not see why that could not be done as easily in the Senate as it is in the other house. If that is not considered desirable, let us constitute a standing committee on the budget, composed of all the members of the Senate. Such a committee should hold its sittings in a large room where all senators could attend, or, indeed, in the Senate

chamber, if necessary. All honourable senators would then have full opportunity to discharge their responsibilities. This year certain items of the estimates have been referred to the Committee on Public Health and Welfare, others to the Committee on Tourist Traffic, others to the Committee on External Relations, and so on. Many honourable senators who are not members of such committees would like to know what is going on there, but are unable to do so.

I would like also to suggest that all committees of the Senate should receive the power to order that their proceedings be taken in shorthand and printed.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Vien: In the other place, the estimates being studied by the Committee of the Whole, the proceedings are reported verbatim in *Hansard*. If it is deemed advisable to proceed otherwise here, at least let us see to it that our proceedings are taken in shorthand and printed for distribution to all members of the Senate.

Among the reasons urged by the honourable leader of the government in support of his motion, was the fact that it takes a long time to organize the Senate for business at the beginning of each session. May I submit to him that on the day of the opening, after we have met to receive new members, which is usually at eleven o'clock in the morning—and before we adjourn during pleasure, we should proceed to constitute the committee which is to select the members of our various committees; and instead of adjourning on the first day of the session, we should sit on the following day, receive the report of the committee which has selected the personnel of our committees, adopt the report, and immediately organize these committees. We already possess all the machinery necessary for this purpose, and we have only to use it.

My honourable leader has made several other extraordinary remarks. I agree with the honourable senator from Kootenay East (Hon. Mr. King) that the leader of this house, being a minister of the Crown, cannot overlook or forget the principle of ministerial solidarity. This is sound constitutional principle and practice. That reminds me of a suggestion once made by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that no minister of the Crown should sit in this house.

Hon. Mr. Roebuck: With the exception of the leader.

Hon. Mr. Vien: Well, I thought the honourable member had made no exception. The leader of this house might very well be only

a liaison officer between the Senate and the government: then, but then only, could he speak as the honourable gentleman did the other evening. So long as there is ministerial solidarity, no minister of the Crown can speak on a question of policy without committing the cabinet as a whole. On that question I share the view expressed by the honourable senator from Kootenay East.

Our honourable leader also spoke of the desirability of reforming the Senate. I would suggest that we should not be in such a rush to commit suicide. The Senate is serving a very good purpose. This upper house was created at the time of confederation, to be a chamber of second thought on legislation, to review legislation which might at times be too hastily passed by the House of Commons, or at other times be inspired by erratic currents of public opinion. This house, intended and supposed to be composed of experienced legislators, should review and, as the occasion arises, amend the legislation passed in the other place.

The Senate was also created to protect the autonomy of the provinces and the rights and privileges of minorities. Let us be thankful that in Canada occasion has seldom arisen when the Senate has been called upon to exercise that power. But is it not wise and prudent to maintain in the parliament of Canada a second chamber whose duty it is to protect the autonomy of the provinces and the privileges and right of minorities? If, in the future, after a general election, as a result of a temporary stampede a radical party were to be empowered to form an administration and were to attempt to enact subversive legislation, the Senate should be there to act as a safety valve.

Be that as it may, in my opinion, the Senate fulfils a good purpose in reviewing the legislation that comes to us from the House of Commons and in handling legislation which originates here. The true value of institutions can best be ascertained and judged by the results obtained in actual performance. The Parliament of Canada was created with a Senate and a House of Commons, under the British North America Act, in 1867. How has it worked during these eighty-three years? Has not Canada during that period grown up and advanced by leaps and bounds among the nations of the world? What were we in 1867? What were we even at the turn of the century? Have we not now progressed far beyond the most sanguine expectations of the Fathers of Confederation? Our accomplishments under the British North America Act have proven the value of this marvellous constitutional instrument. I know that certain isolated groups may

deplore, and do deplore, certain constitutional guarantees and the degree of freedom left to local governments. I for one thank God for these things. But even this feature does not indicate a lack of power or of efficiency in our constitutional instrument. It is additional evidence of the ability of Canadians to govern themselves wisely. Let us be as patriotically-minded as were our predecessors; let us beware of saboteurs; let us use prudently the legislative and administrative powers handed down to us from generation to generation. Let us protect and safeguard the institutions so wisely conceived by our forebears, which have enabled Canada to make such remarkable progress since confederation.

Some Hon. Senators: Hear, hear.

MOTION AMENDED

Hon. Mr. Robertson: With leave of the Senate, following the excellent suggestion of the honourable senator for East Kootenay (Hon. Mr. King) that some of the junior senators should serve on this committee, I would move that my resolution be amended by adding the names of the Honourable Senators Emmerson, Gladstone, Godbout and Turgeon.

The proposed amendment was agreed to.

On motion of Hon. Mr. Reid, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 3, 1950.

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

Prayers and routine proceedings.

SPEECH FROM THE THRONE

ADDRESS IN REPLY—MESSAGE OF THANKS
FROM HIS EXCELLENCY

The Hon. the Speaker informed the Senate that he had received a message from His Excellency the Governor General, reading as follows:

The Honourable The Members of the Senate:

I have received with great pleasure the Address that you have voted in reply to my speech at the opening of parliament. I thank you sincerely for this Address.

Alexander of Tunis

MARGARINE

ORDER FOR RETURN

Hon. Mr. McDonald inquired of the government:

1. What was the amount of margarine manufactured in Canada in 1949?
2. Who are the Canadian manufacturers?
3. What is the location of their plants?
4. What is the amount of margarine manufactured by each of these plants?
5. How many kinds of edible oils are used in the manufacture of margarine?
6. What are the amounts of each kind of margarine used?
7. What are the amounts of oils used in the manufacture of margarine (a) imported; (b) produced in Canada?
8. What is the value of oils imported and the countries of origin of each?
9. What is the rate of duty on edible oils suitable for use in the manufacture of margarine when imported into Canada?
10. What is the rate of duty on margarine when imported into Canada?
11. What is the retail price of margarine in the United States?
12. What is the retail price of margarine in Canada?
13. What is the trend as far as using Canadian-produced edible oils in Canadian manufacture of margarine?
14. What are the general wholesaling and retailing margins allowed for margarine as compared with butter?
15. Are any imported oils sold for less in Canada than in the United States?
16. What was the production for the first three months of 1949, 1950?

Hon. A. K. Hugessen: Honourable senators, with reference to this inquiry, I may say that my attention has been directed to the fact that there can be no answer to question No. 10: "What is the rate of duty on margarine when imported into Canada?" There is an absolute prohibition upon the importation of margarine into Canada.

I am further advised that the remaining questions will have to be referred to a number of departments for answer. Under these circumstances I would suggest that my honourable friend withdraw question No. 10, and the rest of the questions can be passed as an order for return.

Hon. Mr. McDonald: I will withdraw question No. 10, and will move that the inquiry be passed as an order for return.

The motion was agreed to.

MARGARINE—REMOVAL OF TAX

MOTION

Hon. W. D. Euler moved:

That in the opinion of the Senate margarine should be added to the list of foods which are exempt from the sales tax of 8 per cent.

He said: Honourable senators, since margarine became available more than a year ago many hundreds of thousands of Canadians have found it of substantial assistance in combatting the cost of living, which is steadily advancing, and it has been of particular help to large families who find difficulty in making ends meet.

There remain two factors relating to margarine which militate against Canadian consumers receiving the greatest benefit to which they are entitled. The first of these is the sales tax of 8 per cent, which, if removed, would reduce the price to the consumer by three cents a pound. That tax is a matter which is under the control of the Parliament of Canada. The other factor is what I would call the "nuisance" law respecting the colouring of margarine.

One of the basic principles affecting the incidence of the sales tax is, in my opinion, the exemption from that tax of articles of food and instruments of production. I intend to deal particularly with the former.

In confirmation of what I say, I should like to read from schedule III of the Excise Act, under the heading "Foodstuffs", a list of commodities which are exempt from sales tax. This list includes bread; butter; cheese; cream; eggs; honey; ice; lard; rice; salt; soups; sugar; bakers' cakes and pies, including biscuits; cereal breakfast foods; fish; flour; foods prepared and sold for the benefit of infants; fruit, fresh, canned, frozen, dried or evaporated; jams; jellies; marmalades and preserves; maple syrup; corn syrup; meats and poultry, fresh, cooked, canned, frozen, smoked or dried; milk, including buttermilk, condensed milk, evaporated milk and powdered milk; peanut butter; spaghetti, macaroni and vermicelli; vegetables, fresh, canned, frozen or dehydrated, not including such things as pickles and relishes; and vegetable juices. I

have read the principal items, and I think honourable senators will agree with me that the list includes practically all basic articles of food.

I have in my hand also a copy of the ways and means resolution introduced in the House of Commons on the budget some time ago, from which I read this:

That the sales tax on the following articles be repealed, effective on and after March 29, 1950:
Ice cream; drinks prepared from fresh milk; prepared whipping cream.

I leave it to the judgment of honourable senators whether margarine is not at least as much of a food as ice cream; malted milk; ice; jam; marmalade or peanut butter. The fact is that some years ago an effort was made by certain interests to have ice cream placed on the exempted list, and the proposal was rejected on the ground that ice cream was more or less of a luxury. This article has now been placed on the exempted list. I made inquiry why margarine, being a food, was not included in that list; and I say without hesitation that the reason advanced would appeal only to persons thoroughly hardened in their political opinions. I am not opposed to the exemption from sales tax of ice cream or any of these other foods, but to omit margarine from the list is inconsistent with the general principle which is in effect.

There is another situation which is particularly striking in its discrimination and nothing short of absurd in its application. I have here a white paper issued by the government, and entitled "Statements on Questions raised by the Newfoundland Delegation during the Negotiations for the Union of Newfoundland with Canada". On page six the following statement appears under the heading "Sales Tax on Oleomargarine".

The Canadian government will be prepared to submit to parliament legislation designed to exempt oleomargarine sold in Newfoundland from the federal sales tax, in the same manner as basic food-stuffs in other parts of Canada.

Thus, honourable senators you will observe that certain legislation was practically promised to Newfoundland. I am sure you will be surprised when I tell you that that legislation did not contain a provision exempting oleomargarine in Newfoundland from the sales tax. At the same time, in order to keep faith with the Newfoundland representatives, a peculiar way was found to relieve Newfoundlanders from the payment of sales tax on oleomargarine. This is the method: When the manufacturer of margarine—in Newfoundland, in Ontario or in any other province—sells his product to Newfoundlanders, he presents at the end of each month an account of the sales tax which he has paid on the

margarine; then, through an order in council of the Canadian government, he receives a rebate or refund.

Hon. Mr. Reid: May I ask my honourable friend a question? The subject of the sales tax on oleomargarine is a pertinent one at this time, and we are all listening carefully. I hope you will not mind my interrupting.

Hon. Mr. Euler: Not so long as you do not ask too many questions.

Hon. Mr. Reid: What would happen to the sales tax if the margarine were re-imported from Newfoundland?

Hon. Mr. Euler: I do not know.

Hon. Mr. Reid: It is important to know that.

Hon. Mr. Euler: I am not trying to be offensive, but this practice of refunding by a sort of back-door method is as reprehensible in principle as it is absurd in practice, and it can be easily corrected by abolishing the sales tax on margarine manufactured or sold anywhere in Canada.

The situation in the United States has been similar to the one prevailing in Canada. A good many years ago the dairy interests in the United States succeeded in having imposed a federal tax of 10 cents a pound on coloured margarine and, in recent years, a quarter or half a cent a pound on the uncoloured product. For some time there has been a very strong agitation for the removal of this sales tax on margarine, and finally at the present session of Congress a measure was passed which will remove all federal taxes on margarine on July 1 of this year.

Perhaps I will be pardoned if I make some reference to the opponents of margarine, especially their attitude towards the colour of the product. The dairy organizations have suggested that a high tariff be placed on imported vegetable oils. During previous debates in this chamber I expressed the opinion that Canada could produce sufficient vegetable oils to make all the margarine we could use in this country. Opponents of margarine—chiefly the dairy interests, of course—would put a high tariff on these vegetable oils, yet many of these people are pretty much in favour of free trade and the abolition of tariffs on importations into this country. Besides that, the whole purpose of tariff and trade conferences at Geneva and elsewhere has been to reduce tariffs rather than to increase them.

In an Ontario gathering, composed I think mostly of dairymen, or perhaps it was at a meeting of the Federation of Agriculture,

it was suggested that manufacturers be prohibited from enclosing little packages of colouring matter with their margarine. And at a meeting of the Dairy Council of Canada held in the province of Quebec a week or two ago, a certain Montreal gentleman, who I believe is head of a dairy concern there, declared that the sales tax on margarine ought to be increased to 15 per cent. A good deal of the time of that convention was devoted to complaints about the perilous position of dairymen, but when I noticed that the gathering was held at the very swank and expensive club known as the Seignior Club, my fears that those gentlemen were on the brink of ruin were dispelled. Perhaps the dairymen decided to meet at that club because, as they were in the province of Quebec, they knew they would not be served with margarine in any event.

When my bill was under discussion in this chamber a prediction was made that even if the bill were passed no margarine could be placed on the market until at least three years later, but in fact it was only three weeks after the Supreme Court declared our prohibitory law to be invalid that margarine was placed on the market—and it was the coloured product. At the time of the Supreme Court's declaration the then Premier of Ontario, who was also Minister of Agriculture—which office he still holds—resisted attempts of the pressure group to prevent the colouring of margarine, but the group was pretty strong and eventually Ontario enacted a law which practically forbids colouring. Although I am not much of a politician, I noticed that this measure was supported by not only every Conservative member in the legislature, but by every Liberal and every C.C.F. member, the only votes against the ban on colouring having been those of the two Communist members.

Unfortunately the example set by Ontario was followed by every other province except Quebec and Prince Edward Island. To my surprise, a week or two ago the Minister of Agriculture in Prince Edward Island announced that at the coming session of the legislature a bill would be presented to legalize the manufacture and sale of margarine. Thus, Quebec will have what I should regard as the very doubtful distinction of being the only province in Canada which deprives its people of this nutritious and inexpensive food, margarine. I should qualify that statement a bit, for I am very credibly informed that many people in western Quebec do get a good deal of margarine, which they bring across the provincial boundary from Ontario, and I am sure that people in the eastern part of the province also have the benefit of considerable quantities of margarine.

To me the amazing thing about the whole situation is that the political influence—I use these words advisedly—the political influence of this dairy pressure group is extravagantly disproportionate to the group's political strength. And what has all this opposition to margarine accomplished for the producers of butter? True, a ban has been placed on the colouring of margarine. The sole purpose of this ban was to discourage housewives from buying margarine, which when not coloured is pale white in appearance, but this purpose has not yet been achieved. Housewives are buying margarine in spite of the ban on colouring, and the only things being accomplished by the ill-advised opponents of margarine are these:

1. They are imposing an additional bit of drudgery upon the busy housewife by compelling her, if she wants coloured margarine, to colour it in her own kitchen.
2. They are creating ill will for themselves by their selfish demands.
3. By their constant opposition they are advertising margarine from coast to coast, and have done so all along.

I would suggest to these opponents of margarine that, instead of complaining, they should:

1. Accept fair competition, as does everyone else who believes in individual enterprise.
2. Advertise their own product instead of depreciating the product of their competitors.
3. Become a little more efficient in the production of butter.

On the need for more efficiency by dairymen I would quote from a newspaper report of an address by Professor R. G. Knox, head of the Animal Husbandry Department at the Ontario Agricultural College. The report says:

He drove home the need for increased efficiency last week when the Junior Farmers' Association was meeting at the college. He could have picked no better audience. If young farmers get the idea and put it to work, there should be no need for similar lectures a couple of decades from now.

And listen to this:

Professor Knox said that average production per dairy cow per acre in Ontario is under 5,000 pounds. In other progressive dairy countries the total runs from 8,000 to 10,000 pounds.

In the United States the federal sales tax on margarine was completely removed, but opponents of the law prohibiting the colouring of margarine have had to fight the same battle as is going on in Canada. They are steadily winning the battle, as I am perfectly confident we shall here, in time. In thirty-two of the American states there is no longer any ban against colouring, the ban in nine of those states having been removed within the last two years.

Although dairy organizations and other groups claim that farmers generally are opposed to margarine, I am quite certain that this is not the fact. In my own district I get around among the farmers, many of whom run dairy farms, and I have not heard a word of complaint from them. I have also consulted the managers of grocery and other stores in the district and they tell me that farmers themselves buy margarine.

A person unknown to me sent me a copy of a Western newspaper, the *Yorktown Enterprise*, containing a marked paragraph, which I think would be appreciated by my good friend from Blaine Lake (Hon. Mr. Horner) if he were present this afternoon. The paragraph reads:

The champions of farmers' causes in parliament will feel somewhat deflated when they read the results of a survey in Yorkton covering the use of margarine. This uncovered the fact that farmers themselves buy more margarine than butter and are using their cream cheques for the purpose. Grocers report that the average sale to the rural trade is four to six pounds per week. The explanation is not far to seek. Margarine sells at from 34 cents to 42 cents per pound as against 61 cents and 62 cents for butter. Farmers' butter fat brings them 57 cents per pound at the creameries. On the whole local farmers do not seem unduly perturbed over the margarine situation. For years past they have been buying their butter from Yorkton stores and selling their cream to the creameries. They find they can save money by substituting margarine and that is just what they are doing.

I have mentioned the word butter a number of times, and I can scarcely avoid doing so, but I wish to say in passing that I have no antipathy to the dairy farmer, or to farmers in general. In my past political experience I have always had the generous support of the farmers, and I wish to say now, as I have said on many occasions, that all I want is a freedom of choice. If a woman—or for that part, a man—wants to buy butter and is able to do so, that is all very well, but if her budget requires that she purchases a substitute product that may be just as useful to herself and family, no obstacle should be placed in her way of doing so.

Before concluding I wish to read one further rather lengthy article which may be of some interest to the Senate. This article, which appeared in the *Atlanta Journal*, published in Georgia, was sent to me by someone whom I do not know. Perhaps the fame of Canadian margarine has spread as far as the State of Georgia. It reads as follows:

Some very significant if not surprising facts are disclosed in the current publication of the complete and official results of the Ohio referendum on legalizing the manufacture and sale of yellow margarine. The proposal won in the November election by a popular vote of 1,282,606 to 799,473. This was

indeed a striking verdict from the nation's No. 6 dairy state, but most meaningful were the returns from its agricultural counties.

It was to be expected that yellow margarine would carry the metropolitan areas, as it did: 4 to 1 in Cincinnati, approximately 3 to 1 in Cleveland and Columbus, 2 to 1 in Dayton, Akron and Toledo, and 4 to 3 in Canton. But it also carried 24 of the Buckeye state's most highly agriculturalized counties, "14 of which derive more income from dairy products than from any other farm crop and in eight of which dairying is the second most important source of farm income." The digest of the complete returns, just made public, adds that margarine was given a majority in 13 other counties which look to dairying for a large part of their farm income and none of which includes a big city.

This record is a resounding answer to the pretension of the butter lobby that the repeal of taxes and restrictions on margarine would be a deadly blow to the country's dairying interests. When the sixth most important dairy state votes overwhelmingly to abolish such discrimination, the ballyhoo of the butter magnates no longer can be taken seriously.

Ohio's fight for a free market was launched by 32,000 housewives.

I may say that I have read a good deal about this question, and I know that the housewives of that State fought very hard to get the legislature to move in the matter of the colouring of margarine, and they were getting nowhere; but at last a fight for a free market was launched by 32,000 housewives, and their petitions for a referendum were signed by 426,000 qualified voters.

The article continues:

It was an uprising of consumers and believers in fair play against a dictatorship of special privilege. They contended that, "with butter using artificial colour nine months of the year without label declaration, margarine should be permitted to use artificial colouring with label declaration;" and that there was ample room for both yellow margarine and yellow butter. Ohio is the fourth state this year and the ninth in two years to abandon a restrictive policy and legalize the manufacture and sale of yellow margarine. Six other states have modified their anti-margarine laws during 1949. Throughout the country the forces of free enterprise and sound economy are embattled against these old discriminations; and are moving toward certain victory. Little more than a month ago the American Public Health Association declared, in a resolution addressed to Congress and the state legislatures:

"Scientific evidence has shown that fortified oleo-margarine supplies the food factors usually expected of butter. Present federal and state taxes on oleo-margarine seriously raise the retail prices of this commodity, thus violating the principle that government should facilitate rather than hinder the provision of a satisfactory diet for the people."

That is the voice of common justice and common sense, the voice of American democracy.

This suggestion of blue ruin to the dairy industry has become tiresome to me, and I am making this rather extended argument because throughout the country the agitation against margarine by the dairy interests is becoming very strong. As the so-called pressure groups are demanding higher taxes and are persisting in their attitude in the matter of the colouring of margarine, I feel

that some defence ought to be made on behalf of the consumer. That is the reason for my remarks at this time.

In conclusion, I express the modest hope that my motion will be accepted by the house, for the reasons which I shall enumerate. First, margarine is entitled to the same exemption from sales tax as all other foods. I think there can be no reasonable objection to that proposal. Second, if the government would accept the motion and act accordingly, it would help to reduce the cost of living for many people who are badly in need of assistance. Third, it would remove the discrimination of denying to the consumers of nine provinces of Canada the exemption given to one province. I think that point is absolutely unanswerable, and I am quite sure that honourable senators from Newfoundland would not object to the removal of the discrimination. Fourth, I am convinced that the overwhelming majority of the people of Canada are in favour of the removal of the tax; and they are entitled to those benefits that would flow from such removal.

Some Hon. Senators: Hear, hear.

Hon. James P. McIntyre: Honourable senators, I do not intend to participate in this debate, but I wish to correct a statement made in the course of the remarks of the honourable senator from Waterloo. I recall that when the honourable senator first introduced his bill to amend the Dairy Industry Act, three or four years ago, it was defeated. But that did not discourage him, and he reintroduced it a second and a third time; and on each occasion it failed to pass. Later he had the pleasure of hearing the Supreme Court of Canada proclaim that it was lawful to manufacture and sell margarine in Canada. This afternoon he stated, perhaps unintentionally, that the Minister of Agriculture of Prince Edward Island had introduced in the legislature—

Hon. Mr. Euler: Excuse me, but I did not say that. I said the minister had made a declaration that margarine was going to be made legal.

Hon. Mr. McIntyre: But that is not the case.

Hon. Mr. Euler: I did not say that he had introduced a bill.

Hon. Mr. McIntyre: But there was a bill introduced in the legislature to make the ban on margarine coming into that province more stringent.

Hon. Mr. Euler: Well, it was to come into the province.

Hon. Mr. McIntyre: No; it cannot come into the province. The bill has not been proclaimed, and it will not be proclaimed until the Privy Council renders its decision which, I understand, will be in June.

As honourable senators know, Prince Edward Island is an agricultural province. I fought the Dairy Industry Bill every time my honourable friend brought it before the house, and I am still of the opinion that margarine is injurious to the agricultural industry of the Dominion of Canada, and particularly to that of Prince Edward Island. My honourable friend is looking to the welfare of the consuming public in the larger centres in Canada, and I do not blame him for doing so, but it could be sold at a lower price. I feel that the removal of the sales tax of 8 per cent on margarine would be injurious to the agricultural interests of this country, and particularly to those of Prince Edward Island.

Hon. S. S. McKeen: I want to compliment our honourable senator from Waterloo (Hon. Mr. Euler) on his persistency.

Hon. Mr. Euler: Is that all?

Hon. Mr. McKeen: On the several previous occasions when he brought forward the subject of margarine he made no mention of any proposal to reduce the tax on this article: all he wanted was to get consent to its production and sale. Now that, through a judgment of the Supreme Court, the law prohibiting margarine has been declared illegal, he wants to colour margarine and remove the sales tax. I do not know that next session he will not press for a further reduction of the tax: perhaps he will ask for a bonus or a subsidy.

Hon. Mr. Euler: No. That is only applied on butter.

Hon. Mr. McKeen: It is not within the power of the Senate to remove the tax, because the effect would be to reduce the revenues of the Crown: therefore the honourable senator puts his motion in the form of a recommendation that the tax on margarine should be removed. Taxes, of course, are obnoxious to everyone; but I am just wondering whether, if we are to reduce taxes, margarine is the item to begin with. I know lots of other products which are now taxed and which could be exempted with greater justice. As the honourable senator says, margarine is a very cheap food, and it is customary to put taxes on commodities which can best absorb them or where the people can best afford to pay them. So as this is a very cheap food, it would seem to be one of those cases where the tax might stand.

Hon. Mr. Euler: How about ice cream?

Hon. Mr. McKeen: I am not arguing in favour of taxes; I am considering what position we are in when it is proposed to remove a tax from this or that article. Take the case of our newspapers. They are subject to an impost of 8 per cent, yet they must compete with United States newspapers which come into Canada, with a certain other class of newspapers in this country which are exempt, and with magazines that are largely competitive with newspapers. The effect is to hamper news distribution and increase publishing costs; and I suggest, that if we are to remove any taxes, a beginning might well be made in this field. However, I do not intend to go into the subject generally: all I urge is that the removal of the tax on this particular item before the whole field has been explored is the wrong way to go about reducing taxes. The matter is one which should be carefully considered from all angles, not merely from the standpoint of producers and users of margarine, because the revenue derived from the tax is needed, and if it cannot be raised from margarine it must be obtained somewhere else. Perhaps my honourable friend will argue that the tax should be transferred from margarine to butter: I do not know.

Hon. Mr. Euler: No, no.

Hon. Mr. McKeen: The money must be secured somewhere. So I repeat that we should go very slowly in this matter, and I for one would be loath to support the removal of this tax until we have considered the whole taxation picture.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, I would like to add a few words to the debate on this motion, words of disapproval and of regret that the senator from Waterloo (Hon. Mr. Euler) should have seen fit to launch this discussion in this house.

My views on the subject of margarine are as well known as those of the senator from Waterloo.

I have never believed that margarine was not a healthful food. It is therefore not from that angle that I will consider the problem, but rather from the economic point of view. When one speaks of the consumer, when one wishes to safeguard the consumer, one must also take the producer into consideration. It matters little whether or not we are consumers. If you stop the producer from producing you will have nothing to eat. Well, the first citizen who deserves protection in this country is the farmer, who raises the wheat and provides us with our daily bread. If you destroy the producer, if you prevent him from making a living, everybody, the whole country will suffer.

Well and good to claim that such and such action is being taken in the United States or elsewhere. Those countries enjoy a climate unlike our own. In Georgia, for instance, and in the other southern states, the herds are kept out the whole year round. Conditions are altogether different in Canada, where our people have only six months during which they can produce. And that is not all.

I will endeavour to refute one by one the arguments put forward by my colleague. In order to live and prosper, a country must protect itself against the competition of foreign products. What would happen, for instance, if we were to say: "We will accept in Canada, duty free, all the wheat that may come to us from Argentina or even South America?" It would spell blue ruin for our western farmers and would place us at the mercy of outside interests. In the case of margarine, 90 per cent of its components come from outside the country. We are helping people who work for ridiculously low prices in North and South Africa to produce peanut oil, palm oil and other vegetable oils, and in turn these people, through their cheap labour, are destroying our farm industry. Therefore, underpaid workers in foreign lands are in a position to ruin our Canadian industries. That is what is meant by dumping. In the United States there is an overproduction of cotton oil, which is used in the manufacture of margarine. If the dumping of this cotton oil into Canada were allowed, what would happen to our own producers?

The removal of the 8 per cent tax is advocated. If you compare the production of margarine in Canada during January, February and March, 1949 to that of the same period in 1950, you will see that it has more than doubled during that time. Well, if this 8 per cent tax is so hard on the margarine industry, one can well imagine what would have happened had it been removed altogether.

But let us be fair. I have said that the whole situation should be taken into account. One must think of the whole country and not only of an industry which is seeking to take advantage of slave labour, to the detriment of our producers at home.

When margarine was allowed in the country, we were at the same time permitted to export meat to the United States. It could not have been otherwise. As a result, we are now paying \$1.25, \$1.30 and even \$1.50 in some places, for meat which used to cost 80 cents per pound at the most. Does the farmer profit by this? Are we consuming

more butter than meat? No. Economically speaking, it is unsound to endeavour to protect some producers in order to provide the consumer with cheap food, thereby destroying the primary producer, on whom the life of the whole nation depends.

It is claimed that there is no 8 per cent tax on marmalade, orangeade, peanut butter, etc. Good heavens, what harm does it do to our producers? Do oranges grow in Canada? Is the peanut crop very plentiful? No. However, those who like them can have them, but neither peanuts nor oranges number among the staple foods of our country.

It is also pointed out that Newfoundland did not want this 8 per cent tax on margarine when the new province joined our confederation. In Newfoundland, no effort is made to develop the dairy industry and understandably so. Once more, it is the economic side of the question which must be considered.

The other day, someone said to me, in discussing this problem:

"What difference is there between your philosophy and mine?"

"The difference, I told him, resides in the fact that while I claim it is a philosophy, your reasoning centers solely upon margarine."

The 8 per cent tax on ice cream has been removed, because that product contains a high percentage of milk, a health-giving substance. Had I expected to speak about margarine this afternoon, I would have brought with me a report submitted by Danish physicians after an investigation on failing eyesight which is becoming general in their country. After several years' research work, these physicians have come to the following conclusion: "Failing eyesight in Denmark may be due to the protracted consumption of margarine."

It is desired also to abolish the law which prohibits the colouring of margarine. Heavens above, if this product was so very wholesome, so good and so useful to our country, its colour would be absolutely immaterial. However, certain interests are trying to exploit the value of butter a most wholesome product which forms the basis of milk, of live substances. The publicity given to it, its good name, its true value would be used to introduce among us an artificial product which does not compare with it. Anyone can make this statement, which any physician will uphold. On the other hand, it has been alleged that margarine causes no harm. That may be so, but if we have another product which is wholesome and energy-giving, I feel that the fact should be taken into consideration. Those who do good things should

be encouraged. Why then fight to bring about coloured margarine? Why indeed, when we are offered a product which is so good, so wholesome and possessed with a real basic value? It will be sold, people will ask for it. No, in this case a certain artificial means is sought that other products need not call upon because their primary content is milk, the first food created for man by Providence.

We are also told: "We wish to abolish the 8 per cent tax in order to lower the cost of living". However if we remove the tax on margarine to secure a reduction in the cost of living, while increasing by 100 per cent the cost of meat and other food products, will that argument stand? Let us be logical. After all the consumption of butter is not so very high in this country. A great deal of meat is eaten here because the cold months far exceed the summer ones. To live well, one must be healthy.

In short, like my honourable colleague from Waterloo, I want to express an opinion. I am opposed to margarine. He is in favour. If I take a stand against this project it is not because his opinion means little to me. I have known and lived through the years 1917 to 1921, after the first world war, when we had margarine. At that time, margarine ruined our dairy industry, our livestock industry and our wheat production. In Eastern Canada, the Government was forced to pay Western farmers to have them curtail their wheat acreages. There was an over abundance of that grain.

If we do develop the production of margarine further, the difficulties that we experienced in the past will occur once more. It seems to me that we should, in days to come, take heed of our previous experience in order to protect the dairy industry of Ontario, Quebec and the Maritime Provinces, which is most closely associated with livestock breeding. Should we ruin our dairy industry, our farmers would be unable to make a living, and they would have to give up animal husbandry; then we would have a meat shortage and the Government would be forced once more to pay Western farmers to stop producing as there would not be any livestock to consume their grain.

When one takes a general view of the situation, one has to consider the prosperity of the nation as a whole. No man-made law is so thorough as to be perfect. We must consider the prosperity of the nation and also the future of our country. That is my viewpoint and that is why I am opposed to margarine. I trust the motion will be rejected, in the best interest of the nation.

(Text):

Hon. Mr. Lambert: Honourable senators, I should like to second the motion of my honourable friend from Waterloo (Hon. Mr. Euler), and at the same time I would move that the debate be adjourned.

The motion was agreed to, and the debate was adjourned.

NATIONAL PARKS BILL

FIRST READING

Hon. Mr. Hugessen presented Bill O-6, an Act to amend the National Parks Act.

The bill was read the first time.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Ross, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Aseltine), presented the following bills:

Bill B-6, an Act for the relief of Jack Elmirst Webster.

Bill C-6, an Act for the relief of Annie Kwait Maislin.

Bill D-6, an Act for the relief of Douglas Charles Blair.

Bill E-6, an Act for the relief of Therese Simonne St. Onge Laurier.

Bill F-6, an Act for the relief of Carmen Emily Adelle McCoy Jackson.

Bill G-6, an Act for the relief of Helen Alma Lambert Anderson.

Bill H-6, an Act for the relief of Bertha Marks Cohen.

Bill I-6, an Act for the relief of Stella Margaret Rollo McKee.

Bill J-6, an Act for the relief of Helena Matyla Martyniak.

Bill K-6, an Act for the relief of Marie Rosanna Emelda (Imelda) Lecomte Bolduc.

Bill L-6, an Act for the relief of Rose Slosarczyk Bydlinski.

Bill M-6, an Act for the relief of Helen Meadows MacNaughton.

Bill N-6, an Act for the relief of Walter Kerr Dow.

The bills were read the first time.

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

Hon. Mr. Ross: With leave, next sitting.

CHIEF GOVERNMENT WHIP

FELICITATIONS TO HON. A. L. BEAUBIEN

On the Orders of the Day:

Hon. Mr. Quinn: Honourable senators, before the Orders of the Day are called,

I should like to extend to my opposite number, the honourable gentleman from Provencher (Hon. Mr. Beaubien), my sincere congratulations upon his appointment as Chief Government Whip in the Senate.

Some Hon. Senators: Hear, hear.

Hon. Mr. Beaubien: Thank you.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Ross, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Aseltine), moved the second reading of the following bills:

Bill L-5, an Act for the relief of John Allen Young.

Bill M-5, and Act for the relief of Laura Kathleen Potter Stewart.

Bill N-5, an Act for the relief of Edna Hannah Keene Ley.

Bill O-5, an Act for the relief of Ada Friedman Mendelsohn.

Bill P-5, an Act for the relief of Ann Mitchell Rabinovitch.

Bill Q-5, an Act for the relief of Ernest Joseph Poirier.

Bill R-5, an Act for the relief of Maria De Gregoria Zarbatany.

Bill S-5, an Act for the relief of Jean Paul Verret.

Bill T-5, an Act for the relief of Gladys Eileen Hungate Norman.

Bill U-5, an Act for the relief of Marie-Anne Alice Lalonde Campey.

Bill V-5, an Act for the relief of Sadye Gasn Blidner.

Bill W-5, an Act for the relief of Lera Mary Rombough Kirkey.

Bill X-5, an Act for the relief of Micheline Loranger Major.

Bill Y-5, an Act for the relief of Jane Letitia Hardie Ball.

Bill Z-5, an Act for the relief of Russell Mowbray Meredith.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

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

Hon. Mr. Ross: With leave of the Senate, I move that they be read the third time now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

PRIVATE BILL

SECOND READING

Hon. Robert W. Gladstone moved the second reading of Bill K-5, an Act to incorporate the Canadian Commerce Insurance Company.

He said: Honourable senators, this is a private bill to incorporate a company to be known as the Canadian Commerce Insurance Company. The bill would give the proposed company power to engage in twenty-two classes of insurance. The proposed company would engage particularly in: (a) fire insurance, (b) automobile insurance, (c) impact by vehicle insurance, (d) personal property insurance, (e) sprinkler leakage insurance, (f) water damage insurance, and (g) wind-storm insurance, although of course it would also engage in other classes of insurance.

The petitioners named in the bill are Wilfrid Laurier Esson, William Dempster Glendinning and Merrill Des Brisay. Wilfrid Laurier Esson is, and has been since 1938, the Managing Director of Willis Faber & Company of Ontario Ltd., with which firm he has been associated since 1923. Willis Faber & Company of Ontario, Limited, is a subsidiary of Willis Faber & Dumas, Limited, of London, England, one of the leading British insurance brokers and underwriters. Mr. Esson is and has been for upwards of ten years the chief

agent in Canada for the Sea Insurance Company, Limited, of Liverpool, England, and the Scottish Insurance Corporation, Limited, of Edinburgh. He is well and favourably known to the Superintendent of Insurance and to the insurance fraternity generally. William D. Glendinning is a senior partner in the firm of Glendinning, Jarrett, Gray & Roberts, chartered accountants; he is the President and a director of Corporate Investors, Limited, and of Capital Associates, Limited; in 1948-1949 he was Joint Auditor of the Bank of Toronto, the Dominion Bank and the Imperial Bank of Canada. He was formerly Joint Auditor of the Bank of Montreal, a position now held by his partner in Montreal. Merrill Des Brisay is a member of the legal firm of Cassels, Defries, Des Brisay & Gunn, of Toronto. He has practised law in Toronto since 1920, and was appointed King's Counsel in 1948. He is the Secretary and a director of Willis Faber & Company of Ontario, Limited.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Gladstone moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 4, 1950

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

Prayers and routine proceedings.

NEW SENATOR INTRODUCED

The following newly-appointed senator was introduced and took his seat:

Hon. Gordon B. Isnor, of Halifax, Nova Scotia, introduced by Hon. Wishart McL. Robertson and Hon. J. A. McDonald.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second readings of the following bills:

Bill B-6, an Act for the relief of Jack Elmhirst Webster.

Bill C-6, an Act for the relief of Annie Kwait Maislin.

Bill D-6, an Act for the relief of Douglas Charles Blair.

Bill E-6, an Act for the relief of Therese Simonne St. Onge Laurier.

Bill F-6, an Act for the relief of Carmen Emily Adelle McCoy Jackson.

Bill G-6, an Act for the relief of Helen Alma Lambert Anderson.

Bill H-6, an Act for the relief of Bertha Marks Cohen.

Bill I-6, an Act for the relief of Stella Margaret Rollo McKee.

Bill J-6, an Act for the relief of Helena Matyla Martyniak.

Bill K-6, an Act for the relief of Marie Rosanna Emelda (Imelda) Lecomte Bolduc.

Bill L-6, an Act for the relief of Rose Slosarczyk Bydlinski.

Bill M-6, an Act for the relief of Helen Meadows MacNaughton.

Bill N-6, an Act for the relief of Walter Kerr Dow.

The motion was agreed to, and the bills were read the second time, on division.

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill P-6, an Act for the relief of Thora Yvonne Easy Weaver.

Bill Q-6, an Act for the relief of Robert Cohen.

Bill R-6, an Act for the relief of Ruby Gladys Burns Thornhill.

Bill S-6, an Act for the relief of Joseph Francois Xavier Beland.

Bill T-6, an Act for the relief of Joseph Neist.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, tomorrow.

PRIVATE BILL

SECOND READING

Hon. W. M. Aseltine moved the second reading of Bill A-6, an Act to incorporate Saskatchewan Mutual Insurance Company.

He said: Honourable senators, in 1908 a mutual life insurance company was incorporated under the laws of the province of Saskatchewan with the name of the Saskatoon Mutual Life Insurance Company, having its head office at the city of Saskatoon, in the province of Saskatchewan. Subsequently the name was changed to "Saskatchewan Mutual Fire Insurance Company". This company under its provincial charter, has been carrying on business quite successfully in the provinces of Saskatchewan, British Columbia, Alberta and Manitoba, with the result that at the present time it is in excellent financial condition, its surplus on December 31, 1949, being almost \$800,000.

The company is primarily concerned with fire insurance and automobile insurance, the volume of which has been increasing steadily over the last few years. These are the two large coverages provided by the company, although it does write insurance in other fields in varying amounts.

The main reason for the presentation of this bill is that the company, which has been growing steadily, feels that to maintain its healthy financial condition it must broaden its field of operation and spread its risks over a much wider territory. It desires, therefore, to operate throughout the ten provinces under a licence from the federal Department of Insurance.

This bill follows generally the form of the measures incorporating other mutual companies incorporated by the Dominion Parliament, such as the Gore Mutual of Ontario, incorporated in 1937, and the Wawanesa Mutual, incorporated in 1929, whose Act of incorporation was extensively amended in 1941. This draft bill has been approved by the Superintendent of Insurance, and any suggestions made by him have been adopted. If it receives second reading, I intend to

move that it be referred to the Standing Committee on Miscellaneous Private Bills for further consideration.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Aseltine moved that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

STANDING COMMITTEES—THEIR CONSTITUTION AND FUNCTIONS

MOTION

The Senate resumed from Tuesday, May 2, the adjourned debate on the motion, as amended, of Hon. Mr. Robertson:

1. That a Special Committee of the Senate be appointed to review the Constitution and functions of the Standing Committees of the Senate and to make such recommendations to facilitate the business of the Senate as it may deem necessary or expedient.

2. That the said Committee be composed of the Honourable Senators Aseltine, Beaubien, Bouffard, Burchill, Emmerson, Farris, Fogo, Gladstone, Godbout, Haig, Hayden, Hugessen, Lambert, Moraud, Robertson and Turgeon.

Hon. Thomas Reid: Honourable senators, when I moved the adjournment of the debate on Tuesday, I overlooked the fact that I had already spoken to the motion when it was introduced. It is not my purpose to transgress the rules of the Senate, but having given the subject some thought I should like to add to my previous remarks. As I have stated, however, I do not wish to transgress the rules of the Senate in any way.

The Hon. the Speaker: Is it the pleasure of honourable members that the honourable gentleman be allowed to proceed?

Hon. Mr. Roebuck: I move that the honourable gentleman be heard.

Hon. Mr. Haig: There is no need for a motion.

The Hon. the Speaker: Honourable senators, is it your pleasure that Senator Reid should proceed, notwithstanding the fact that he has already spoken to the motion?

Some Hon. Senators: Agreed.

Hon. Mr. Reid: Honourable senators, I thank you for your courtesy in allowing me to speak again to the motion.

At the opening of my remarks today I would say that it was only to be expected that when this resolution was introduced two questions would be raised: one pertaining to the reform of the Senate and the other to the work of the Senate committees.

It is not my purpose now to deal with the reform of the Senate. I have been too long around the Parliament Buildings not to be familiar with all the suggestions that have been made, ranging all the way from Senate reform to complete abolition. Incidentally, I notice that even the C.C.F. party has changed its mind about the complete abolition of the Senate, and this policy is now being advocated only in certain provinces and not by the federal C.C.F. party.

There have also been proposals for reduction of the number of senators, for appointment by the provinces, for retirement at a certain age, and for appointment regardless of party affiliations. I do not intend to deal with these. I wish to speak on the motion before the house for the appointment of a special committee to review the constitution and functions of our standing committees.

First of all, I may say that on looking over speeches and other records of the past, I find that this question has arisen many times. Let me also say at once that I entirely agree with the remarks of the honourable gentleman from De Lorimier (Hon. Mr. Vien), and that to some extent I differ with my good friend from Kootenay East (Hon. Mr. King), who voiced some objection to the investigation of government expenditures by the Senate.

I do not believe that there is anyone who would not admit that the expenditures of government today warrant further study than is given to them in the other house. I would suggest to honourable senators that the supply bill is the most important measure that parliament has to consider, and I would remind honourable senators that the last is not heard of the supply bill when it has been passed by the House of Commons and the Senate, for in the prorogation ceremony, the Speaker of the House of Commons, when he stands at the bar of the Senate Chamber, carries the supply bill in his hand—and it is the only bill that he brings over here with him. Further, I was surprised to learn, as perhaps other senators will be, that it is the Clerk of the Senate, not the Clerk of the House of Commons, who is officially the Clerk of Parliament, and he is the one in whose care and charge the Acts of parliament and other parliamentary records are kept, and to whom all inquiries must be made by persons seeking information on these matters.

Since my appointment to the Senate I have listened very carefully to discussions from time to time about dealing with bills in Committee of the Whole and about the admission of departmental officials to the floor of the Senate when bills are being considered in that committee. I am one of those who have long held the opinion that the lifting of the Mace

from the table in this or in the other house of parliament is tantamount to the moving of all the members present at the time to another room. Hence I claim, subject to correction, that when we are sitting in Committee of the Whole it is quite proper to admit to the floor of this chamber any official whom we desire to interrogate.

I intend to be present at some meetings of the proposed special committee and to suggest there—and I now suggest to the leader of the government (Hon. Mr. Robertson)—that consideration be given to having the estimates in general studied by the Senate, sitting as a committee of the Whole and, of course, in a committee room, rather than divided amongst various standing committees. There are two things to be said in favour of this suggestion. In the first place, there would always be a quorum; and, secondly, all members of the Senate would have an opportunity to be present and take part in the discussion.

Here I wish to take issue with the suggestion of my honourable friend the senator from Wellington South (Hon. Mr. Gladstone), that the proceedings of committees considering the estimates be taken down in shorthand by our reporters. Let me state why I object to that. I have served on many committees, but I recall particularly the Commons Committee on War Expenditures, in which we invariably found that witnesses spoke more freely and gave more information when their words were not being taken down by a shorthand reporter. Those of us who have had the fortune—or perhaps I should call it the misfortune—to appear in the witness-box know that a certain feeling comes over us there, and we are a little hesitant to express ourselves fully. So it is with an official appearing before a committee. When he sees a reporter writing down all he says, he is afraid to express himself fully—I believe that we owe a duty to departmental officials who appear before our committees, and that in fairness we should not ask them to express their opinions on government policy. It would be a dangerous practice for the members of the Senate to ask deputy ministers or other officials for their opinions on certain subjects, for if this practice were allowed to develop as it has in the United States, we soon would have the same chaotic conditions which now exist in Washington, where civil servants are fighting the government all the time.

I realize that the honourable leader of the Senate would face an impossible task were he to assume the responsibility of explaining to this house all the questions that might be asked concerning expenditures of the government or other measures which come before

this chamber. I believe that consideration should be given to the proposal made some years ago by the late Honourable Senator Dandurand, when he suggested that some sixteen or eighteen members of the Senate should be designated not appointed; designated by the ministers of the Crown—and they should have no standing—whose duty would be to explain the various bills and answer questions concerning the estimates coming from the ministers who designated them. Most honourable senators know that books containing explanations of the estimates are prepared, and that three or four copies are available. On each page details are given of the items a minister may be called upon to explain, and from that book he can even, without the assistance of a deputy, answer any question about ordinary or even extraordinary expenditures. I cannot see why there should be any objection to a system of that kind being tried out here.

I would make a further suggestion—and in making it—I speak for myself, although I realize that there are others in the Senate who share my views. I do not know whether my attitude was wrong when I came to this house, but I came here believing that it was my duty to review legislation coming from the House of Commons and to act as, shall I say, a kind of watchdog. But I find that this chamber has degenerated—and I use the word advisedly—into a body consisting of political parties. For instance, we have here a leader of the opposition—a title to which I object. The division will probably become more apparent when there is a government change, and there is in this house an overwhelming majority of Liberal appointees and only a few senators appointed by a Conservative administration. In support of my argument I wish to quote the Honourable John A. Macdonald, when he said:

There would be no use of an upper house, if it did not exercise, when it thought proper, the right of opposing or amending or postponing the legislation of the lower house. It would be of no value whatever were it a mere chamber for registering the decrees of the lower house. It must be an independent house, having a free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch, and preventing any hasty or ill-considered legislation which may come to that body, but it will never set itself in opposition against the deliberate and understood wishes of the people.

I think that that quotation, without referring to other statements which were made very well explains the intention with regard to the Senate at the time of confederation, but that position of the Senate did not last long.

There has been a great deal of talk about changing the Senate, but probably we will talk a lot about it but do nothing as we do about the weather. But the Senate is

not like the weather, for we could, if we really wanted to, do something about it.

In my opinion the appointment of Senators at large would not bring about the changes which the public of this country are looking for at the present time.

The problems that we hear so much about today are being emphasized because in this house there are only a few opposition members facing an overwhelming majority appointed by the present administration.

As I have already said, I sincerely believe that the Senate should be an independent body. I realize, however, that there are members of the House of Commons, and perhaps some senators, who would pass any measure that the government proposed, and who would not be alarmed even by the taking away of our liberties. But we are not all built alike; some of us take our duties seriously; and as long as I am in the Senate I will regard it as my duty to review legislation on behalf of the people and to offer criticism, in spite of any suggestion that I am disrespectful to the administration which made my appointment. If that is not my duty to this house, then it should be explained to me.

I am not enamored of the suggestion that the provinces should make appointments to the Senate, or that its members should be retired at a certain age. But I do not propose to go into that branch of the subject. I am somewhat alarmed at what is going on here at the present time. I can see the division; and if, as I have said, a change of government takes place, there will be a change in the positions of the parties in this house. Rightly or wrongly we have the idea that when the leader of the opposition objects he sometimes does so not because he thinks the legislation is bad, but rather, perhaps because the party to which he belongs is opposed to it. On the other hand, we feel that members appointed by the party in power are actuated by similar motives, but of course they are in favour of all measures introduced by the government.

I think it is time that we reviewed the entire situation. I do not say that in a carping sense at all. I realize that in view of the short time I have been here it may seem presumptuous on my part to offer the suggestions I have made. I cannot help feeling, however, that in speaking as I have done I am serving not only the interests of the people of Canada but also those of the Senate. If some action is not taken, I fear that the people of this country will become more hostile and outspoken about the Senate.

I believe that the changes which have taken place in the House of Commons over the years are not generally known. I went to that house in 1930, and I can say that during my earlier period there, and prior to it, members of parliament really amounted to something. But of late years many have become more or less just numbers. We may as well be frank and admit that the power of the executive—not of the government—is becoming greater and more influential in the affairs of the country. Hence, I say that the Senate has a real duty to perform in keeping watch over these encroaching powers. One can hardly talk to a member of the other house without hearing the complaints: "I thought I could do something when I came here, but I find that a lot of officials in various offices tell me what I can do, and I have no redress". If a member goes to a minister and complains, he is told to not raise a fuss publicly, that he, the minister, will see what can be done about the matter.

I believe that the Senate must look at conditions today in the light of what is transpiring, and I hope that serious note will be taken of the suggestions made this afternoon. I believe that the entire membership of the Senate should sit on a committee for the consideration of expenditures. When we realize our total expenditures amount to \$2 billion 330 million, of which 45 per cent is statutory, the matter becomes a most serious one. I could mention a half dozen expenditures made last year which, if the Senate had examined them, might not have gone through. How many members of the Senate would have risen in their places to advocate the spending of \$4 million to provide television in Montreal and Toronto? How much support would that expenditure have received from senators representing the Maritime Provinces and British Columbia? Yet the body demanding that money was not the government, but merely a board, set up apart from the government. Nevertheless this house passed that vote; and I confess that I, in the other house, may also have been a consenting party to it.

Why does this kind of thing go on? Every honourable gentleman who has sat in the other place knows why there is no effective curtailment of expenditures. The honourable senator from Kootenay East (Hon. Mr. King) put his finger on the trouble when he said that whether a member of the Commons remains in that house or ceases to belong to it, depends largely on the degree of his success in obtaining appropriations for post offices, wharves, and what not. To oppose expenditures in some other district might lay him open in turn to similar treatment from the representative of that riding. In view of the

seriousness of our financial situation, and the growth of bureaucracy, this chamber would be well advised to give its serious attention to the estimates, and deal with them in the manner I have suggested.

Some Hon. Senators: Hear, hear.

Hon. Thomas Farquhar: It was not my intention to take part today in this debate, but, having listened to the remarks of the honourable senator from New Westminster (Hon. Mr. Reid), I feel impelled to say something. The honourable senator has spoken of what he calls the playing of politics and taking of sides in this house. I wish to tell this honourable body that my impression of the proceedings in this chamber is not the same as his. It is my belief that there is very little playing of politics in this house, and that in this respect the Senate is very different from the place of which I was formerly a member. Do not misunderstand me, honourable senators. I am not stating that all the members of the House of Commons play politics. A great many of them do not; they stand, regardless of party, for what they believe is right. I know that to be a fact. I have had years of experience in politics, not only in the House of Commons but in a provincial legislature, so I know whereof I speak. But one thing about membership of this house that has greatly appealed to me is that the opposition parties have not tried to talk partisan politics. I believe that all they have said was the expression of their conscientious convictions, and I respect that spirit.

Another statement of the honourable senator from New Westminster to which I must take objection is that in the House of Commons a member is more or less a number. In 1935, on the first occasion that I heard the ex-Prime Minister speak in caucus—in mentioning this I do not think I reveal any secret—one of the earliest remarks he made in addressing himself to the new members was this: "Gentlemen, I want to tell you that your first duty is to be true to yourselves, true to your own convictions." I have never forgotten that injunction, and I try to observe it faithfully. I believe that that attitude characterizes very many members of the other house, and I do not think that the expression "only a number" should be applied to any of them.

There are a few other matters to which I wish to refer. Some honourable senators have asserted that the estimates have not received proper consideration. That statement astonishes me. From my experience in the other place I would say that it is anything but the fact. Indeed the reverse is true; the estimates receive very careful

consideration. I could give many examples, but I will confine myself to one illustration, relating to the obtaining of a post office, let us say, in my constituency. I do not mind telling you that while a member of the other house I was successful in securing no less than four post offices for my riding.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farquhar: But what I want to impress upon you is how difficult the task proved to be, what a struggle I had with the departments in order to get these post offices built, necessary though they were.

Let us assume that I am asking for the erection of a post office building somewhere in my constituency. First, I go to the Postmaster General and ask him to obtain a report as to the necessity of this work. The minister notifies the district inspector, who goes to the district, makes an inquiry and presents a report. If his report favours the project, it is presented to the Postmaster General, who refers it to his officials to ascertain whether everything is in order, whether the amount of revenue warrants the action proposed, and so on. The official charged with this duty knows, as an officer of the department, that unless the case for action is conclusive he should make a negative report. He knows too, that many recommendations to the department for such improvements must be rejected. However, let us assume that I am successful and that the official reports in favour of the project. The Postmaster General sizes up the facts, meditates on how he can avoid building this post office, and uses every argument he can think of to justify that course. But providing I am successful in persuading the Postmaster General that the post office should be built, the recommendation goes to the Minister of Public Works, and he in turn sends it to his deputy minister, from whom it goes to the chief engineer. The engineer realizes that he must assist his minister in every way he can to keep down the departmental estimates, and he tries to find some way to avoid incurring this expense. We will say that here again I am successful, and that the chief engineer is persuaded that the post office should be built. When his report is submitted to the Minister of Public Works, the minister has to decide how much of the total expenditures proposed can be recommended to his colleagues, and if he can find a reason for turning me down he is going to delay action. However, we will say that again I am successful. The matter then goes to the cabinet. The practice today is for the members of the cabinet to decide how much money they are going to spend in the current year, and for the Treasury Board to keep the

allotments within that sum. However, suppose that the item goes to the Treasury Board. Usually the Minister of Finance is chairman of that board, which goes over the estimates with great care. This year, I am told, the Treasury Board sat, usually twice a day, for four weeks. Their practice is to examine the items very closely and to cut and slash in every possible direction. A member of parliament is not permitted to appear before the board, and unless he is fortunate enough to have on the board someone who is interested in his particular item and will give it his support, the member can forget about it; he won't get his post office vote through. Let us say that once more I am successful, that some good friend of mine at the Treasury Board realizes how badly I need that post office and puts in a word on my behalf, which brings the desired results. Finally the item comes before the other house.

Now, I want to tell you that once an item has been approved by the Treasury Board you can forget about it. In all my experience in the other house and in the provincial legislature, I never knew of an estimate being cut by as much as one dollar after it had been approved by the Treasury Board. There may have been cases in which expenditures have been reduced but I never heard about them. I warn honourable senators that they will be disappointed if they expect to bring about economic changes in estimates that they may be considering in committee. These items have been so closely scrutinized all along the way that there is not much room for anything further to be said or done. We hear talk about the careful inspection given the estimates when they reach the committee stage in another place; but let me tell you that very seldom does anyone ask for a reduction in any item; on the contrary, increases are always being sought.

Some Hon. Senators: Hear, hear.

Hon. Mr. Farquhar: I have just jotted down a few of the requests that have been made: increased subsidies, increased prices of wheat and other grains, increased old age pensions and other social security measures, and greater consideration for veterans' allowances.

I did not intend to speak at any length, but I want to make one suggestion. This year several standing committees of the Senate were authorized to examine the various expenditures proposed in the estimates for the present fiscal year, and a committee of the House of Commons is doing the very same thing.

Hon. Mr. Crerar: I believe my honourable friend is under a wrong impression. The

committee in the other house is investigating the public accounts as presented in the Auditor General's report.

Hon. Mr. Farquhar: The appointment of such a committee was under discussion when I was in the other house. It was thought that by handling the estimates in this manner much of the discussion on the floor of the house would be eliminated and I was under the impression that this was now being done. If this were so, I was going to suggest that it might be well to appoint a joint committee of both houses of parliament to consider the estimates. This would eliminate covering the ground twice, and it would save the time of the busy departmental officials.

Some Hon. Senators: Hear, hear.

Hon. Wishart McL. Robertson: Honourable senators, if no one desires to discuss this resolution further, I should like to close the debate.

Some Hon. Senators: Proceed.

Hon. Mr. Robertson: I should like to thank those honourable senators who have spoken to this resolution. Their observations, based on long parliamentary experience, have constituted a splendid contribution. I had hoped that this would be so, because when I proposed the resolution it was incumbent upon me to indicate why I was introducing it, and to give some of my own views about what the committee should consider. Those suggestions were based on my experience in my present position, and whether or not honourable members have seen fit to agree with them is entirely beside the point.

I felt that the proposal of the honourable senator from East Kootenay (Hon. Mr. King), that some of the junior senators should serve on this committee, was a valuable one. I accepted his advice, and accordingly made the appropriate appointments. I would say, however, that most of the debate has been confined to a discussion of the activities of our standing committees in the handling of the estimates. I do not think there is any doubt that the Senate has authority to consider the supply bill which comes to it each year. Indeed, not a single dollar would be legally appropriated by parliament unless the Senate passed that bill. That is our responsibility, and it is just a question as to what we should do. Should we merely rubber stamp the supply bill, without giving proper consideration to the details involved?

I think it was the honourable member for East Kootenay who pointed out that during the war years the Finance Committee was empowered to consider the estimates before they were presented to the house. I do not remember much about the functions of that

committee, but since assuming my present responsibility as leader of the government in the Senate I know that on several occasions the Finance Committee has held special meetings at which members of the government, departmental officials and other persons have explained various estimates and outlined the policy of government departments. For instance, last year the Minister of National Defence explained to our Finance Committee the background of Canada's defence appropriations. In a general way he outlined our army, navy, and air force expenditures, comparing them with corresponding expenditures in the United States and the United Kingdom. While it is true that in my time the details of the estimates have never been given real consideration here, at some stage of each session I have had to present to this house one or more interim supply bills. On these occasions I have always explained that the granting of the sums of money asked for would not affect the right of honourable senators to raise questions when the general estimates came before them. With this explanation these interim supply bills have invariably been adopted. Then, at the very end of each session I have introduced a final supply bill, which has never been for less than \$2 billion. The Senate has then had to pass this bill or there would have been no money to carry on the public service of the country.

So in what position do I find myself? In actual practice the supply bill comes to this house at the very end of the session, often less than an hour before prorogation. Generally speaking, the procedure in the other house is to continue discussion on the estimates from day to day, with some items in the various departmental estimates being left open until all other legislation has been cleaned off, and the last two or three or more days of the session may be devoted entirely to estimates. In those circumstances we, with our order paper clear, wait for the supply bill to be sent over. As honourable senators know, it has frequently happened that we have met in the morning in expectation of receiving the supply bill, and as it has not arrived we have adjourned until three o'clock in the afternoon; and then, for the same reason we have adjourned until eight in the evening, when sometimes a further adjournment until the next morning has been necessary.

That procedure has to be carried on sometimes for several days, until at last there suddenly comes word that the supply bill has passed the other house. Then the bill is hurriedly sent over here, our bell rings, honourable senators assemble, and I in my

capacity of leader make as full an explanation of the measure as I can in the short interval remaining before the time set for the arrival of the Deputy Governor General to prorogue parliament. In those circumstances the leader of the opposition or the deputy leader invariably complains, as is his right, that the passing by a group of sober-minded people of a bill voting some \$2 billion, without any detailed consideration, is not a very edifying spectacle. It is true that we could stand on our dignity and on our right, and insist on studying the bill in detail. We could say to the House of Commons: "We are resolved to take a week—or two weeks or three weeks or four weeks, if necessary—to study these estimates which you have only now sent us, and you may wait until we have completed our study".

I fancy we would have a right to take that stand, but let us be realistic about this. As the end of each session approaches it is invariably the custom for members of both houses who do not live in Ottawa, and particularly those whose homes are a long distance away, to make train or plane reservations in anticipation of the closing of the session by a certain date, and when the session lasts beyond that date the attendance of members in each house is relatively small—in fact, it is often difficult to obtain a quorum. Now, suppose on the day that the supply bill is sent over to the Senate, when everyone is expecting the session to end, I asked honourable members to give detailed consideration to the estimates, what reception would my appeal get? That suggestion only needs to be put to show how impractical it is. Therefore, honourable senators, it seems to me that we must do one of two things: we must either ask that we be divested of all responsibility with respect to the expenditure of public moneys—

Hon. Mr. King: No, no.

Hon. Mr. Robertson: My honourable friend says "No, no", and I think he is right. If we wanted to be rid of that responsibility, I do not believe that the people whom we represent would consent, for everyone who thinks about the matter at all realizes that one of the most effective controls over the executive is the right to withhold supply. Recently I was reading some debates on the need for a second chamber like the Senate, and one of the arguments advanced was that if any government of the day so far forgot itself as to try to penalize a particular part of the country through a money bill, the second chamber could block the measure. So I believe that if we attempted to discard our control over supply, the people whom we

represent would not let us do it. I think we can wash out any suggestion that we be relieved of this duty.

Now, if we are going to continue our control over the estimates, shall we simply perform the function of a rubber-stamp or shall we review and study the estimates? That is a reasonable question to put to a group of serious people.

Hon. Mr. Euler: We rubber-stamp the estimates afterwards.

Hon. Mr. Robertson: I will deal with that point, for it is pertinent, and similar to the question asked the other day by the honourable gentleman from Kingston (Hon. Mr. Davies), to this effect: "Well, what can we do about supply anyway?" But first I want to come to the question asked on the same day by the honourable gentleman from St. Boniface (Hon. Mr. Howden), as to whether it was not the primary function of the Senate to review the work of the House of Commons before it is finally adopted, and, if so, whether our investigation of estimates before they have been dealt with by that house would not cause some conflict. Well, as I have already pointed out, I do not think it is practical to postpone our review of the estimates until the supply bill reaches us. Now, whether we continue our present practice of referring some estimates to the Finance Committee and others to various other standing committees, or adopt the method proposed by the honourable senator from New Westminster (Hon. Mr. Reid), is a matter that can be considered by the special committee which this motion proposes be set up, and afterwards by the Senate; but I think it will be agreed that our study of the estimates should be made before the supply bill comes to us.

Hon. Mr. Euler: Instead of having the supply bill sent to us in the last minutes of the session, would it not be possible to have it reach here in time for us to deal with it thoroughly before prorogation?

Hon. Mr. Robertson: The fact is that the other house does not finish with all the estimates until the very end of the session.

Hon. Mr. Euler: But it might be possible for that house to finish the consideration of them earlier.

Hon. Mr. Robertson: My honourable friend's parliamentary experience is much longer than mine, but I think he will not dispute my point that in practice the session ends when the House of Commons passes the final estimates.

Now I come to the other point which my honourable friend raised a few moments ago,

and the question of the honourable senator from Kingston (Hon. Mr. Davies). I was interested in the remark of the honourable gentleman from Algoma (Hon. Mr. Farquhar), that during his membership of another place he had never known the estimates to be reduced by a dollar. That accords with my own impression. However, dealing with the question of what is a practical course for the Senate to pursue, in ordinary circumstances, I would suggest that if at any time after a study of the public accounts and estimates we found that much smaller expenditures could be made in a certain field without harm to the public interest, we should not reduce any specific items, but rather should make a report setting out our conclusions and the reasons for them, and urging the government to reduce certain items in the next year's estimates. That is just my own view of what would be the most practical course for the Senate. I realize, of course, that some honourable members may not agree with me. I am convinced, however, that a carefully prepared report of that kind from the Senate would carry great weight; but if—to suppose an extreme case—the government chose to ignore our recommendations entirely, then it would be for this house to decide what further action it should take.

I think it is inevitable that we consider the estimates before the supply bill reaches the Senate. My honourable friend from Kootenay East (Hon. Mr. King) said he felt our study of any department's estimates should not precede the minister's explanation of them in the other house. That would mean considering them after the supply bill came before us, which I do not think is practicable. True, some ministers explain individual items in their estimates early in the session, but consideration of the fiscal estimates is not completed until very late in the session. I believe, therefore, if we are to consider the estimates effectively, we must do so as soon as possible after the parliament opens.

I come now to a further suggestion, namely, that next year we should take advantage of the early tabling of the estimates. I think it was my honourable friend from Waterloo (Hon. Mr. Euler) who asked me if I had any guarantee that the estimates would come down early in the next session. The honourable member from Kootenay East (Hon. Mr. King) expressed the opinion that the early tabling of the estimates would not happen again. In answer to my friends I may say that I can of course give no guarantee in the matter. I have looked at the records, and certainly this session, when the estimates were tabled within eight days of the opening, has been exceptional in that respect. In the preceding session the estimates were brought

down 47 days after parliament opened; and in the session before, 33 days elapsed before they were tabled.

I noticed that last session, during the discussion on interim supply, the minister referred to the criticism that the estimates were coming down late in the session, and intimated that he hoped to do better next year—by which he meant the present session. Though the estimates were brought down within 8 days of the opening of this session, he did not say that he hoped to be able to do the same thing next year.

Bearing in mind the discussion which has taken place, I am confidently hopeful that next session we will have the estimates before us within a short time soon after parliament opens. We may not get them in as short a time as 8 days, but I expect them to reach us in less than 33 or 47 days, as happened in the two previous sessions.

I would say, for the sake of argument, that our committees are not precluded from investigating the finances of the country before the estimates are tabled. I would point out that, under the statutes, the public accounts, accompanied by the report of the Auditor General, must be tabled by the minister before the 31st day of October, if parliament is then sitting; or, if not, within one week after parliament next assembles.

I have come to the conclusion that this question of estimates and public finances is so complex that a two-week study in anticipation of the actual consideration of the estimates would bear fruit. I appreciate the remarks which have been made and the criticism offered on this question. To my honourable friend from Kootenay East (Hon. Mr. King), I expressed the hope that honourable senators would state their views, which would be considered by the committee and ultimately passed upon by the Senate. I have assumed a certain responsibility in this matter, and I trust that nobody feels that automatically he must either support my suggestions or oppose them.

Some Hon. Senators: Hear, hear.

Hon. Mr. King: Before the leader closes his remarks, would he care to express himself on the opinion held by some that the financial policy for the year is declared in the budget, and that it is disclosed when the budget is presented?

Hon. Mr. Robertson: I quite agree with my honourable friend's view that the financial policy is contained in the budget, and that it could be discussed at some length before the supply bill comes down. If the committee feels that any good purpose would be served by delaying our consideration of the estimates

until after the presentation of the budget, I have no objection; but the contemplated expenditures appear in the estimates which are presented some time before, and I cannot see why our consideration of them should be regarded as a reflection on the other place.

As was pointed out the other day, the estimates are tabled in this house as soon as they are received, and of course they are the property of this house and cannot be passed until we agree to them. Whether we choose to examine them in detail or to place on them the rubber stamp of approval, is for this house to decide.

Hon. Mr. Farquhar: Honourable senators, I wish to correct any impression, which I may have left with the house, that I am not in favour of having a committee to investigate the estimates. I am, in fact, very strongly in favour of it. What I said was that I had no recollection of the estimates ever having been reduced. Nevertheless, I feel that every honourable senator should have full information on the estimates, and I am in favour of a committee of the Senate investigating them.

Hon. Mr. Gladstone: Cannot the question of overstuffed departments and duplication be considered at any time, quite apart from the actual bringing down of the estimates?

Hon. Mr. Robertson: There is complete justification for that when the public accounts and the report of the Auditor-General are under consideration.

The motion was agreed to.

MARGARINE—REMOVAL OF TAX MOTION

The Senate resumed from yesterday the adjourned debate on the motion of the Honourable Senator Euler seconded by the Honourable Senator Lambert, that in the opinion of the Senate margarine should be added to the list of foods which are exempt from the sales tax of 8 per cent.

Hon. Norman P. Lambert: Honourable senators, I wish to state briefly my reasons for seconding the resolution which was presented yesterday in as able a speech as I have heard in this house. As one of those who supported the senator from Waterloo (Hon. Mr. Euler) in his repeated attempts to remove the legislative ban from oleomargarine, what I had in mind at that time was the desirability of making available to the many consumers of this country a wholesome and nutritious food at a price that would bring about a reduction in the cost of living. I still think of oleomargarine in that way. The consumer's need is the measuring rod that should be applied to this question.

The consumer is, and always will be, the greatest common denominator of all classes in our community. He represents the producers on the land, in the mines, in the forests and the fisheries, as well as workers in the factory, office and on our lines of transport.

I support this resolution because I feel that the 8 per cent sales tax interferes seriously with the basic interest of the Canadian consumer, and therefore prejudices the best economic interests of Canada as a whole. In addition, as has been pointed out, this tax, as applied in the different provinces, is discriminatory and invidious.

The question of needed revenue has been raised by my honourable friend the senator from Vancouver (Hon. Mr. McKeen). His remarks imply, at least, that margarine is wanted and is being used in considerable volume. If revenue is to be the criterion of this issue, why not distribute the 8 per cent tax over the whole range of other foods, such as ice cream and butter, instead of loading the entire burden on margarine? It must be remembered that the law of diminishing returns may apply to a food tax, as to anything else, when it becomes too burdensome.

However, I do not think that revenue is by any means the sole object of this tax. It represents mainly, in my opinion, a measure of protection to the dairy industry, which for years has been one of the most strongly-organized and deeply-entrenched privileged interests in Canada.

I have maintained before, and do so again, that the sale of margarine in this country does not necessarily injure the dairy industry. The products derived from the yield of the dairy cow are widely varied, and are not economically represented by butter alone. Whole milk, cheese, ice cream, powdered and evaporated preparations afford a range of output which may be stimulated rather than injured by the presence of margarine on the tables of the consuming public. Internal trade begets internal trade, as foreign trade begets foreign trade. I think that principle should not be lost sight of in connection with the discussion of the sale of margarine in Canada. If I had my way, for the benefit of consumers and producers alike, I would

provide as wide a measure as possible of free trade in food products, including margarine and all dairy stuffs. I am sorry that my honourable friend from Kennebec (Hon. Mr. Vaillancourt) is not here, because I should like to ask him if he knows any member of the dairy industry in the Eastern Townships of Quebec who would reject the possibility and the prospect of a free trade relationship with the neighbouring republic.

In this connection I emphasize that the whole question of expansion of world trade is closely associated with the resolution which was presented yesterday. On the surface this may not appear to be so; but I believe that that question must be solved through the application of practical details. In the near future we shall be discussing a resolution relating to the Western Union and the North Atlantic pact. Economic co-operation as well as military defence is involved. Phrases such as "economic co-operation" and "free access to the food and raw materials of the world" have been reiterated since the date of the Atlantic Charter—all through the period of the lease-lend agreements which this country negotiated during the war, and during the formation of the United Nations and its international trade organization—down to the present time. Are we giving mere lip service to these things? What do they mean to us? It would seem, when we get down to brass tacks on one simple aspect of this great problem, such as is represented in this resolution, that they do not mean anything. I submit that our failure to face the realities in these smaller things gives colour to the suggestion of hypocrisy and ranting in connection with the greater world issues.

On economic grounds, I think, as well as from a broad social and political viewpoint, the time has come when the people of this country should be enabled to purchase their staple food supplies under conditions which are reasonably fair and competitive. I believe this resolution is directed to that end, and I give it my support.

On motion of Hon. Mr. Gershaw the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, May 5, 1950

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

Prayers and routine proceedings.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

A message was received from the House of Commons with Bill 86, an Act respecting the appointment of Auditors for National Railways.

The bill was read the first time.

MANITOBA-ONTARIO BOUNDARY BILL

FIRST READING

A message was received from the House of Commons with Bill 87, an Act to amend The Manitoba Boundaries Extension Act, 1912 and the Ontario Boundaries Extension Act.

The bill was read the first time.

Hon. Mr. Haig: They are stealing part of our province and giving it to rich old Ontario.

DIVORCE BILLS

THIRD READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the third readings of the following bills:—

Bill B-6, an Act for the relief of Jack Elmhirst Webster.

Bill C-6, an Act for the relief of Annie Kwait Maislin.

Bill D-6, an Act for the relief of Douglas Charles Blair.

Bill E-6, an Act for the relief of Therese Simonne St. Onge Laurier.

Bill F-6, an Act for the relief of Carmen Emily Adelle McCoy Jackson.

Bill G-6, an Act for the relief of Helen Alma Lambert Anderson.

Bill H-6, an Act for the relief of Bertha Marks Cohen.

Bill I-6, an Act for the relief of Stella Margaret Rollo McKee.

Bill J-6, an Act for the relief of Helena Matyla Martyniak.

Bill K-6, an Act for the relief of Marie Rosanna Emelda (Imelda) Lecomte Bolduc.

Bill L-6, an Act for the relief of Rose Slosarczyk Bydlinski.

Bill M-6, an Act for the relief of Helen Meadows MacNaughton.

Bill N-6, an Act for the relief of Walter Kerr Dow.

The motion was agreed to, and the bills were read the third time, and passed, on division.

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second readings of the following bills:

Bill P-6, an Act for the relief of Thora Yvonne Easy Weaver.

Bill Q-6, an Act for the relief of Robert Cohen.

Bill R-6, an Act for the relief of Ruby Gladys Burns Thornhill.

Bill S-6, an Act for the relief of Joseph Francois Xavier Beland.

Bill T-6, an Act for the relief of Joseph Neist.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. Aseltine: With leave of the Senate, I move the third reading of these bills.

The motion was agreed to, and the bills were read the third time, and passed, on division.

MARGARINE—REMOVAL OF TAX

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of the Honourable Senator Euler, seconded by the Honourable Senator Lambert, that in the opinion of the Senate margarine should be added to the list of foods which are exempt from the sales tax of 8 per cent.

Hon. F. W. Gershaw: Honourable senators, my contribution to this debate will be extremely brief. First of all I should like in a very humble way to express my welcome to the new senator from Halifax (Hon. Mr. Isnor). I am sure that he will be a useful addition to this chamber.

Some Hon. Senators: Hear, hear.

Hon. Mr. Gershaw: I am opposing this motion largely because I want to do everything possible to assist irrigation in this country. The people of Canada and, indeed, half the people of the world, require more fruit and vegetables, poultry and meat products, and these are the very things best produced on irrigated land. Irrigation farmers produce large quantities of butter, because the making of this product fits in naturally with their best farming practices, and it is generally feared—and with good reason—that their earning power will be greatly reduced if butter is displaced by a substitute product. These farmers send their cream to a neighbouring creamery, where it is made

into butter. Some of the people still churn their cream. The buttermilk is a splendid drink for those working on the farm, and the little pigs and calves certainly appreciate the skimmed milk. The cheques for the butter itself or the cream are the means of providing groceries in these farm homes week after week, and the older children have been educated, even put through college, by the savings of the butter maker in these homes.

At the present moment the government is launching a large reclamation program, and this is pertinent to the resolution before us. It is felt that the great drought-stricken areas should be reclaimed because of the repeated crop failures there. Almost every year money has to be paid out, under the Prairie Farm Assistance Act, as drought bonuses to farmers who have practically lost their crops. Last year the amount paid out on this account was no less than \$21 million, which indicates that the crop failure was very serious. The farmers put in wheat, because it resists the drought better than any other crop, but they stand by helplessly and in despair when the dry winds of June or early July burn up their crops. If they were on irrigated ground they could have vegetable gardens, flowers, trees and shrubs; they could keep poultry and livestock, and could make themselves independent of the drought bonus.

The reclamation program is being launched in quite a big way by the Minister of Agriculture. Already on the prairies about half a million acres are being irrigated, and plans are almost complete for the irrigation of another half-million acres. The biggest project in this new area will be the so-called St. Mary's Milk River scheme, by which the waters of this international stream will be held in large reservoirs for use in irrigation. The key structure is the big Spring Coulee reservoir, about thirty miles south of Lethbridge. The dam there will be the largest earth-fill that has ever been attempted in Canada. It extends for half a mile along the crest, is two hundred feet high and half a mile from toe to toe, being designed to withstand the enormous pressure of 300,000 acre-feet of water in the reservoir, which will be seventeen miles long and six miles wide at the widest place and will irrigate 345,000 acres of land.

Another scheme in that same district is the Bow river development, which was started many years ago by private capital from Britain. It has irrigated a relatively small district of 55,000 acres for a number of years. However, irrigation now is big business and private capital is not available for it, so it is necessary for the government to put up the money for the initial cost. That

scheme can be extended, and negotiations are already completed for irrigating another 192,000 acres. The beginning of this extension has been discouragingly slow, though not because of lack of money, but rather because of difficulty in getting clear title to the land.

A good deal more irrigating can be done. For instance, the Red Deer river, which has its source at the foothills of the Rocky mountains, flows all the way across the province of Alberta. Yet along its whole course there is not a single dam, turbine or irrigation canal to conserve the water and prevent it from flowing uselessly on to the Hudson Bay. With very little expense dams could be placed along that river, and the water could be diverted into natural reservoirs, from which, by means of gravity—no pumping would be needed—it could be caused to flow over the land.

Honourable senators, we do not have to take any lessons from Russia, but in the latest copy of the *Kiwanis Magazine* there is an article which tells something of the immensity of the reclamation program which is being carried on by that country. There is a shelter belt of trees 3,000 miles long is being erected to prevent the hot winds of the central plains of Asia from blowing over the farmlands, and thus destroying the growing crops. Also, the water level of the great Caspian Sea is being kept up by reason of the fact that large rivers which previously flowed into the Arctic Ocean are now diverted and flow into that sea. Reservoirs are being built all along these rivers, and what formerly were barren areas have now been turned into fertile farms.

In the United States, where there is of course a huge population, some 20 million acres are now under irrigation. In that country irrigation is practised on lands where there is an annual rainfall of as much as 20 inches, whereas in Canada there are areas in which the annual rainfall is only 10 inches. The United States spends as much as \$300 or \$400 per acre to irrigate, whereas in Canada the figure is only some \$40 or \$50 per acre. The United States plans within the next ten years to spend \$3 billion for this purpose.

The expenditure of money in Canada for irrigation purposes will pay large dividends. A dry area, when irrigated, will support twenty times as many people as it previously did. When water is put on cultivated land it helps the adjacent ranch lands; stock-watering reservoirs are constructed and the capacity of the land for grazing purposes is increased. Further, planned irrigation helps the farmers to produce diversified crops to supply canning factories, beet sugar factories,

freezing plants and other enterprises of that kind. The soil in the area to which I refer has been examined by the Department of Soils of the University of Alberta, and found to be a highly productive loam.

Honourable senators, I hope I am not making a mistake in opposing this motion, but I feel that nothing should be done which would discourage the farmer or reduce the revenue of the people in the agricultural industry. I believe that irrigation can be more successfully carried on if there is a market for butter at prices which are reasonable, and in keeping with the cost of production.

All down through history people have gathered together where food can be produced in abundance, and at the present time returned soldiers and farmers from the drought-stricken areas are most anxious to get on irrigated land. They want to substitute the growing of products which offer security for the gamble they take in producing wheat. They prefer the community life of a populated area to the lonesomeness of desolate lands. To help them fulfil that ambition it is necessary for us to make it possible for them to make a good living, and every encouragement should be extended to them. I believe that butter-making is an important factor in their success.

Some Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: There is one part of the speech of the honourable senator from Medicine Hat (Hon. Mr. Gershaw) with which I thoroughly agree, and that is his kindly reference to the new senator from Halifax (Hon. Mr. Isnor). The newest acquisition by this body sat in the House of Commons, where I was one of his humble colleagues; and he and I have been the warmest friends for a good many years. I have admired him in the house and out of it, to say nothing of the skill which has characterized his relations with his constituents, and the very large majorities which his neighbours and friends in Halifax have given him in repeatedly returning him to Ottawa. I join the honourable senator from Medicine Hat in welcoming him to this chamber. I hope that his stay here will be as happy as mine has been during the last five years, and that he will contribute very much more to our deliberations than I have been or will be able to do.

With some of the other statements of the honourable senator from Medicine Hat I cannot agree so unreservedly. Of course I sympathize with him in his desire to benefit the people of the district from which he comes, and I recognize his right to reflect and express the views which naturally they

hold. But there is no very obvious connection between the needs of the housewives of my constituency and the reclamation projects in the West which he advocates. I, too, may be influenced by local interests, but I cannot see how the building at government expense of the Spring Coulee Dam in the far west is relevant to the provision of a cheap commodity to supply the tables of the families, most of whom are poor, in the district where I reside.

I am in favour of the present motion. I support it for a number of reasons, two of which I shall mention presently. In passing, I would express my congratulations to the honourable senator from Waterloo (Hon. Mr. Euler), who is responsible for this motion, and whose previous resolutions with regard to oleomargarine I supported on a number of occasions. At times, no doubt, some of us feel a sense of frustration at being fated to accomplish so little, seemingly, in the great world in which we live. It has been the fortune of the honourable senator from Waterloo to realize the fruits of his efforts during his lifetime. He has brought some benefits—small benefits, if you will—to the tables of thousands upon thousands of his fellow citizens who, during this last year or so, have been enjoying a wholesome and nutritious food that, but for his action, they might not have been able to obtain. So I congratulate him heartily: in the course of the brief life-span allotted to him—as to all of us—unlike many of his fellows, he has been able to leave some “footprints on the sands of time”.

I support the present resolution on at least two grounds. First, I am opposed to sales taxes as being ill-advised, and not in the public interest. Second, I oppose this particular application of the sales tax as one of the worst instances of a bad principle in action. I think the sales tax is the most vicious of the many repressive forms of taxation in which we indulge. Legislatures and public men generally pay too little attention to the incidence of taxation; I mean, the effects of certain types of taxation upon the community. Taxes may be divided into two classes. First, there are those that are direct and do not increase the cost of production and of living. Such, for example, are the excess profits tax, the income tax, and taxation of land values. The excess profits tax does not increase the cost of living or of doing business; income taxes do not add to expenses of production or enhance prices; land-value taxes actually operate in the reverse direction. But there is another class of taxes that falls, usually indirectly, upon production, and which increases the cost of living, hampers

business operations and adversely affects production and profits. In this class are included tariffs, sales taxes and a number of other imposts. First, they tend to bring about inflation, they reduce wages by raising the cost of living, and they decrease the purchasing power of the dollar. Second, they cause industrial unrest, because demands for increases of wages disturb the general business trends of the country and provoke the industrial contests which occur when men are trying to preserve their standards of living. Finally, they increase the cost of doing business in Canada; make it more difficult for business to compete, particularly abroad; and they reduce the profits from which business contributes under other forms of taxation. Generally speaking, they promote bankruptcy and bring about stagnation.

The worst of this class of taxation is the sales tax, because directly and obviously it increases the cost of production. It raises prices, lowers standards of living, and has a tendency to promote depression and unrest. Above all, the cost of collecting it is out of all proportion to the amount received. It has been estimated that, for every dollar which enters the public treasury as a result of sales taxes, the cost to the general public is two dollars.

A picturesque and startling illustration of the effects of this kind of taxation is to be found in the history of Spain. At one time that country was a prosperous world power, the ships of her magnificent navy calling to trade at every port on the globe. Then the ruling nobles decided that they could shift their feudal burdens by levying taxes equivalent to our sales tax. They shifted the burden from the landlords, the big territorial owners of Spain, to the shoulders of the masses, the people who sustain the business of any country, and within fifty years Spain was reduced to a fifth-rate power. That is just one illustration of many which serves to show why I am opposed to sales taxes in general.

In my judgment a tax which is levied against the food of our people is the worst kind of sales tax. It makes it more difficult for our men and women to raise their children. An excellent illustration of the value of good food was shown in a test recently conducted in Toronto. A group of children in a community were given one good meal a day, and within a comparatively short time the growth and general health of these children reflected the good food they had been eating. They were in better health and had grown more than other children of the same community who had continued to eat the meals to which they had been accustomed.

The sales tax upon this one special type of food which we are discussing tends to make it more difficult for our children to get a nutritious food they should have. The tax is discriminatory because it affects this one item and not food generally. I believe it was the honourable senator from Ottawa (Hon. Mr. Lambert) who recently said that if it were necessary to secure revenue by a tax on foodstuffs, then that tax should be spread out over all foods. Well, I do not think we have to get revenue by such taxation, and I am opposed to it.

The tax on oleomargarine is essentially unjust because it was imposed not for the comparatively small revenue it returns but for the benefit of one class at the expense of another. Does anyone suppose that this tax would not be immediately abolished if it were not for the influence of the dairy interests? It is not a matter of taxation; it is a matter of favouring a certain class in the community. And that class is not the one to which the honourable member from Medicine Hat (Hon. Mr. Gershaw) referred—farmers who make the butter in churns—but consists of the dairy interests in Canada. Do you think anyone would entertain a suggestion that the poorer housewives of the district which I have the honour to represent should be called upon to make a charitable donation to the dairy interests of Canada? Such a suggestion would be laughed out of court, but that is actually the effect of the sales tax on oleomargarine. The cost of living of the poor is increased to give something more to the dairy interests. I would oppose this sales tax as a matter of principle, even if I did not find it so destructive as I do.

It is argued that the government needs the revenue, but I would point out that this tax violates every sound principle of taxation. It takes no cognizance of ability to pay and is levied upon those who, for the most part, are in the poorest position to meet it. I think it goes without saying that butter is a nicer spread on bread than oleomargarine. I am pretty certain that the ordinary man would take butter if you offered him his choice at your dinner table. The people who are using margarine are those who can afford margarine better than they can afford butter.

Hon. Mr. McIntyre: What is the present difference in the price of oleomargarine and of butter? Is the price of margarine much lower?

Hon. Mr. Roebuck: Much lower.

Hon. Mr. McIntyre: The difference is 22 cents.

Hon. Mr. Roebuck: Thank you for the information. My honourable friend had the

information, and did not need to ask for it. The difference in price is considerable, and the greater the difference the better pleased I am, because it means increased benefits for the poor. I am not in favour of taking away anything from the poor. Our people have benefited a great deal since our courts removed the restrictive legislation which prevented the manufacture and sale of margarine, and I think we should do everything possible to make this product more accessible.

I was making several points about this 8 per cent tax from the point of view of the principles of taxation. I say it violates every sound principle of taxation, and is not in accordance with ability to pay. It is levied upon those who have the least ability to pay, and for whom we should have the greatest concern, because most of them are raising families. And of course the tax has no relation to services rendered by the government to individuals.

Further, this tax is beyond all reasonable measure costly to collect. In fact, sales taxes are among the most costly taxes for the government. So the tax is not in accordance with good principle, and as a form of taxation it does harm out of all proportion to the amount of money received.

Hon. Mr. Farris: Will my honourable friend state his authority for saying that the sales tax is so costly to collect?

Hon. Mr. Roebuck: I know it from my own experience. I have not got the figures, if that is what you mean, and these figures cannot be obtained. The cost includes the expense to which retailers and other people are put in collecting the tax and remitting it to the government. While I have not the detailed figures, I say it has been estimated that it is a very costly tax to collect.

Hon. Mr. Bouffard: Is the tax not collected by the manufacturer and paid directly to the government?

Mr. Roebuck: Yes, and pyramided when the product gets into the hands of the retailer.

Hon. Mr. Bouffard: Oh, no.

Hon. Mr. Kinley: You are all wrong.

Hon. Mr. Roebuck: If it is paid by the wholesaler, he makes a profit on the payment. There is not any question that it is an expensive tax to collect.

Hon. Mr. Kinley: I would say it is the cheapest tax to collect.

Hon. Mr. Roebuck: The cost of collection is only one of my objections to this tax, and I have mentioned a good many others. I am opposed to this tax because I am in favour of making it easier for householders and

housewives of our country to buy the food that they require for their families, and particularly for their children. Removal of the tax would confer a favour upon the people for whom we should have the greatest concern, those who are supplying food to the tables where children eat. For these reasons, honourable senators, I intend to vote for this resolution.

Hon. W. M. Aseltine: Honourable senators, I did not intend to take part in this debate and I will not speak long. It seems to me that it is much ado about nothing. I voted for the original resolution favouring the manufacture and sale of margarine in Canada, and I am still in favour of that, but I am opposed to the removal of the sales tax. From the speech to which we have just listened one would think that the removal of this small tax would result in a saving of millions of dollars to margarine consumers. But in fact the tax amounts to only 3 cents a pound, and as the average householder would buy only about fifty or sixty pounds in a year, he can make up for the amount of the tax by smoking a few less cigars or packages of cigarettes and drinking two or three fewer bottles of beer.

Hon. Mr. Beaubien: That is the best speech yet.

Hon. Robert W. Gladstone: Honourable senators, we are considering a resolution of the honourable gentleman from Waterloo (Hon. Mr. Euler), urging that margarine should be exempt from the sales tax of 8 per cent. The honourable senator and I are neighbours in the cities of Kitchener and Guelph, which are some fifteen miles apart in a fine agricultural area in the province of Ontario. I am sorry to oppose the honourable senator, but I must do so for several reasons—in fact, on almost every argument he has advanced.

I am opposed to removal of the sales tax from the standpoint of agriculture, I am opposed to it from the standpoint of the workingmen in the factories, I am opposed to it from the standpoint of federal revenue; and if more should be said, I am opposed to it from the standpoint of what seems to be best at this time for the fullest development of the prosperity and contentment of Canadians as a whole.

I will use for my argument several statements taken from the speech of the honourable senator for Waterloo. After saying there were two factors relating to margarine which militated against consumers, he continued:

The first of these is the sales tax of 8 per cent, which, if removed, would reduce the price to the consumer by three cents a pound.

He also said:

Grocers report that the average sale per family to the rural trade is four to six pounds per week.

And finally:

Margarine sells at from 34 to 42 cents per pound, as against 61 and 62 cents for butter.

The last two quotations given were taken from a Saskatchewan newspaper.

The discussion today has nothing to do with the sale in Canada of margarine, as this is now legalized. According to the figures quoted, the users of margarine have an advantage of some 20 to 28 cents per pound, this being the difference between the price of butter and of margarine. I believe it can be said that those who use margarine are entirely satisfied with this spread in price and are not clamouring for another reduction of 3 cents per pound. However, if the sales tax were removed there would be a saving of 3 cents per week to the family using one pound of margarine, and 15 cents per week to the family using five pounds.

It has been estimated that 73,958,000 pounds of margarine were manufactured in Canada in 1949. Granted that in many homes there has been a larger consumption of margarine than there previously was of butter, the fact still remains that the use of margarine has enormously reduced the consumption of butter. The honourable senator would further discourage the farmer by reducing the price of margarine by three cents per pound.

We regard agriculture as the basic industry of Canada. We have been in the habit of saying that when the farmer is prosperous there is prosperity all around. Agriculture is by far the largest market for the products of our factories. Those industries that manufacture materials for the equipment of barns and stables—pumps, milking machines, milk coolers, cream separators and all kinds of seeding and harvesting machinery—depend almost entirely on agriculture for their market. Nearly every farm today has an automobile, a tractor and a truck and the supplying of these vehicles means a very considerable output by the motor industry. The transportation of farm produce by highway or railway creates a demand for the products of a great variety of industries. Even though some farmers may buy margarine, as the honourable senator for Waterloo has stated, I cannot see the sense of giving a slap in the face to the tillers of the soil for the sake of a possible reduction of three cents a pound in the price of margarine.

What would the working men in our factories think of any measure that reduced the purchasing power of the farmers? Would the factory employees, for the sake of a saving

of 3 cents per week on one pound of margarine, or 15 cents a week on five pounds of margarine, support a change that would make it still more difficult for the farmer to buy the things which he, a working man, toils to produce? I think he would weigh very carefully the possible saving of 15 cents per week against the risk of losing his job through any action that would be discouraging to the farmer. I am sure the working men will regard the proposal contained in the resolution as "penny wise and pound foolish".

I should like to refer to one further important consideration in the situation, namely, of soil erosion. This is a matter of growing concern in all parts of Canada. This spring, wherever there are bare field one can see the effects of water rushing down the hillsides and tearing away valuable topsoil.

In the speech by the Honourable Senator for Waterloo (Hon. Mr. Euler) this sentence appears:

During previous debates in this chamber I expressed the opinion that Canada could produce sufficient vegetable oils to make all the margarine we could use in this country.

If that opinion is correct, the vegetable oils would come largely from soybeans and sunflowers, which are cultivated crops. After the harvesting of these crops nothing is left to protect the soil against erosion. The dairy industry supports a different type of farming. Fodder for the herd requires pasture land, meadows, oat and barley crops, all of which provide protection against erosion during the spring freshets. Farmers have recently been discouraged from fall ploughing, in order that this protection may be maintained as long as possible. Dairying has always been a basic industry, and it can be made a valuable contributing factor in soil conservation; something in which every citizen is interested whether he lives on the farm or in the city.

I am sure that the workingmen in our factories will weigh well the possible saving of 15 cents per week against the risk of unemployment through shrinkage in the farm market. It seems to me that this is no time to bring forward any suggestion which will in any way be a discouragement to our farmers.

Some Hon. Senators: Hear, hear.

Hon. Mr. Barbour: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. John T. Haig: Honourable members, may I have the indulgence of the house to offer the suggestion that we urge the government to introduce and pass in the other place contemplated legislation which will

eventually come before us? This house can perform a great service by properly investigating and, if necessary, revising such legislation. I know that there are some important matters still to be dealt with at this session and I therefore urge the leader of the government here to inform his colleagues of the desire of the Senate to receive the legislation that is to come before it in time to give it effective consideration.

The Senate lately has been investigating public expenditures. While some of our members may agree with what is being done, and others may not, we are nevertheless sitting five days a week to consider these expenditures. Now we are nearing the end of our work. Later in the session we will be bombarded with important legislation, and I cannot see what objection the other house would have to the early introduction of at least some of the important legislation which, I understand, is to come before us this session.

Hon. Mr. Roebuck: May I suggest that, to bring about that end, my honourable friend should himself make representations to the opposition forces in the House of Commons?

Hon. Mr. Haig: I have considered that point, my honourable friend, and I can make representations to both opposition forces—

Hon. Mr. Roebuck: I mean the official opposition.

Hon. Mr. Haig: The opposition has nothing to do with the order in which legislation is considered. The government controls the routine, and about four out of five days a week are set aside for government business. I understand, for instance, that amendments to the Insurance Act are being considered.

Hon. Mr. Lambert: And the Wheat Board Act.

Hon. Mr. Haig: The Army bill also will come up for further consideration this session.

There are in this house a number of able businessmen, farmers, lawyers and doctors who are most eager to render a public service in their capacity as senators. I therefore strongly urge the government to bring this important legislation before us at an early date. I assure my honourable friend from

Toronto-Trinity (Hon. Mr. Roebuck) that I shall urge the leader of the official opposition in the other place to facilitate this in every way possible, remembering, of course, that time must be allowed for proper debate on each question.

Hon. Mr. Farris: Honourable senators, I wish to supplement what the leader opposite has said by suggesting that the leader on this side remind his colleagues in the House of Commons that our rules have been amended, and that legislation which they are not ready to discuss can be introduced in this house by the minister concerned. I do not recall that a single piece of legislation has been presented to us in that way this session.

Hon. Mr. Robertson: Honourable senators, I am happy to have the support of the leader opposite in this matter. It will be recalled that when I introduced the resolution with respect to the functions and constitution of the standing committees, I said that I hoped we would have the business of this house completely cleaned up by the end of May. Moreover, I said that, as we have the responsibility of considering all legislation, whether it originates here or in the other house, I hoped some method could be worked out by which we could expedite the general business of parliament. I went so far as to suggest that we might have a joint conference to bring about that end.

There are reports abroad that parliament will not finish its business until sometime in July. I feel that the spreading of such rumours is akin to certain passages in the New Testament to the effect that certain things were done so that the prophecies might be fulfilled.

Some Hon. Senators: Oh, oh.

Hon. Mr. Robertson: I heartily agree with the suggestion of the honourable leader opposite, and I shall urge the matter upon my colleagues. I have no desire to stay here until the end of July, and I think that other members of parliament feel as I do.

Some Hon. Senators: Hear, hear.

The Senate adjourned until Monday, May 8, at 8 p.m.

THE SENATE

Monday, May 8, 1950

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

Prayers and routine proceedings.

THE ESTIMATES

REPORT OF FINANCE COMMITTEE

Hon. T. A. Crerar presented and moved concurrence in the report of the Standing Committee on Finance, to whom was referred certain estimates laid before parliament for the fiscal year ending March 31, 1951.

He said: Honourable senators, your committee recommend that authority be granted to secure statistical information on the total revenues from taxation collected by federal, provincial and municipal governments in Canada, and the expenditures by such governments, showing sources of income and expenditures of same under appropriate headings, for the year 1939 and for the latest year for which the information is available.

The motion was agreed to.

MARGARINE

RETURN

Hon. Mr. Robertson: I beg to lay on the Table a return to an order of the Senate, dated May 3, 1950, which furnishes the information asked for by the honourable senator from King's (Hon. Mr. McDonald).

HONOURABLE CAIRINE WILSON

FELICITATIONS ON BEING CHOSEN CANADA'S MOTHER OF THE YEAR

On the Orders of the Day:

Hon. Wishart McL. Robertson: Honourable senators, before the orders of the day are proceeded with I should like, personally and on behalf of all honourable members, to compliment one of our distinguished colleagues to whom a great honour has been paid. As Canada's Mother of the year, the honourable senator from Rockcliffe (Hon. Mrs. Wilson)—

Hon. Senators: Hear, hear.

Hon. Mr. Robertson:—will receive a gold pin from the American Mothers' Committee in New York, which this year plans to make awards to mothers from each of the fifty-nine countries of the United Nations.

Chosen for the award by the National Council of Women, Senator Wilson is the first Canadian to hold the title.

This is only another in a long line of firsts for the Senator from Rockcliffe: She was summoned to the Senate in 1930 and was the first woman to become a member of this chamber. In 1949 she was made Canada's

first woman delegate to the United Nations. Before that she was the first President of the League of Nations Society of Canada, and the first Chairman of Canada's National Committee on Refugees.

I am sure that all honourable members will join in congratulating Senator Wilson upon this added honour. Those of us who know well of her activities realize how unstintingly she gives of her time and of her great abilities to the advancement and interest of people who are in need of help. She does this in addition to fulfilling her responsibilities as a mother; and I have no doubt that in her role of grandparent she has additional responsibilities, although on that point I cannot speak from experience. We all wish her well, and hope that she may long be spared to bestow upon those in need the inestimable benefit of her services.

Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable members, on behalf of the senators on this side of the house, I wish to join the leader of the government in paying tribute to the honourable lady senator from Rockcliffe (Hon. Mrs. Wilson). As the honourable leader has said, she was the first lady to be summoned to the Senate of Canada, an honour in which she can never be superseded. The members of this house have long known of the outstanding service of our friend on behalf of the women of Canada. I have only once or twice heard the criticism that she is a little too kind-hearted, and devotes too much energy to help certain people who perhaps do not need her help.

The honourable lady senator is not only a legislator, but a mother and a grandmother. Unlike the leader of the government, I can speak from experience in the matter of grandchildren, for I have a good many of them. My wife accuses me of paying more attention to them than I ever did to my own children, and her accusation is no doubt justified. I think the honourable lady senator perhaps is subject to the same weakness.

The honourable lady has represented Canada well in the Assembly of the United Nations and in other organizations. Just last week she flew to my home city of Winnipeg to attend an important meeting there, and to give courage to the women of that part of Canada in the struggle which lies ahead of them. On behalf of the women of my city, and others who participated in the meeting, I express thanks to our honourable colleague.

To you, madame senator, I extend from this side of the house most hearty congratulations on the most recent distinction which has been conferred on you.

Hon. Cairine R. Wilson: Honourable senators—

Some Hon. Senators: Hear, hear.

Hon. Mrs. Wilson:—this is certainly the first occasion on which the Senate has had an opportunity to pay tribute to a mother. It may be that my eight children give me an unfair advantage; but perhaps it is better to be the mother of the nation than the mother of the Senate—

Some Hon. Senators: Oh, oh.

Hon. Mrs. Wilson:—for I must confess that I am somewhat disturbed over my rapid rise in the order of seniority of this chamber.

The congratulations of this body are a refreshing change from the accusation made last October, while I was attending the United Nations, that I was devoid of a mother's feelings about the kidnapping of children.

I very much appreciate the action of the National Council of Women in choosing me as candidate for the rather amazing title "Mother of the Year." I only hope that I am worthy of that distinction.

Some Hon. Senators: Hear, hear.

RED RIVER FLOODS AND RIMOUSKI FIRE EXPRESSIONS OF SYMPATHY

Hon. Wishart McL. Robertson: Honourable senators, before the Orders of the Day are proceeded with, I wish to say a few words of sympathy and regret to the many Canadian people who are suffering from the floods in the Red River Valley and the fire in the town of Rimouski. I do not know that anything we can say is adequate to show our concern for them in their terrible plight. In such circumstances one stands in awe of the tremendous forces of nature which seem to defy the ability of man to control them.

I am anxious that those who have suffered, and will continue to suffer, and those whose relatives have lost their lives, they should know in their suffering that they have the sincere sympathy of the members of this chamber.

Hon. John T. Haig: Honourable members, I ask the house to permit me to extend my remarks over a little longer time than was occupied by the honourable leader.

First, may I say to the people of Rimouski that we senators join with members in the other place in promising them that nothing that money can do to supply clothing or whatever else they lack shall remain undone. To me, the loss of homes and belongings by the inhabitants of Rimouski in yesterday's fire is a heart-rending calamity. The loss cannot be estimated in dollars; but we can alleviate to some extent their sufferings. I

record with great pleasure that the representatives of the Red Cross are already on the scene, that the governments of Quebec and of Ontario have offered assistance, and that the federal government has promised help. I believe I speak for every member of this house when I say that we are one hundred per cent behind the Government of Canada in its declared purpose to aid the suffering people of Rimouski.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I propose to speak at greater length about my own city of Winnipeg, because I am better informed of the situation there. The loss of property in the Red River valley from Emerson to north of Winnipeg is very great, and the effects will be serious. In the first place it is now fairly evident that a large acreage of agricultural land is unfit to be cropped this year. Secondly, the loss of livestock and the damage to buildings and other property of farmers in the rural areas have been very extensive.

A magnificent effort has been made by the people of Manitoba to help those affected by the floods, but conditions are extremely difficult, and the situation shows no sign of improvement. One and one-third inches of rain fell Friday night and Saturday morning. At present it is raining in Winnipeg, and the prospect is that another inch will fall tonight. At Emerson, the principal town affected, the water rose one foot. At 5 o'clock the water level at Winnipeg stood at twenty-eight feet above datum,—datum being the point reached by the ice when it freezes in the Red River at Winnipeg, and is calculated as of 1882. Hitherto it has never varied more than a few inches. Water overflows the Red River with a rise of eighteen feet above datum, and as it has risen to twenty-eight feet, it is ten feet over the banks. Many residences in the suburbs are deserted because of the floods: in Greenwood alone at least four or five hundred houses have been vacated; and at 7 o'clock this evening it was announced that all the people of Glenwood Crescent, which is in the northern part of the city, had been ordered to leave their homes.

I have one suggestion to make which is directed to the problem of control of this rampaging river. The other day, as a member of the committee presided over by the honourable member from Churchill (Hon. Mr. Crerar), I asked the Deputy Minister of Public Works whether the locks were open. He replied that it was not necessary to open them yet, because between Middlechurch—which is fifteen miles north of Winnipeg—and St. Andrew's Locks, there is a natural barrier of rock which holds back the waters, and until they reach a certain height there

is no need to pay much attention to the locks.

Hon. Mr. Howden: The gates are opened in the fall and left open all winter.

Hon. Mr. Haig: That has nothing to do with it. The engineer of the city of Winnipeg said today that if these rocks were blasted out of the river there would be no flooding at Winnipeg, nor would there be any flooding from Ste. Agathe, which is twenty miles south of Winnipeg. It would mean that the whole river from Emerson north would never flood. This operation would cost about \$20 million, but the government will have to consider undertaking it if a stop is to be put to the flooding of the river every time there is a heavy rainfall or snowfall.

The flood waters have reached such proportions in Winnipeg that patients have been removed from the St. Boniface hospital, the King George hospital, the St. Vital Sanatorium and the Municipal Hospital. The city itself is not going to be deserted, and the flood situation is being well handled; but I should like to stress that the recurring flooding of the Red river is something which the city of Winnipeg or the province of Manitoba should not have to deal with alone; it is a national crisis which should come under the federal authorities. If the Deputy Minister of Public Works and the engineer of the city of Winnipeg are right, and I think they are, then the rock blockade in the river about fifteen miles north of Winnipeg will have to be removed unless the river is to flood every time there is a heavy fall of snow or rain in southern Manitoba or in the Dakotas.

My honourable friend from Provencher (Hon. Mr. Beaubien) lives in the flood area. I was in Winnipeg two weeks ago when the flood was coming on, and I can tell you that it is unbelievable the way people suffer. On Saturday night a woman I know, a Mrs. Flanders, told a tragic story of the flood. The damage to valuable household goods is not the worst of it; it is the terror of the water climbing up and up. I read of one young fellow who was drowned in his own basement. The water poured in so fast that he did not have a chance to get out. In 1948 the flood waters in Winnipeg reached twenty-three feet five inches. This year they have already reached twenty-eight feet and are expected to rise another two and a half feet before the peak. All dykes have given way except the ones guarding the St. Boniface hospital and Norwood. The water is now within a few feet of the corner of Main street and Portage Avenue, the centre of the city.

I am not hysterical about the flood situation, but I want to stir the government and

the Engineering Institute of Canada to attack this problem. The people of the Fraser River valley and other parts of Canada are faced with the same problem, and our engineers have got to try and solve it. A permanent cure has to be found. I am not an engineer, but I think the solution would be to remove the rocks from the Red river north of Winnipeg. We have cut down our timber and removed the natural barriers against flooding. Each year the spring waters rush through our drainage systems to the rivers, and within a few days we are faced with terrible floods.

Winnipeg has been badly hit, but we are delighted to honour the people of the Red Cross. They are doing a marvelous job, and after this experience the people of Manitoba will never hesitate to contribute their full share to the Red Cross Society. I want to thank the Dominion Government for sending soldiers from Calgary, Chilliwack and other points to Manitoba's flooded areas. They are doing a splendid job in helping to fight the swirling waters.

I want to thank the leader (Hon. Mr. Robertson) for allowing me to make these extended remarks.

Hon. Mr. King: The rocks are in the river north of Winnipeg?

Hon. Mr. Haig: Yes.

Hon. A. L. Beaubien: Honourable senators, I want to express my sincere thanks to the leader of the government for the sympathy he has expressed to the flood victims of the Red River Valley. This has been one of the worst floods experienced in Canada, the water having risen higher than it did when the Red river flooded one hundred years ago.

When a large part of the Red River Valley was inundated in 1948, a foot and a half of water came into my house and did a great deal of damage. I repaired this damage as best I could. Today because of the present flood, all that can be seen of my house is the tops of the windows. To provide shelter for farm stock, the railway companies have run box cars into such towns as Morris and St. Jean. They have also brought in bales of hay with which to feed the stock, because the only way the farmers can get to their own supplies is by small boats. The railways have also sent in sleeping and dining cars to feed and house the evacuated people.

The damage done along the Red river is beyond estimation, and I suppose it will never be known. Cattle and chickens have been destroyed; the damage has been terrible. I firmly believe that this flood, like the flood in British Columbia in 1948, constitutes a national emergency. I would therefore ask the leader of the Senate to convey to the government the thoughts which have been

expressed here tonight. I think the federal government should make an inquiry to ascertain what can be done to prevent a recurrence of these floods. I also believe the federal government should help to restore the property of the Red river flood victims.

I want to express my sympathy for the people of Rimouski. I hope the government will do its share to help these people to rehabilitate themselves.

Some Hon. Senators: Hear, hear.

Hon. P. H. Bouffard: The honourable senator from The Gulf has recently passed away, and as my constituency is close to the city of Rimouski, which has just been stricken by fire, I want to thank the leaders of the government and the opposition for their words of sympathy to the people of that city. The last news we have had from there is terrible; the damage is appalling. The fire has taken its toll in life, and 250 houses have been destroyed. Most of the people will not find work for some time because of the destruction of their places of employment. I strongly urge the government to do their utmost to help these people. Many of them have lost their homes, and some, no doubt will not have the means to rebuild them. I think the federal government and the Quebec provincial legislature should do everything in their power to help.

I wish to thank all honourable senators who have been so sympathetic, and at the same time I wish to express my sympathy to the people of Winnipeg and the Red River Valley. For some time I lived in an area where one-third of the houses were flooded every year, and God knows what trouble we had and what damage was done. Our plight was not so bad as that of the people of Winnipeg. We were always able to vacate our houses, but it would be pretty difficult for the inhabitants of Winnipeg to move out and build elsewhere.

I just wish to join with other honourable senators in sympathizing with those who have suffered in these national disasters.

Some Hon. Senators: Hear, hear.

(Translation):

Hon. Cyrille Vaillancourt: Honourable senators, I wish to add a word to what has just been said by the honourable gentlemen and to offer my sympathy to the Western farmers and to the citizens of Winnipeg in the terrible tragedy which is upon them or which may strike them a few hours hence. I also wish to thank them for having sympathized with the unfortunate city of Rimouski.

Saturday night, in Levis, I tried to call someone in Rimouski, regarding some business in connection with the Caisse Populaire. The only answer I got was that the whole city was on fire. By means of an available broadcasting station we immediately got in touch with Rimouski and managed, from hour to hour, to follow the course of the terrible fire which has deprived of their homes thousands of good citizens.

Sympathy helps a great deal; it is a great and noble gesture. These people, however, will need something more tangible to help them out of their predicament. The honourable senator from Winnipeg (Hon. Mr. Haig) has made a suggestion which would prevent a repetition of the flooding of the Red River. If I may be allowed, I would like to submit the following thought to the government:

Yesterday, the insurance agents of the Caisses Populaires were in Rimouski, the scene of the disaster, to estimate the damage and pay out immediately the sums of money required to re-establish the badly stricken people of that city. Unfortunately, they will not have the necessary funds to even start rebuilding. Therefore, I urge the Central Mortgage and Housing Corporation to place at the disposal of these hapless people, on the basis of a long term loan, without interest, the whole cost of construction or else, the equivalent of the value of the house destroyed. At the present time, the Central Mortgage and Housing Corporation advances funds up to 80 or 90 per cent of the cost, but half of the victims of the Rimouski fire are unable to put up the required 10 or 20 per cent, as they have lost all their possessions.

Let us hope that such misfortune will never again befall Rimouski, Winnipeg, or any other place. But when such a frightful disaster strikes, it seems to me that special steps are called for and that the victims should be helped immediately.

Our leader may perhaps be kind enough to see that my suggestion reaches the proper federal and provincial authorities.

There are in the Rimouski area, many members of the Caisse Populaire. I offer them, not only my sympathy, but the entire support of all our branches. We will take every possible means of helping them. I particularly wish to extend my deepest sympathy and my best wishes for the recovery of the stricken area to His Excellency the Bishop of Rimouski in the great trial which he shares with the members of his congregation.

(Text):

DIVORCE BILLS

FIRST READING

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill U-6, an Act for the relief of Harry Goldbloom.

Bill V-6, an Act for the relief of Winnifred Julia Lester Stockless.

Bill W-6, an Act for the relief of George Eustorgio Lanzon.

Bill X-6, an Act for the relief of Laurette Amyot McGroarty.

Bill Y-6, an Act for the relief of Hilda Marie Adeline Bouvier Cardy.

The bills were read the first time.

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

Hon. Mr. Aseltine: With leave, next sitting.

NATIONAL PARKS BILL

SECOND READING

Hon. T. A. Crerar moved the second reading of Bill O-6, an Act to amend the National Parks Act.

He said: Honourable senators, this bill proposes certain amendments to the National Parks Act. With one exception, they are all minor amendments. The one exception is to authorize the Governor in Council to grant a right of way through a national park for an oil pipe line or a gas pipe line. This has reference particularly to the possibility of transporting oil or gas from the province of Alberta to the Pacific Coast.

The National Parks include the two major parks in the mountains—Jasper Park and Banff Park—besides several others.

There is an area lying between Jasper, on the Canadian National Railways, and Banff, on the Canadian Pacific Railway, that is all park area. Until one gets to the southern part of Alberta and British Columbia, the only two passes are the Yellowhead Pass, through which the Canadian National operates, and the Kicking Horse Pass, further south, through which the Canadian Pacific runs. As the National Parks Act at present does not permit the building through these park areas of a pipe line such as I have mentioned, an amendment to the Act is required to enable the Governor in Council to grant a right of way, if one should become necessary. As I have said, that is the major amendment sought by the bill.

A few other amendments are consequent upon the shuffling of departments of govern-

ment within the past year. For instance, it is necessary to change certain sections of the act to comply with the fact that the minister now responsible for parks administration is the Minister of Resources and Development.

The one other point to which I should draw attention is the authority for a change in the method of taxing park residents. The present system of taxation, which is in the nature of a poll tax, is not particularly popular. Under the bill a tax may be levied upon the interest of any person in land in a park. The paragraph to which I refer contains these words: . . . levying taxes upon the residents of a park or upon the interest of any person in land in a park. . .

This new method of taxing, which conforms to municipal practice, is for the purpose of maintaining local services, such as the gathering of garbage and the disposal of other waste material, in keeping with good sanitation practices.

As honourable senators know, measures involving taxation changes must originate with the Governor in Council. This bill was introduced in the Senate before it was noted that it contained a taxation feature, which is beyond our power to consider at this stage. The bill may now be given second reading and be referred to an appropriate committee, where the taxation provision can be deleted. It may then receive third reading and be passed by this house and sent to the House of Commons, where there is authority to restore the taxation provision. Finally, the bill will come back to us for approval, and the legislative transaction will be completed.

If it is the wish of this house to give second reading to the bill, I intend to move that it be referred to the Standing Committee on Natural Resources, where honourable senators may obtain further information, if required.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Crerar moved that the bill be referred to the Standing Committee on Natural Resources.

The motion was agreed to.

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Hon. Wishart McL. Robertson moved second reading of Bill 86, an Act respecting the appointment of Auditors for the National Railways.

He said: Honourable senators who are familiar with the routine work of parliament will recognize this bill as one which comes

before us annually. The Canadian National-Canadian Pacific Act states that auditors shall be appointed each year to audit the accounts of the National Railways, and that such appointment shall be made by joint resolution of both houses of parliament. This method has been found to be unduly cumbersome, and for the past number of years the appointment has been made by the passage of a bill.

The bill before us is in the same form as in previous years. It provides for the appointment of George A. Touche and Company, a firm of chartered accountants with offices in Montreal and Toronto, at an annual fee of \$55,000.

Hon. Mr. Haig: Honourable members, I would never dare go back to the city of Winnipeg if I failed to say something about this bill. One of the partners in the George A. Touche and Company firm lives in my city, and is a particular friend of mine. I believe that he thinks I should at least say that in my opinion the firm will do a good job.

The motion was agreed to, and the bill was read the second time.

MANITOBA-ONTARIO BOUNDARY BILL

SECOND READING

Hon. Wishart McL. Robertson moved second reading of Bill 87, an Act to amend the Manitoba Boundaries Extension Act, 1912, and the Ontario Boundaries Extension Act.

He said: Honourable senators, the boundary between the provinces of Ontario and Manitoba was recently resurveyed. The surveyors ran their line north from the southern part of the boundary, and when the most northerly point was reached they were thirty feet away from the point established by the last boundary survey. The Boundary Commission, composed of representatives from Ontario, Manitoba and the federal government, prefer to monument this line rather than go to the expense of making another survey. The result would be the loss by Manitoba of a small triangular piece of land. Both the provinces have informally indicated their consent, and indeed desire, to adopt this procedure.

I would point out to the house that although parliament may pass this bill, its provisions will not come into force until approval has been given by the legislators of each of the two provinces concerned. In that connection section 2 of the bill reads:

2. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council, but such proclamation shall not be issued until after

the legislature of Ontario has consented to any increase, diminution or alteration of the limits of the province of Ontario provided for by this Act and the legislature of Manitoba has consented to any increase, diminution or alteration of the limits of the province of Manitoba provided for by this Act.

Hon. Mr. Aseltine: What would be the cost of a new survey?

Hon. Mr. Robertson: I have not that information at hand, but I presume that the Boundary Commission, which would be fully cognizant of it, decided that the small amount of land involved would not warrant the cost of another survey. If, however, my honourable friend requires the information, I have no doubt it could be obtained.

Hon. John T. Haig: Honourable members, as a senator from Manitoba I should not stand idly by and let parliament take land away from the small province in which I live and give it to a rich and influential province like Ontario. If the government attempted to take land from Quebec and give it to Nova Scotia, I could understand the reason for it, but I cannot understand why they should take it from my small province.

Some Hon. Senators: Oh, oh.

An Hon. Senator: A filibuster!

Hon. Mr. Haig: I believe the land is very valuable—indeed, about two acres of it are in the middle of a lake. If this move is not stopped, the next step may be to confiscate the whole eastern half of the province.

Some Hon. Senators: Oh, oh.

Hon. Mr. Beaubien: Who made the survey, the federal government or the province of Ontario?

Hon. Mr. Haig: They are all ganging up on poor little Manitoba, which is not able to cope with these big fellows.

Seriously speaking, though, I cannot understand section 1 of the bill. I cannot make it out. My only ground for reassurance is that the Manitoba legislature must give approval to the proposal before it becomes law. Having that in mind, I accept the bill.

The motion was agreed to, and the bill was read the second time.

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Robertson: I take it that the honourable senator who has just spoken wants to have the bill referred to committee.

Hon. Mr. Haig: No.

Hon. Mr. Robertson: With leave, then, next sitting.

MARGARINE—REMOVAL OF TAX

MOTION

The Senate resumed from Friday, May 5, the adjourned debate on the motion of the Honourable Senator Euler, seconded by the Honourable Senator Lambert, that in the opinion of the Senate margarine should be added to the list of foods which are exempt from the sales tax of 8 per cent.

Hon. George H. Barbour: Honourable senators, I assure you that I shall not take much time this evening in opposing the motion to remove the sales tax on margarine. I object to the motion, in the first place, on the ground that the mover, the honourable senator from Waterloo (Hon. Mr. Euler) has not given sufficient reason why the sales tax should be abolished. He seems to be as much concerned about the legislation which prohibits manufacturers from colouring margarine as he is to have the 8 per cent sales tax removed. He read in support of his argument a long article from a journal published in Atlanta, Georgia. He said that the political influence of the dairy group is extraordinarily disproportionate to its political strength. Further, he stated that the Legislature of Ontario had enacted a law which in effect forbids the colouring of margarine, and that the measure was supported by practically all the members of that legislature excepting two Communists. I am sure he would not expect members of the Senate to associate themselves with those two members.

The question is, who would benefit most by having the manufacturers colour margarine in Canada? I presume that the chief beneficiaries would be Lever Brothers, Canada Packers, Swift's, Standard Brands, and other such firms. This measure would not in any way reduce the cost of margarine to purchasers of that product.

May I point out that if, when margarine was first manufactured in this country, those who produced it had coloured it green, the housewife would have known just what she was buying and the dairyman would not have objected. Why is it desired that it should resemble butter? Personally I am content to leave the question of the sales tax in the capable hands of the Minister of Finance and his able associates.

In the second place, I am opposed to any change in the law which would adversely affect the dairy industry of this country. The Dairymen's organizations are doing everything possible to give the consuming public the best butter that can be produced. Creameries are installing power packaging machines to put butter in one-pound containers which will replace the two-pound flat package. Creameries are inspected; every can of cream which goes to the factory is tested; all second-grade

cream is returned; the price of butter has been reduced to 53 cents per pound wholesale; while the farmers' costs continue to increase.

For the information of honourable senators and the public at large, I propose to place on the record the average monthly wholesale jobbing prices from 1914 to 1949 of creamery butter No. 1, pasteurized, at Montreal. I select for this purpose the month of May, because we are now in that month. The average price for the thirty-six years mentioned was 32 cents per pound.

(See appendix at end of today's report.)

I have also calculated the wholesale jobbing prices during the war years 1939 to 1945: the average is less than 31 cents per pound. It is evident that the price paid during this period by the public was very reasonable. But for the controls exercised by the Wartime Prices and Trade Board, butter would have cost at least a dollar per pound.

As you know, the business of dairying goes on seven days a week; yes, three hundred and sixty-five days in the year. The dairy farmer must give continual attention to his work; and the small dairy farmers, who constitute the great proportion of those in the business, are working under exceptional difficulties, because if they hire help they frequently lose it on Sundays, and are forced to do the work alone.

At this point I desire to make a brief statement concerning the effects upon the province of Prince Edward Island of the reduction in the price of butter. In the year ended December 31, 1949, 6,935 patrons supplied the creameries with 13,009,196 pounds of cream, from which 4,838,114 pounds of butter were manufactured. The gross value of this butter was \$2,938,742.87. Relatively speaking this is not a large sum, but it is very important to the farmers who produce the cream.

Dairy farmers also go in for mixed farming, and grow potatoes. This year's total shipments of potatoes to the end of April were 10,060 cars; in April 1,415 cars were shipped. Table stock potatoes sold at 50 cents for seventy-five pounds. The farmers' operations in potatoes this year are "in the red". However, they are providing a good, cheap, wholesome food for our poorer families, in whose welfare all honourable senators are interested.

The industry also provides work for railway men and others who are receiving union pay. At a time when organized labour in this country is in receipt of the highest wages in its history, the farmers' income is slightly lower than it was in 1948.

The union men claim that the employers have to lay aside money to superannuate old machines and replace them with new ones, so they argue they should also provide for the workers when they too are worn out at

the age of 65. At the age of 65 Ford employees receive a pension of \$55 per month. This means that there will be an additional charge against Ford machinery which the farmer will have to pay when he purchases a farm tractor, plow, harrow, truck, motor car or Ford parts. The farmer will pay this charge without receiving any benefit from it.

I think we should all be proud of the farmer. In seed-time he does not know what prices he will get in harvest-time, but he continues to sow and reap and gather in the harvest. He sells his product for low prices when times are bad, and for high prices when times are good. Because of this he has come to be known as the backbone of the country.

Some Hon. Senators: Hear, hear.

Hon. J. P. Howden: Honourable senators, in rising to support the measure presented to this chamber by the honourable senator from Waterloo (Hon. Mr. Euler), I can hardly hope to equal in brevity the speech delivered the other day by the honourable senator from Rosetown (Hon. Mr. Aseltine).

Before entering into a discussion of the subject matter of the motion, I should like to voice my welcome to the new senator from Halifax (Hon. Mr. Isnor). For a number of years we both sat as members of another place, and during that time we were always good friends. I have always cherished a sincere respect and warm personal regard for the honourable gentleman, and I have had the temerity to hope that this feeling was mutual. I look back with pleasant memories to the many, warm, brotherly friendships I enjoyed while a member of the other house, not only with those of my own group but with those of other groups as well, and I am happy that Senator Isnor is amongst us now.

Some Hon. Senators: Hear, hear.

Hon. Mr. Howden: Now, margarine, like butter—for which it serves as a substitute—is composed of fat. Fat in turn is almost wholly carbon, and as coal and firewood—which are also carbon—feed the fires that heat our homes, fat is the fuel that feeds the fire of physical life and supplies us with heat and energy. But, you say, many people eat little or no fat; how about that? As many of you know very well, our bodies—all physical bodies—may be likened to chemical laboratories, and they have the property of being able to arrange food substances in such a way that there is always a preponderance of fat for body use. Proteins break down three ways and starches break down two ways, but fat is always fat. It is burned as such and furnishes the real fuel of animal

existence. Without fat we could not survive. I labour this matter only to show that fat is a real food and a very important one.

Now, margarine, being a substitute for butter with which it compares favourably, enters into competition with butter but costs about one-third less. For this reason, in the interest of the butter-makers it has been penalized in the food market by an 8 per cent tax. Furthermore, in an added effort to retard the sale of margarine, its makers have been forbidden to use the same colouring matter that is used in butter. This prohibition has been imposed by the government at the instance of and for the benefit of the butter-maker.

Honourable senators, I have always been a Liberal, and I believe in Liberal principles, the first consideration of which is fairness to all. If, then, food must be taxed in this country for revenue, let us not start on the poor man's food, but tax luxuries and the less necessary articles first; if we must tax necessary foods, let us tax them all. There will always be many people who prefer butter to margarine, and who can and will have it. It is said that competition is the life of trade, and if butter-makers cannot meet the makers of margarine in fair competition, the milk producers need not despair, for they still have a huge milk market, which is the best paying market. In addition to this there are the markets for cheese and for evaporated and powdered milk, and into these markets the margarine makers cannot follow.

Consistency is a wonderful thing. So let us be consistent. The tax on margarine is not a tax for revenue, but a penalty upon the makers of margarine, a class privilege, a protective measure in the interests of the butter-makers, imposed at the expense of the hundreds of thousands of the poorer, more humble Canadians who use margarine today, and it is a discredit to the administration that placed it on the use of margarine.

Some Hon. Senators: Hear, hear.

Hon. W. Rupert Davies: Honourable senators, I am not going to make a speech; I am just going to make a few remarks. The honourable member from St. Boniface (Hon. Mr. Howden) has just told the house that consistency is a wonderful thing. But tonight I am going to be very inconsistent. That is why I am rising to my feet.

On three different occasions I supported the honourable senator from Waterloo (Hon. Mr. Euler) when he tried to get through a motion to remove the ban on the manufacture and sale of oleomargarine in Canada. We did not succeed in our endeavour, but eventually a ruling by the Supreme Court of Canada made the sale and manufacture

of oleomargarine lawful. Now, while I have not the slightest doubt about the sincerity of purpose of the honourable senators from Waterloo (Hon. Mr. Euler) and Ottawa (Hon. Mr. Lambert), who have moved and seconded the resolution before the house, I do not think I can support it because there is no demand whatsoever for the removal of the 8 per cent sales tax on margarine. When I was home in Kingston over the week-end I decided to find out if there was any public demand for the removal of the 3 cents per pound sales tax on this product. Saturday morning I went out on the street and interviewed fifteen different people. I said to each of them: "Do you buy margarine?" The answer was always yes. Then I asked them: "What is the sales tax on a pound of margarine?" One man replied that he thought it was 8 per cent; another man said he thought it was 8½ per cent, and thirteen people did not even know there was such a thing at all. However, the one man who thought the sales tax was 8½ per cent told me he did not object to the extra three cents a pound that this added to the price of margarine, but he did not like having to mix colouring into the product. And although the motion has nothing to do with colouring, I agree with him. I do not see any reason why margarine should not be coloured when sold. It is marketed in a package that is plainly labelled, and I doubt that anyone would be deceived by colour into buying margarine when he intended to buy butter, or *vice versa*.

Hon. Mr. Haig: Would my honourable friend answer a question? Why does he want to have margarine coloured at all?

Hon. Mr. Davies: Well, simply because I think that the coloured product looks more palatable on the table. And, after all, butter has to be coloured, does it not?

Hon. Mrs. Fallis: Sometimes.

Hon. Mr. Davies: I am speaking as one who, so far as I know, has never tasted margarine; but others have told me that they do not like having to mix the colouring into it, and I cannot see any real reason why they should have to do this.

However, I am not supporting the motion, because I do not believe there is any demand at present for elimination of the sales tax on margarine. Furthermore, while this tax does result in an extra three cents a pound in the price to consumers, it must not be forgotten that the majority of these consumers are enjoying far higher wages now than they were a year ago, and it is not likely that this three cents a pound is causing them any hardship.

Another reason why I am not supporting the motion is that I am afraid the whole benefit from removal of the sales tax would not be passed on to the consumer. Margarine is made by very large companies, and if the tax were removed the retail price might at first be dropped by 3 cents a pound, but I should not be a bit surprised to find before long that it had gradually crept up until the price became as high as it was before the tax was removed.

I was much impressed by what the honourable senator from Wellington South (Hon. Mr. Gladstone) said when speaking to this motion last Friday afternoon. He reminded us that dairy farmers and all other farmers today are buyers of agricultural implements—milking machines, cream separators, harvesting machinery and so on—as well as automobiles, tractors and trucks, the manufacture of which gives employment to many thousands of people in our cities.

I supported the honourable senator from Waterloo (Hon. Mr. Euler) in his three efforts to have margarine made available to the Canadian people, but I think that we have now gone about far enough in this respect. There is a feeling that if the sales tax on margarine were removed the dairy farmer might suffer because of increased competition. At Kingston on May 6, 1949, the retail price of butter in the stores was 62 cents a pound, and margarine was 38 cents. Last Saturday the respective prices were 55 or 56 cents a pound and 35 cents. I am told by four of the large chain stores in Kingston that since its introduction a year ago the sales of margarine have cut into butter sales in that city by between 15 and 20 per cent. I imagine that is fairly serious to butter-makers, and it seems to me that we should not pass a motion of this kind unless there is a strong demand for it from the consuming public.

While nobody likes taxes, the government has got to get money somewhere. I do not agree with my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) that this sales tax is vicious and repressive, for I think it is neither. We must remember that Canada's annual payments for family allowances are now \$300 million, the bulk of which money is no doubt going to people in the lower income brackets. Considerable sums have to be found also to take care of the unemployed. The monthly average of unemployed persons in Kingston during the winter was 950, and the monthly cost of taking care

of them was \$40,000. Some 140 of these persons were added to our list because of having become eligible under the amendment made to the Unemployment Insurance Act last year.

As I have pointed out, I supported the honourable senator from Waterloo (Hon. Mr. Euler) in his endeavours to have the manufacture, importation and sale of margarine in Canada legalized, but much as I admire him

and the honourable gentleman from Ottawa (Hon. Mr. Lambert), who seconded the present motion, I cannot vote in favour of it.

Hon. Mr. Bouffard: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

Average monthly wholesale jobbing prices of creamery butter No. 1, pasteurized, at Montreal, for the month of May, 1914 to 1949:

1914—23.3	1932—16.8
1915—30.0	1933—19.5
1916—29.9	1934—20.4
1917—43.0	1935—21.3
1918—43.8	1936—20.0
1919—53.3	1937—23.5
1920—55.8	1938—26.4
1921—25.7	1939—20.9
1922—32.8	1940—23.5
1923—31.3	1941—30.6
1924—32.2	1942—35.0
1925—33.2	1943—33.2
1926—34.1	1944—34.9
1927—35.3	1945—35.2
1928—34.5	1946—39.2
1929—35.4	1947—51.2
1930—29.5	1948—67.8
1931—21.7	1949—61.0

Average price for the 36 years, 32 cents per pound.

THE SENATE

Tuesday, May 9, 1950

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

Prayers and routine proceedings.

NEW SENATOR INTRODUCED

The following newly-appointed senator was introduced and took his seat:

Hon. Charles G. Hawkins, of Milford Station, Nova Scotia, introduced by Hon. Wishart McL. Robertson and Hon. J. A. McDonald.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

Hon. W. D. Euler moved:

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

He said: Honourable senators, the resolution which stands in my name will not, I am sure, provoke as much opposition or be as controversial as some others which I have submitted from time to time to this chamber. This motion concerns itself with the most important issue in the world: the maintenance of the peace of the world. It contemplates also in its implications that if war should come the democracies could successfully resist any attack which might be made against them. The resolution, if adopted, will commit the Senate to approval of a conference of the fourteen nations now comprised in the Atlantic pact. The purpose of the conference is to explore proposals of federal union. Just what form such a union would take, no one can say at this time. It would certainly involve such matters as defence, currency, taxation, and perhaps migration from one part of the world to another, the making of laws, tariffs and so forth. In my opinion the purpose of such a federation should be not only the union of the western nations for the purposes of defence, but a complete merging of these countries, politically, economically, and in every other way. The ultimate objective should be the federal union of all the countries of the world, including even those beyond the Iron Curtain.

The union of what we call the western democracies may be regarded as visionary enough. The union of these with the communist countries may be regarded as quite impossible. Those of us, however, who in the last twenty-five to fifty years have witnessed the seemingly impossible become actual—the political changes, the changes in national boundaries between various countries in Europe, the developments of science, warlike and otherwise, including the atomic bomb—must admit that dreams do come true, and that the logic of events may force the nations together as a matter of self-preservation, and make them realize that they should not wait until it is too late. A prominent American industrialist once wrote, "The things that are difficult we shall do right away; the impossible may take a little longer".

What is the alternative to a federation of the nations of the world, even though there should be no shooting war? It will mean a constant fear of war, and a continuation of the enormous expenditure now necessitated by the cold war and the need for protection against possible attack. Canada alone is spending more than \$400 million a year for defence purposes, a sum larger than our whole national debt before the First Great War. The United States is spending something like \$16 billion or \$17 billion a year in military preparations, while Russia is spending a still larger proportion of its national income for the same purpose. Countries like Britain and France are finding it very difficult to carry the heavy financial load which they think necessary to provide for defence. Even if there were no danger of a war between the nations holding the two great ideologies, the concept of a world union or, for the time being, a half-world union, strongly appeals to me. I mean a union in which citizens of France, Australia, Canada, the United States, or of any other member country, would be citizens of the world, just as a citizen of Ontario is a citizen of Canada.

There will always be danger of war so long as nations maintain their own jealous sovereignties. We know from our reading of history that alliances never prevent wars. In more recent days the alliance of France with Poland and Czechoslovakia did not prevent war, nor did the old alliance between France and Russia. The alliance of Germany, Italy and Japan—the Axis nations—did not prevent war; in fact, it may have tended to provoke war. The old League of Nations, to which I was a delegate in Geneva in 1929, failed because action had to be unanimously approved, and there was no means of carrying out the league's decrees.

The United Nations Organization is inadequate for the same reason and because of the veto.

No normal person wants war. That, I think, is true of the masses of the people in every country of the world. It is the leaders who carry them astray. But war comes essentially because there are no world laws to which all nations and peoples willingly subject themselves, as they do now to the laws of their own individual countries. Surely that would argue for some sort of union or federation controlling the things which apply to all of them.

Ever since civilization began the whole trend has been towards merging of the small into the large. This has resulted frequently in autocracies, dictatorships and dictatorial empires; but in more recent times, there has been the federation of warring states and principalities in Italy, France and Germany. We are all familiar with the formation of the British Commonwealth, the federation of the provinces of Canada, of the states of Australia, and the union of the provinces of South Africa. Most notable of all, has been the federation of the thirteen states which, though often quarreling among themselves, set up a republic that now embraces forty-eight states and forms what is, without doubt, the most powerful and prosperous nation in the world, the United States of America. The most recent example of all is the Union of Soviet Socialist Republics.

In the worst days of the war the Prime Minister of Britain, Mr. Churchill, proposed complete organic and political union of his country with France. Today negotiations are proceeding for the federation of Western Europe, in which, in my opinion, Germany must be included if the federation is to have any chance of success. There is in my mind now, and has been for some years, the conviction that the greatest peril to Europe and to the world would result if, by mismanagement or bad judgment on the part of the Allies, the German people, with their resourcefulness, their thrift, their scientific knowledge and their genius for organization, projected themselves wholeheartedly into the communistic system. I should think that if they were to join with Russia, the position of the other nations of western Europe would be desperate.

But at the moment, even the proposal for a western European federation is more or less eclipsed by the great interest being shown in an Atlantic Union, which I am discussing today. Obviously the United States must take the lead in so momentous a project. The resolution before us today is in almost the same terms as one which was introduced in

the United States Senate by Senator Kefauver, and which is now being considered in a subcommittee of the United States Senate's Committee on External Affairs. And there is a similar resolution in the United States House of Representatives.

Recently I had a communication from Mr. Clarence Streit, the courageous and persistent founder of the federation movement. I should have liked to quote briefly from his letter, but I find that I neglected to bring it with me. He says there is a reasonable hope that the United States Congress will pass this year the resolution which is similar to the one we are now considering. It is claimed that more than one hundred representatives and more than twenty senators support the movement. I also want to mention a letter that I received from Mr. Henry Osborne, a member of the British Parliament. I do this simply to indicate how widespread the movement is, although, much to my regret, apparently no great interest has been taken in it by Canadians. I do not know Mr. Osborne, and his letter to me was unsolicited. He wrote this:

I am with you entirely in believing that the only final solution of our problem lies in organic political union, beginning probably with half the world and ending ultimately and certainly with world federation. Frankly, I do not believe there is now any alternative, and although most politicians believe that this solution is still Utopian and very far off, I myself think now that it is much more urgent than is generally assumed. At any rate, it is certainly most important that some of us consistently and vigorously draw attention to this ultimate goal.

It would also greatly help us if those in different countries who take this line could keep closely in touch with each other and try as far as possible to co-ordinate activities.

In the parliament at Westminster there are over 100 M.P.'s who have supported resolutions which are aimed at full political union.

Expressions of opinion favouring Atlantic federation or world federation, or modifications of these, are on record from the Prime Minister of France, the Foreign Minister of France, the Prime Minister of Britain, the Foreign Secretary of Britain, Mr. Churchill, Mr. Eden and Sir William Beveridge. In the United States, prominent men favouring the union are Mr. Einstein, former Chief Justice Roberts, former Foreign Secretary Mr. Byrnes, and Senator Kefauver—who is sponsoring the resolution in the Senate—Senator Lehman, Mr. Dulles—a Republican—Dr. Urey—of whom we have read recently—and former Assistant Secretary of State Mr. Will Clayton. Supporters in other parts of the world are Mr. Smuts, the former Prime Minister of South Africa, and Mr. Hofmeier, who I think was Foreign Secretary or Assistant Foreign Secretary of that country. And in Canada support has been given by Mr. Mackenzie King, Mr. Bracken, and Mr. MacInnis, who spoke

for the C.C.F. in the absence of Mr. Coldwell. The crusade has begun in Norway, Sweden, Denmark, Holland, Belgium, France and Great Britain.

From the point of view of Canada, I regard as significant an extract from a speech delivered just a few days ago in Hamilton by Mr. Pearson, our Minister of External Affairs. Speaking of certain problems, he is reported to have said:

In working out these problems, in attempting to reconcile these different interests, we can, I think, use our North Atlantic pact. It may provide the foundation for a great co-operative economic commonwealth of the western world—which one day may become a political commonwealth. You may say that this is unrealistic nonsense, but I suggest that in this jet-propelled, atomic age, no plan less than this will be adequate, no vision less than this will do.

There will of course be objections to this movement and possibly certain criticisms will be voiced in this chamber. Naturally in such a federation there must be a surrender of the sovereignty which seems to be so dear to most nations but which, after all, is valued more because of sentiment than because of its real importance to the individual. I should think that citizenship in a world federation—or even in a half-world federation—is more desirable than citizenship in a single state which, by reason of its isolation, lives in constant fear of war and possible annihilation.

The realization of this conception of world government, or of Atlantic union, if you like, will not come in a day; but I believe there is a definite urgency, and that Canada, as a country which is a living example of successful federation, should do all it can to promote the realization of this ideal.

In the budget debate of last year I made some observations on this subject. My colleague from Churchill (Hon. Mr. Crerar) followed in an excellent address. A few weeks ago the eloquent senator from Sorel (Hon. Mr. David) made a most interesting and valuable contribution on the same subject. Unfortunately, neither the Senate as a whole nor the press of Canada paid much attention to the proposal for a conference.

The motion before the Senate is made in the hope that senators will discuss it fully and that the press will give it some, at least, of the attention it deserves. Further, I hope that the motion will be accepted by the Senate, and later by the House of Commons. If it is adopted by the Parliament of Canada it will serve to encourage those in the United States who are trying so hard to bring this conference about.

In conclusion: if peace in a so-called Christian and civilized world cannot be preserved by an active application of the principle of the brotherhood of man, surely the

nations that think alike, that live alike, that believe in freedom, must unite in order to survive, and should take steps to that end before another disastrous war sends the world into chaos.

I conclude with the words of Lord Russell, better known as Bertrand Russell:

Whatever we do, we shall be united, and it is better to be united in a common salvation than in a common death."

Some Hon. Senators: Hear, hear.

Hon. T. A. Crerar: I have great pleasure in seconding the resolution so well moved by my honourable friend from Waterloo (Hon. Mr. Euler).

On motion of Hon. Mr. Crerar the debate was adjourned.

NATIONAL RAILWAYS AUDITORS BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 86, an Act respecting the appointment of Auditors for National Railways.

The motion was agreed to, and the bill was read the third time, and passed.

MANITOBA-ONTARIO BOUNDARY BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 87, an Act to amend the Manitoba Boundaries Extension Act, 1912, and the Ontario Boundaries Extension Act.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Ross, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Aseltine) moved the second readings of the following bills:

Bill U-6, an Act for the relief of Harry Goldbloom.

Bill V-6, an Act for the relief of Winnifred Julia Lester Stockless.

Bill W-6, an Act for the relief of George Eustorgio Lanzon.

Bill X-6, an Act for the relief of Laurette Amyot McGroarty.

Bill Y-6, an Act for the relief of Hilda Marie Adeline Bouvier Cardy.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

Hon. Mr. Ross: With leave of the Senate, I move the third reading of these bills.

The motion was agreed to, and the bills were read the third time, and passed, on division.

FIRST READINGS

Hon. Mr. Ross, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Aseltine) presented the following bills:

Bill Z-6, an Act for the relief of Reuben Robert Shapiro.

Bill A-7, an Act for the relief of Mary White Sheppard.

Bill B-7, an Act for the relief of Ulderic Cadieux.

Bill C-7, an Act for the relief of Helen Irene Barney Hutchinson.

Bill D-7, an Act for the relief of Alice Jean Young Gulliver.

Bill E-7, an Act for the relief of Joseph Lucien Alphonse Martel.

Bill F-7, an Act for the relief of Georges Emile Bernier.

Bill G-7, an Act for the relief of Margaret Veronica Quinn Davies.

Bill H-7, an Act for the relief of Max Gurevitch.

Bill I-7, an Act for the relief of Romuald Joseph Jean Lamoureux.

The bills were read the first time.

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Ross: With leave of the Senate, tomorrow.

MARGARINE—REMOVAL OF TAX

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of the Honourable Senator Euler, seconded by the Honourable Senator Lambert, that in the opinion of the Senate margarine should be added to the list of foods which are exempt from the sales tax of 8 per cent.

Hon. P. H. Bouffard: Honourable senators, may I first be permitted to welcome to this house our two new colleagues from Nova Scotia (Hon. Mr. Isnor and Hon. Mr. Hawkins).

Some Hon. Senators: Hear, hear.

Hon. Mr. Bouffard: I have yet to meet a new member from the Maritime Provinces who has not been extremely friendly, co-operative and a good worker, and I wish both these gentlemen the greatest success in their new career. I can assure them that they are most welcome in the work that they are going to share with us.

I should also like to congratulate the honourable senator from—I do not know whether I should say Waterloo or Kitchener—

Hon. Mr. Euler: Waterloo.

Hon. Mr. Bouffard:—the honourable senator from Waterloo (Hon. Mr. Euler) on the motion that he has just presented. In the last two weeks he has passed from a petty national matter to one of international proportions. I must admit that I am more inclined to agree with him in international matters than in national affairs.

Hon. Mr. Euler: I expected that.

Hon. Mr. Bouffard: When my honourable friend from Waterloo presented his motion for the removal of the sales tax of 8 per cent on margarine, his main argument was that it would lower the cost of this commodity to the consumer. The saving, at the most optimistic estimate, would be 3 cents a pound; in reality it would be only 2½ cents a pound, if that.

Hon. Mr. Euler: I do not like to interrupt my friend, but while that was one of my arguments, my main contention was that there should not be discrimination against one article of food.

Hon. Mr. Bouffard: I shall come to that in a few minutes. At first sight it looks very humanitarian to equalize the conditions of the sale of food. I am surprised to see, however, that this humanitarian outlook is limited to the sales tax on margarine, which in the end would mean a saving, per consumer, of about only 50 cents a year. If one looks into our statutes one soon finds that many other commodities more necessary than margarine to the life of Canadians are heavily taxed. If the taxes were removed from these commodities the benefit to Canadian consumers would be much greater than would be brought about by the removal of this 8 per cent tax on margarine. One only needs to look at the Customs Act to find that coffee, tea, salt, cereals, fruits, sugar, drugs and textiles are very heavily taxed.

Hon. Mr. Euler: Through tariffs on imports.

Hon. Mr. Bouffard: That is what I say—in the Customs Tariff Act.

Hon. Mr. Euler: Yes, but not through a sales tax.

Hon. Mr. Bouffard: I find that tea, coffee, sugar, and all kinds of drugs, medicines and textiles are also subject to the 8 per cent sales tax.

Hon. Mr. Euler: Not sugar.

Hon. Mr. Bouffard: Sugar too. I looked into the situation—

Hon. Mr. Euler: So did I.

Hon. Mr. Bouffard:—yesterday, and found that there is no special exemption on sugar,

any more than there is on tea, coffee and textiles. Although these items are not all edible, they are extremely important to the poor of our country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bouffard: I would say that there is no similarity between the amount of money an average family spends on these items in a year and the amount they spend on margarine. I have come to the conclusion that an ordinary family, using an average amount of margarine, would not save more than \$1 per year.

Hon. Mr. Euler: What does the average family save now on ice cream?

Hon. Mr. Bouffard: I do not know, but I claim it is ridiculous to try to get the sales tax on margarine removed when we do not try to remove the tax on other articles of greater necessity and importance to the poor of our country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bouffard: If the sales tax were removed from textiles it would mean a saving of \$8 per year to the average family, because the average family spends about \$100 a year on such materials. This saving does not even take into account what is paid out in customs duties on the importation of textiles, and the enormous profits that go into the hands of the manufacturing companies because of the high tariffs to which those textiles are subject when they come into Canada. If the spirit of humanity is the motive behind this motion, why has such a small item as margarine been singled out, as though it were the most important taxed commodity?

I have a great deal of confidence in the proposer of this motion, and I am sure that once he realises the very small advantage that would accrue to the poor consumer, he might change his motion and in place of margarine substitute some other commodity which is more important to our daily Canadian life, and thus benefit the consumer to a much greater extent.

Before going into the merits of this particular motion, I would point out to honourable senators that the price of margarine varied considerably in 1949. In February of that year, the retail price was 45 cents a pound, and by December 1949 it had dropped to 33·4 cents, a variation of 12 cents per pound. In the United States, where there is a great deal more competition in the manufacture of margarine than in Canada—

Hon. Mr. Euler: There is plenty in Canada.

Hon. Mr. Bouffard:—the price per pound of margarine during the same period ranged from a maximum of 36·3 cents to a minimum of 28·1 cents.

Before agreeing to vote in favour of this motion I would certainly ask that the government of Canada should first give its assurance that the consumers would get the benefit if the sales tax on margarine were removed.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bouffard: Why should the price of margarine vary to such an extent in the space of eleven months? My impression is—and I think it is the impression of many people in Canada—that the manufacturers and retailers of margarine have varied their price in order to get the highest price possible from the consumer. I maintain that if the tax were removed, the benefit of 3 cents or 2½ cents would soon disappear in the variation of price something about which nobody would have any say. If the tax is removed, the first thing that the government should do is to take some measures to ensure that the full benefit of the removal is passed on to the consumer. I do not know just what measures should be taken but perhaps an inquiry should be made into the cost of producing margarine and a ceiling price established. Suppose, for instance, that the tax had been removed in December 1949. What would the result have been? The consumer would have got margarine that month at 33·1 cents a pound, but a month later, in January 1950, he would have paid 34·6 cents. Why? Well, who has ever explained the variations in the price of this commodity? And who can assure the consumer that if the sales tax were removed he would get the benefit? I say again that if the tax is removed the first thing that the government should do is to take proper measures against the manufacturers, so that the amount saved by the lifting of the tax will be taken off the price charged to the consumer.

Before going into the merits of the motion may I summarize the two reasons that I have so far given for my intention to vote against the motion? First, from the point of view of benefit to the consumer, there are more important commodities from which the sales tax would be removed. Second, we have no assurance that if the tax were removed from margarine the consumer would benefit.

Now, honourable senators, in going into the merits of the motion, may I recall that in 1947 and 1948 I voted against the bill proposed by the honourable senator from Waterloo for the removal of the ban on the production and distribution of margarine in Canada. Looking into the situation now, I certainly would not be led to change my

mind, for the situation created by the removal of that ban is a very unhappy and pitiful one.

The removal of the ban on margarine has resulted in keen competition against one of our greatest national industries, butter-making, in which more than twelve hundred manufacturers are engaged. This great industry has a yearly production of approximately \$200 million, uses eight billion pounds of milk annually and, in its many stages of manufacture and transport distributes hundreds of thousands of dollars in wages to employees. This competition the dairy industry cannot meet, and this is regrettable because the dairy industry is the pivot of our farmers' financial stability.

I am not interested in the dairy industry, nor am I interested in the manufacture of margarine or of any other thing. And I am not a protectionist, in the real sense of the word. However, I think that our Canadian industry should be protected in a just and equitable manner. If I am far from approving the heavy duties imposed upon the importation of some articles for the sole profit and advantage of some over-protected industries, I am nevertheless convinced that a limited protection of what is necessary for the proper function and operation of our Canadian industry is sound policy and should be maintained. I find it definitely unreasonable to impose upon our dairy industry a competition which it cannot meet and which will result in the discouragement of our farmers and the ruin of their main industry.

I find it unreasonable and unfair that although practically all other industries in Canada are, to say the least, heavily protected and, in most cases, over-protected, yet equitable protection is refused to the farmers, who have to contribute heavily to the cost of the protection granted other industries. Such a policy is unsound, for it imposes upon a very important class of our people the obligation to pay for a protection which is not granted to it. And I want to raise my voice again, as I did in 1947 and 1948, to call attention of the government to the need for adopting a policy which will give our farmers and our dairy industry adequate protection.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Bouffard: I shall not go over all the arguments that were advanced in the course of the discussions that took place in this house in 1947 and 1948. However, I will mention one of the arguments that struck me most, which was to the effect that producers of margarine would not have to go outside the country to purchase the oil entering into the manufacture of the product.

It was several times contended that the manufacture of margarine in our country would be of great advantage to our farmers, in that they would produce enough oil for the entire Canadian manufacture of margarine.

Hon. Mr. Euler: It was said that they could; not that they would.

Hon. Mr. Bouffard: It was said not only that they could, but that they would, and that no oil would have to be imported into Canada for the manufacture of margarine.

Hon. Mr. Euler: Would my friend tell me who said that?

Hon. Mr. Bouffard: My honourable friend from Waterloo said it.

Hon. Mr. Euler: You are absolutely incorrect, and I am putting it mildly.

Hon. Mr. Bouffard: I will accept my honourable friend's word. I may be mistaken.

Hon. Mr. Euler: Yes, you are.

Hon. Mr. Bouffard: I may have misunderstood what he said, but only today I was looking at a newspaper that reproduced exactly what he said in 1947 and 1948. Unfortunately I have not got the paper before me at the moment, and it may be that I did not read it correctly; but I certainly received the impression that Canada would not have to import oil for the production of margarine. In fact, I was left under the impression at the time, in 1948, that the quantity of oil in Canada was even then sufficient for the production of margarine, and that none would have to be imported. I may have misunderstood my honourable friend's statement, and if so I think a good many of my colleagues also misunderstood it. Anyway, I accept his word that he did not go so far as that. I should very much like, though, to have the newspaper that is now in my office, for I think it would show that I was not mistaken.

It was from what I understood of the proposition made at that time that I concluded that the removal of the ban on margarine, far from resulting in competition between a Canadian and a foreign product, would bring about a legitimate competition between two Canadian products, quite open to free enterprise in Canada and using Canadian materials. It seems to me that I heard that argument in 1947 and 1948.

Hon. Mr. Horner: I did, anyway.

Hon. Mr. Bouffard: So did I. I am fairly certain that some argument of that kind was propounded, and if it was not exactly that, it was so close to it as to be equivalent to it.

Well, what has been the result of removal of the ban on margarine? In 1949 approximately 80 to 90 per cent of the oil used in Canada was imported from the United States of America. In other words, barely 10 to 20 per cent of the oil used by Canadian margarine manufacturers was produced in Canada.

Hon. Mr. Horner: Now we know where some of our dollars are going.

Hon. Mr. Bouffard: Yes.

As a result, the competition which the dairy industry has to meet is not national in character; it is a competition between the Canadian dairy industry and a margarine industry which uses material brought from the United States of America.

Hon. Mr. Euler: Terrible!

Hon. Mr. Bouffard: It is terrible when one remembers that to promote competition from a foreign source, the Canadian people will have to pay a deficit on butter of \$1,000,000.

Some Hon. Senators: Hear, hear.

Hon. Mr. McDonald: May I interrupt the speaker a moment to say that I do not believe the proportion of domestic oils used in the manufacture of margarine in Canada is more than 1 per cent of the total oil content. That at least, is my information. I challenge anybody to prove that the percentage is any higher.

Hon. Mr. Euler: You two had better get together.

Hon. Mr. Bouffard: I think my honourable friend will find that more than two of us will get together in opposition to this motion.

Hon. Mr. Euler: I am referring to your percentages.

Hon. Mr. Bouffard: I am not an expert on that matter, but I have a great deal of confidence in the honourable senator from Kings (Hon. Mr. McDonald), whose statement we have just heard. I want to emphasize that the competition which our dairy industry has to meet is largely from another country, and I am absolutely against any competition with one of our products by an article composed of materials imported from elsewhere.

Hon. Mr. Euler: Oh, dear!

Hon. Mr. Bouffard: What was the result of last year's operations? During the first three months of 1941 there were 11 million pounds of margarine sold in Canada. By the end of the year the consumption had increased to 74 million pounds.

Hon. Mr. Crerar: Seventy-four millions?

Hon. Mr. Bouffard: Actually 73,900,000 pounds. I was giving round figures. And remember, in two provinces the consumption of margarine is forbidden. But in the first three months of 1950 27 million pounds of margarine were sold in comparison with 11 million pounds sold in the same period last year. It may reasonably be assumed, then, that during the present year the consumption of margarine in Canada will amount to 125 million pounds.

Now, what was the effect on butter?

Hon. Mr. Euler: What was the effect on the consumer?

Hon. Mr. Bouffard: During 1949 the consumption of butter steadily decreased. So grave was the situation that in the course of that year the government decided to come to the rescue of the industry, and purchased 20 million pounds of butter at 62 cents per pound. Of this quantity, the government still holds over 10 million pounds, on which it stands to lose from 7 to 10 cents per pound. Who must bear this loss? Nobody but the Canadian taxpayer. He will have to meet a deficit created, to a large extent, through the necessity of protecting butter from the competition of a product which consists mainly of foreign materials.

Is such a policy sound? Has the result of the removal of the ban on margarine proved satisfactory? Can any Canadian conclude that the consequences in 1949 were not disastrous? Already the government has been obliged to purchase 20 million pounds of butter and thereby incur a loss to the taxpayers of over \$1 million. Are these obligations now to be increased through giving a greater competitive advantage to margarine?

Some Hon. Senators: No.

Hon. Mr. Bouffard: It seems to me, considering these circumstances, that not only should the tax on margarine not be removed, but that the duties on its ingredients should be increased.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bouffard: The honourable senator from Waterloo has argued that the results of permitting the manufacture of margarine have been beneficial to the farmers. No doubt farmers have benefited to some extent, but they have done so at the expense of the taxpayers of this country. But for the price paid by the government for 20 million pounds of butter the producers would have been without a market. They sold their butter to the government at the then current price, and purchased margarine for use in their own

homes. Who pays for that transaction? The margarine producers? No, the taxpayers of Canada, and to the extent of over \$1 million. An operation of that kind cannot be repeated indefinitely.

How long will the Canadian people consent to meet these deficits in order to permit a few manufacturers of margarine to place their product on the market at a price with which the dairy industry cannot compete? I am absolutely opposed to such a policy. I do not blame the farmers. They have a hard time. When I was young I knew of some farmers who sold their butter and bought margarine for the household, to be able to raise their families and put a little aside for their old age. Who is the farmer today who would refuse to sell his butter to the government at 62 cents a pound when he can buy margarine for from 35 to 40 cents a pound? So long as the government is willing to continue that policy and the taxpayers are foolish enough to pay for it, farmers will buy margarine, sell their butter, and retain the profits, as they are entitled to do. As far as the province of Quebec is concerned, I can assure my honourable colleagues that, were the distribution of margarine in that province permissible, the amount of butter which the government would have had to buy would have been much greater, and the quantity of margarine sold on the Canadian market would have been substantially increased.

I come now to another point which I regard as extremely important. One might have thought that our manufacturers would have bought oil on the Canadian market for their manufacture of margarine. Just a few months ago we were told that oil produced in Canada would be used for this purpose. But what has been the experience in the past year? Canadian manufacturers of margarine have imported American oil at approximately 16 cents a pound, in preference to purchasing available Canadian oil at 12½ cents a pound. The producers of margarine were offered seal oil at a price equivalent to what they were paying for oil on the American market.

Hon. Mr. Euler: What kind of oil?

Hon. Mr. Bouffard: Seal oil, first class.

Hon. Mr. Euler: American seal oil?

Hon. Mr. Bouffard: No, Canadian seal oil.

Hon. Mr. Euler: I am not trying to interrupt my friend, but is he trying to make a comparison between seal oil in Canada and vegetable oil in the United States?

Hon. Mr. Bouffard: Exactly.

Hon. Mr. Euler: They are different kinds of oil.

Hon. Mr. Bouffard: Seal oil can be used for the production of margarine, just as vegetable oil can be used.

Hon. Mr. Euler: Yes, but it does not produce the same kind of margarine.

Hon. Mr. Bouffard: The Canadian producers of margarine ignored the fact that there was oil in Canada which could be used for the making of margarine, and they purchased oil on the American market at 16 cents a pound. What offer did they make to the Canadian oil manufacturers? They did not tell them that their oil was no good or that they could not use it. They just told them: "We can use your oil, but we are not going to give you more than 12½ cents per pound for it." Why did they do that? It was because they knew the Canadian oil producers had no other market, and either had to meet this price or lose their oil. They had no alternative but to meet the price of 12½ cents. Is that the kind of spirit that was supposed to be behind the removal of the ban on the manufacture and sale of margarine? This is far from the course which we were told would be followed when we discussed this matter in 1947 and 1948. Conditions became so bad that one Quebec oil manufacturer was forced to close his doors because he could not find a market. The best price he was offered would not cover the cost of manufacturing his product.

Hon. Mr. Hugessen: Where did he sell his oil before margarine came on the market?

Hon. Mr. Bouffard: My friend knows that during and immediately following the war there was a world oil pool. By 1949 that pool had disappeared. The English market was closed and the American market was filled. The only place the Canadian oil manufacturer could sell his product was in Canada.

Hon. Mr. Hugessen: So it was of great advantage to them to have margarine manufactured in Canada.

Hon. Mr. Bouffard: My honourable friend may think so, but I do not see the advantage of producing oil and then having to sell it at below cost price.

Hon. Mr. Euler: The oil manufacturers could not have sold their product at all if there had been no market for margarine purposes.

Hon. Mr. Bouffard: Yes, but the result was that this manufacturer had to close his doors.

Hon. Mr. Euler: He would have had to close them sooner if he had not had a market for part of it.

Hon. Mr. Bouffard: He would not have closed his doors if the producers of margarine in Canada had been obliged to buy Cana-

dian oil at the same price they were paying for American oil. We should not weaken our exchange position by the unnecessary outlay of American dollars. We should not send these dollars to the United States to purchase a product which can be obtained in Canada. Those who have been manufacturing margarine have not been reasonable in their treatment of the Canadian oil producers. Not only are they not encouraging the manufacture of oil in Canada, but they are ruining the oil market in this country by making margarine with a foreign product which is in competition with a purely Canadian one.

My honourable friend from Waterloo argued that the removal of the sales tax on margarine would benefit the consumers of our country. I am going to say one more word about this. We have been invited to picture our men and women going into grocery stores and buying margarine at 2½ to 3 cents per pound less than they have been paying for it. It has been said that this would be of great help to our consumers.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Bouffard: It has been argued that the competition of margarine with butter has been good for our poorer classes; that they have been able to buy margarine at a much lower price than butter.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bouffard: But let us be realistic, and see whether the consumers actually benefit. The agricultural industry in this country is going to be ruined.

Hon. Mr. Euler: Nonsense.

Hon. Mr. Bouffard: Our farmers have been discouraged, and the way they are now selling their cattle has caused some concern to the agricultural authorities in Canada. Let us not forget that in 1945-46 Canada produced 400 million pounds of butter, but that in 1949 production dropped to 278 million pounds. Everyone knows that Canadian farmers find it preferable to sell their cattle for a high price on the Canadian and American market, than to continue to feed their stock in order to produce something which will have to be sold below cost. Nobody can blame the farmers for this, but the consequence has been that the price of meat has risen to such an extent that many Canadians cannot afford to buy it. The present scarcity of meat on the Canadian market would appear to have been caused by the low prices paid for dairy products. The poor consumer who will save 2½ cents a pound on margarine will have to pay such a high price for his meat that he will be the loser.

Honourable senators, I am in favour of removing taxes wherever in our economic

system we can safely do so, but before removing the sales tax on margarine I would certainly make sure that in the end the consumer will benefit. We should make certain that the removal of this tax will not affect the Canadian dairy industry, which is so necessary and vital to our people. For these reasons I shall certainly vote against the motion. I am not a farmer, so I would not be injured by the removal of the sales tax on margarine—

An Hon. Senator: We are not going to remove it.

Hon. Mr. Bouffard:—but I am troubled about this proposal. I think removal of the tax would aggravate a situation which is already disastrous and would greatly discourage all farmers in Canada. Rather than pass a motion of this kind, I think we should try to give some encouragement to farmers. During the war the farmers instead of being allowed to sell their butter at 90 cents to \$1 a pound, had to accept a ceiling price of 30 to 40 cents, and I consider it most unfortunate that so soon after the war we should have allowed to come on the market a product, which is not even a truly Canadian product, directly competing with butter. This product sells at approximately half the price of butter for which it is a substitute, and this results in a competition that our dairy-men cannot meet. The situation is an unhappy one, and I should like honourable senators to try to protect our dairy industry, which is so necessary from more than one point of view.

Hon. T. A. Crerar: Honourable senators, my honourable friend from Grandville (Hon. Mr. Bouffard) concluded his very interesting and, to my mind, somewhat illogical address, by giving the reasons why he intends to vote against this motion. I propose to give three reasons that impel me to support it. But before stating those reasons, may I for a moment deal with some phases of the argument which my honourable friend made? He says, in the first place, that if you remove the sales tax from margarine the difference will amount to something like 3 cents a pound, the manufacturers will take advantage of it, the consumers will not benefit, and consequently there would be no virtue in sacrificing the revenue now obtained from the tax. There I think my friend was wholly illogical.

He suggested that what he thinks would be the tendency of manufacturers could be overcome by having some governmental authority to control prices and see that the public were not exploited. There again my friend was illogical. If that theory were to be accepted it would have to be applied to

many more products than margarine. Are we to go back to the system of price controls, regulations, governmental directions, and decisions by governmental officials as to when a manufacturer of margarine or clothing or anything else is charging too much for his product?

Hon. Mr. Horner: We have that now.

Hon. Mr. Crerar: The cure does not lie there. The cure lies in opening the doors of competition as wide as possible, for in healthy competition we shall find the surest remedy for excessive prices.

My honourable friend also argued that certain raw materials entering into the production of margarine come from outside Canada and, as I understood him, mainly from the United States. Well, possibly that is so, but much of the material that constitutes the ingredients of margarine is Canadian. It may surprise my honourable friend to know that milk is an important ingredient in the manufacture of margarine.

Hon. Mr. Vaillancourt: Not in Canada.

Hon. Mr. Crerar: Oh, yes, in Canada.

Hon. Mr. Vaillancourt: Oh, no.

Hon. Mr. Kinley: Skimmed milk, at 2 cents a quart.

Hon. Mr. Reid: To give it a butter flavour.

Hon. Mr. Crerar: Even if all the ingredients of margarine had to be imported, would there be anything remarkable in that?

Hon. Mr. Horner: Under this government there would not be.

Hon. Mr. Crerar: Canada sold to the United States last year goods of one kind and another to a value of more than one and a half billion dollars.

Hon. Mr. Bouffard: But how much did we purchase from the United States?

Hon. Mr. Crerar: I did not interrupt my honourable friend even once. I do not believe in interrupting honourable members when they are addressing the house.

Hon. Mr. Horner: When you think they are wrong you do.

Hon. Mr. Crerar: Even if raw materials for margarine do come from the United States, is trade with the United States an unfortunate thing for this country? If the whole Canadian economy has one need, it is markets, wherever we can get them. By importing raw materials for margarine from the United States, we are helping to find a market for some Canadian products.

If the manufacture of margarine in Canada were to be stopped because some ingredients

are imported from the United States, what should be said about all our other industries that depend upon that country for their raw materials? What about the great cotton textile industry of Canada, which I believe has its main factories in my honourable friend's province? There is a Canadian industry dependent upon the outside world for every pound of its raw material. I would not for a moment suggest that the cotton textile industry should be discriminated against because it imports its raw materials from the United States, and I do not think my friend's argument as to margarine is very logical.

I wish to allude to another point in the address of my honourable friend. He pictured the butter situation as a terrible one, pointing out that the government has on its doorstep several million pounds of butter for which it cannot find a market, and he ascribes the surplus to the fact that we have permitted the manufacture and sale of oleomargarine, a competitor of butter. Well, I would suggest that the government probably fixed the support price of butter too high.

Hon. Mr. Horner: No, no.

Hon. Mr. Crerar: In 1949, he says, 74 million pounds of margarine were manufactured in Canada. Well, I do not know what the spread between the price of butter and the price of margarine is today; but if we say that it has averaged 20 cents a pound, it is clear that Canadian consumers of margarine have saved \$14 million.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Crerar: That is a not inconsiderable item in the housekeeping expenses of the poorer people of this country.

My honourable friend argued also that if the sales tax were removed from margarine the agricultural industry of Canada would be ruined. There again he is quite illogical. As a matter of fact, butter is only a small part of the total production of our dairy industry. The biggest part of the dairy business in this country is the sale of fluid milk in all our cities. It is most gratifying that, through the steady increase of this business, the health-giving benefits of milk are being ever more widely distributed. The production of cheese must also be taken into account. For the life of me I cannot follow the argument that the agricultural industry will be ruined if the sales tax on margarine is removed. I am sure that, upon reflection, my honourable friend will agree with me.

For three reasons, which I shall briefly indicate to the house, I support the motion of the honourable senator from Waterloo.

First, this tax is imposed on an essential food. It may be argued that we could get

along without margarine; but I venture the statement that the consequence in thousands and thousands of homes would be a lowered consumption of the fats which are essential to a young and growing family. For the poor human who inhabits this troubled world three things are essential: food, clothing and shelter. It is a great mistake as well as an injustice to impose taxes on the vital necessities of life. My honourable friend referred to customs tariffs. I might cite duties on garments, on woollen blankets, on boots and shoes as amongst those exactions which bear heavily on rich and poor alike. One of the sound principles of taxation is that it be levied where it will affect least the living standards of the people and fall chiefly upon those best able to pay. When, by means of a tariff or a sales tax, the cost of the essentials of human life is increased, burdens are imposed upon the poorer people of the community. The very fact that sales of margarine have risen to the point they have now reached proves how beneficial this article has been to the great labouring classes, and, indeed, to the farmers as well. I know agriculturists who are selling milk and buying margarine; and with good reason, for this enables them to get a better return on their investment.

I come now to another consideration. Hungry people, or those who are usually short of food, are always desperate people. Search the records of history and you will find that in almost any country one cares to name no factor has been more potent in the promotion of political unrest than a scarcity of or unduly high prices for food. On that ground also I argue against the retention of a sales tax on margarine. In my humble opinion it would be just as reasonable and just as logical to tax milk or bread as to tax margarine: all three foods are not only useful, but essential.

In this connection I may recall the position of Newfoundland. On this matter I should like to hear from our colleagues who represent that province. I believe that when negotiations for confederation with Canada were under way one of the conditions upon which Newfoundland's negotiators insisted was the maintenance of the free sale of margarine in that island. And under an arrangement, perhaps of a doubtful character, that condition obtains today: Newfoundlanders get their margarine free of sales tax.

My second reason for supporting this motion is one which may not command unanimous approval in this chamber. Make no mistake about it, this tax is of the order of protection for the dairy industry. Until the Supreme Court held otherwise a year or so ago, the dairy industry enjoyed complete protection against margarine. It is

a curious circumstance that the arguments against my honourable friend's motion have been based almost entirely upon the fact that the existing tax gives protection to a Canadian industry. For a good many years I have held some pretty definite views on the question of fiscal protection for Canadian industry; and I shall be quite frank in saying that I am not likely to change my opinions on that subject because of any arguments based on expediency. Over forty-five years ago the farmers' movement, which originated in Western Canada, was based largely on opposition to the principle of tariff protection of Canadian industry. There was a solid, logical reason for that attitude: prairie farmers were then paying the equivalent of 25 per cent duty on agricultural implements imported from the United States. Of course, farmers in Eastern Canada were subject to the same duty. But it so happened that the producers in the prairie provinces were a long way from the implement factories of Eastern Canada, and much closer to sources of supply in the United States. As the years went on the injustice as well as the unwisdom of protection, from the point of view of the Canadian customer, impressed itself upon parliaments and governments, and the duties on these agricultural implements were entirely removed. Tariff protection, has been retained in respect of a number of other items, though in recent years to a much less formidable extent. I shall mention a few. First, the Frigidaire. A Frigidaire has come to be looked upon as a necessity in almost every home today. It happens that the sources of supply for Frigidaires in Canada and the United States are about equidistant from Winnipeg and Minneapolis; that is to say, the cost of moving a Frigidaire to Minneapolis is about equal to the cost of moving one to Winnipeg. But what is the difference in price? A Frigidaire that costs \$409 in Winnipeg can be purchased for \$274 in Minneapolis. It is true that part of this difference in price is attributable to the depreciation of our Canadian dollar; but even allowing for this there is still a substantial difference. A Pontiac car, which costs the Minneapolis purchaser \$1,917, costs the Winnipeg buyer \$2,600 odd, and a Bendix washing machine, which sells for \$190 in Minneapolis sells for \$249.50 in Winnipeg.

My theory in these matters is that the way to make it easier for dairy farmers and butter manufacturers to produce their goods is to remove some of the cost from the commodities they are required to buy. That was the whole contention forty-five years ago. The farmers of Western Canada wanted the manufacturers, who were then pretty highly protected, to get off their backs.

I do not think the farmers are going to solve their problem by asking that the dairy or butter industry be protected. As my honourable friend from Grandville (Hon. Mr. Bouffard) pointed out, tariff duties and sales taxes are imposed on many goods which today are regarded as necessities. I regret that some of my friends in this chamber, whom I know still hold pretty strong views on tariff protection and fiscal policies, are straying from the light into the realm of darkness.

Hon. Mr. McDonald: Why do you wish to kick the farmer when he is down?

Hon. Mr. Crerar: I shall come to that.

Hon. Mr. Euler: The farmer is not down; he has never been more prosperous than he is today.

Hon. Mr. Crerar: While the burden on our primary industries today is not so heavy as it was forty-five years ago, it is still oppressive.

I come now to my third reason. I object to the operation of pressure groups in legislation. In my humble judgment our agricultural organizations are failing to apply true understanding to the problems affecting agriculture. Thus I come to the point raised by my honourable friend from King's (Hon. Mr. McDonald). It is wrong and unwise for farmers to think that by putting pressure on the government, parliament will be induced to grant them favours in the form of subsidies and so on.

Hon. Mr. Horner: You cannot blame the farmers for trying to do what others have succeeded in doing for years.

Hon. Mr. Crerar: The remark of my honourable friend from Blaine Lake (Hon. Mr. Horner) is similar to the remark he usually makes when he gets to his feet. But where will this all end? Pressure groups are to be found here and there. Butter was supported under the Agricultural Prices Support Act, and a few years ago potatoes and apples were also supported under it.

Hon. Mr. Horner: And it was under this Act that butter was held down during the first years of the war.

Hon. Mr. Crerar: Very good. Some difficulties may have been encountered in determining the exact time of the change-over from a state of war to one of peace; but I hope we are in the latter state now. If you are going to subsidize butter—and that is what this sales tax does—then you must go right down the line. If you accept the principle as being sound for one agricultural commodity, how are you going to argue that it is unsound for another? Cereal foods are being

supported in Western Canada today, and we are really getting enmeshed in this whole principle of subsidies and price supports. I wholly agree with my honourable friend from Grandville when he says that inevitably the treasury is going to be called upon to make good the deficit; and since the treasury can only get its money from the taxpayers or those who are willing to lend, the time will come when the burden will be insupportable. One of the strongest pressure groups ever known in this country was that formed by the manufacturers of fifty years ago.

Hon. Mr. Horner: They are still doing fairly well.

Hon. Mr. Crerar: We have had other pressure groups as well, but lately a transformation has taken place. The pressure groups now come from the large classes of labour. I have every sympathy for labour, but I do not hold with the pressure that is being brought to bear on governments to grant \$100 a month pensions to workers when they reach the age of sixty-five, and to institute a forty-hour week and make it the law of the land. Those pressures should not exist. I do not care whether the pressure comes from farm groups, labour groups, banking groups or manufacturing groups; I am just as opposed to one as I am to the other. Just because I am a farmer—and I am a farmer—I am not going to say that I will support the pressure that comes from the agriculture groups.

Hon. Mr. Bouffard: How are you going to stop it?

Hon. Mr. Crerar: That question rather implies that my honourable friend thinks it cannot be stopped.

Hon. Mr. Bouffard: Yes.

Hon. Mr. Crerar: Well, I still have sufficient faith in the common sense of the Canadian people to believe that they will recognize the impossibility of such a policy. I am sure they will realize that if these influences continue to grow and affect government in its administration of the business of the country, we shall be moving straight down the road to where more and more control is centered in the government. If governments are going to subsidize farmers, then they must ultimately tell them what they are to grow and how much they are to produce; in other words, they cannot be left as free agents. This is why I cannot agree with those who advocate support prices and discrimination in favour of butter-producers. It is my opinion that these things are fatal in the long run; and for this and the other reasons that I have outlined, I am opposed to them.

I am well aware of the fact that the agricultural industry in Canada stands in a peculiar position. It has always been so. For instance, pressure is exerted by large labour groups for increases in the wages paid by, say, transportation companies, and when the demand is met one result is an increase in freight rates. A few years ago we had in this country a steel strike, which was settled by a substantial increase in wages to the workers in the mills. No one begrudges these workers a fair wage, but that increase brought about the sharpest rise that we have had for many years in the price of agricultural implements to the farmers right across Canada. How is that to be adjusted? The farmer cannot pass it on. The maker of steel says: "My costs have gone up, so I must raise the price of my iron and steel." In turn, the agricultural implement manufacturer says: "The cost of my raw materials, iron and steel, have risen, so I must put up the price of my agricultural implements." And who can say him nay in those circumstances? These price increases are passed on until they finally reach the primary producer, the tiller of the soil, and he cannot pass them on any further. His back is to the wall.

It is the consequence of that situation that has impelled farmers to bring pressure on governments to support prices out of the public treasury, if necessary. I do not think that the solution is to be found in that procedure, because I am afraid that in the end it is bound to break down, and that when that time comes the farmers will be in an even worse position than they are in today. That is certainly the way it strikes me, but of course my judgment may not be right.

In conclusion I wish to say that neither parliament nor a government should ever permit itself to become an agency for pressure groups. I recall the situation at Washington. There lobbying by pressure groups for one thing and another reached such proportions that lobbyists had to be certified or registered, and American pressure groups now spend through these lobbies millions of dollars every year. I think it would be most unfortunate if anything like that ever developed in this country, and so I am against pressure groups. I hope our parliament will not at any time in future succumb to their influence and be deflected from the duty of representing the people of Canada—not the farmers alone, nor labour nor any other one class, but all the people of Canada—and that it will constantly endeavour to make sure that the laws passed here are fair, just and equitable to all classes of our population.

Hon. J. Wesley Stambaugh: Honourable senators, I first wish to welcome the new

members of the Senate (Hon. Mr. Isnor and Hon. Mr. Hawkins). For a day or two I had one of them as a deskmate, which was a pleasure for me, because for some little time I had been sitting up in this end of the chamber alone. Also, their appointment means that I have moved up a bit in seniority and am no longer the second lowest on the list.

I am opposed to this resolution and object to some of the remarks made by previous speakers. It seems to me to be a case of the cities against the country. The honourable gentlemen from Waterloo and Churchill (Hon. Mr. Euler and Hon. Mr. Crerar) referred to our dairy farmers as a pressure group. I do not think they are. I think that representatives of the Canadian Council of Agriculture, the Dairy Council and the Federation of Agriculture should be invited to come here and give us their views. And if they are invited they had better come, because after listening to some speeches I am afraid the Canadian farmer has not too many friends in the Senate.

The honourable senator from Ottawa (Hon. Mr. Lambert) spoke of dairy farmers as a "deeply entrenched and privileged interest," and the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) referred to them as a "favoured interest." Well, I do not think they are favoured too much. As a matter of fact, I do not think they are favoured at all.

After listening to some honourable senators one would almost think that the dairy farmer was a menace to the national life of Canada, whereas the truth is that he is engaged in this country's most essential industry. Without him, the consumer would perish.

I think the honourable gentleman from Toronto-Trinity had a much better argument when he said he was opposed to all sales taxes. I do not suppose any of us like to pay taxes. I come from a province where taxation has been a very live issue, where a political group known as the Social Credit Party came into power on a platform promising that they would abolish taxation. They have now been in power for fifteen years and our taxes have trebled. So the tax question is like the weather—people talk a lot about it but do nothing.

As to the suggestion that the dairy farmers are a privileged group, I would point out that there is no other Canadian industry which finds it so difficult to get hired help. If dairy farming was a privileged and pleasant occupation, this would not be so. Let us consider who the dairy interests really are. In plain words, they are just the people

who milk cows. Until a short time ago I was one of them, and I do not mind saying that I like this job here much better.

Some Hon. Senators: Hear, hear.

Hon. Mr. Stambaugh: My son is one of them, and so is my grandson. I may say that my grandson, who goes out to milk cows in the morning before he leaves for school, will be interested to learn that some of our honourable senators regard him as a privileged character. Nearly all my neighbours are dairy farmers, and I find them hard-working, honest and kindly folk. I appreciate neighbours of this kind.

In Canada there are about 700,000 farmers, and more than half of them are dairy farmers. A very large proportion of them derive most of their income from the sale of dairy products.

It was suggested here, just this afternoon, by the honourable gentleman from Churchill (Hon. Mr. Crerar)—and it has been suggested by others—that butter is not an important product of the dairy industry. The fact is that butter is the most important product of that industry, and approximately half of the commercial milk supply of Canada is used in its manufacture. The actual figure is 47.3 per cent. On the other hand, fluid milk, which the honourable gentleman said was a more important product than the milk used in the manufacture of butter, amounts to only 24.2 per cent of the total commercial milk supply. In other words, about twice as much milk is used in the manufacture of butter as is sold as fluid milk. And the quantity of milk used in the manufacture of cheese, which has been mentioned as a very important proportion, is only 8 per cent of the total. Those percentages apply to 1948, the last year for which I was able to obtain figures. In the manufacture of butter the farmer keeps the skim milk, which is a most important ingredient in the feeding of calves, pigs and poultry.

The next largest use that is made of milk, and an extremely important one from the standpoint of our national health, is in its sale as fluid milk. This is extremely important to cities like Toronto and Ottawa. The sale of fluid milk absorbs approximately 25—to be exact, 24.2—per cent of our total production. A large part is consumed in the cities by children, who need this important element of food. If the sale of margarine should seriously injure the dairy industry, the consequences to our way of life would be disastrous, for when you imperil the butter industry you also imperil the fluid milk supply.

Another important factor in the manufacture of butter is that over 80 per cent of the

price of the product is returned to the dairy farmer. But practically all the materials which go into margarine are imported, and the money for them is diverted to interests outside Canada. There are over 1,100 creameries in this country, and they employ thousands of people. Margarine is produced in not more than, possibly, half a dozen plants.

I would also point out that dairying is one of the most important factors in the conservation of soil fertility.

I have found that the conditions under which the dairy farmers in Ontario operate are not so different from our own. Three years ago my wife and I were visiting in Ontario with relatives who are dairy farmers. It is my custom to rise early in the morning. At times this habit has been very annoying to my wife and other members of our family, and I was warned that I must not get up too soon and disturb the people whom we were visiting. The first morning after our arrival I heard people moving around downstairs long before daylight, so I got up and went down. I found the light on, the fire built and the kettle boiling; but nobody was in sight. I saw a light in the barn, so I went out and found my nephew and his wife milking the cows. Evidently there was no possibility of my disturbing dairy farmers early in the morning. They had to milk early because they were delivering to a cheese factory, and the milk had to be there before eight o'clock. I suggested to my nephew that he was getting around rather early, and he said: "Yes, we are up an hour earlier than we really should be, because we are on daylight saving time so that the fellows in the city can have an extra hour in the evening to play golf."

Some Hon. Senators: Oh, oh.

Hon. Mr. Stambaugh: The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), who sits near me—

Hon. Mr. Roebuck: He does not mind!

Hon. Mr. Stambaugh:—said that the consumers of his city could not afford to pay present prices for dairy products. I have not quite as much sympathy for the people of Toronto as he has, but I have singled out Toronto because he mentioned it, and also because I understand that it is the best city in Canada.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Stambaugh: I have often heard it spoken of as "Toronto the good"; and on one occasion I saw in a parade a float which represented Toronto as an angel surrounded by cherubs. I presume the angel represented

THE SENATE

Wednesday, May 10, 1950

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

Prayers and routine proceedings.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second reading of the following bills:

Bill Z-6, an Act for the relief of Reuben Robert Shapiro.

Bill A-7, an Act for the relief of Mary White Sheppard.

Bill B-7, an Act for the relief of Ulderic Cadieux.

Bill C-7, an Act for the relief of Helen Irene Barney Hutchinson.

Bill D-7, an Act for the relief of Alice Jean Young Gulliver.

Bill E-7, an Act for the relief of Joseph Lucien Alphonse Martel.

Bill F-7, an Act for the relief of Georges Emile Bernier.

Bill G-7, an Act for the relief of Margaret Veronica Quinn Davies.

Bill H-7, an Act for the relief of Max Gurevitch.

Bill I-7, an Act for the relief of Romuald Joseph Jean Lamoureux.

The motion was agreed to, and the bills were read the second time, on division.

MARGARINE—REMOVAL OF TAX

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of the Honourable Senator Euler, seconded by the Honourable Senator Lambert, that in the opinion of the Senate margarine should be added to the list of foods which are exempt from the sales tax of 8 per cent.

Hon. J. W. de B. Farris: Honourable senators, the discussion on this motion has already been so clear and comprehensive that it is with hesitation that I prolong the debate. The wording of the resolution would cause one to think that the proposal is non-contentious. On its face, the proposition is simply that under the policy of the Act certain foods, particularly dairy products, are generally speaking exempt from taxation. It proceeds with the idea that oleomargarine is a food *in pari materia* with dairy products, and that it is therefore unfair discrimination to exclude it from the list of exempted foodstuffs.

After listening to the arguments which have been advanced, we begin to see that this question is not quite so simple. The implications of the resolution and, perhaps even more, the implications that arise from some of the speeches which have been made in support of it, involve principles that cut deeply into the Canadian economic problems, and raise issues transcending this mere question of the saving of 3 cents per pound on margarine. I therefore venture to ask your indulgence in order that we may consider still further some of the implications and issues that face us in dealing intelligently with this motion.

In the first place, this resolution clearly proposes that the Senate should declare itself on a matter of policy relating to taxation. As all honourable senators know, section 53 of the British North America Act provides that bills for appropriating any part of the public revenue or for imposing any tax or impost, shall originate in the House of Commons. The next section of the B.N.A. Act goes on to indicate that such bills are government bills, because they can only originate on a message from His Majesty the King, as represented by the Governor General, who of course acts on the advice of the government.

I do not want to escape on any mere technicality or by saying that this resolution is out of order. I do not say it is, but I claim it is outside the field generally expected to be dealt with by the Canadian Senate. Taxation is primarily a problem of the House of Commons, whose members represent the electors of Canada; and I say, as a guide to honourable senators in approaching a resolution of this kind, that it must be a serious and urgent proposal in deed which can justify us in dictating in advance—because that is what this resolution asks us to do—the policy of the government and of the House of Commons in regard to a question of taxation. And particularly is that so when we have a government recently sustained and a House of Commons recently elected. There is just a danger that passage of this resolution might be regarded as a meddling and mischievous interference, and not an expression of the sober second thought which is the primary duty assigned to us.

Let us look at some of the facts in relation to this question. The first thing that I ask honourable members to consider is the policy of the government. It is true that the Senate does not have to accept the government's policy, even though most senators today are probably Liberals—that is, of the same party as the government—but on a question of taxation I myself feel it would be most presumptuous for us to try to dictate in advance to a newly elected government on a pure question of taxation,

when the government's policy has already been vindicated by the people. The policy of this country is to place a floor under the price of butter, and in order to carry out that policy the country is investing millions of dollars and, rightly or wrongly, is up to the neck in the matter. This proposal is a direct challenge to the policy of this country as to butter.

Another thing that puzzles me a good deal about the whole trend and drift of this matter is the fact that the present resolution follows in the wake of a proposed statute introduced by my honourable friend from Waterloo (Hon. Mr. Euler) with the object of abolishing the restrictions against margarine. The question of parliament's right to enact these restrictions was referred to the Supreme Court of Canada, which has declared that parliament has no jurisdiction to impose the restrictions. But, honourable senators, that decision was given by a divided court. The Chief Justice of Canada and the next senior member of the court gave dissenting judgments, stating that parliament has jurisdiction. An appeal from the court's judgment is being taken to the Privy Council and will be heard at the next sitting of that body. In view of the divided opinion in the Supreme Court of Canada no lawyer would think of offering an unqualified opinion as to what the results of that appeal may be.

Now, I am wondering why there is an attempt to "beat the gun", as it were, before the appeal is decided by the Privy Council. And I am just a little apprehensive that intentionally, or—I give my honourable friends the benefit of the doubt—unintentionally, the object is to try to consolidate the position of the margarine vendors against the interests of the Canadian farmer before the appeal is decided by the Privy Council, so that, in the event of the Privy Council deciding that parliament has jurisdiction to impose these restrictions, a renewed and even stronger demand on parliament may be made at a later date. I think this is a point that every member of the Senate should consider in advance of a decision that honourable members of both houses may have to make on this question a little later. Why all the rush to try to consolidate the margarine position?

Dealing with the wider aspects of this case, the next question that I would ask honourable members to consider is: Against whom is there being practised this discrimination of which we have been told in voices that almost tremble? Is it discrimination against Lever Brothers and Canada Packers and in favour of the Canadian farmer?

If that is so, I should like to see these people come forward and declare themselves. I do not think that was the intention of the resolution; but it may be the result.

Is there a complaint that the alleged discrimination is unfair to the margarine consumer as contrasted with the butter consumer? Well, the honourable senator from Kingston (Hon. Mr. Davies) made some inquiries on that point, and he stated to the house that he could discover no demand by consumers generally that would justify my honourable friend in coming here and saying that he stands for the consumers to the extent that he would ask this house to challenge the policy of the elected representatives in the House of Commons.

My honourable friend from Churchill (Hon. Mr. Crerar) referred to organized labour as one of the pressure groups. Yet one of the functions of organized labour in Canada over the last decade and longer has been to protect the consumers when it has been thought that their interests were being interfered with. Of course my friend would not tolerate labour stepping in on this question, because that would be a pressure group, and therefore taboo. I take it that as long as the people interested are only represented by senators, with nobody outside this house to back them up, there is not a pressure group, and therefore everything is quite all right.

Is it unfair to compare the treatment that the butter consumers get with the treatment received by margarine consumers? If I propose to ignore my interest in the farmer—and I think I have some—and buy margarine, I can get it, even with the tax, for twenty cents or twenty-five cents a pound less than I pay for butter. With that differential in price between the two products, can anyone say that there is unfairness of treatment as between the consumers of butter and the consumers of margarine in this country? I cannot see it.

Mark you, honourable senators, our friends who support this resolution are keen to assure us that this article, which we can buy for twenty cents a pound less than we pay for butter, is just as good as butter. Well, I do not think it is; but later I shall have something to say on that point. For the time being I accept their own statements, because we can meet them both going and coming. If margarine is just as good as butter, then there is no discrimination against margarine consumers, because they can buy it much cheaper than butter. On the other hand, if margarine is not as good as butter, people should not be allowed to buy it.

Is it true that there is any substantial number of indigent persons in Canada who

cannot afford to buy margarine at its present price, but who could pay the contrasted theoretical price of three cents per pound less?

Let us look at that question. In the first place, this sales tax is purely a tax to provide revenue for public purposes. I cannot believe that in this day of continued prosperity in this country, with high wages and general employment, there is any substantial group of citizens who—without undue extravagance in the consumption of beer and cigarettes, as was suggested by my friend from Rosetown (Hon. Mr. Asetine)—cannot afford to buy margarine at its present price. I cannot believe that there is any such group on whose behalf we should claim—in tremulous voices—protection from the necessity of paying an additional three cents a pound for this product.

Hon. Mr. Beaubien: Your voice is tremulous too.

Hon. Mr. Farris: I have caught the disease.

Hon. Mr. Hayden: That is part of the advocacy.

Hon. Mr. Farris: Yes, honourable senators, it is advocacy; and I hope it is intelligent and fair advocacy. I would say that normally almost 100 per cent of our people can afford to buy margarine, and that none of us need waste any sympathy over this extra cost of three cents a pound. I do not wish it to be supposed that I cannot put a certain tremulousness in my voice in speaking of these people. I am as capable as is my honourable friend of charging my appeals with organ effects. But I would prefer to point out that we in Canada have an intelligent way of dealing with this problem. If 95 per cent of the population are able to pay a tax, and it is a just tax, why should it be removed in order to protect the small class for whom assistance is necessary? I say that is not the right approach. Taxes are needed. The sales tax was not introduced for the fun of it, or with an eye to political advantage. I know that when a sales tax was enacted in British Columbia it was exceedingly unpopular, but the government imposed it because it was believed to be necessary; and that is the reason we have one here. There is no country in the world which does as much as Canada by way of providing funds for the care of the needy and indigent. I might draw attention to the cost of family allowances. I have not looked up the figure, but I believe it is in the vicinity of \$300 million a year.

Hon. Mr. Beaubien: \$307 million.

Hon. Mr. Farris: As my honourable friend says, the taxpayers of this country, including

those who are paying the sales tax, are providing \$307 million for this purpose. The more needy the family the greater the benefits. Or consider the cost of mothers' pensions. In British Columbia, so many years ago that I would hate to tell you when, I had the honour of introducing a bill to provide mothers' pensions. The money, of course, comes from taxes paid by the Canadian people. The same is true as regards unemployment insurance, hospital and medical insurance, workmen's compensation, old age pensions, and a host of other social services to benefit those for whom the state must have special regard. It is the height of fallacy to argue that, in the interest of the comparatively few who are looked after from the proceeds of the taxes we raise, we should abolish a tax that falls on the many who are well able to pay.

In the next place, I repeat what was said yesterday by my honourable friend from Grandville (Hon. Mr. Bouffard), and others who have spoken already, that there can be no assurance that the proceeds of the remission of these three cents will inure in whole or in part to the benefit of the consumer. Quite a few firms are listed as manufacturers of margarine, but I believe the experience in the United States would be repeated here, and that production would be dominated by Lever Brothers, Canada Packers, and one or two other big concerns.

In considering this question it is worth while to give attention to the prices of margarine in Canada, compared with those in the United States. According to the latest figures, in March the retail price of margarine in the United States was 28½ cents a pound while in Canada it was 34 cents a pound in March and 34½ cents in April. It will be noticed further from the return, which is available to honourable senators, that in every month since margarine has been on the Canadian market the price here has been decidedly higher than the price in the United States. That differential, I am told, is not made necessary by the comparative costs of manufacture. I wonder, when all this energy is being devoted in the Senate to protecting the buyer, that someone has not moved to find out why more is charged for margarine in Canada than in the United States.

Hon. Mr. Euler: What about other commodities? Automobiles for instance?

Hon. Mr. Farris: I am coming to that. Despite all the eloquence of the honourable senator from Churchill (Hon. Mr. Crerar) on this matter of three cents, I fail to find a single resolution by him with respect to the tariff on automobiles. Moreover, as I entered this chamber the honourable senator from

Kings (Hon. Mr. McDonald) who recently put a question on the order paper, told me that he finds, through other inquiries, that while the retailers profit on butter sold in Canada is from two to three cents a pound, the profit on the sale of margarine right here in Ottawa ranges from five to eight cents. So the producers and retailers of margarine, even if they were to absorb the three cents tax, would still have a margin of profit as large as is obtained from butter. I should like to know why so much interest is concentrated on this very limited phase of commodity taxation and no effort is made to protect the consumer against the producers and vendors of margarine.

Now, observing this margin between prices in this country and in the United States, and with the knowledge we have that in the United States the production of margarine is largely dominated by Lever Brothers and one or two other big concerns, and that similar conditions in this country are practically inevitable, what assurance can there be that, were this tax removed, the consumer would get the benefit? Other honourable senators have discussed that question. All I want to say in addition is that I am glad my honourable friend from Waterloo has mentioned automobiles.

Hon. Mr. Euler: I could mention many other instances of differences in prices as between Canada and the United States.

Hon. Mr. Farris: You will not hear my honourable friend advocating the abolition of customs duties on automobiles to enable farmers and other people in Canada to buy their cars as cheaply here as they can be bought in the United States. But in relation to what producers in general would do, if they get protection, let us consider what happens in the automobile business. We know that the automobile manufacturers fix a price as near to the cost on the other side, plus duty, as will permit them to sell in their protected market. Would not the practice in respect of margarine be the same as it is in the case of other protected commodities? I have no doubt that it would. If my honourable friends are as interested in the consumers as they profess to be, there are many more advantageous ways in which they might achieve better results.

The major issue involved in this question is not whether Lever Brothers are being discriminated against in favour of the Canadian farmer, but whether it is in the interests of Canadians to confer tax exemptions on a commodity, which threatens to destroy the Canadian dairy industry, in order to further stimulate the sale of that

commodity. This question and the arguments advanced by those in favour of this resolution strike at the very root of the economic policy of the nation.

My honourable friends from such industrial centres as Waterloo (Hon. Mr. Euler), Ottawa (Hon. Mr. Lambert), and Toronto-Trinity (Hon. Mr. Roebuck), are demanding relief for the consumers at the expense of Canada's most vital industry, agriculture. The speech of the honourable gentleman from Waterloo was rather mildly delivered, but in reading it over one discovers that there is quite a sting to it. The honourable senators from Waterloo and Churchill (Hon. Mr. Crerar) both had the temerity to say that the Canadian farmers formed pressure groups and my friend from Waterloo even went so far as to poke some friendly fun at a recent convention of dairymen at the Seignior Club in Quebec. He referred to the high prices these "poor, impoverished" men had to pay for their board and lodging. Well, his story was not even original, about two weeks ago I read the same story in the margarine people's literature.

Hon. Mr. Hugessen: You do not pretend these dairymen were farmers? They were members of the dairy industry.

Hon. Mr. Farris: No, they were not farmers, nor were they men for whom protection should be given. I have some knowledge about the dairymen. Many of them are farmers, and their president is a farmer. And I have some knowledge about the interests dairymen have—and I mean dairymen who process milk and sell and deliver their commodity, as distinguished from farm dairy producers. On a former occasion I told this house that my son was in this business, and my knowledge of and interest in the dairy business arises only from this fact. I have consulted with these people and I know they are concerned with only one aspect of the margarine question. They claim, and I believe them, that they can make just as much money by selling margarine as by selling butter. They are not much afraid of any additional competition that butter might have to meet if the price of margarine were reduced by three cents a pound by reason of the removal of the sales tax. The one thing they fear is that the position of margarine might become so established as to destroy the dairy farmer and thereby put the dairies out of business. Why do they fear this? It is because there might not be any milk produced for dairy purposes. My friend from Inkerman (Hon. Mr. Hugessen) shakes his head, but I shall give him some figures.

Hon. Mr. Crerar: Would my honourable friend permit a question? I dislike to interrupt.

Hon. Mr. Farris: I like to be interrupted.

Hon. Mr. Crerar: Very well. In the light of what he has said how does he explain the fact that countries like Denmark and Holland, the most specialized dairy countries in Europe, have always sold margarine to their own people?

Hon. Mr. Farris: I am not interested or concerned about that. All I say is that this is neither Denmark nor Holland. Conditions in those countries are very different from what they are here, and my honourable friend knows that as well as I do.

Hon. Mr. Euler: Well, take any other country in the world.

Hon. Mr. Farris: Now then, who are the consumers for whom my honourable friends speak? Amongst others, they are the wage earners in the Canadian protected industries. If you drive out the dairy farmers who will you have in their place to furnish a home market? To a large extent the industries of Canada are dependent on the home market. This is not so much the case in British Columbia because we sell our lumber, fish and other products on world markets, but we buy the implements to produce them in the protected markets of Ontario.

Hon. Mr. Reid: That is right.

Hon. Mr. Farris: I see that my honourable friend from New Westminster (Hon. Mr. Reid) agrees with me. The home market depends on the wage earners of Canada.

My honourable friend from Churchill in supporting the resolution may take an opposite position to that of the honourable gentleman from Waterloo; he may not be a protectionist, but certainly the people who gain their livelihood in the industrial centres are protectionists by necessity. If it were not for the customs duties which the consuming public of Canada pay to support the industries in those centres, there would be no wage earners to buy margarine or anything else.

My honourable colleague from Churchill says that hungry people are desperate people. I do not think there is anything in present conditions to justify the warning he conveys in this statement. But if the policy of my friends were adopted, it could then be said that hungry and unemployed people are a desperate people. Such conjured-up conditions are out of place in Canadian economy at this time. I do not believe that there is any occasion to sabotage the principles which justify our forms of taxation for the protection for our industries, and which contribute

to the material prosperity of this country. If there are some Liberals who still proclaim the doctrine of free trade—and I think they have departed a long way from it—they must adhere to it only on the basis that it applies all down the line, and is not for the benefit of one industry at the expense of others.

Hon. Mr. Euler: Who says that?

Hon. Mr. Farris: I say it. The facts are that the consumers in the industrial centres owe their prosperity and very existence to the policy of protection which has built up those centres at the expense of both the producers and consumers, and particularly of the consumers in Western Canada and the Maritime Provinces.

I have some 1947 figures, the latest which I could get, on the Ontario automobile industry. In that year the industry produced \$335 million worth of automobiles and \$126,560,000 worth of automobile accessories, a total of \$461,560,000. The 40,700 employees in the Ontario automobile industry received wages amounting to \$92 million. I wonder what would be the result if my honourable friend from Churchill carried his suggestions right through?

Hon. Mr. Euler: What about automobiles?

Hon. Mr. Farris: My honourable friend from Waterloo says, "What about automobiles?"

Hon. Mr. Euler: Or any other commodity.

Hon. Mr. Farris: We will stick to automobiles. The honourable member from Churchill (Hon. Mr. Crerar) gave us some touching examples of the higher prices that Canadians have to pay for goods produced in this country than Americans are charged for similar goods made in the United States. He cited as illustrations a certain low-priced motor car, a washing machine and a refrigerator. All these things are necessities of modern life, necessities for not only the rich but for the ordinary wage earner as well. The prices that our people have to pay for these goods include high taxes, which help to preserve the industrial life of the communities where the goods are manufactured. Seeing that my honourable friend went so far as to enunciate the principle that he did, I wonder why he confined himself to this poor little tax of 3 cents a pound and left untouched the millions of dollars of taxes that really go to the root of what he is advocating. He tells us that the tariff policy has always been against the farmers, but I have seen no indication that he has really come to grips with this problem or that other honourable members have come to grips with the question of how the price of margarine could be cut down, if that is what they are really interested in.

Now I want to direct the attention of honourable senators to this question: What have the margarine producers to offer as a substitute for the Canadian dairy industry? I am not now talking merely about the substitution of margarine for butter, but I am looking at the broader aspect. What has the margarine industry to offer the people of Canada in place of the butter industry? Well, the margarine industry imports foreign materials. That brings me to the little controversy that occurred in this house yesterday when my honourable friend from Grandville (Hon. Mr. Bouffard) was quoting from memory—and a mighty good memory, I now think—of what the honourable gentleman from Waterloo (Hon. Mr. Euler) said here two years ago. I always like to get the records, and I have here the revised *Debates of the Senate*. This, unlike a book which has been published by a former member of this house, is not "Unrevised and unrepented", but is revised and, I almost suspect, repented.

I refer to the *Debates of the Senate* for 1948, at page 174, and I should like honourable senators to note the context. We were not discussing at that time—February 18, 1948—any abstract question of what quantity of vegetable oils could theoretically be produced in Canada. That was not the question. My honourable friend was seeking at that time to induce this house to support repeal of the restrictions on margarine, in order that margarine might be manufactured in Canada. And in this context the only object in quoting figures as to the production of vegetable oils in Canada was to assure the house that margarine would be manufactured out of local ingredients. There could have been no other object. Now, in the light of that context, let us see what my honourable friend said. Here it is:

As a matter of fact, we do not need to import any oil whatsoever. The United States does not import any oil for the manufacture of margarine, and we would not do so either, even from the United States.

If that is not a direct statement of fact, then I am afraid I cannot understand what it is.

Hon. Mr. Euler: Will my honourable friend permit me? Would he read also from page 175, where I amplified that statement?

Hon. Mr. Farris: Yes. I have got all that marked too, and it does not change the statement a bit. For, mark you, honourable senators, when my honourable friend made these further remarks he was still appealing for the vote of this house on only one issue—a change in the law to make possible the manufacture of margarine because the materials for its manufacture are available here in Canada.

Hon. Mr. Euler: They could be.

Hon. Mr. Farris: Surely, honourable senators, we are not interested in any abstract question. We might fly to the moon, but we do not expect to. Unless it was practically certain that the necessary oils would be produced in Canada, why in the world was the production of oil in Canada brought into the discussion at all? If my honourable friend was not trying to show us that the production of these oils in Canada was a reasonable likelihood, reference to the matter could only becloud the issue.

Having said that, I will now, at my honourable friend's request, read further from his remarks of February 18, 1948, as reported at page 175:

Every ingredient of margarine can be produced on the Canadian farm.

Why did my honourable friend say that, unless he meant that the oils would be produced here if the manufacture of margarine were legalized?

Hon. Mr. Euler: I was trying to help the farmer by suggesting what could be done.

Hon. Mr. Farris: My honourable friend was discussing the practical question of the production of these ingredients, not an abstract question of whether they could be produced *in vacuo*. He went on to say:

I make this statement on the highest scientific authority in this country.

I am sure that reassured every one of us that just as soon as the restrictions on margarine were lifted, mustard seed and other seeds and weeds would be grown, and we would have oil in abundance.

Hon. Mr. Beaubien: Did you think that?

Hon. Mr. Farris: No, I did not, for I did not take any stock in this at all.

I continue to quote my honourable friend:

In Britain they use the oil of the peanut, or, as they call it, the ground nut. I am told the same is true on the continent. In Newfoundland they use whale oil and seal oil, refined—strangely enough—in the city of Toronto and exported to Newfoundland, where they make it into margarine, although we in this country cannot do so. In the United States the ingredient most largely used is, I believe, cottonseed oil. Soybean oil and sunflower seed oil are also used. In Canada, of course, we have no cottonseed oil, but there need be no shortage of vegetable oil.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Farris: Surely, honourable senators, in this context that means that oil would be available in Canada for the manufacture of margarine.

My honourable friend continued:

In Manitoba last year the production of sunflower seed was doubled, and \$48 worth was taken from each acre under cultivation. We can produce an abundance of sunflower seed,—

Hon. Mr. Euler: Just emphasize that.

Hon. Mr. Farris: Does my honourable friend say that that was a mere abstraction, that he was not dealing with a practical matter? When my honourable friend said that we could produce the oil, surely he meant that we were going to produce it.

Hon. Mr. Euler: Not at all.

Hon. Mr. Farris: Anyway, here is what my honourable friend said:

We can produce an abundance of sunflower seed, soybeans, rapeseed and—if you like to put it in our margarine—milk. I repeat that I have scientific authority for the assertion that excellent margarine can be manufactured right here in Canada from the products of the Canadian farm.

Now, in the light of that statement, let me again read my honourable friend's other statement:

As a matter of fact, we do not need to import any oil whatsoever. The United States does not import any oil for the manufacture of margarine, and we would not do so either, even from the United States.

Hon. Mr. Euler: Will my honourable friend permit me again? He has placed the cart before the horse. The statement that he has just read was entirely modified by my later statements, which he previously quoted.

Hon. Mr. Farris: Well, why did my honourable friend not tell us in 1948 that he was modifying that statement? I will not say anything about myself, but my honourable friend from Grandville (Hon. Mr. Bouffard) is a pretty astute lawyer, and it has taken more than two years and all this discussion for us to find out that this statement was supposed to be modified.

Hon. Mr. Euler: I cannot compel farmers to grow rapeseed and sunflower seed.

Hon. Mr. Farris: In support of my honourable friend's 1948 bill we also had a speech by the honourable gentleman from Thunder Bay (Hon. Mr. Paterson), which will be found at page 416 of the *Senate Debates* for that year. The bill was supported also in a speech by the honourable gentleman from Toronto (Hon. Mr. Hayden), who was counsel—a very skilful and successful counsel—in the reference to the Supreme Court of Canada.

Hon. Mr. Hayden: Thank you.

Hon. Mr. Farris: Here is what he said on May 4, 1948, as reported at page 433 of the *Senate Debates*:

The answer is that out of supplies available in Canada we have within our own power the means to manufacture oleomargarine; and the only thing that stands between us and the doing of it is the prohibition which exists at the present moment.

My honourable friend has removed that prohibition —

Hon. Mr. Hayden: The Supreme Court of Canada did that.

Hon. Mr. Farris: The Supreme Court did it with the aid of my honourable friend's persuasive argument, for which I should like to give him the fullest credit. Anyway, the prohibition has been removed, but the oils for the manufacture of margarine are not yet produced in Canada.

Now, under the question of what substitute the margarine industry offers to the farmer for the butter industry, I should like honourable senators to consider next the matter of health. In this connection I was today handed a most interesting editorial, taken from a well-known Ottawa newspaper, *The Citizen*, of May 10, 1949. Under the heading, "Butter better than Oleo, says Scientist", a man of high standing gives his views on the subject, and I am sure that the editorial was published only after a careful investigation of the facts. It reads:

Margarine has less food value than butter according to Dr. Christian Segard, director of medical research, Wisconsin Research Foundation, who was guest speaker at Technical High School's morning assembly today.

In a question period following his lecture on vitamins, Dr. Segard, one of the world's best-known food scientists, was asked by a student if "margarine was as good as butter."

Dr. Segard's answer was a definite "no" and gave three reasons:

1. Butter has more vitamins.
2. Butter is more digestible.
3. Defects, such as eye defects, begin to show in persons of the second and third generations where margarine is used exclusively for several decades.

"The first generation can handle margarine all right," Dr. Segard said, "but after second and third generations, defects begin to show up."

Hon. Mr. Euler: It is like the atomic bomb.

Hon. Mr. Farris: My honourable friends do not seem to be so much concerned about the welfare of the poor consumer.

Hon. Mr. Hayden: What about the third generation?

Hon. Mr. Farris: I refer you to the Scriptures.

Hon. Mr. Lamberti: What about the Newfoundlanders?

Hon. Mr. Farris: They are a hardy people.

Hon. Mr. Beaubien: They can stand a lot of punishment.

Hon. Mr. Farris: There are people who shrug their shoulders and say that the dairy farmers need not worry about conditions today. But authentic figures show that in the period of April, 1948 to April, 1949, there was a decline of \$42 million in the cash income from the sale of dairy products, and indication are that that amount will increase as the operations of the margarine industry get into full swing. It must be remembered, honourable senators, that the great province

of Quebec—and I think the province of Prince Edward Island also—prohibits the manufacture and sale of margarine.

The suggestion has been made to the dairy producers that they should put their full supply of milk on the fluid milk market. My figures on this particular point are for illustrative purposes only, and may not be completely accurate; but the fact is that the quantity of fluid milk consumed is less than fifty per cent of the total consumption of all dairy products; but the producer gets so much more for the fluid milk than for manufactured products that the returns are about equal.

Every farmer knows, and many people like myself are familiar with the fact, that the dairy producers today are having great difficulty operating their farms. If we take away the butter market, and throw the entire production of milk into the fluid milk market, the consumers will have a wonderful time for one year, or possibly two, as fluid milk would of course go down in price because of over-production. But I think that within two years the farmers would stop trying to produce milk, and would sell their cattle and go out of business. Certainly they would not produce enough to supply the needs in the off season. With the butter market taken away and the production of milk discontinued, where would the consumer be then? That threat is no mere advocacy, honourable senators, but is based upon facts which cannot be controverted.

Hon. Mr. Grant: And then there would be no buttermilk?

Hon. Mr. Farris: There would be no buttermilk either. I say, therefore, that this synthetic cow gives no promise of welfare for the Canadian people.

There is today, honourable senators, a threat to the whole dairy industry. In this connection I wish to refer to a speech of Mr. Duplan, president of the National Dairy Council of Canada delivered before the recent meeting of that association. He said this:

Highly refined vegetable oils, are today being used in the United States not only in margarine but in ice cream as well as fluid milk and whipping cream. Reliable reports would imply that this practice has been perfected to the point where it almost, if not completely defies detection even by scientific analysis.

I have before me some advertisements, which I will not take time to read, about whipping cream substitutes. I would point out however, that the invasion by margarine, if allowed to progress step by step, will result in the complete extinction of the dairy industry.

I turn now to one or two observations made by my honourable friends and the implications that I read into them. First, I refer the right which is claimed to colour margarine yellow. I ask my honourable friend (Hon. Mr. Euler) what right there is to do that? Does it have any relation to the question involved in the resolution? At first I thought not; but now I think that it relates to the implications behind the resolution. It is part of the onward movement to entrench margarine and destroy the dairy farmers. Let us look at this question further.

My honourable friend said that he was thinking of the poor housewife who has to bring home a package containing some yellow concoction, and has all the labour of stirring it into the margarine. That argument sounded pretty far-fetched.

Hon. Mr. Euler: The housewives do not think so.

Hon. Mr. Farris: I have not heard any of them complain.

Hon. Mr. Euler: You are not using the product.

Hon. Mr. Farris: Is my honourable friend using it?

Hon. Mr. Euler: Yes, sometimes.

Hon. Mr. Farris: Do I understand that my honourable friend has first-hand knowledge that the efforts of the housewives in this connection are so great that they have reason to complain?

Hon. Mr. Euler: So they tell me.

Hon. Mr. Farris: I do not believe that is the case. I say so rhetorically, and not offensively. I ask why the margarine producers would want to colour their product at all? I understand that its natural colour is white. Why, ice cream also is generally white, and it is most palatable. Come to British Columbia and get some good potatoes, say Ashcrofts; bake them and break them open: you will find they are snow-white. There are plenty of other colours just as attractive as yellow. Lettuce is green. Apples are red, but the flesh is white, and as luscious as any food can be. I venture the statement that if butter had always been white, margarine too would remain white. Colouring adds nothing to food value. My honourable friend has stressed the nutritional virtue of margarine, but it is not improved one iota by staining it yellow. There is just one reason why margarine producers wish to adopt that colour, and it is that they want to encroach on the goodwill asset which has been built up over generations by butter-makers. Every-body associates yellow with butter.

Hon. Mr. Howden: Is that the reason they colour butter?

Hon. Mr. Farris: Butter is coloured merely for the sake of uniformity of appearance, and to some extent yellow is its natural tint. The fact is that over the years this colour has been identified with butter. I say therefore that the only reason in the world why margarine makers want to colour margarine yellow is to convey the impression that their product is as good as butter.

From any standpoint, this claim should not be allowed. From the standpoint of the farmer it is grossly unfair that others, by an imitation of the product which he makes and by which he has created goodwill, should attempt to invade and appropriate that goodwill. Assume, for the sake of illustration, that I want to buy butter because, among other reasons, I believe the findings of the scientist who was quoted in the *Ottawa Citizen*. That being so, I feel that I have a right to object to a manufacturer of soap or any other commodity passing off as the equivalent of butter something which has been coloured to resemble butter. Then, too, I may be willing to pay more for butter because I am thereby supporting one of the basic industries of this country, and because I believe butter is better than margarine; and I would certainly object to being fooled into purchasing something which I did not want.

For all these reasons I view with concern the references in this debate to the "poor consumer" and the claims as to food values; because I regard them as signs of a forward movement in the interests of margarine. If ever the time comes when the dairy industry is driven out of business, and in its place there is nothing left but a few manufacturing plants in Toronto and other cities, importing vegetable oils and operating with a small number of employees, it will be a sorry day for Canada.

Hon. R. B. Horner: Honourable senators, I do not intend to speak at any length, because, from my point of view, the question has been very ably dealt with by the honourable senator from Grandville (Hon. Mr. Bouffard) and the honourable senator from Vancouver South (Hon. Mr. Farris). But there is one angle of the question which has not been touched on, and that is the point of view of training for the farming industry. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) seems to think that a child should be trained not to do anything; but it is my opinion that an industry in which 400,000 farmers are engaged is an important one, and that it should not be ruined in the interests of some 1,200 factory employees.

Honourable senators of my age from Quebec, and the honourable senator from Prince Albert (Hon. Mr. Stevenson), will recall the milk-houses set in the ground, the heavy logs with the longish opening for the shaft from the churn, and the dog-churn itself. I remember as a boy, almost sixty years ago, thinking what a wonderful sight it was to see the dog churning. Every good farmer had a good dog, and the dog churned. On one farm where the farmer had a number of cows at the north side of the milk-house he kept two dogs. I recall as a child visiting a dairy farm where the dog had "got wise" to when churning day came around; and as the work made his feet sore, he would disappear into the woods and hunt rabbits, if he was not tied up.

Hon. Mr. Euler: That was a "dog-gone" disappearance!

Hon. Mr. Horner: What I wanted to emphasize was the value of home industry and family training, and the threat to this way of life which comes from the production of margarine. This threat, in my opinion, is very serious. I prophesy that, whatever the result of this motion, although we may not have a champion equal to the late Dr. Motherwell, before the next four years have gone by someone will stand up in this chamber and demand the prohibition of the sale of margarine in Canada. I predict, also, that margarine will be prohibited.

Let me ask the honourable senator from Churchill (Hon. Mr. Crerar) and the honourable senator from Waterloo (Hon. Mr. Euler) whether they were not both members of the Cabinet which in 1923 banned the manufacture and sale of margarine?

Hon. Mr. Euler: I was not.

Hon. Mr. Horner: Were they not members of the government which maintained the ban in effect until 1930, and from 1935 to the present time? During those years Canada had a Liberal government, and I am sure the honourable member from Churchill was a member of the Cabinet, but I have found no record of his having shouted loud or long against the prohibition. He knew it was absolutely necessary. These honourable gentlemen, respectively the mover and the seconder of the motion now before the Senate, have said that they would not proceed with it if they thought that the result would be injurious to the Canadian dairy farmer. But there is every evidence, as the honourable senator from Vancouver South (Hon. Mr. Farris) has pointed out, that such would be the direct result.

The larger the consumption of margarine, the more difficult it will be to sell to advantage surplus fluid milk. At certain periods of the year surpluses are unavoidable. At the present time suppliers of fluid milk are operating under contract and receive a certain amount for their surplus. But dairymen will not continue to equip their farms for the production of enough fluid milk to supply the market at any time unless they can be assured of worth-while returns for the surplus. If we continue to encourage the sale of margarine, we shall be faced with a shortage of fluid milk. I think it would be a good idea for the honourable senator from Waterloo to go to northern Saskatchewan and travel along some of the branch lines. He would see at almost every little station a number of cream cans, mostly five-gallon cans, each containing a week's or half-week's produce of some farm, and representing the entire current cash return to the farm home. When the farmers get their tickets they bring them to the stores and do their shopping. I believe he would then realize far more clearly than he does now how serious a threat margarine can be to the 400,000 people operating farms in Canada.

For these and other reasons I am not only opposed to any relief for Lever Brothers or Canada Packers—for that is what the purport of the motion amounts to—but at the first opportunity I am going to work for the abolition of the manufacture or sale of margarine in Canada.

Hon. Jacob Nicol: Honourable senators, I have read most of the speeches that have been made in this house concerning this resolution, and I do not intend to occupy much time in this debate, because I believe the subject has been well covered. I wish, however, to congratulate the honourable senator from Vancouver South (Hon. Mr. Farris) upon his very clear exposition of this important subject.

As one who represents an agricultural district whose farmers keep from 25 to 50 cows, it is my opinion that if this resolution were adopted it would create a serious hardship in my community and in the province of Quebec. I agree with the honourable member from Vancouver South when he says

that if the price of margarine is reduced by three cents a pound, thereby strengthening the position of this butter substitute, the effect will be harmful to our farming industry.

Farmers know that their milk-producing cows eventually have to be disposed of, and they sell them on the market. In our rural villages and towns we sell our cows to the local butchers, and the market reports show that hundreds of cows are shipped to Montreal where they are sold on the market every week. Now, if the farmers discontinue raising cows, not only will the price of butter go up but there will be a shortage of meat. The only meat available will be produced by those who raise steers, and the people in our part of the country do not raise these animals.

Honourable senators, it is my firm belief that this resolution goes too far. If it were adopted it would hurt the dairy industry and cause a meat shortage.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Hayden the debate was adjourned.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, before moving the adjournment of the Senate may I point out that both the Committee on Miscellaneous Private Bills and the Special Committee on the constitution and functions of Standing Committees, are scheduled to meet immediately the Senate rises. As several senators are members of both committees, I would suggest that all members of these committees report at once to room 262. The Committee on Miscellaneous Private Bills, which is to hear one or two witnesses, will meet first. This meeting should be brief. Upon its conclusion the special committee will go right to work. I am offering this suggestion so that the witnesses to be heard will not be delayed.

Hon. Mr. Haig: That is agreeable to me.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 11, 1950

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

Prayers and routine proceedings.

PUBLIC LANDS GRANTS BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill B, an Act respecting Grants of Public Lands, and to acquaint the Senate that they have passed this bill with several amendments, to which they desire the concurrence of the Senate.

When shall these amendments be taken into consideration?

Hon. Mr. Hugessen: Tuesday next.

TERRITORIAL LANDS BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill C, an Act respecting Crown Lands in the Yukon Territory and the Northwest Territories, and to acquaint the Senate that they have passed this bill with several amendments, to which they desire the concurrence of the Senate.

When shall these amendments be taken into consideration.

Hon. Mr. Hugessen: Tuesday next.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill A-6, an Act to incorporate Saskatchewan Mutual Insurance Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 4, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Aseltine: With leave of the Senate, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill K-4, an Act to incorporate United Security Insurance Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of April 27, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. McDonald: I move, with leave of the Senate, that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill K-5, an Act to incorporate the Canadian Commerce Insurance Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 3, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Gladstone: With leave, I move that the bill be given third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills, on Bill B-5, an Act to incorporate the Apostolic Trustees of the Frairs Minor or Franciscans.

He said: Honourable Senators, the Standing Committee on Miscellaneous Private Bills have, in obedience to the order of reference of May 2, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Hugessen: Now.

The motion was agreed to, and the bill was read the third time, and passed.

COLUMBIA RIVER PROJECTS

INQUIRY

On the inquiry:

1. What amounts of money have been expended by the International Boundary Commission on Columbia River Projects since 1940 and up to the end of 1949?

2. Of the amounts of money expended in connection with the Columbia River, what amount has been expended on

(a) Investigations, and

(b) Physical Development Work?

3. Of the moneys expended since 1940 on the Columbia River, what, if any, projects are contemplated or have been carried out for—

(a) The use and benefit of Canadian citizens, and

(b) The use and benefit of citizens of the United States?

Hon. Mr. Hugessen: Honourable senators, I am advised that the answer to the inquiry of the honourable senator from New Westminster (Hon. Mr. Reid) is not available today, but will be ready sometime next week. I understand that the inquiry concerns the International Joint Commission, and not the International Boundary Commission.

RED RIVER FLOODS

CONDITIONS IN WINNIPEG

Hon. John T. Haig: Honourable senators, before the Orders of the Day are called, I ask the indulgence of the house for a few moments. The members of this chamber have been very kind in inquiring from time to time about the flood conditions in the city of Winnipeg. I have received a letter from a young married woman with three small children who lives in that city. Her husband is the chief engineer for the Manitoba Department of Highways. This letter tells how the people are carrying on under terrible circumstances, and as I am very proud of what they are doing, I should like to read it:

Flood—Flood—Flood—that's all we think or talk about these days. I haven't seen any of the flooded areas myself—but the radio keeps stressing that unless you are actively engaged in dike or relief work to stay at home and not add to the congestion in the flooded areas. An announcement just came over the radio that Campbell Haig, Chairman of the school board, has announced that all Winnipeg schools will remain closed tomorrow due to flooding in several of the basements.

Cam. and Gerry have been busy all week-end. Friday night Cam. helped move furniture from Joe Racine's and Dr. Alec Sinclair's houses on Kingston Crescent. (I don't think either was affected in the

1948 flood.) Gerry went out to Jack Washington's mink farm just beyond the Agricultural College and helped to move the mink and supplies from their quick-freeze building. The weather didn't help that night, for it was cold and poured rain continually. Yesterday Gerry went out to help with the Norwood dike along Lyndale Drive, and Cam. went to Wildwood to help move furniture from the basements and first floors to the second; but the water came up so quickly that they had a pretty tough job. When I was giving Bruce his 11 o'clock bottle I had the radio turned on, and when I heard the R.C.M.P. were chasing people in speed boats who were attempting to loot the evacuated houses in Wildwood, I felt I had heard enough for one day.

A crisis like this brings out the best in people—also, I'm afraid, the worst in a few. Gerry said when he was at Washington's several men came along who said they weren't needed in Wildwood so came along the road looking for a place to be useful. He said they pitched in and worked as if their life depended on it. Last night he met a lad working on the Norwood dike who lived in Fort Garry, so Gerry asked him why he had come over to Norwood to help, and he said, "Well, we've given up trying to save our house so I felt I had better come and try to help someone else out." They have just announced that the dike on Lyndale Drive might give away any time and as many of the homes are now ten feet below the water level the people are to evacuate tonight. Mr. Collins—

The chief engineer.

—has just called Gerry to go to Norwood to take the place of the man who has been directing the dike reinforcements, so there is no telling when he'll get home. It is now 9.30 p.m. How would you like to be told to get out of your house as fast as you can, especially with small children.

I thank you.

Hon. A. L. Beaubien: Honourable senators, this morning I was in telephone conversation with my daughter in Winnipeg. Two of my daughters and my son had been evacuated from the country into the city of Winnipeg, and this morning they got notice to leave the place they had been moved to; so you can see how serious the situation is. But they said, "Well, Dad, we are all cheerful, anyway."

BUSINESS OF THE SENATE

Hon. A. K. Hugessen: Before the Orders of the Day are called, I should like to discuss with honourable senators our program of business for the next few days. In the first place, I understand that Order No. 2, the resolution relating to the sales tax on margarine, will probably go to a vote this afternoon: it will thus disappear from our Order Paper. That will leave as the only remaining item of business Order No. 3, the motion on Federal Union. The honourable senator from Churchill (Hon. Mr. Crerar) is to speak on this, and, I understand that a number of other honourable senators wish to take part in the debate, but not until next week. Therefore, were the house to sit tomorrow afternoon it might have no business to transact;

so I intend to suggest, if it be agreeable to honourable senators, that when the house adjourns this afternoon it shall stand adjourned until next Tuesday afternoon.

I should like to say one thing, however, in that connection. There is to be a meeting of the Finance Committee tomorrow at 11 o'clock to consider the housing situation. Mr. David Mansur, head of the Housing Corporation, will attend as a witness. At considerable inconvenience he has readjusted his schedule in order to be available to honourable members tomorrow. I therefore venture to ask honourable senators who intend to remain in the city to make a point of attending the meeting of the committee.

DIVORCE BILLS

THIRD READINGS

Hon. W. M. Aseltine, Chairman of the Standing Committee on Divorce, moved the third readings of the following bills:

Bill Z-6, an Act for the relief of Reuben Robert Shapiro.

Bill A-7, an Act for the relief of Mary White Sheppard.

Bill B-7, an Act for the relief of Ulderic Cadieux.

Bill C-7, an Act for the relief of Helen Irene Barney Hutchinson.

Bill D-7, an Act for the relief of Alice Jean Young Gulliver.

Bill E-7, an Act for the relief of Joseph Lucien Alphonse Martel.

Bill F-7, an Act for the relief of Georges Emile Bernier.

Bill G-7, an Act for the relief of Margaret Veronica Quinn Davies.

Bill H-7, an Act for the relief of Max Gurevitch.

Bill I-7, an Act for the relief of Romuald Joseph Jean Lamoureux.

The motion was agreed to, and the bills were read the third time, and passed, on division.

MARGARINE—REMOVAL OF TAX

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of the Honourable Senator Euler, seconded by the Honourable Senator Lambert, that in the opinion of the Senate margarine should be added to the list of foods which are exempt from the sales tax of 8 per cent.

Hon. Salter A. Hayden: Honourable senators, on occasion when I have followed the honourable member from Vancouver South (Hon. Mr. Farris) in debate, my first pleasurable task has been to congratulate him

on the excellence of his speech. This practice however, is becoming slightly worn out because my colleague always does such a good job. I certainly enjoy listening to him more than to any other speaker—even myself.

Some Hon. Senators: Oh, oh.

Hon. Mr. Hayden: As I listened to him aggressively, and at times vehemently, expounding his cause against margarine, I could not help thinking that he was bringing into play a little more than usual of those well known arts of advocacy that he possesses to such a high degree, and that this was caused in no small measure by the difficulty of his task and the scarcity of the material with which he had to work.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hayden: It seems to me that whenever you want a real debate, with sentiments and emotions running high, all you have to do is introduce a subject like margarine in a place like the Senate of Canada and members will wax eloquent and speak with great feeling. We have had several of these debates, and the one now in progress is no exception.

While listening to my honourable friend yesterday after reading over the other speeches made in this debate, I began to wonder whether I had misread the resolution introduced by the honourable member from Waterloo (Hon. Mr. Euler). But upon re-reading the resolution I saw that what it proposes, in simple terms, is that the government should consider adding margarine to the list of items in Schedule 3 of the Excise Tax Act which are exempt from sales tax. The debate however, seems to have covered all the pros and cons of the merits and demerits of margarine, rather than the simple issue of whether or not under existing circumstances the government should give consideration to removing the sales tax from this wholesome and nutritious food.

Let me for a moment discuss realities, and perhaps later, like some other honourable members have done, I shall offend the house by making a detour into side issues.

I first call attention to the purpose of the Excise Tax Act as it relates to the sales tax. Under the Act the sales tax is imposed on everything that is manufactured, produced or imported into Canada. That is where you start. Then, by a system of exceptions provided under schedules to the Act, various exemptions are made from time to time and depending upon the state of our economy, these exemptions either increase or shrink. There were fewer exemptions during the war

than in other years, but over the entire period that sales taxes have been in force they have never applied to butter.

The following are some of the foodstuffs which are exempt from any sales tax:

Barley; bread; butter; cheese; cream; eggs, egg albumen and egg yolks; glucose; honey; ice; lactose; lard; rice; salt; soups; split peas; sugar—

Hon. Mr. Euler: Yes, sugar.

Hon. Mr. Hayden: Yes.

—sugar; yeast; yogurt.

I stress sugar particularly because one opponent of the resolution claimed that sugar was among the taxable items, but Sugar has enjoyed an exemption from the imposition of any sales tax ever since the Excise Tax Act first came into effect.

Other items exempt from the sales tax are:

Bakers' cakes and pies including biscuits, cookies or other similar articles;

Cereal breakfast foods not including beverages;

Fish and edible products thereof;

Flour including pastry, cake, biscuit, and similar mixes;

Foods prepared and sold exclusively for feeding infants;

Fruit, fresh, canned, frozen, dried or evaporated;

Grain grits and meals;

Jams, jellies, marmalades, and preserves;

Malt syrup, except when sold for beverage purposes;

Maple syrup; corn syrup; table syrups, molasses, and materials to be used exclusively in the manufacture thereof;

Meats and poultry, fresh, cooked, canned, frozen, smoked or dried;

Milk, including buttermilk, condensed milk, evaporated milk, and powdered milk;

Peanut butter and shortening and materials for use exclusively in the manufacture thereof;

Spaghetti, macaroni, and vermicelli;

Vegetables, fresh, canned, frozen or dehydrated, not including pickles, relishes, catsup, sauces, olives, horseradish, mustard, and similar goods;

Vegetable juices; fruit juices which consist of at least ninety-five per cent of pure juice of the fruit.

Those are the various exempted items which come under the general heading of foodstuffs in Schedule 3, but there are many other items which are exempt under the following headings:

Farm and Forest; Engines; Mines and Quarries; Marine and Fisheries; Religious, Charitable, Health, etc.; Printing and Educational; Diplomatic; Certain Building Materials;

and so on.

As no specific exemption is provided for oleomargarine this product becomes subject to the sales tax. The only other articles not included in the happy family of exempted foodstuffs are:

Pickles, relishes, catsup, sauces, olives, horseradish, mustard, and similar goods.

The list of foodstuffs generally exempt from sales tax is a large one. I suggest that the

reason for this is that whenever the financial position of the country will permit it, the policy of the government is, if possible, to impose on such a product no tax whatever, so as to keep down the end price of the product. For this reason, I think, even during the last war a direct sales tax was not applied to such items in the schedule as butter, cheese, cream and eggs.

In establishing the proper setting in which to consider the question of whether margarine should or should not be exempt from the application of the sales tax, I find that such items as these are free from any sales tax in Canada:

Potato chips;

Popping corn—

Not popcorn, but popping corn, under the grain section.

Canned shrimps.

Now, canned shrimps are gathered down off the coast of Louisiana, and they are treated and brought into Canada. They are canned here or before they come in.

Bamboo shoots.

Then there is a wide variety of butter spreads, such as pineapple butter, coconut butter.

Anchovies.

Even these are exempt.

Dried dates.

Ice cream.

This, as honourable senators know, is the most recent exemption.

There we have the setting for the discussion of this question of whether or not it is in the interest of the people of Canada as a whole that margarine should be added to the list of articles exempted from sales tax.

Now, I say to this honourable body that it will be interesting to see if we can find a principle running through this list. Before I go into that, I may say, by the way, that yesterday my honourable friend from Vancouver South (Hon. Mr. Farris) emphasized that there was a principle involved in the position taken by him. So far, however, I have not been able to ascertain what that principle is. I am sure the fault is entirely mine, and not explainable by the lack of anything in his speech, in which he was very critical of the margarine industry of Canada. But the fact is that I have not been able to discover that he stated any principle, unless it be the broad principle that butter is an agricultural product for which we should provide a closed market, and that anyone who dares to intrude into the market should have invoked against him all the penalties of

the law and all the taxes that can be conjured up, so as to make it impossible for him to sell his product in this country.

That is exactly opposite to the principle underlying the Combines Investigation Act. That Act provides that if individual corporations get together and agree to sell their products at a price higher than would be obtained in free competition, the government shall step in and say to them: "Your agreement is not in the public interest, and we are going to prosecute you." But the suggestion by the opponents of margarine is that the government should become party to an arrangement whereby stiff taxes shall be imposed upon this article of food, so that the people of Canada, if they are allowed to buy it at all, shall have to pay for it a price that is exorbitant in comparison with the cost of production, and so that the producers of margarine shall not be able to sell their product in free competition with butter.

Now let me come back to consideration of the point as to whether there applies to the list of articles now exempt from sales tax—potato chips dried dates, and so on—any principle that could not equally apply to margarine. Last year almost 74 million pounds of margarine were sold in Canada. My understanding is that the average wholesale price of margarine was roughly 26 cents a pound, so the sales tax of 8 per cent brought into the revenue of the country approximately one and a half million dollars.

That brings me to a point made by my friend from Vancouver South. Referring to a speech delivered here in February 1948 by the honourable gentleman from Waterloo (Hon. Mr. Euler), he deduced from the context a certain implication as to the availability of vegetable oils and fats in Canada. Well, if I rightly understand the context of what was said yesterday by my honourable friend from Vancouver South, I think he was guilty of the same kind of offence—if it is an offence. After pointing out that the purpose of the sales tax was to provide revenue for public purposes, he said:

There is no country in the world which does as much as Canada by way of providing funds for the care of the needy and indigent.

Mind you, honourable senators, the sales tax on margarine yielded last year a revenue of about one and one half million dollars; but my honourable friend from Vancouver South went on to call attention to the cost of family allowances, which he estimated at \$300 million a year. The honourable gentleman from Provencher (Hon. Mr. Beaubien)—whose one fault is a dislike of margarine—interjected that the cost was \$307 million. Then my honourable friend from Vancouver South enumerated a number of other items

in the social security program paid for out of public revenues—old age pensions, unemployment insurance, and so on, the annual cost of which is possibly \$600 million or maybe \$700 million, and to refer to these expenditures right after mentioning the revenue from the sales tax on margarine is to invite the conclusion—whether my honourable friend intended it or not—that if we abolish the margarine sales tax, which last year produced one and a half million dollars, this whole structure of social security will collapse. Well it is only necessary to state that proposition to realize how ridiculous it is.

Hon. Mr. Farris: I agree.

Hon. Mr. Hayden: Then my honourable friend went on to quote from a newspaper report of a statement made in Ottawa by an American doctor, which indicates how difficult it is for some people to accept an indisputable fact—the indisputable fact in this case being that margarine is a wholesome and nutritious article of food. It is interesting to note that away back in 1885, or 1886, the very year in which a restrictive measure was introduced in Canada, there was introduced in the United States an Act which declared margarine to be a wholesome and nutritious food. But some people in Canada are still contending to the contrary, even after our Supreme Court has declared invalid the statute prohibiting the manufacture and sale of margarine, and even though margarine is being manufactured here and the governments of all the provinces except Quebec have passed regulations to insure that the product shall comply with pure food standards. Quebec has taken a firm stand, having simply said that no margarine shall be manufactured or sold within its boundaries.

May I digress here to express a little wonder as to why my honourable friend from Belford (Hon. Mr. Nicol) was so concerned yesterday about the effect that the removal of the sales tax on margarine might have upon the farmers of his province? Although no margarine can be made or sold in that province, he almost shed tears when he pictured the consequences that the removal of this sales tax would have upon farmers in his district with twenty-five or fifty head of cattle. I will not attempt to predict what might happen in Quebec, but margarine has been welcomed in the other provinces, and, I feel sure regardless of what the vote on this motion may be, that any federal government which in future dared to cut off the people of Canada from access to margarine would invite public condemnation when the people next went to the polls.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: Not at all.

Hon. Mr. Hayden: Let us come back to the suggestion that margarine is not as good as butter. My honourable friend from Vancouver South (Hon. Mr. Farris) yesterday read an excerpt from the *Ottawa Citizen*, and quoted a Dr. Segard. Well, I wish now to speak with all the authority in the world—and it is comforting to know that the Department of National Health agrees with me on this point. In paragraph 4 of the order of reference made by the government to the Supreme Court of Canada on the question of whether or not the Dominion of Canada had authority and power to prohibit the importation, manufacture or sale of margarine, we find this language:

The undersigned—

That is the Clerk of the Privy Council.

—further reports that the Department of National Health and Welfare submits with its approval the following extract from an article contained in the *Canadian Medical Association Journal* of August, 1947, respecting margarine:

"One factor absent in vegetable oils is Vitamin A, and if the lack of this could not be remedied it would seriously weaken the value of margarine. But it is quite easy to add as much Vitamin A as is needed, and to make margarine contain more of this vitamin than the richest butter. Even butter is liable to show seasonal variations in its content of Vitamin A. Other vitamins too could be added to margarine such as Vitamin D, for example, of which butter contains very little. As a source of energy, margarine and butter are exactly equal.

Perhaps one of the main difficulties encountered with margarine in the early days of its development was that of its taste. That has now been so completely overcome that it is difficult to distinguish between butter and margarine. Even if it was making a virtue of wartime necessity, Britain found no difficulty in learning to like as well as depend on margarine during the war period."

The paragraph goes on to give the percentage content. So, in answer to my honourable friend from Vancouver South (Hon. Mr. Farris), I call as my witness the Department of National Health and Welfare, supported by the article appearing in the *Canadian Medical Association Journal*.

We are also told that if one eats margarine eye defects will occur in the third generation.

Some Hon. Senators: Oh, oh.

Hon. Mr. Euler: That is a good one!

Hon. Mr. Hayden: All I have to do to answer that proposition is point to the excellent representatives we have here from the new Canadian province of Newfoundland. These honourable gentlemen have enjoyed margarine for a long time, and, from my observation, they must be of at least the third generation. I fail to see any defects developing in them.

Hon. Mr. Reid: They eat plenty of fish.

Hon. Mr. Hayden: Nor have I heard of the people of Denmark, England or the United States suffering from the use of margarine.

Hon. Mr. Horner: None of the Newfoundland representatives in this house has ever tasted margarine.

Hon. Mr. Hayden: Let them speak for themselves. I will have something to say to my honourable friend from Blaine Lake in a minute.

My point is that the wholesomeness and nutritive value of margarine as compared with butter is something that can always be determined, and, if necessary, be regulated by the food and drug laws of Canada. We are not at all concerned with the question of whether or not we should have margarine. The whole issue is whether or not, in the circumstances, it should be exempted from a sales tax of 3 cents a pound.

My honourable friend from Vancouver South (Hon. Mr. Farris) talks about this insignificant amount of three cents a pound, and asks why we should bother so much about it. I had the same thought. He was so aggressive and vehement in discussing one side of the question, that I thought I could develop at least a little enthusiasm for what was to be said on the other side. I can remember that once upon a time the small sum of five cents caused a controversy which lasted over many years. As to the three cents involved in this issue, unless there is a change of attitude on the part of the authorities, it will weigh heavily on the minds of the consumers of Canada who are most concerned about the cost of their daily diet.

In passing I cannot resist asking what there is about canned shrimp that entitles it to a sales tax exemption that is not extended to margarine?

Hon. Mr. Wood: It is not a manufactured product.

Hon. Mr. Stambaugh: Two wrongs do not make a right.

Hon. Mr. Reid: They are still shrimps.

Hon. Mr. Hayden: I refrain from making a remark which might offend.

Hon. Mr. Kinley: You are getting a little far away from the subject.

Hon. Mr. Hayden: We have been told in the course of the debate that vegetable oils are brought in from the United States. Well, shrimps are imported from Louisiana, and dried dates come from the Far East.

Hon. Mr. Nicol: But there is no question of competition.

Hon. Mr. Hayden: Let us be realistic and get down to a matter of dollars and cents.

I point out to my honourable friend that the United States has faced the issue in a most realistic way. There the federal and state authorities imposed special taxes upon margarine, and if in certain states colour was added there was a further tax. That is why the expedient of attaching a little pellet of colouring matter to the product for use by the housewife was adopted. The United States government has seen the light and has become reasonably intelligent, but we seem to be back where they were thirty-five or forty years ago. Perhaps in the next thirty years we will get to the stage of sanity which they have now reached, and will decide that the business of the government of Canada is not to shut off competition. If competition is thought to be unfair, there are proper ways by which the government can deal with it as a specific problem. Certainly the sales tax was never intended to be an instrument of protection; its purpose has always been to produce revenue.

In this connection may I point out that the government faced the problem squarely when, recently, the Agricultural Prices Support Act was introduced and passed by parliament. This measure, which came into temporary effect during the war, has now become permanent legislation. Its sole purpose is to permit the government, when there is a surplus supply of any product, to consider the relationship between the cost of production and the reasonable selling price, and then to fix a floor price. That is the most realistic way to meet such a problem.

I come now to the remarks of the honourable senator from Blaine Lake (Hon. Mr. Horner). I may say that he and the senator from Vancouver South (Hon. Mr. Farris) should get together with the senator from Grandville (Hon. Mr. Bouffard), who said that if the sales tax were taken off margarine, and the price reduced, the dairy interests would have increased difficulty in selling butter.

Hon. Mr. Horner: Of course.

Hon. Mr. Hayden: Then the honourable senator from Blaine Lake said he did not believe that the savings which would result from the removal of the tax would be passed on to the consumer, but rather that they would be absorbed by the producer or the manufacturer. If the honourable senator from Blaine Lake is right, and if the honourable gentleman from Grandville is correct—

Hon. Mr. Haig: Either one of them could be right.

Hon. Mr. Farris: Take it both ways.

Hon. Mr. Hayden: As I cannot talk out of both corners of my mouth at once and

make myself intelligible, I have to deal with the question in the alternative; but before I am through I shall deal with the whole problem. Much as I would like to meet the wishes of my honourable friend from Winnipeg (Hon. Mr. Haig), on this occasion I cannot do so.

Hon. Mr. Haig: You will have a chance to hear my views in a few minutes.

Hon. Mr. Hayden: Had I known my friend was going to speak, I might have let him go first.

Hon. Mr. Haig: I am sure you would.

Hon. Mr. Hayden: I would have loved it.

Hon. Mr. Haig: You certainly would.

Hon. Mr. Hayden: I would have had that much more material.

Hon. Mr. Haig: Just like the senator from Vancouver.

Hon. Mr. Hayden: I would point out that if the benefit is not passed on to the consumer the removal of the sales tax can have no competitive effect. Secondly, if as a consequence of the removal of the sales tax, the manufacturers of margarine were able to make more profit, we possess in the Income Tax Act an excellent instrument to deal with that additional profit. If, however, the benefit is passed on the consumers of Canada, are they not entitled to it? If Canadian consumers want the opportunity to buy a wholesome and nutritious article, why should we attempt to fix a higher price than that at which it can be economically sold? So I say that on common-sense grounds no sound argument can be made against affording the people the opportunity to buy a good article of food at a price which is reasonable in relation to the cost of production. If the result is detrimental in some degree to sales of butter, it will not be the first time in the economic life of the nation that readjustments and realignments have been necessary.

But let us look first at the over-all picture of this industry. I will preface the statistics I wish to give with the general statement that I am as much concerned as anybody about the welfare of the farmers of Canada and the well-being of the great agricultural industry, and the fact that I take the position I do on this motion does not mean that I do not appreciate value of dairying to Canada.

Hon. Mr. Horner: That may be so, but you do not understand it.

Hon. Mr. Hayden: That is what my honourable friend thinks, and it is one of the difficulties we have to deal with. Some of those who represent the farmers' interests seem to

believe that nobody but themselves understands the problem. Maybe I do not, but I credit myself with being at least ordinarily intelligent.

The April issue of the *Canadian Statistical Review*, which is issued by the Dominion Bureau of Statistics, is my authority for the following information. In 1939 farm income from all sources, including grains, livestock and dairy produce, amounted to a little less than \$700 million. The years between 1938 and 1948 showed a steady progression of increase until 1949, when this income had risen to nearly \$2,500 million. Referring to a chart which is available to anybody, and has been seen, I suppose, by other senators, I find that during the same period returns from dairy products stand to total receipts in the proportion of about one-sixth. It may be that if a substantial part of this income is lost, and cannot be replaced, some problems will arise; but I cannot agree that there is any problem at this time. Admittedly, during the past year the government had to buy a quantity of butter, in conformity with its policy, under the Agricultural Prices Support Act, to establish and maintain floor prices. I supported that measure. But I say that when one looks at the over-all picture, no justification can be found for the theory that because margarine may deprive butter producers of some part of their market, the price of margarine should be made as high as possible in order to reduce the effect of that competition.

An Hon. Senator: The market will be affected if colouring is allowed.

Hon. Mr. Hayden: Do not let us get into another side issue. The matter of colouring is in the jurisdiction of the provinces, and various provinces have imposed regulations with respect to it. So far as I am concerned I do not care what colour it is. Maybe in time an ivory tint will be selected and become very attractive to the consumer.

Someone has suggested that attempts are made to pass off margarine as butter. All one has to do to expose the weakness of that argument is to read the statutes of the various provinces and note the regulations which hedge about the use of margarine. Even restaurants which serve it are required to carry a statement to that effect in a conspicuous place on their menus. When you walk into a store and find that the packages bear the trade name of margarine, all the display matter discloses this fact, you will have to agree that the suggestion of "passing off" or of attempting to deceive is idle and nonsensical.

People buy margarine because they want it, and small restrictions such as this tax,

will have no more effect in shutting off the demand for margarine than an attempt to sweep back the Atlantic ocean. The demand for margarine has existed for some time; it is very general; and so long as the price of butter remains at its present level, there will be millions of people who cannot afford to buy that product. Why should they be deprived of the right to obtain an equally wholesome and nutritious article of food at the cheapest price for which it can be had?

I have spoken longer than I intended, but I should like to deal with one or two other points.

Hon. Mr. Roebuck: Go ahead.

Hon. Mr. Hayden: Yesterday the honourable senator from Waterloo (Hon. Mr. Euler) was chided for suggesting that excellent margarine could be manufactured in Canada from vegetable oils produced in this country. There was quite a discussion between him and the honourable senator from Vancouver South (Hon. Mr. Farris) about that statement and my honourable friend's purpose in making it. I remember that in 1948, during a debate on this subject, the government leader in this chamber (Hon. Mr. Robertson), after a very lengthy review of the vegetable oil situation—including pages of statistics which will be found in the debates for that year—came to the conclusion that it was idle for us to consider making it legal to manufacture margarine in Canada, because the necessary oils were not available. We know that within four or five weeks after the prohibitory legislation was declared invalid, margarine was on the shelves of Canadian stores.

Now I have tried to restrict my remarks to the facts of the situation and to keep expressions of opinion to a minimum. If we cannot divorce from this discussion questions of competition between butter and margarine, and if we do not recognize that the Excise Tax Act was never intended to correct competitive conditions as between products, we cannot intelligently consider this resolution. If anyone feels that there is here a competitive situation which should be corrected, he is at perfect liberty to raise that issue; but not as an argument against taking off the sales tax. It would be a prostitution of the purpose for which the sales tax was devised to require people to pay more than they should for margarine merely because the removal of the tax would increase competition with butter.

The honourable senator from Grandville (Hon. Mr. Bouffard) seemed to derive some comfort from an argument which attempted to relate our customs duties to this problem of excise tax. What I said a little while ago applies equally to this contention. Customs

tariffs are devised for raising revenue and as measures of protection. Where existing scales of protection are inadequate, further measures may be imposed to provide the necessary degree of protection. But it is no argument against the remission of the sales tax on margarine to say that were the customs duty taken off some other item, that item might be had in Canada for a lower price. The purpose of a customs tariff is entirely different from that of an excise tax. The latter is solely designed for revenue purposes and is in no way intended to provide an element of protection.

In my opinion this question is not based on the competitive position of margarine and butter. In accordance with our laws both are manufactured and sold in Canada. I maintain that there is no competitive issue here in which the government, in the national interests of the country should interfere. But should there be such a competitive issue, then the government should deal with it on that basis. I think that the Agricultural Prices Support Act was designed to deal with exactly this kind of situation.

Whether it is in the interests of Canada to remove the sales tax on margarine is a question which should only be considered in relation to the purposes for which the Excise Tax Act was devised and the sales tax instituted. Can we, in the interest of Canada's revenues, afford to give up this item of income which last year amounted to \$1½ million? If the government consider that this burden weighs too heavily on our population, then they should remove the sales tax from margarine.

Now—although I sometimes enjoy getting worked up a little bit—I think we should be able to discuss these questions without showing too much emotion. When we come down to it, I think the real question is this: Should Canada's consumers whose incomes are at different levels be allowed to buy margarine at the lowest possible price at which it can be offered to them? My honourable friend from Vancouver South said that if our people can afford to buy automobiles they can afford to pay the price asked for butter; but all Canadians do not drive around in automobiles, neither are they able to afford butter. In these circumstances, therefore, I think they should be able to secure margarine without having to pay this sales tax.

I will go further and say that whether people are hungry or whether they can afford to buy butter, there is nothing inherent in the law of economics or in the principles of liberalism—and I spell that with a small "l" and a capital "L"—which says that we should shut off people from a wholesome and nutritious food, or deliberately set about to unduly

increase the price of that food in order to maintain a market for a competitive product. If we want to do this, then let us be realistic and face the problem, and not adopt, as an expedient, something that was never intended for the purpose. Honourable senators, in all these circumstances I support this resolution.

Some Hon. Senators: Hear, hear.

Hon. Mr. Horner: May I just ask the honourable senator one question? Nearly everyone in this country owns a shirt. Would my honourable friend deny that the object of a customs tariff is to protect the industry interested in the making of shirts?

Hon. Mr. Hayden: My friend was not listening to me, because that is exactly what I said,—that the customs duty was intended for protection as well as for revenue purposes. But I said that the sales tax under the Excise Tax Act was designed solely for the purpose of acquiring revenue. I say it is a prostitution of the purpose of the sales tax to argue that it should be invoked for the purposes of protection.

Hon. Gustave Lacasse: Honourable senators, I do not wish to prolong this discussion, but I welcome the opportunity to briefly state my position with regard to the matter before the house. I must do this so as to be honest with my colleagues and with the general public of Canada.

In the early stages of this debate I found myself, like my honourable friend from Kingston (Hon. Mr. Davies), under the impression that the proponents of this resolution were basing their arguments exclusively on fiscal grounds, and I was inclined to vote against the motion. Having noticed, however, that the debate has since become a revival of the old margarine issue of two and three years ago—margarine versus butter, labour versus industry, city versus country—I now find myself ready to support the motion in order to be consistent with myself.

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Lacasse: As suggested by the honourable senator from Churchill (Hon. Mr. Crerar), I think this issue is mostly, if not entirely, a fiscal one.

I marvel that such a despicable food as margarine has been able to provoke such high feelings and heated debate in a house of parliament which has the reputation of being serene. Apparently butter and margarine have a stimulating effect of which I was not aware. I am not the son or grandson, father or grandfather of any Canadian dairy industry mogul, and I do not hold a brief for the Canadian manufacturers of margarine. Thus I have always been able to approach this

problem in a most disinterested way. I have listened attentively and with an open mind to those who have spoken in this debate. I was even prepared to change my stand if I thought I should; but the arguments advanced by those in favour of butter have been such that I now feel that I must, in all sincerity, fall back to my old position and stick to my guns.

In the course of this debate many references have been made to statements uttered by honourable members in the course of former discussion on this issue. Just to amuse myself, and perhaps some other honourable members, may I refer to at least two statements made in days gone by in this very chamber by the foes of margarine? Did they not say that if margarine should obtain favourable consideration, we would not see it on the Canadian market for months, maybe years? But six months later margarine was being sold on the Canadian market. This is one illustration of the solemn pronouncements that members of the house have made without foundation, and I say this with due respect to all concerned. I am convinced that another statement made during this debate was no more based on fact when it was repeated than it was when it was first made. We have been told repeatedly in violent terms and challenging expressions, that when margarine came on the Canadian market it would be the doom of butter and the ruination of the dairy industry. In spite of the assurance given, I was never convinced that that was the fact. I have not made any researches into the matter, and I have no figures, but I feel that whatever the dairy industry may lose in competition with margarine will be more than made up by the extra demand created by the immigrants who are flocking to Canada. There are today almost 400,000 new butter eaters in Canada, who have come here from abroad, and the number is increasing steadily.

One reason why I have favoured legalization of the manufacture and sale of margarine ever since the first bill was introduced here by my honourable friend from Waterloo (Hon. Mr. Euler) is that the district where I live is mainly composed of factory workers, and they cannot afford butter for the sandwiches that make up at least one of their meals nearly every day of the year. It is true that they are paid high wages, but they have many children to feed, and rather than deprive their children of butter they do without it themselves.

I do not think the opinions of scientific men as to the nutritive value of margarine should be considered by us at all. The medical profession is divided on this question. We all must admit that butter is the better food,

for its principal ingredient, milk is itself scientifically described as the most complete food. At the same time we all must admit that margarine is a nutritious food. The authority who came here from the United States and expressed his views as to the food value of margarine was answered by the honourable senator from Toronto (Hon. Mr. Hayden), to my satisfaction at least, if not to the satisfaction of all concerned.

May I suggest here, with as much discretion as I can command, that some of our colleagues, particularly those from Quebec and Nova Scotia, should divert some of their energy to bringing about improvement in the production and distribution of milk within their provinces, and especially to have pasteurization made compulsory, as it is in Ontario? With all respect to my honourable friends, I say that because I know from official statistics that infant mortality rises or falls according to the quality of the milk supply. I should point out that the infant mortality rate in the province of Quebec has greatly improved recently, but I believe there would be far greater improvement if pasteurization of milk were made compulsory.

I will conclude by saying that I intend to support the motion. I hope that nothing I have said has offended anyone, even my good friends from British Columbia, Quebec, Prince Edward Island and Newfoundland.

Hon. Mr. Aseline: How about Saskatchewan?

Hon. Mr. Lacasse: Apropos of Newfoundland, may I tell a little story? It may be of some interest, and it certainly pertains to the discussion that we have been having. During the war I received from my boy, who was then stationed in Newfoundland, a postcard bearing a picture of four cows. At the bottom of the card my boy had written, "Dad, take off your hat to the four princesses of Newfoundland." The inference I drew was that the dairy industry on the island was at a very low ebb. This may explain why margarine is so popular there. It may also explain why Newfoundland insisted that the terms of union with Canada contain certain provisions favourable to margarine.

I trust that nothing I have said will cause the discussion to be prolonged. I thought it right to explain my position and to show that in voting for the motion of my honourable friend from Waterloo (Hon. Mr. Euler) my action is consistent with the stand that I have taken in the past.

Hon. John T. Haig: Honourable senators, I have listened with much pleasure to this debate, especially to the speeches of my

honourable friends from Grandville (Hon. Mr. Bouffard), Vancouver South (Hon. Mr. Farris) and Toronto (Hon. Mr. Hayden). It struck me that the senator from Toronto—I do not know whether he is the junior or the senior senator from that city—was not in his usual form. As a rule he is a constructive speaker, but today he devoted himself entirely to hammering the honourable gentleman from Vancouver South. I took that as confirmation of my own view that the speech made yesterday by the senator from Vancouver South was a pretty able one.

I was much interested in some remarks of the speaker who immediately preceded me, my honourable friend from Windsor—

Hon. Mr. Lacasse: Essex.

Hon. Mr. Haig: Well, my honourable friend lives in or close to Windsor. He stated that industrial workers in that city could not afford to buy butter, whereas I had always understood that the wage rate in that city was the highest in Canada. If I am right, and if those people cannot afford to buy butter, then nobody in the country can afford it.

I had expected to vote for this motion, but as the debate proceeded it became clear to me that the issue was not whether a small tax should or should not be removed from a food product, but whether we should endorse margarine as a substitute for butter. That is the issue, and on that issue I have no trouble in deciding how I shall vote. There is no question that the giving of further encouragement to margarine would result in an attack on one of the basic and fundamental industries of this country. It is being attacked right now. The trade this year is running at about ten million pounds a month, and butter cannot be sold at a price low enough to overcome that competition. My honourable friend from Toronto (Hon. Mr. Hayden) has referred to the floor under the price of butter. Well, we have seen that as soon as the floor is lowered by five cents a pound the retail price drops accordingly. I am persuaded that if there were no floor at all—and it is not going to be possible to have one indefinitely—the price of butter would drop to thirty-four or thirty-five cents.

I agree with what was said the other day by my honourable friend from New Westminster (Hon. Mr. Reid) that if the competition of margarine succeeds in killing the butter business, we shall no longer have any dairy herds in this country; and in that event we shall certainly suffer from a great scarcity of fluid milk.

Hon. Mr. Horner: And we may then have to pay fifty cents a pound for margarine.

Hon. Mr. Haig: Yes.

I, for one, shall always feel that it is our duty to protect the basic industries of this country. The manufacture of margarine is certainly not a basic industry. As a Westerner I have been troubled all my political life because the implements and other goods that our farmers need are obtainable only on protected markets, whereas farm products are sold on the open market.

My attempt, though perhaps feeble, always has been to try to solve the problem created by allowing a commodity manufactured in our country to drive out a basic agricultural industry.

My honourable friend from Toronto (Hon. Mr. Hayden) gave us some figures on the income of the farmers over the past ten years. But why did he not go back another ten years? In 1946 wheat was selling on the world market for \$2.33 a bushel, and in 1947 it brought \$2.89 a bushel. Everybody knows that that was a post-war market, and that American money was being provided for the purchase of the best food in the world, wheat. But the dairy industry is fundamental. There is not a single province in Canada, with the possible exception of Newfoundland—with which I am not familiar—where it is not a basic industry.

My honourable friend from Vancouver South (Hon. Mr. Farris) said he knew something about farming. Well, I will tell him that many years ago, in order to buy tea, sugar and other things required in the home, I rode on horseback to the store, carrying with me three pounds of butter that my mother had made to sell there. I know how basic the production of butter is to a farming community.

Of course it is good business to buy oleo-margarine at 35 cents a pound when butter is selling at 55 cents a pound, but if you remove the floor price from butter what will happen? I predict that ultimately the government will have to remove the floor price, for it cannot carry the huge surpluses of butter that will pile up. Then the price will go down—as I believe one of my honourable friends from Saskatchewan said—as low as twelve and a half cents a pound. My friend from Rosetown (Hon. Mr. Aseltine) said he could remember when a pound of butter could be bought for 15 cents.

I believe the honourable senator from Essex (Hon. Mr. Lacasse) hit the nail on the head in his remarks. But I fail to understand why such a fight is being made to remove two and a half or three cents from the cost of margarine, when it can now be

bought for 20 cents a pound less than butter. If margarine is just as good as butter, as we are told by some people, why does anyone buy butter?

My friend says that, as a matter of logic, if one item of food is exempt from tax another should be. I agree with him, and on that basis I had decided to vote in favour of this resolution. But the debate has drifted far beyond that proposition.

After listening to the remarks of the honourable senators from Blaine Lake (Hon. Mr. Horner), from Mount Stewart (Hon. Mr. McIntyre) and from Prince (Hon. Mr. Barbour)—all of whom spoke as farmers who began humbly, and therefore know the basic industries of the farm—I am more than convinced that we are in the throes of the old struggle of margarine versus butter. I come from a city where, no doubt, many people buy margarine; but I believe that the farmers are the backbone of this country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I believe that if we do not stand behind them one hundred per cent we just hurt ourselves, and that in the end we will have peasant-farmers on our land. Throughout the history of Canada the rural areas have given outstanding men and women to all branches of society in this country—including the clergy, the law and medicine—and the early education of many of our leaders was secured with the help of the humble cow.

I intend to vote against the resolution.

Hon. Mr. Euler: Surely!

Hon. Mr. Haig: I was hoping that the debate would be confined to the question of margarine as a food product, but it has developed into a discussion of margarine versus butter. The remarks of the honourable senator from Toronto (Hon. Mr. Hayden) clearly brought the old struggle home to me. Apparently it also had an effect on the honourable senator from Essex (Hon. Mr. Lacasse), but in the reverse.

For the reasons I have given, honourable members, I shall vote against the resolution.

Some Hon. Senators: Hear, hear.

Some Hon. Senators: Question!

Hon. W. D. Euler: Honourable senators I may say that I am not surprised at the declaration made by the leader opposite, for it is not the first time he has changed his mind on this subject.

Hon. Mr. Haig: And it will not be the last.

Hon. Mr. Euler: Perhaps not, though I am rather doubtful that he will change his

mind again on the particular question before us. He stated that originally he had intended to vote for the motion, but that because the issue has been changed into a controversy between margarine and butter, he is now going to vote against the motion. I shall answer the honourable leader opposite, and then leave the question to the judgment of this house. If the issue has been changed—and so far as I am concerned it has not—it has been changed because of the remarks made by those opposed to the motion.

I do not intend to speak at length at this time, because I think the senators will agree that I have had a great deal to say on this subject in the past three or four years. I have no desire to impose myself unnecessarily on the patience of the house, and since the honourable senator from Toronto (Hon. Mr. Hayden) has, in my opinion, made a complete and devastating reply to the speeches of the member from Vancouver South and the member from Grandville, there is not a great deal left for me to say.

The remarks of the senator from Vancouver South—and I am sorry that at the moment he is absent from the chamber—were to me surprising, interesting and at times even amusing. I was astonished that my innocuous motion, which means exactly what it says, with no sinister implications, should arouse such furious opposition. The member from Vancouver South, speaking in what he termed a tremulous voice—which is rather unexpected on the part of a distinguished lawyer, if he has a good case—finally whipped himself into such a state of excitement that I seriously began to wonder what was the motive behind it all.

This simple motion has provoked a good deal of inconsequential and entirely unjustified debate. As the member from Toronto (Hon. Mr. Hayden) has said, it is merely a question of deciding whether or not we are in favour of removing the sales tax from margarine. In my closing remarks I shall perhaps digress a bit because, as the leader opposite has said, the issue has been changed. I do think, however, that an adequate reply has been made to the opponents of this resolution.

The member from Vancouver South yesterday quoted from a speech I made two years ago, to the effect that the Canadian farmers could produce the materials from which vegetable oils such as sunflower-seed oil, rapeseed oil and soybean oil, could be obtained for the making of excellent margarine. Like the acute lawyer that he is, he pounced upon the word "would", which I had used once more or less casually, but which I later amplified. I asked my friend to read my later remarks; and when he did,

they clearly showed that these ingredients of margarine "could" be produced in Canada. Let him take what satisfaction he can from my use, or misuse, of the word "would". No one in this house was misled by my statement in that respect. I am sure no one thought that I was a superman and could force the Canadian farmers to produce these seeds or compel the margarine manufacturers to use the oil from them. In any case, that point has nothing whatsoever to do with the sales tax on margarine.

It may be necessary for me to deal briefly with one or two arguments which have not been covered by my good friend from Toronto (Hon. Mr. Hayden). I shall refer first to some remarks made by the senator from Kingston (Hon. Mr. Davies), who I regret is not here. In 1946, 1947 and 1948 he supported bills for the legalization of margarine, which were consistently defeated. He says he has now changed his mind for the reason that he can find no demand on the part of the people for the exemption from sales tax of margarine. He said, as reported in *Hansard*, May 8, page 273.

When I was home in Kingston over the week-end I decided to find out if there was any public demand for the removal of the 3 cents per pound sales tax on this product. Saturday morning I went out on the street and interviewed fifteen different people. I said to each of them: "Do you buy margarine?" The answer was always yes. Then I asked them: "What is the sales tax on a pound of margarine?" One man replied that he thought it was 8 per cent; another man said he thought it was 8½ per cent, and thirteen people—

I suppose he meant, thirteen out of fifteen, because he says nothing about the others. —did not even know there was such a thing at all—

that is, such a thing as a sales tax on margarine. Well, how could they demand a repeal of the sales tax on margarine when they did not know that such a tax existed? The member from Rosetown (Hon. Mr. Aseltine), a very good friend of mine who supported my bill two years ago, intimated that the tax was so trivial as not to be worth bothering about. He suggested that if people smoked fewer cigars and cigarettes and consumed two or three less bottles of beer they could afford to pay the cost of margarine including the sales tax. I would like to remind him that, although he and I and probably all other members of this chamber are not among the group that cannot afford to buy butter or pay the additional cost of three cents a pound represented by the tax on margarine, many working people are not in a position to buy all the butter or margarine they require and also have the few bottles of beer or the cigars and cigarettes they would like from time to time.

Hon. Mr. Aseltine: But they do it, whether they can afford it or not.

Hon. Mr. Euler: I suggest to my friend that, since his leader has reversed his attitude, he himself can now quite consistently reverse his own and vote for my motion.

In this connection let me observe that though some may regard the amount of this tax as trivial, the opinion is not at all general. I should have liked to hear on this subject from the senators from Newfoundland. Honourable members know that when the agreement between the Government of Canada and the new province of Newfoundland was in preparation, the representatives of Newfoundland demanded not only the right to continue the manufacture of margarine but also to be relieved of the obligation to pay sales tax on any margarine sold in the province. Evidently they thought the matter was of some importance, and today Newfoundlanders are exempt, while other Canadians pay the tax.

May I now pay a little attention to some remarks made by my friend from Grandville (Hon. Mr. Bouffard)—and by the way, I think it would facilitate our discussions in this chamber if honourable senators were designated by name. The senator asked how it came about that the price of margarine varied so greatly in a period of eleven months, and later he wanted to know why the cost of this product was so much greater in Canada than in the United States. These questions are not very difficult to answer. I have before me the tariff on vegetable oils imported into this country. The oils used are: coconut oil, though it is used generally in the United States—and cottonseed oil, which I believe is the main ingredient of margarine manufactured in this country. The duty on cottonseed oil brought from the United States is 17½ per cent; on sunflower-seed oil, 10 per cent; on peanut oil, 20 per cent; and on soy-bean oil, I believe, also 20 per cent. In addition, the Canadian importer of American vegetable oils must pay a higher price because our currency is depreciated 10 per cent. It seems to me that those facts are sufficient to account for the difference in price.

Another reason assigned for the cheapness of margarine in the United States as compared with Canada was the existence of competition in the States. My honourable friends well know that there is plenty of competition in Canadian markets. It is only necessary to read the advertisements appearing day by day to realize that margarine manufacturers could not appropriate the benefits resulting from the abolition of this tax unless they had

a combine. There are laws to deal with combines: and in the absence of arrangements of this kind I believe we can be assured that competition will put the price where it ought to be.

The honourable senator from Grandville says that we have no assurance that the benefit of the exemption from the three cents tax would go to the consumer. I ask him whether there is any commodity sold in this country and about which one can be sure that, in the case of a tax reduction, the benefit would be carried to the consumer. Again the fact of competition comes in. Would he argue that a government which already has an excessive number of employees should send to every business in this country an investigator who would poke his nose into every transaction to determine whether the manufacturer was making a fair profit on his product? My friend also says he suspects that margarine manufacturers are charging all the traffic will bear, and making too big profit. Does he not know that as a general thing under our system of free enterprise, the producer of any article—and I do not except the wheat farmer or the cattle man—tries to get all he can for what he has to sell? Of course he does: that is the very genius of individual enterprise. If ever it became official policy to cut the profit out of production, we might as well join another party, and I do not mean the Conservative party.

My friend also said that there were items other than margarine from which the sales tax could be removed with more beneficial results; and he seemed to imply that an attempt was being made to give this product special treatment; that there was to be an exception in this case. Yes, there is an exception, but it works entirely in reverse. Margarine is the one lone orphan food upon which a sales tax is charged. In support of what was said by my honourable friend from Toronto (Hon. Mr. Hayden) as to the principle which guides the administration in this matter, I will read a passage from the budget speech of the Minister of Finance of May 18, 1948, as reported in House of Commons *Hansard*, page 4067:

In the field of commodity taxes, I have felt it necessary to frame my proposals in the light of the government's general fiscal program, and am, therefore, not proposing any sweeping or drastic reductions in tax rates. I have considered, however, whether anything might be done by way of a direct contribution toward reducing the cost of living at one of those points where it has been felt most acutely, that is, in the cost of food, and where it would create little additional inflationary pressure. As a positive step in this direction I have decided to propose to parliament that substantially all of the items of food not now exempt from the sales tax be put on the exempt list from tomorrow onward.

That is a declaration of government policy, and I felt that it would be opportune for me to introduce this resolution at the present session, because the minister had announced in the budget that ice cream, which was formerly regarded as a luxury, would be added to the list of foods exempt from sale tax.

I say without hesitation and without any desire to be offensive, that when this sort of thing is done—that is, excluding margarine from exemption—the motive is entirely political. And this is what I maintained as to the opposition raised to the Dairy Industry Bills which I introduced in this house on former occasions.

I should like to give an illustration of one of the inaccurate remarks made by my friend from Grandville (Hon. Mr. Bouffard). We had a little controversy across the floor of the house as to the foodstuffs that were exempt from sales tax, and he insisted that sugar was not exempt from this tax.

Hon. Mr. Bouffard: I am ready to admit to my honourable friend that sugar is certainly exempt. The exchange was pretty rapid, and what I had in mind at that moment was the customs tax.

Hon. Mr. Euler: Oh, but we distinguished those too.

Hon. Mr. Bouffard: Yes, I know, but the discussion was moving quickly. I quite admit that my friend was right.

Hon. Mr. Euler: Then it will not be necessary for me to send him a copy of the Excise Tax Act to show that sugar is among the exempted items?

Hon. Mr. Bouffard: No.

Hon. Mr. Euler: I have not had much opportunity to examine the speech of my honourable friend from Grandville in *Hansard*, but I have marked certain points which I wish to bring to the attention of the house. In one instance he said:

The agricultural industry in this country is going to be ruined.

I said: "Nonsense". I should not have interrupted him, but I have no reason to retract that exclamation.

I could make a number of comments about the address delivered by the senator from Vancouver South (Hon. Mr. Farris), but I shall just touch the highlights because his speech was well answered by the senator from Toronto (Hon. Mr. Hayden). He said:

If margarine is just as good as butter . . .

Well, this should not be a discussion of the relative merits of margarine and butter. There is no doubt that some margarine is

as good or better than some butter, and that some butter is as good or better than some margarine. That is not the question at all. My argument has always been that if you or I want to buy a food that is admittedly good and wholesome, no democratic government in this country of ours should say "Nay", or legislate against one product in order to benefit another with which it is in competition.

My friend from Vancouver South had this to say:

If margarine is just as good as butter, then there is no discrimination against margarine consumers, because they can buy it much cheaper than butter.

Yes, they can, but not as cheaply as they could if the sales tax were removed from margarine.

He continued by saying:

On the other hand, if margarine is not as good as butter, people should not be allowed to buy it.

Well, liver and sausage are not as good as filet mignon or roast beef, but surely you would not have a law to provide that if a person cannot afford to buy beefsteak he must not buy liver or sausage, or something else which is the only thing he can afford to buy? Surely this philosophy is not becoming to one who is a member of the Liberal party. When he says, "If margarine is not as good as butter, people should not be allowed to buy it" he must apply this argument to all things; then if one product is not as good as another with which it is in competition, the government should step in and prohibit it.

My friend then went on to ask me what right there is to colour margarine yellow. I do not like to discuss this subject to any extent, but my friend introduced it in debate by saying:

Does it have any relation to the question involved in the resolution? At first I thought not; but now I think that it relates to the implications behind the resolution. It is part of the onward movement to entrench margarine and destroy the dairy farmers.

I resent that sort of statement because it has no foundation in fact. When I introduced this resolution, I did so only for the purpose of trying to reduce the cost of a product that the people of this country want, and to have it placed on the same basis as other food-stuffs.

My honourable friend from Bedford (Hon. Mr. Nicol) spoke of the price of beef. He said that if margarine destroyed the sale of butter the farmers would sell all their cattle, and people would have to pay more for beef. He should know that a few years ago there was an embargo against beef cattle going to the United States, and my honourable friends opposite—and I rather sympathize with them

—were very much opposed to that embargo and were of the opinion that it should be removed.

Hon. Mr. Horner: Absolutely.

Hon. Mr. Euler: And under pressure—I shall not say it was a pressure-group, although it might have been—the government of Canada decided to remove that embargo. What was the result? Beef cattle by the hundreds of thousands crossed the border; the farmers were paid in American money, and the price of beef in Canada went up. While in Canada, cows are not sold to any great extent for beef, our dairy farmers for a number of years now have not been raising cows for the sole purpose of producing milk and making butter and cheese; they have been exporting their cattle to the United States, South America and other countries at prices ranging from \$250 to \$300 a head. I do not blame them for having done this. It is their right if we are to have a free economy.

I said the other day that the whole trend of the world is toward greater freedom of trade. A few years ago we participated in a trade conference at Geneva, where the principle upon which the whole negotiations were founded was that no nation should have a prohibitive tariff against the products of any other nation. More recently a meeting was held at Havana, and I believe our Canadian representatives are already on their way to a trade conference to be held at Torquay, England.

I think it was my honourable friend from Vancouver South who made the statement that he would not allow foreign raw products to be brought into Canada.

Hon. Mr. Farris: I do not think I said that.

Hon. Mr. Lambert: It was the honourable member from Grandville (Hon. Mr. Bouffard).

Hon. Mr. Euler: Just consider what this would mean, if vegetable oils, for instance, were not admitted. What would happen? If you impose an embargo on vegetable oils, why not prohibit other raw materials? Do honourable senators realize what this would lead to in Canada? We are more dependent upon the exports of raw materials than any other country in the world. And do honourable members think that if we prohibited the importation of raw materials of certain kinds from the United States that retaliatory measures would not follow? What would the result be in the province of Quebec if the United States prohibited the importation of newsprint, which is one of our most valuable exports? And what would happen to Canada as a whole if we were not able to export our nickel, our copper, our lead or, if you like, our cattle?

Hon. Mr. Bouffard: I simply said that I thought that any raw material which was imported from a foreign country and that competed with a natural product here should be taxed.

Hon. Mr. Euler: I accept my honourable friends statement that that is what he intended to say, although it is not exactly what he said. However, I would point out that if we prevent the importation of goods from other countries we shall reduce our own exports. And that would be to act in direct opposition to the view that now prevails all over the world, namely, that in order to prosper we must promote international trade, which, as everybody knows, means buying goods from other countries as well as selling to them.

I have spoken longer than I intended. The real issue here is whether we shall have the sales tax removed from margarine. We have talked around that subject: we have talked about colouring and other things which have nothing at all to do with my motion; certainly a good many red herrings have been dragged across the trail by opponents of the resolution, and some, possibly, of its supporters. But one thing is sure: the whole opposition to the bills for the legalization of margarine and to this motion has arisen from the desire to avoid competition with butter. That is the plain fact.

I will not discuss the contention that the sale of margarine will ruin our farmers, for I do not believe that at all. Margarine is sold in the United States, Great Britain, Denmark, France and all the other countries of the world, and the farmers there have not been ruined.

In conclusion, I say that we have margarine in Canada and it is here to stay.

Hon. Mr. Horner: I doubt it.

Hon. Mr. Euler: My honourable friend is entitled to his own opinion.

Hon. Mr. Horner: May I ask a question?

Hon. Mr. Euler: Certainly.

Hon. Mr. Horner: The honourable gentleman has referred to our exports of nickel, copper, newsprint, cattle and so on to the United States. Surely he does not think that the American people are importing those goods for our benefit?

Hon. Mr. Euler: International trade is supposed to benefit those who sell as well as those who buy.

Hon. Mr. Horner: Our experience in past years shows that as soon as anything imported into the United States from Canada affects an American industry, a tax is clapped down on it.

Some Hon. Senators: Question.

The motion of Hon. Mr. Euler was negatived on the following division:

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BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Hugessen: Honourable senators before moving that we adjourn, I wish to remind the house that a meeting of the Standing Committee on Natural Resources will take place immediately after the Senate rises.

The Senate adjourned until Tuesday, May 16, at 3 p.m.

THE SENATE

Tuesday, May 16, 1950

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

Prayers and routine proceedings.

EXCISE TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 178, an Act to amend the Excise Tax Act.

The bill was read the first time.

RAILWAY BILL

FIRST READING

A message was received from the House of Commons with Bill 181, an Act to amend the Railway Act.

The bill was read the first time.

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

Hon. Mr. Hugessen: With leave of the Senate, tomorrow.

PRIVATE BILL

FIRST READING

A message was received from the House of Commons with Bill 7, an Act to incorporate Alberta Natural Gas Company.

The bill was read the first time.

PRIVATE BILL

FIRST READING

A message was received from the House of Commons with Bill 9, an Act to incorporate Prairie Transmission Lines Limited.

The bill was read the first time.

COLUMBIA RIVER PROJECTS

INQUIRY

Hon. Mr. Reid inquired of the government:

1. What amounts of money have been expended by the International Joint Commission on Columbia River Projects since 1940 and up to the end of 1949?

2. Of the amounts of money expended in connection with the Columbia River, what amount has been expended on

(a) Investigations, and

(b) Physical Development Work?

3. Of the moneys expended since 1940 on the Columbia River, what, if any, projects are contemplated or have been carried out for—

(a) The use and benefit of Canadian citizens, and

(b) The use and benefit of citizens of the United States?

Hon. Mr. Hugessen: The answer is as follows:

1. The amount which has been expended by the International Joint Commission is \$6,555.83.

2. (a) \$6,555.83.

(b) Nil.

3. (a) and (b). The Columbia River is at present the subject matter of a reference to the International Joint Commission. The commission has established an international engineering board to carry out investigations in regard to this reference. When this board has made its final report to the commission, the commission will in turn make recommendations to the governments of Canada and the United States. In the meantime, it is impossible for the Canadian government to say what projects will be contemplated as a result of this reference.

COLD STORAGE BILL

FIRST READING

Hon. Mr. Hugessen presented Bill J-7, an Act to amend the Cold Storage Act.

The bill was read the first time.

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

Hon. Mr. Hugessen: With leave of the Senate, tomorrow.

CUSTOMS BILL

FIRST READING

Hon. Mr. Hugessen presented Bill K-7, an Act to amend the Customs Act.

The bill was read the first time.

RED RIVER FLOODS

CONDITIONS IN WINNIPEG

On the Orders of the Day:

Hon. Norman McL. Paterson: Honourable senators, before the orders of the day are proceeded with, I ask leave to move the adjournment of this house to discuss a matter of urgent public importance, namely, the Winnipeg flood.

The Hon. the Speaker: Shall the honourable senator have leave to proceed?

Some Hon. Senators: Go ahead.

Hon. Mr. Paterson: Honourable senators, it is difficult for me to convey to anyone the picture as I saw it last week of the awful effects of the Red River flood. Almost all business is at a standstill in a city and district of 300,000 people. It is true that Rimouski suffered a serious loss, estimated at \$20 million, partly covered by insurance; but in

Winnipeg and its environs the loss incurred is more than \$100 millions, not in any way covered by insurance.

In its winding length from Emerson at the boundary to below Winnipeg, over 70 miles away, the Red River—ordinarily 300 to 600 feet in width—is in some places almost 20 miles wide. At Morris it is 14 miles wide. Cattle are gone and farms are completely covered. The only place in Morris that is above water is the station. At Winnipeg it has been necessary to send 100,000 people out of town, and more are to leave just as soon as they can be provided for. The citizens are working like mad to build up the dikes—and the worst is not yet over.

A similar flood occurred in 1948 and, though not as bad as the present flood, it caused great loss and suffering. A great deal of the flood loss is permanent, because no one would want to buy a house where twice in two years mud and slime had been washed in through its windows. Re-sale values are permanently destroyed.

Now, the point I come to is this: this water all comes from the United States, and if our melting snows and rain flowed south, we would be asked to assume some or all of the responsibility for the damage. Therefore the United States must assume some of the liability for the present damage, and I implore our leader to at once request the International Joint Waterways Commission to ask the government of the United States to not only make a contribution in answer to our call for help but also to take steps, not next year, but immediately, to see that something is done to prevent flooding again next year.

May I read a few words from an item appearing in a local newspaper? The article somewhat upset me, but I quote it without any rancour or insinuations.

The United States army has made a total of 1,000,000 sandbags available to the Canadian government for purchase for use in the fight against Manitoba's floods, it was disclosed yesterday.

The bags were made available for purchase, mind you, although the waters that we are trying to hold back come from the United States. This indicates that the American authorities do not fully appreciate the situation, and I would urge our leader to see that their attention is called to it, so that they may take a full share of the responsibility.

For the information of this honourable body I wish to place certain figures on the record. The elevation of the river at the boundary is 789 feet above sea level. At Winnipeg it is 757 feet, a drop of 32 feet. From Winnipeg to St. Andrew's locks, which have an elevation of 734 feet, there is a drop of 23 feet. The

dam at St. Andrew's may be partly responsible, but engineers say this is not the case. From St. Andrew's to the town of Selkirk the drop in the river is 10 feet, and from Selkirk to Lake Winnipeg 12 feet, the elevation of Lake Winnipeg being 712 feet. This makes the total drop from the boundary 77 feet. I am putting these figures on record, as they may be of some use in discussing this very important question.

If the dam at St. Andrew's locks holds back the river, then let us have it blown up. If a by-pass dredged around Winnipeg would help, let it be done. Surely something can make life in Winnipeg safer and more secure, and restore some of the property values.

I do hope that this awful thing can be discussed here, so that the people of eastern Canada can grasp the enormity of the loss, and in some way help.

Hon. John T. Haig: Honourable members, I will not discuss at length the merits of this question. The flood has resulted in great loss in the area between Emerson and Winnipeg. It is my opinion that the farmers have not only lost this year's crop and the greater part of their livestock, but that most of their machinery has been rusted or destroyed. Of course their buildings have been flooded in the same way as the city houses.

The villages such as Ste. Agathe, St. Jean, Morris, and to some extent Letellier, have suffered tremendous loss. Such villages as Dominion City, Rose North, and other places which have no means of protection, are in very bad shape.

I am pleased that the honourable senator from Thunder Bay (Hon. Mr. Paterson) gave some figures in relation to the disaster. I would call the attention of the house to a meeting of the Finance Committee, held about two weeks ago, at which the Deputy Minister of Public Works for Canada was present. Prior to that I had heard a rumour from Winnipeg that the gates at the locks were not open, but I did not believe it. When I asked the deputy minister about this, he said: "Senator Haig, the truth is that there is a rock obstruction between Middlechurch and St. Andrews locks, which are about five miles apart." He added that there was no solution until the body of water then present could get away; in fact, he said that the gates were open at that time. There was no shorthand report taken of the evidence given at that committee meeting, and I certainly never said anything to anybody about it; but about a week later the city engineer of the city of Winnipeg was asked what he could suggest to prevent the recurrence of this flood condition, and he replied that the first step would be to blast

the rock obstruction in the river between Middlechurch and St. Andrews locks, at a cost which he estimated to be about \$20 million. It was his opinion that if this blasting were done there would be no flood conditions on the river north of Ste. Agathe, which is about twenty miles south of Winnipeg. One of my fellow senators to whom I was speaking expressed the thought that if the river flowed freely from Ste. Agathe north, the river south of Ste. Agathe would flow much easier.

I readily admit that the cost of this suggested operation is high, but I note that an experienced army engineer from the United States said that even when flooding occurs only once every fifty years, protection against it is so valuable that it greatly outweighs the cost.

The agricultural area from Emerson to Winnipeg is probably one of the best farming districts in the country. Through the years the flood waters of the river have brought with them deposits that fertilize the land; and in this respect there is no doubt that in the end the present flood will be beneficial. In the meantime the people on that land cannot get in this year's crop.

According to a letter which I have just received from Winnipeg, it is estimated that the water will not be off the land for three weeks, which will be well into June, and then some further time will elapse before the land is dry enough to be seeded. Under the circumstances I have little hope of any land being planted this year in the Red River Valley.

In the city of Winnipeg the problem is slightly different. Houses built prior to 1935 are for the most part of frame construction, with no insulation in the walls; but since 1940 all the buildings have been insulated with a type of material that absorbs water.

Hon. Mr. Hugessen: Rock wool?

Hon. Mr. Haig: Yes, it is rock wool. That insulating material is destroyed by the water, and it may well be that the interiors of these houses will have to be torn out and replaced.

I notice that the Minister of Reconstruction said last night that it had been suggested that the government take care of 75 per cent of the cost of repairs to the houses on which they have loans, and that the province take care of the remaining 25 per cent. I think they will have to do this for all the houses that have been damaged and not just the ones in which they are interested.

Winnipeg depends on electricity for its power. I would say that 75 per cent of the meals of Winnipeggers are cooked on electric

ranges, and all central heating in that city is controlled by electricity. During the depression the government of the day granted Winnipeg three and a half million dollars to build an electrically-controlled sewage disposal plant, and the instant the electricity is cut off this whole system stops dead, and of course a serious problem arises in a time of flood. We experienced a bad flood in 1897 and we have had other floods which were just trickles compared to the present one. The Hydro Electric Company built their transformer stations on the banks of the river, five or six feet above the normal water level, and while the dikes have been able to hold back the water from St. Boniface, even though the people in that area have been evacuated, the real fight is to keep the water away from these transformer stations. If this can be accomplished the people will have electricity to cook their meals and give them light, and there will be power to pump the water through the sewers.

A tremendous amount of Winnipeg's business comes from the rural districts, and the success of our grain, dairy and distribution industries are based on the prosperity of these districts. The Red River Valley has been one of the best revenue-producing areas in the province. I know of a family of displaced persons who came to Manitoba two years ago. They had just got settled on their new farm and everything was going fine when they were flooded out. When they were brought in from Morris they said: "We went through the Nazi camps in Germany and we thought we had finally reached the heavenly land; but the water came down on us and forced us out, and now we do not know what will become of us". They could not speak English, but their story was interpreted by officials of the Red Cross.

I want to say a word of praise about the Red Cross. They have done a magnificent job and there can be no complaint at all. The army also have done a tremendous job, and if it had not been for them—perhaps I shall be criticized by my home-town papers for saying this—the loss of life would have been heavy. Their very presence gave encouragement to the people, who felt that they were being helped.

On behalf of the people of Manitoba I want to thank the Government of Canada, and Canadians generally, for contributing money to the Flood Relief Fund. I assure you that it will be well administered. The man who has been named as treasurer of the fund is the vice-president and general manager of the Great West Life Insurance Company, and is one of the ablest businessmen in Manitoba. I will not mention the

names of others who will administer this money, but they are held in the highest regard in our province.

I am delighted that the honourable senator from Thunder Bay (Hon. Mr. Paterson) brought up this matter, because the Manitoba flood is the worst disaster ever suffered by our people. My children have written to me and described what an awful thing it is to see the water gradually coming up towards the houses. I know of an able young doctor who just started to practise in Winnipeg. His wife works for one of the local insurance companies to help defray their living expenses. They had to abandon their home in Wildwood and move to St. Vital. Eventually they were flooded out there and I shall not say anything about the house in which they are now living. Their experience is typical. The wife of this doctor said to my daughter: "It is terrible to see the water climbing up and up until finally somebody comes and raps at your door and tells you to get out. It is really awful."

Honourable senators, I hope that the Government of Canada will realize the seriousness of the set-back which the people of Manitoba have suffered by reason of this terrible disaster.

Some Hon. Senators: Hear, hear.

Hon. John C. Davis: Honourable senators, in speaking to this motion I should like to preface my remarks with an expression of sympathy to the people of Rimouski and Cabano for the losses they suffered in the terrible fires that struck their towns.

The flood in the Red River Valley has dealt Manitoba a real body blow. It first swept through that part of the valley south of Winnipeg, and its might is now concentrated on the city of Winnipeg. It is impossible to estimate what the full loss will be. Various amounts have been mentioned for the damage done to Winnipeg and the losses suffered by the market gardeners, mink ranchers and other people along the banks of the Red River as far as the United States border. It is quite certain that the total damage will run to one or two hundred million dollars. As the Prime Minister has said, the losses of the sufferers, will be met on some basis of equity. Financial aid has been extended without stint, by municipalities, provinces, institutions and private individuals, and undoubtedly some scheme of repayment will be devised.

In passing I might mention the peculiar fact that I am the first professional engineer who has ever had the privilege of occupying a seat in this house since confederation.

Some Hon. Senators: Hear, hear.

Hon. Mr. Davis: This is the second time that I have spoken here on an engineering problem.

The situation in Winnipeg is not a new one from the point of view of engineering speculation, and the possible danger from floods has been discussed at meetings of engineers in Winnipeg for many years. I remember that at one of our meetings some years ago the late J. G. Sullivan, then Chief Engineer of the Canadian Pacific Railway, drew attention to the fact that at the rear of one of the church buildings in St. Boniface there is a high-water mark indicating that a flood in the early nineteenth century rose to a depth of between six and ten feet at the corner of what is now Main street and Portage avenue. And he said that the people of Winnipeg would some day regret that their city had been built on its present location, that the first idea of the Canadian Pacific Railway had been to locate it on higher ground somewhere between Winnipeg and Selkirk.

However, this disaster is upon us, and remedies for the future have to be taken. There are nearly 350,000 people in Greater Winnipeg. For the time being their chance to make a livelihood has gone, for business and industry have stopped and gainful occupations have ceased. I am not now talking about businessmen or others who can stand some strain. My sympathy goes to that class of our population that has been spoken of so often by the honourable member from Toronto Trinity (Hon. Mr. Roebuck)—the small man, the common labourer, who has no means of livelihood except his hour-to-hour wage. This man, the poor man, the "little Joe", with his small wages has built up a little home, from which he has been flooded out while he was working on the dikes. He has been labouring there without stint, receiving no remuneration, and using the only assets he has, the strength of his back and the fibre of his arms and limbs, until in many instances he has fallen in his tracks and had to be carried away. The Army has done a magnificent job. So have the Air Force and the Navy and the Red Cross; and the St. John Ambulance Association must not be overlooked. But this little man has worked around the clock to save not only the small things that he himself possesses but the whole community, and we owe to him a great debt.

I know some of these people, and I will refer to one of them. He was working on the dikes when he received word that his own home, in the community of St. Vital, was threatened. He left the dikes and hurried to his home, a small one-room place—a little shack, if you like—and he got there

barely in time to help his wife and seven children escape in a truck, in which they were taken by the Red Cross to higher ground. Today he does not know where they are, although undoubtedly they will be found. This "little Joe" has gone back and is still working on the dikes, giving all he has to his fellows, without remuneration.

Furthermore, he does not know where his unemployment relief book is. His employers are disorganized and he cannot leave the dikes. In the meantime he has no money coming in, and so cannot afford relaxation in the brief periods when he can be spared from this most exhausting labour. I would ask the honourable leader of the government in this house to call this matter to the attention of the Minister of Labour and other colleagues, with a view to having unemployment insurance benefits made immediately available, without too much red tape, to these men who need them so badly.

Also, I think that these poor men should be able to get something to help them relax when they come off the dikes. Because they have no money with them they cannot afford even to keep themselves in cigarettes during these strenuous days. It seems to me that at least the unemployment benefits which they have built up over the years should be made available to them immediately, and by that I mean today or, at the latest, tomorrow while they are striving to help relieve distress.

There is a lot of distress throughout the flooded district, but fortunately one occasionally runs across a humorous incident. I am not going to interject any humour into this discussion, for I have not the ability to do so, but perhaps honourable members will allow me to relate a little incident. The Archbishop of St. Boniface was labouring on the dikes, just like a common labourer, filling sandbags for a man who was holding them, one of our good half-breed citizens. This man did not know who the Archbishop was, but he felt that the technique used in filling the sandbags was not all that could be desired. After he had put up with this as long as he could, he uttered an expletive and shouted: "Tu devrais pas mettre tant de sable dans ton sac, tu pourras pas le porter." Though not in ecclesiastical language, the advice was specific and, no doubt, duly noted.

The leader of the opposition (Hon. Mr. Haig) touched upon the engineering problem. For centuries the Red River has occasionally gone on the rampage. Twice in the history of my wife's family, who have lived in the district a long time, they have had to move up to Pine Ridge in order to escape spring or early summer floods. It may be neces-

sary for us to build vast levees, such as have been constructed to protect cities on the lower Mississippi. Our problem cannot be solved simply by removing four or six miles of underlying rock in front of the Lockport dam. By the way, there is confusion in some people's minds between the locks and the dam there. The locks are only a small part of the dam. The flood gates of the dam must be opened in order to relieve the great mass of water, but only a very small portion of the water could go through the locks, if opened, and probably this could only be done by wrecking the locks themselves.

If we are going to be able to carry on living in Winnipeg with any kind of certainty, if it is to be a place where we may feel secure in building homes for our families and in conducting our business affairs, it will be necessary to protect the city in some such way as New Orleans is protected. In order to save the city we shall have to act in a large and comprehensive way. I am sure that all honourable members will agree with me when I say that we owe it to the capital of Manitoba not to act in a niggardly manner.

After the relatively small flood of 1948 the City Engineer of Winnipeg addressed the Engineering Institute and gave a history of the floods that have taken place on the Red River over the last one hundred and fifty or one hundred and seventy-five years. The problem is a serious one, which cannot be cured simply by the removal of a body of rock, at a cost of some \$20 million. Levees may have to be built to hold back the Red River in Canada, and control measures may have to be carried out in the United States. In the American budget there is at the present time an item of \$15 or \$20 million for this purpose.

One must keep in mind the two diverse qualities of the Red River: in times of drought there is no water in it at all—I have walked across the river at Emerson in a dry period in the 30's without getting my feet muddy—at other times, such as now, we have terrible flood conditions. The Government of the United States appropriated about \$18 or \$20 million to remedy drought conditions in the Red River Valley and to provide adjacent cities with enough water to take care of sewage disposal during the dry season. On the whole, I think the United States have taken a rather sympathetic attitude towards the Red River problem, but it is one that demands careful investigation. I am not sure whether it should be referred to the International Joint Commission or to a

special royal commission set up for the specific purpose. Certainly the immediate consideration is warranted.

What about protection for the future? True, prior to the present disaster Winnipeg had not experienced a large flood for one hundred and thirty years. In this connection I am reminded of my experience of oil drilling activities. When I was in Texas investigating this question I learned that out of some 1600 wild-cat holes only 120 developed into producing wells. I later went to Alberta, where I learned that out of 60 holes no producing wells were developed. So, in matters that are highly speculative, one cannot predict what may happen on the average and over the years. There may be three floods in three consecutive years or there may be none for the next three hundred years.

This condition is a threat to the city of Winnipeg and the communities surrounding it, and I appeal to honourable senators and to the government to take a broad view of the whole problem. Winnipeg as a city could be written off like Galveston was and Houston took its place. But we do not want the great city on the Red River to disappear. We want to see proper control exercised, and in this connection with this problem the view taken by the government should be broad and not picayune.

Hon. T. A. Crerar: Honourable senators, there is little I can add to the information given to the house by the previous speakers on this matter. Nothing can be more devastating than nature when she exerts her powers in one of her less lovely moods; hurricanes, earthquakes, fire and flood have many times caused great suffering to humanity.

The disaster which has visited the Red River Valley is almost beyond the imagination of the average person. The farms and villages between Emerson on the international border and the city of Winnipeg are seriously flooded, and the inhabitants have scattered to wherever they can find comfort and shelter.

Hon. Mr. Haig: With the exception of Letellier, which was protected by dams.

Hon. Mr. Crerar: This is a problem against which the federal government and the provincial government must join forces in order to bring relief to those who have suffered and lost so much. The properties may be restored and the chattels renewed, but memory of this disaster will remain with the people of the Red River valley as long as they live.

The honourable senator from Winnipeg (Hon. Mr. Davis), who has just spoken, made some suggestions as to how a recurrence of such a disaster could be avoided. Not being an engineer, I am incompetent to express an opinion on that question, but the fact is that although floods have recurred from time to time, the flood this year has probably been the worst since the settlement of this part of Manitoba. Settlers first came to Selkirk in 1812, and in 1826 the Assiniboine River and the Red River came down in flood and inundated the whole area that is now the City of Winnipeg. Severe flooding conditions occurred again in 1852; the honourable leader opposite, has referred to the flood in 1948. Based on past experience we may expect floods in this district from time to time, but we hope at longer intervals. Certainly it should not be beyond the ingenuity of man to devise some form of protection for this naturally rich area.

I should like to associate myself with the honourable leader opposite in the tribute he paid to the Red Cross Society and to the army officials. When dikes have to be improvised along a front of three-quarters of a mile, by men, women and children working feverishly filling sand bags, one has some conception of the experience through which these people are now passing. There is little we can do at the moment to help the suffering, but we may be able to protect them against a similar misfortune in the future. I hope that the federal and provincial governments and the people of Canada generally will extend a helping hand to relieve the flood victims.

Before I conclude I wish to refer to the town of Rimouski which was recently swept by fire, and also to mention an adjoining town which a short time afterwards suffered a similar disaster. I understand that the conflagration in Rimouski was caused by a gale that snapped a hydro wire and set a lumber yard on fire and that, fanned by the high wind, the fire spread quickly over the greater part of the town. I hope that the victims of fire also will receive the earnest sympathy and consideration of the governments concerned.

Hon. A. L. Beaubien: Honourable senators, I do not propose to speak at length, but I cannot let this occasion pass without saying a few words.

First, I wish to say a most sincere "thank you" to all the people of Canada who are working hard to gather funds, blankets, boots and materials of all kinds, to help the people left homeless by the Red River flood. Nothing brings out the good in people so quickly as a tragedy of this kind. Last Sunday evening I listened to radio broadcasts by the Mayor of

Winnipeg, His Honour the Lieutenant-Governor of Manitoba and the Premier of the province, all of whom expressed their appreciation of the response of the people of Canada to the needs of the flood victims.

I wish also to express my sincere thanks to the authorities in the United States, who have taken a keen interest in the recent flood, not only as it affects their own country but also as it affects the province of Manitoba. I understand that a million sand bags were flown to Winnipeg by the American Air Force, and that Mr. Johnston, the Secretary of War for the United States, sent a telegram to the Honourable Mr. Claxton offering full co-operation.

I admit that Winnipeg's predicament is serious, but let me speak for the country people among whom I dwell. I recall that, in 1893, when I was a boy, we had a bad flood, but the damage was not too extensive because the water did not lie on the land for very long. The flood of 1897 was worse because of accompanying snow storms and severe weather. In that year the water remained on the land for about four weeks, and there was no harvest. In the flood of 1916 the land was inundated for only a short time, and a harvest was possible. But this year, it is a different story. Already it is May 16, and only within the last twenty-four hours has the water receded an inch or two from its awful peak, and there is no possibility of it disappearing fast enough to allow the soil to dry sufficiently for the seeding of even one acre of land. I am positive about this.

Hon. Mr. Haig: You are right.

Hon. Mr. Beaubien: The damage to farm lands has reached alarming proportions, and the loss to livestock is tremendous. Many of the farmers in this dairy-producing valley have had to sell or destroy much of their stock because they have no feed or shelter for them. Our poultry farmers had just bought their new chicks, and they were forced to do away with them because they could not shelter them from the cold flood waters. The farmers who raise hogs have also suffered heavy losses.

Hon. Mr. Lambert: Do not forget sugar beets.

Hon. Mr. Beaubien: My honourable friend from Ottawa reminds me that our sugar beet crops have suffered extensive damage. We cultivate 20,000 acres of sugar beets, and every year we harvest about 200,000 bushels, which are processed in Fort Garry.

Again I want to thank the people of Canada and the United States for the sympathy they have expressed in their messages of good will. I should also like to thank the Premier of

Ontario for the message he sent to the Manitoba government. I know that Canadians are going to respond wholeheartedly to the appeal for the Flood Relief Fund, and I am sure that those who administer the fund will do so in a just manner and will give relief where it is needed. No preference will be shown, and nobody will get more than he is entitled to.

In conclusion I may say that I hope our municipal and provincial authorities will co-operate with the Canadian and American governments in formulating some scheme to prevent these floods in the future.

Some Hon. Senators: Hear, hear.

Hon. J. A. MacKinnon: Honourable senators, as a member of the government I am not just sure what, if anything, I should say at this time. I have listened carefully to the remarks of the various senators, and if I correctly remember the representations of the honourable senator from Thunder Bay (Hon. Mr. Paterson), I can assure him that the government is seriously and earnestly considering every item he mentioned. Members of the government have visited Winnipeg with their departmental experts, and an accumulation of information is being placed in the hands of the government, and an announcement based on this information will be made almost immediately by the appropriate minister.

Some Hon. Senators: Hear, hear.

Hon. Joseph Adelard Godbout: Honourable senators, before speaking on this motion may I first thank the members of this honourable house for the sympathy they have shown to the people of Rimouski, which is in my part of the country. I received my education in Rimouski and lived there for a number of years, and I know that everyone there feels most thankful for the expressions of sympathy they have received from all across Canada. On behalf of the people of Rimouski I want to thank Canadians generally for offering to help rebuild the town. The inhabitants of Rimouski are showing splendid courage, and I think by next winter the town will be almost entirely rebuilt.

I want to assure the honourable senators from Manitoba that their people have the sympathy of all Canadians, particularly those of the province of Quebec. The Manitoba flood disaster is not an ordinary event and could not be foreseen. It is the responsibility of the Canadian Government and of all Canadians not only to help in meeting the present emergency in Manitoba, but to do something to prevent similar disasters in the future. The government may rest assured that in meeting its responsibilities in this matter it will have the support of everyone in Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Paterson: Honourable senators, the object of my asking for leave to make this motion was to bring before the Senate and the public of Canada the serious situation caused by the Manitoba floods. As my proposed motion has achieved its object, I now ask that it be withdrawn.

The motion was withdrawn.

PUBLIC LANDS GRANTS BILL

CONCURRENCE IN COMMONS AMENDMENTS

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill B, an Act respecting Grants of Public Lands.

Hon. A. K. Hugessen: Honourable senators, the amendments made by the other place to this bill are of a very minor character. They really only change two words and insert one sentence, for clarification of what was there before. I feel that we could probably concur in these amendments now, unless any honourable senator wishes to have the bill sent back to the standing committee which considered it in the first place.

Hon. Mr. Haig: The amendments are all right.

Hon. Mr. Hugessen: Unless any honourable senator holds a contrary view, I would move concurrence in the amendments made by the House of Commons.

The motion was agreed to.

TERRITORIAL LANDS BILL

CONCURRENCE IN COMMONS AMENDMENTS

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill C, an Act respecting Crown Lands in the Yukon Territory and the Northwest Territories.

Hon. A. K. Hugessen: Honourable senators, the remarks which I made about the preceding bill apply with practically equal force to the present bill. The amendments which were made by the other place on the 10th of May, are none of them of any real substance. To some extent they change the wording of one or two sections, solely for the purpose of clarification. The only change of any importance has been the inclusion in the power of the Governor in Council to deal with Yukon Territory and Northwest Territories lands the power to grant rights of way for pipe lines as well as for railways.

Hon. Mr. Haig: All right.

Hon. Mr. Hugessen: Unless any honourable senator wishes to have the bill sent back to committee, I move that we concur in the amendments.

The motion was agreed to.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from Tuesday, May 9, the adjourned debate on the motion of Hon. Mr. Euler:

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. T. A. Crerar: Honourable senators, the motion moved the other day by the honourable gentleman from Waterloo (Hon. Mr. Euler) is one that should receive our most earnest consideration. I am quite sure that there is no one in this honourable house who is not concerned about the general international situation. The motion presents an idea that is not new, that has been under considerable discussion in the United States and has also been the subject of much discussion and comment in the Western European countries. It is simply a declaration that, because of the situation in which the world is today, the western powers, the freedom-loving powers of the world, should co-ordinate their work, improve their relationships to the point where they can present a solid front against the terrors that may lie in the future.

If any reasonably intelligent person anywhere in the whole wide world were asked what is the greatest need of humanity today, he would probably reply, "Peace among the nations." And there is no doubt that he would be right. In all the pages of human history war has ever been, as it still remains, the greatest scourge that can afflict humanity.

Modern war has taken on terrifying aspects. Only fifty years ago wars, because of the manner in which they had to be conducted, were spread over only limited areas; but the internal combustion engine and other products of the inventive genius of man have resulted in the waging of war on an ever widening scale, and any future war is bound to be global in extent. We must also give thought to the tremendous increase in the power of weapons of destruction. Fifty years ago we had no airplanes, and consequently no bombs could be dropped on defenceless cities.

We then had no tanks, no motive power based upon oil. When horses and mules furnished the only power for the transport of guns and materials, war was of necessity limited in its scope.

Another aspect of this problem that has struck me very forcibly is the increasing brutality of war. Have we slipped downhill in our concept of civilization? It is true that wars were waged hundreds of years ago, but the people who participated in them exhibited much greater chivalry and far more care for defenceless people than we witnessed in the last war.

War has a disintegrating effect upon not only the economy of the various countries engaged in it, and indeed of the whole wide world, but upon people everywhere. It is degrading and demoralizing, and nothing is more harmful to the human spirit or mankind's aspirations for a better world. Therefore, if civilization is to be saved, there is not much time to lose. The sands are running out, and unless among the nations which love peace some bold, imaginative, constructive effort can be made to preserve it for the future, I think we are in a very bad way indeed.

Another fact about modern war is that none can escape it. During the recent war not one bomb was dropped on Canada or the United States, and no shot was fired by an enemy within our borders.

Hon. Mr. Aseltine: What about the flying saucers?

Hon. Mr. Crerar: In those circumstances one would expect that we would largely escape the consequences of war. But while we did not suffer physical destruction, none can gainsay the fact that the war had its effect upon mankind and the economy of all countries, ours with the others, and has left problems that will not be solved within a generation.

What would be the nature of the conflict if, unhappily, we got into another war? It is a safe assumption that in its power of destruction and damage it would be as far in advance of the Second World War as that war was in advance of what we call the Great War. The conflict, if unhappily it should come, would be intensified by reason of the character of the struggle, which would not only be a conflict of arms but of ideas.

Throughout the world today there is a conflict between two concepts of life; on the one side is arrayed everything that dignifies the human personality, and over against it stands everything that degrades human life and personality.

There can be little doubt that during the past year Russia has scored in the international game of diplomatic politics. We have seen China, with her 450 million people, come under the influence of Russia. I know there were those who hoped that China might not become a satellite of greater Russia, but every important communist leader in China today has been trained in Moscow. Though the resources of China are great, she has for the most part a peasant population. Above all other things she needs industrial equipment and capital to develop her resources. The only possible source from which she could get help would be the western powers; but they cannot grant aid to her so long as conditions permit such aid to strengthen the combination against the free and democratic way of life.

Moreover, it is not without significance that Russia is strongly entrenched in Manchuria, one of the richest provinces in China, and has control of several of the important northern ports of China. To me it seems a safe assumption that Russia will not take a chance in China and suffer a repetition of her experience in Yugoslavia.

In considering China's position today we must also be aware of the communist infiltration into all the other far eastern countries. Russia and China have an infinite capacity to make trouble for the new Indonesian Republic in the far Pacific, for Indo-China—where some of the people are today causing trouble to France—and for the Malayan states. The power to stir up trouble is now being exercised, and this will continue for many months, perhaps for years. When we look at the European side of the picture it is clear that Russia has under her influence such countries as Poland, Czechoslovakia, Hungary, Rumania and Bulgaria. Tito is in the no man's land. The power of Russia is being relentlessly exercised upon these countries in order to propagate her materialistic imperialism.

Communism is a philosophy with which one may differ as a basis of understanding, but communism in Russia today is stark imperialism to an extreme degree, with much greater power and danger behind it than ever existed under the autocratic czars of the past.

There are those who hope that Russia may collapse internally. That may happen some day, but she is now a dictatorship whose agencies influence the human mind and spirit towards the one clear end of maintaining the power of the autocracy of Russia.

I read the other day a statement which appeared to have a good deal of force to it. It was this:

Men and government are mortal, but the spirit of liberty and freedom is immortal.

As past experience has shown, freedom and liberty sooner or later assert themselves. The time for that to happen is probably far distant so far as Russia is concerned, and for years we will have to meet the threat of Russia as it exists at the present time. There can be no doubt that she has great resources and that they are being mobilized and organized today to face the contingency of a world war.

What is the position of the democracies of western Europe, the United States and the British Commonwealth of Nations, all of which are opposed to Russia? They are having their troubles too because of the natural difficulty of meeting each other's views.

It is against this world background that we must consider the motion of our honourable friend from Waterloo (Hon. Mr. Euler). His motion seeks to have the Senate approve the calling by the United States of a conference of the representatives of the freedom-loving nations—the western powers, including the British Commonwealth of Nations, and the representatives of such other countries as would wish to attend. The aim of the conference would be to concert their interests, so as to enable them to work together more harmoniously in the future. That of course would constitute a wide union, bringing together approximately 300,000,000 peoples of countries having the same ideals. There are many outstanding similarities between Holland, Belgium, France, Italy, the United States, Canada, Australia, New Zealand, Iceland, and other such countries. They have the same traditions of freedom and liberty and similar forms of democratic and parliamentary government. It is true that they have had economic differences in the past, but these have never affected their fundamental characteristics.

There has been no more hopeful sign lately than the announcement a few days ago of the rapprochement between France and Germany. Germany should by all means be a member of this western union.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I repeat that nothing has been more encouraging than the possibility of a better understanding between France and Germany, because during the last hundred years the differences between these two countries have done more than anything else to upset world peace.

I am not blind to the fact that many difficulties must be overcome before the objective of this motion is reached. No country likes to give up its sovereignty; but within the past week France has proposed to Germany that they integrate their great resources of iron and coal. I think it is unfortunate that at the moment Britain appears to be hesitant about supporting this idea. I can well understand the reasons, but they are negligible when compared to the cost of maintaining peace.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: I hope that Canada will make it clearly understood that she believes a better understanding between France and Germany should be encouraged. In this respect we should stand with the United States. This co-operation between France and Germany is simply one step forward to the achievement of the purposes outlined in this motion, but other steps have been made towards a European union. The Western Pact was brought into existence to defend Western Europe against possible enemies from the East. We are a party to it. There should be reduction or abolition of tariffs and barriers to trade as between the western European countries and Canada and the United States should participate. There may be good reasons for such countries as India, Pakistan and Ceylon remaining out of a western union; but if the countries I have mentioned can come together and work more co-operatively in a clear and firm understanding, it is unquestionable that nothing but great good for world peace will result.

To co-operate more effectively these countries will have to surrender some of their national sovereignties. As my honourable friend from Waterloo (Hon. Mr. Euler) said the other day, a precedent was given us when our provinces federated in 1867 to form the Dominion of Canada. There was not a single province that did not sacrifice something of its individual sovereignty; and when the United States federated well over 150 years ago, every single state sacrificed some part of its sovereignty. National sovereignty is a fine catch-phrase, but it should not be allowed to stand in the way of the progress of mankind.

Honourable senators, I think a federal union of this kind would mean a free movement of people, capital and goods. It would bring about the same sort of conditions as exist on this continent between Canada and her provinces and between the various states of the American Union. I do not wish to make a sordid appeal, but certainly Canada's

urgent need today is for more markets, and a scheme of this kind, if it can be brought about, would certainly help to create these markets.

Such a union would mean even more than a free movement of people, goods and capital; it would mean a unified foreign policy. Is there anyone in his senses—apart from the enslaved masses of Russia and her satellites—who believes for a moment that Britain, France, the United States, or Canada, or the other nations who would be associated with them, have imperialistic designs on any other country of the world? Those days have gone. Consequently the unified foreign policy of a western union of nations would be directed wholly to the maintenance of peace. Further, it would be directed to the development of backward countries. As this great agency expanded—strengthened by the moderation of its policies and the saneness of its administration—it would attract, as a magnet attracts iron, support from other less favoured nations.

I add one other point. A combination of this kind would stand first and foremost for freedom and liberty. There is no greater danger today to the world than that as the years pass the old concepts of the freedom of the individual under the law and his right to a say in how he is to be governed, will slip away from us. Herein lies the great distinction between what may be called the Russian system and the heritage of freedom which was won for us by hard battles in the past. Liberty has not been always secure. For a certain period a measure of freedom prevailed in the Greek city states; but it disappeared. Imperial Rome, though based upon a different system from our own, achieved a great measure of freedom, and gave western nations the foundation of their present law. But Rome, too, passed away. Why? Those who read history know that as Rome became prosperous she grew weak; she tried by bribes to obtain support from her own people and from others. Finally, Roman power was destroyed, and the world experienced the thousand years of the Dark Ages. We do not want that cycle to be repeated.

Do not those countries that put emphasis on human personality and ordered freedom—the right of the individual to lead his life with none to make him afraid, secure in life and person—possess great and lofty ideals which are worthy of adoption by the world at large? And how can those principles be developed more effectively than through

western union? If this happy prospect can be realized, we should be assured of at least a hundred years of peace. For it is significant that those powers which are most advanced in the arts of government and of education, and which reverence the Christian faith, are those that have made the greatest progress in the arts and sciences and in industrial production. They have attained this position through the workings of the spirit of freedom; and they possess within themselves the power, if any should challenge them, of meeting that challenge effectively. That is why I am convinced that through their agency the world may look forward to at least a century of peaceful development; and under such auspices a United Nations organization may be built which, growing in strength as the decades pass, may receive universal recognition in much the same way as today, in our individual capacities, we recognize our respective governments.

These are great ideals. It may be that my honourable friend from Waterloo has aimed too high. I do not think so. The qualities of honesty and decency and truth which we honour in our friends, and which may be collectively spoken of as character, must be made to prevail among all nations. The agency which is commended in this resolution would be, I am convinced, effective in bringing about that result. And if in this aim we were successful, as the chances are we would be, we might look forward with confidence to the prediction of one of the greatest of the Old Testament prophets. If any of my honourable colleagues are unfamiliar with the Book of Isaiah, I recommend them to read it occasionally. In conditions not greatly dissimilar to those of today, Isaiah looked forward to the time when the peoples—

shall beat their swords into plowshares, and their spears into pruninghooks: nation shall not lift up sword against nation, neither shall they learn war any more.

By passing this resolution—and I hope it will have the unanimous approval of the house—we, at any rate in this part of Parliament, will be registering our approval of one of the grandest conceptions ever to emerge in the whole history of our people.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Gouin the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 17, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

STAFF OF THE SENATE

REPORTS OF COMMITTEE

Hon. Mr. Paterson presented the second, third, fourth, fifth and sixth reports of the Standing Committee on Internal Economy and Contingent Accounts.

The reports were read by the Clerk Assistant.

The Hon. the Acting Speaker: Honourable senators, when shall these reports be considered?

Hon. Mr. Paterson: Now.

Hon. Mr. Crerar: Honourable senators, I think the reports should appear on the *Minutes of the Proceedings*, so that we may have an opportunity to examine them.

Hon. Mr. Paterson: Next sitting.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill L-7, an Act for the relief of Marilyn Ruth Cohen Novak.

Bill M-7, an Act for the relief of Mary Elizabeth Bernatchez Russell.

Bill N-7, an Act for the relief of Winnifred Evelyn Thompson Clift.

Bill O-7, an Act for the relief of Maida Maria Howard Martin.

Bill P-7, an Act for the relief of June Hedy Leshynska Thompson.

Bill Q-7, an Act for the relief of Rosemary Smalley Carrier.

Bill R-7, an Act for the relief of William Arthur Goodson.

Bill S-7, an Act for the relief of Dorothy Melbourne Davis Wand.

Bill T-7, an Act for the relief of Frank Lear Rogers.

Bill U-7, an Act for the relief of Roma Leduc.

Bill V-7, an Act for the relief of Edna Rosaline Casavant Dufresne.

Bill W-7, an Act for the relief of Leo Berger.

The bills were read the first time.

The Hon. the Acting Speaker: When shall these bills be read the second time?

Hon. Mr. Aseltine: With leave of the Senate, next sitting.

COLD STORAGE BILL

SECOND READING

On the Order:

Second reading of Bill J-7, an Act to amend the Cold Storage Act.

Hon. Mr. Hugessen: I have asked the honourable senator from Regina (Hon. Mr. Wood) to move the second reading of this bill and give an explanation of it.

Hon. Thomas H. Wood moved the second reading of the bill.

He said: Honourable senators, the Cold Storage Act of 1907 was passed by parliament to encourage the establishment of public cold storage warehouses, in order to take care of surpluses of perishable food products accumulated during the flush season. This measure was designed to extend the market for these food commodities and at the same time to stabilize prices to some extent. Since the Act was passed in 1907, \$4,815,397 has been paid out in subsidies to public cold storage warehouses located in producing areas and at strategic points across Canada.

In 1914 a measure was passed—entitled "The Cold Storage Warehouse Act"—containing provisions for the making of regulations covering cold storage warehouses. These provisions became Part II of the consolidation of the Act of 1907 and the Act of 1914, which is to be found, as Chapter 25, in the Revised Statutes of 1927. But regulations have never been passed under this part of the Act because in most cases jurisdiction in the matter resides in the provincial governments; and as the provisions contained in Part II have never been made use of, it has been decided that this portion of the legislation should be removed from the statutes.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Acting Speaker: When shall this bill be read the third time?

Hon. Mr. Wood: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

RAILWAY BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 181, an Act to amend the Railway Act.

He said: Honourable senators, this is a comparatively simple bill, having to do with the Railway Grade Crossing Fund set up under the Railway Act and administered by the Board of Transport Commissioners to make contributions to public protection at railway crossings. Every year since 1909, except during the war period from 1939 to 1947, some amount has been voted by parliament under this Act towards the cost of eliminating or protecting railway grade crossings. At the present time the legislation provides substantially as follows. First of all there is an annual vote of \$500,000, which, as I say, is administered by the Board of Transport Commissioners. Secondly, the total contribution out of this fund to the cost of any single project for protection cannot exceed 40 per cent of the total cost. And thirdly, the total contribution out of this fund in respect of any one project must not exceed \$100,000.

The bill now before us proposes to effect two changes. In the first place, it proposes to increase for the next six years the annual vote to this fund from \$500,000 to \$1 million. And secondly, while it retains the limitation that no more than 40 per cent of the total cost of any project may be paid out of this fund, the total contribution which may be made toward the cost of any one project is increased from \$100,000 to \$150,000.

Hon. Mr. Quinn: Who pays the other 60 per cent?

Hon. Mr. Hugessen: The municipalities or the provinces concerned. I speak subject to correction, but I understand that the distribution of cost is, as a rule, decided by the Board of Transport Commissioners.

Hon. Mr. Horner: What amount is in the fund at the present time?

Hon. Mr. Hugessen: Again speaking, subject to correction, I understand that there is approximately \$300,000 or \$400,000 in the fund at present.

Hon. Mr. Euler: Is it cumulative? For instance, if at the end of any one year there is a balance, will that be supplemented by an additional \$500,000, or is the amount in the fund limited to a total of \$500,000?

Hon. Mr. Hugessen: An annual payment is made into the fund.

Hon. Mr. Euler: Of \$500,000?

Hon. Mr. Hugessen: At the moment it is \$500,000, and it has been that amount since 1948.

Hon. Mr. Euler: Perhaps my honourable friend does not understand my question.

Suppose there was a balance from last year of \$200,000, would the payment this year be \$500,000, or only \$300,000?

Hon. Mr. Hugessen: There is a fixed annual contribution of \$500,000.

Hon. Mr. Euler: Whether it is expended or not?

Hon. Mr. Hugessen: Whether it is expended or not.

Hon. Mr. Roebuck: May I ask the deputy leader whether the railways contribute as much as the dominion, the provinces and the municipalities?

Hon. Mr. Hugessen: I think that is the case. The fund is within the jurisdiction of the Board of Transport Commissioners and is administered by the board. As my honourable friend knows, in the case of a grade separation, the Board of Transport Commissioners makes an order directing that so much shall be paid by the railway, so much by the province and so much by the municipality; and a proportion which is limited by this legislation comes out of the Railway Grade Crossing Fund.

Honourable senators may be interested to know that since the year 1909, when this fund was first instituted, \$12,098,000 have been expended out of the fund for grade separation construction. Perhaps I should add that of this \$12 million odd, the province of Ontario has received a little more than half.

Hon. Mr. Euler: That is reasonable.

Hon. Mr. Quinn: Can the deputy leader give us the number of crossings which have been dealt with up to the present time?

Hon. Mr. Hugessen: I have not the figure before me, but if the house wishes to have the bill go to the appropriate committee, I am quite sure the information can be obtained.

There is one further set of figures with which I should perhaps burden the house. The sums which have actually been paid out of the fund over the past four years are, in round figures, as follows:

1946-47	\$227,000
1947-48	250,000
1948-49	293,000
1949-50	581,000

Hon. Mr. Reid: Do I understand that the bill will be referred to a committee? In spite of the large sums of money that are being spent for protection of railway crossings, there is still an annual increase in the number of fatal accidents at railway crossings.

Hon. Mr. Hugessen: I am entirely in the hands of the house in the matter of referring the bill to a committee. In view of the remarks of the honourable senator from New Westminster (Hon. Mr. Reid) and the question asked by the honourable senator from Halifax (Hon. Mr. Quinn), I think the bill should be referred to the Standing Committee on Transport and Communications, where officials could be available to answer any questions that honourable senators may wish to ask.

As to the observation of the honourable senator from New Westminster, it is unfortunately true that railway crossing casualties are constantly increasing. However, I think that is attributable to increased automobile traffic and the greater tendency of our population to travel, and that no matter how many hundreds of millions of dollars we might spend for the purpose of protection there would still be a substantial increase in railway-crossing accidents.

Hon. Mr. Reid: I raise the point because I do not think a contribution from the fund of 40 per cent is sufficient to induce action by the municipalities who cannot afford to meet their portion of the cost of eliminating crossings.

Hon. Mr. Hugessen: As I explained, the municipalities alone do not contribute the balance. The Board of Transport Commissioners makes an allocation between the parties interested, in the proportions which the Board considers they should bear. The municipalities are called upon to bear a certain proportion of the cost, the railway has to bear its share, and in certain cases the province contributes a part of the cost.

Hon. Mr. Horner: Honourable senators, it is interesting to hear this subject discussed, but I am always amazed at the number of accidents that take place at well-protected crossings. One rarely hears of an accident at a point where the railway runs through a cut, or for other reasons would seem to be dangerous. One often hears of a motorist driving right into the side of a train. In my opinion something should be done to teach the public to exercise greater care, and to travel more slowly.

Hon. Mr. Hugessen: I quite agree with my honourable friend from Blaine Lake. I recently read some figures—I do not recall them now—which showed that as many grade crossing accidents resulted from automobiles running into trains as from trains running into automobiles.

Hon. Mr. Reid: Yes, but we must protect the foolish people.

Hon. Mr. McKeen: The train has the right-of-way.

The motion was agreed to and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hugessen: Honourable senators, I move that this bill be referred to the Standing Committee on Transport and Communications.

Hon. Mr. Duffus: I should like to ask the deputy leader if he has any figures on the average amount expended for the various grade crossings.

Hon. Mr. Haig: That will come out when the bill is considered in committee.

Hon. Mr. Duffus: I am referring to the average contribution by the dominion, the province and the municipality.

Hon. Mr. Hugessen: I do not know that any figures could be produced in exactly that form, but when the bill is before the committee evidence can be called to show the average division of cost between the various interested parties.

Hon. Mr. Duffus: That is satisfactory.

The motion was agreed to.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler.

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. L. M. Guoin: Honourable senators, last week it was our privilege to listen to the interesting and illuminating remarks of the honourable senator from Waterloo (Hon. Mr. Euler), when he introduced the motion, which is now before us, advocating the principle of an Atlantic union. Yesterday the senator from Churchill (Hon. Mr. Crerar) seconded this resolution with his customary eloquence.

It is indeed a great privilege for me to associate myself with the two distinguished members of this house who have already advocated the extension of federalism to wider areas in

the world, and to give due credit to those who on previous occasions have discussed this subject.

During the course of last session the senator from Waterloo (Hon. Mr. Euler) and the senator from Churchill (Hon. Mr. Crerar) referred to the federalist tendencies which are manifested by various groups in a good many countries of the old world as well as in America. Recently, during the debate on the Speech from the Throne, our very eloquent colleague from Sorel (Hon. Mr. David) discussed the question of world federalism. There is now before us a motion, which I am glad to support, for the study of the possibilities of forming a North Atlantic union within the framework of the United Nations.

I wish to congratulate sincerely the members of this house who have taken the initiative in bringing this very important subject to our attention: in doing so they have rendered a great service to the sacred cause of peace.

The dark clouds of another world war have been hanging over mankind for a couple of years. In fact, there has been actual warfare in Greece since the end of 1944, and hostilities are going on continuously or intermittently in China, Malaya, Indo-China, and Indonesia. Also, Palestine, Turkey, and Trieste are areas of dispute. A spark in any of these dangers would be enough to start a conflagration which nothing could stop.

How far we are from the hopes which were so generally entertained when the United Nations organization was formed in June 1945? That memorable birthday was saluted as the dawn of a new era in the history of mankind, as the beginning of a world system of law and order which would preserve future generations from the scourge of war.

Within the framework of the United Nations Canada has tried honestly and sincerely to re-establish peace and to promote friendly relations among all the peoples of the earth. But the situation, in my opinion, is deteriorating from month to month. With the boycott by the U.S.S.R. of the Chinese Nationalist delegates at Lake Success, a tragic deadlock now paralyses almost completely the working of the expensive and complicated machinery which was devised and set up at San Francisco five years ago. Some other means must be adopted without further delay, within the framework of the United Nations, if possible. To quote a sentence already historic, we must either "unite or perish". A federal union, binding together as many peace-loving states as possible, is the solution advocated by such outstanding statesmen, thinkers and jurists as—to name only a few—Churchill, Maritain, Sir Norman Angell and Scelle.

To illustrate this point, honourable senators, may I quote the following extract, which I have translated from the *Course on Public International Law* of George Scelle, page 254:

In the eventual expansion of federalism, we must consider as normal a superposition of federal stratifications growing always wider and ending finally in a world organization of the community of nations. Such a realization may remain difficult, but the achievement of regional or continental systems of federalism is much less difficult than some may think. The establishment of a European federal union after the war is desirable, if not even likely, and we must join our efforts with those of other governments in order to secure such a union.

These lines were written during the last world war by the great French jurist who is Chairman of the United Nations Commission for the Codification of International Law. This quotation may be supplemented by a reference to an excellent article published by Mr. Roger Chaput in the April number of *L'Action Universitaire*. With this author, let us recall the publication a few years ago of "Union Now" by Clarence Streit. At that time this eminent federalist was advocating the federation of the English-speaking world; he is now the leader in the United States of the campaign for Atlantic union. In the United States also we find the movement known as United World Federalism, which is supported by some 34,000 people.

In Europe a great many groups are working for the federation of Western Europe. On the government level we find the European Council, which was created at Strasbourg in 1949 and already has had several meetings. One is scheduled to take place in London during the present month.

Many organizations are working for the adoption of world federalism. Thus, the World Movement for World Federal Government was founded at Montreux in 1947. This important group held a conference in Stockholm last year, and another such meeting is being organized to be held in Rome in January, 1951. In April last a very interesting meeting took place in Namur, Belgium, thanks to the initiative of the founder of *Pro Pace*, Mr. Louis Enpain, and of Mr. Henri Koch, President of the *Institut Luxembourgeois Universitaire*. Neither can I pass in silence the name of Lord Boyd Orr, the last winner of the Nobel Prize, as the great champion of world government.

Honourable senators are already acquainted with the idea of a world government. It may seem but an idle dream, particularly since mankind is now apparently divided into two hostile camps. Because of the relative failure of the United Nations, one may be tempted to doubt the possibility of ever organizing the United States of the World. Yet, for those of us who believe in the Divine Fatherhood

of the Creator and in the consequent brotherhood of all men, the conviction always survives in our hearts that there must exist a universal community of nations, an international organism wide enough to embrace all civilized peoples.

May I remark here that the United Nations Organization, to my great regret, was not originally designed to be such a universal organism. The agreement known as the San Francisco Charter is not even open to all states. Membership is restricted to the so-called peace-loving states, and the admission of new members is subject to the recommendation of the Security Council. In other words, any state may be blackballed through the exercise of the veto by one of the five great powers. May I add that by a strange contradiction the principle of the sovereign equality of all states was solemnly proclaimed at San Francisco. In fact, the great powers have so jealously preserved their individual sovereignty that they have secured the exorbitant privilege known as the veto or rule of unanimity. The great powers have thus refused to be bound by the decision of any majority of states or of any authority whatever. In other words, the rule of law seems to be good enough for small or middle states, but each great power has chosen to remain above the law of nations.

Even had it not been systematically abused, the so-called right of veto is, in my opinion, contrary to the existence of any real community of nations. No association can survive unless all its members are governed by a definite set of rules applicable to each and all. No one can be above the law in any given society, because the supremacy of law is essential to the existence of any society. Therefore, no world government can ever exist unless every state, whether large or small, whether strong or weak, transfers a part of its sovereignty to some supra-national authority. No regional or continental system of federalism is possible unless, as my honourable friend from Churchill (Hon. Mr. Crerar) said yesterday, a definite group of states delegate to a central parliament or council sufficient powers to promote common welfare and to preserve security.

Will it be possible some day to transform the United Nations into the United States of the World? If this can ever be done, the structure erected at San Francisco would offer the easiest means to achieve a system of world government. But those who favour the extension of federalism do not agree among themselves concerning the geographical region which should first be federalized—whether it should be the whole world at once or just certain parts of it. Many believe—and

I am one of those—that the spirit of co-operation which existed among nations in 1945 has considerably decreased. Fundamental conflicts of ideologies and interests now separate the West and the East. It would seem that for a long time to come there can be no hope of reuniting into one world those opposite blocks.

The only task which we can now achieve appears to be the piecemeal organization into federal unions of certain continents or certain regions. Such regional federations at a later date may pave the way to some larger system of federalism, and this may eventually lead to the foundation of the United States of the World. In the meanwhile, some kind of federation of Western Europe is certainly a possibility; but strange as this may sound, it may be even easier to federalize a larger unit such as the Atlantic Union. Europe has been tragically divided by centuries of war.

Some leading statesmen, such as Churchill in Great Britain, Bidault and Schumann in France, Spaak in Belgium and Adenauer in Germany, have favoured the creation of a Western Union. But I am convinced that the union of the twelve countries now bound by the Atlantic Pact would offer much greater advantages. I believe that within such a larger federation each country would have a much better chance to survive. Let us take, for instance, the offer made in 1940 by Churchill to politically unite France with Great Britain. That offer was refused because Great Britain, which would have been the stronger partner, would have dominated. An economic union of our country with the United States would mean our absorption by our great neighbour to the South. But if Canada becomes one of the twelve members of the Atlantic Union, we know that we can rely, for instance, on the support of Great Britain and France. It would thus be possible to offset the disproportion which exists between ourselves and the great country to the South.

The very interesting motion now before us merely calls for the study of the broad general principle of a federal union. We are not obliged to discuss now the ways and means which should be adopted to realize such a union or federation. In other words, we are not obliged to take sides either with the "federalists" or "unionists." But I wish to indicate briefly the differences which separate those two schools of thought.

The "federalists" favour the immediate adoption of a constitution creating at once a political unit, which I call the United States of the North Atlantic. The "unionists", on the contrary, want to use existing international organisms to enlarge their activities

and to strengthen their authority over their members. Thus, after the suggestion first made by our Prime Minister and by our own Mr. Pearson, Mr. Bidault expressed the opinion that economic and social co-operation should be efficiently promoted under the terms of the Atlantic Pact. This question of an economic union is now under discussion in London. Personally, I am convinced that the only practical steps which can be taken at first consist precisely in such an extension of the Atlantic Pact for constructive purposes into economic and social activities. It is with great hopes and with a deep emotion that I salute the dawn of such a "Grand Union". I know of no better plan for the maintenance of peace, for the preservation of our own security and for the promotion of the welfare of all those concerned. I am convinced that in this new and gigantic task Canada will play a worthy part, and that we shall be faithful to our traditional policy of co-operation and good neighbourliness: Peace on earth to all men of good will.

Yes, peace on earth! But what is peace? It has been defined as tranquillity and order. It may be compared to the quiet beauty of a starlit night. Under the title *Starlit Night* the great Spanish author Fray Luis de Leon has given us an immortal description of peace, which I shall try to sum up by way of conclusion. It is as follows. Even if reason did not prove to us how much peace deserves to be cherished, the contemplation of a beautiful sky on a clear night would furnish a sufficient testimony in favour of peace. Indeed, is it not a perfect image of peace—that harmonious spectacle which is thus given to us from above? Peace, according to St. Augustine, is quiet order, or a condition of tranquillity and stability required by good order, which is precisely what is shown to us by a starlit night. And Fray Luis de Leon then describes the legions of stars which shine most beautifully, standing in order, as if in well-formed ranks. Each star keeps unflinchingly its own

place. None encroaches on the space of its neighbouring star, none troubles another in its function; no star ever forgets its duty or breaks the eternal and holy law which was given by Providence. The stars show fraternal love to each other, and the greater stars give something of their light to the lesser stars. In a certain way the stars display mutual respect; all together, they temper their rays and their strength, bringing them down to a peaceful unity of virtue, made up of various parts and aspects in a unity complete and powerful above all words.

Honourable senators, that ideal condition of tranquillity and stability which is peace is admirably illustrated in the Spanish masterpiece which I have so imperfectly translated. By that classical description of a starlit night, let us be reminded that it is only through the principle of federal union that the various states, big or small, can keep their respective places like the stars, never encroaching on a neighbour's vital space, never breaking the eternal and holy law of Divine justice. I am convinced that through the application of federalism all the nations of the earth may show not only mutual respect to each other, but even a true spirit of brotherhood. Like the greater stars which give something of their light to the lesser stars in order to achieve unity, may all the big powers, before it becomes too late, give up a part of their sovereignty in order to achieve on this earth the peaceful unity, complete and powerful above all words, which God has given us the privilege of contemplating silently and religiously in the sublime quietness of one of our clear Canadian nights, when all the stars proclaim: Glory to God in the highest, and peace on earth to men of good will.

Hon Mr. Reid: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 18, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 210, an Act to amend the Customs Tariff.

The bill was read the first time.

NATIONAL PARKS BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, for the Chairman of the Standing Committee on Natural Resources (Hon. Mr. McDonald) presented the report of the committee on Bill O-6, an Act to amend The National Parks Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 8, 1950, examined the said bill, and now beg leave to report the same with the following amendment:

Pages 2 and 3: Delete subclause 3 of clause 3.

The Hon. the Acting Speaker: When shall this amendment be taken into consideration?

Hon. Mr. Hayden: Next sitting.

PRIVATE BILL

FIRST READING

Hon. Mr. Taylor presented Bill X-7, an Act to incorporate the Association of Kinsmen Clubs.

The bill was read the first time.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, because of the progress we have made with the business which has come before us, when the Senate rises today I shall move it stand adjourned until Monday, May 22, at 8 p.m. I would remind honourable members that the Standing Committee on Finance will meet tomorrow morning at 11 o'clock, and I would ask all honourable senators who will be in the city at that time to attend this meeting.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second readings of the following bills.

Bill L-7, an Act for the relief of Marilyn Ruth Cohen Novak.

Bill M-7, an Act for the relief of Mary Elizabeth Bernatchez Russell.

Bill N-7, an Act for the relief of Winnifred Evelyn Thompson Clift.

Bill O-7, an Act for the relief of Maida Maria Howard Martin.

Bill P-7, an Act for the relief of June Hedy Leshynska Thompson.

Bill Q-7, an Act for the relief of Rosemary Smalley Carrier.

Bill R-7, an Act for the relief of William Arthur Goodson.

Bill S-7, an Act for the relief of Dorothy Melbourne Davis Wand.

Bill T-7, an Act for the relief of Frank Lear Rogers.

Bill U-7, an Act for the relief of Roma Leduc.

Bill V-7, an Act for the relief of Edna Rosaline Casavant Dufresne.

Bill W-7, an Act for the relief of Leo Berger.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Acting Speaker: When shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, I move that these bills be read a third time now.

The motion was agreed to, and the bills were read the third time and passed, on division.

ELECTRICAL AND PHOTOMETRIC UNITS BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading, Bill S-2, an Act respecting the Units of Electrical and Photometric Measure.

Hon. Mr. Robertson: Honourable senators, I must again apologize to the house for not being able to proceed with this bill, the passing of which is contingent upon the passage of a measure that is still in another place. In these circumstances I am obliged to ask that the order stand until Wednesday next.

The Hon. the Acting Speaker: The order stands.

EXCISE TAX BILL

SECOND READING

Hon. Salter A. Hayden moved the second reading of Bill 178, an Act to amend the Excise Tax Act.

He said: Honourable senators, we have heard the title of this bill mentioned here recently, but I think that nothing which I have to say today in explanation of the bill will be regarded as contentious.

Section 1 of the bill repeals Part I of the Excise Tax Act. Part I imposes an excise tax of 1 per cent per annum, payable quarterly, on the average bank note circulation of the chartered banks during the quarter in question. When the Bank of Canada was established, the Bank of Canada Act provided for the progressive redemption of the notes of chartered banks as they were withdrawn from circulation, this was finally achieved in or about the early part of January this year. On any notes that were then outstanding the chartered banks paid their liability to the Bank of Canada, which is under obligation to redeem the notes when they are turned in, and at the same time the chartered banks paid to the government the amount of excise tax owing up to the period of final redemption. As Part I of the Act can serve no further purpose, it is being repealed.

Section 2 widens the definition of "dies". In the amendments to the Act made in 1947 we provided, in section 44, that postage stamps as well as excise stamps could be affixed to cheques, bills of exchange and so on, by means of a die; but in defining "die" we omitted to specify that postage stamps might be impressed by a mechanical device. Section 2 of the bill now makes good this omission.

Section 3 of the bill is a remedial section. It eliminates what I think is the last instance of sales tax being piled on top of excise tax. The items covered by the section are cigarette papers, cigarette paper tubes, wines and playing cards. The Excise Tax Act as it stands specifically provides that in arriving at the sale price of goods or the duty-paid value of imported articles the excise tax is to be added before the tax is calculated. This section does away with the pyramiding of taxation; in other words, the sales tax is calculated before the excise tax is applied.

Section 4 of the bill is a rather curious one. The Auditor General, in the course of investigation about a year and a half ago, suddenly discovered that in the definition section "manufacturer" and "producer" included the Crown. He thereupon notified the King's Printer that he would be expected to pay sales tax on the output of his office. The King's Printer pointed out that he had an infinite number of transactions, some of which were for the purchase of materials and supplies delivered to other departments, and that he did not have the accounting staff to take care of such detail. The government, by this amendment, seeks to provide an exception to section 87 of the Act, so that when the Crown acts as a manufacturer or producer for its own use, it is not subject to the application of sales tax. Section 5 of the bill provides for the elimination of deadwood. Section 103A of the Act provides for

refunds on exports on which sales tax or retail purchase tax has been charged. With the removal of the retail purchase tax at the last session of parliament, the words now being deleted became obsolete.

Section 6 of the bill, which implements some of the budget resolutions, might be referred to as the "good news" section. Under this section certified institutions will be granted a special concession to purchase goods without the application of sales tax. Honourable senators will note that the conditions are that the Minister of National Health and Welfare must certify in accordance with regulations to be passed by the Governor in Council. The institution must be:

(a) a bona fide public institution whose principal purpose is to provide permanent or semi-permanent shelter and care for children or aged, infirm or incapacitated persons who reside in the institution; and

(b) in receipt annually of aid from the government of Canada or a province for the maintenance of persons specified in paragraph (a).

I point out that in order to qualify for the concession an institution must be in receipt of annual aid from the federal authorities or some province, and that aid from a municipality would not qualify the institution to benefit by this section.

Section 7 also gives effect to the budget resolutions, and provides for the removal of the sales tax on toilet soaps. I would point out that the tax from this source last year produced a revenue of \$650,000.

Section 8 of the bill seeks to remove the sales tax on the following foodstuffs:

Ice cream; drinks prepared from fresh milk; prepared whipping cream.

The revenue which the Crown gained from the application of the tax to these items amounted last year to about \$2 million.

By subsection (2) of section 8 an item is added to schedule III, one of the exemption schedules which, in part, was read here in the course of another debate, and which sets out a long list of items not subject to sales tax. These items include foodstuffs and other farm products. Tariff item 699, now added, reads as follows:

Botanical and entomological specimens; mineralogical specimens; skins of birds, and skins of animals not natives of Canada, for taxidermic purposes, not further manufactured than prepared for preservation; fish skins; anatomical preparations and skeletons or parts thereof; and specimens, models and wall diagrams for illustration of natural history for universities, schools and public museums.

This is a special sort of item and the removal of the tax could be justified, I suppose, on educational and instructional grounds.

The only remaining section is No. 9, which specifies the dates on which the various clauses are to come into force. The following

sections are deemed to have come into force on March 29: section 4, to help the King's Printer to escape from the sales tax on goods manufactured or produced by his department; section 7, for the exemption from sales tax of toilet soaps; section 8, subsection (1), to exempt ice cream.

Hon. Mr. Euler: Could my honourable friend tell the house why the tax on ice cream is removed? Is it because ice cream is a food?

Hon. Mr. Hayden: I would not attempt to suggest the reason, though it would appear to me that the closer one can get to the cow the better chance one has of obtaining an exemption from sales tax.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hayden: Section 6, which exempts from sales tax goods purchased by certified institutions, is to come into force on July 1, 1950.

It will be noted that the other sections relating to sales tax are now in force, having been made effective when the budget was brought down on March 29 last.

Hon. Mrs. Fallis: Would the honourable senator tell us why institutions which receive aid from municipalities, as well as those which receive aid from the Dominion Government and the provinces, are not included in the exemptions?

Hon. Mr. Hayden: I had noted the omission to which the honourable senator refers, but I am not in a position to explain it. I suppose the government felt that they had to draw the line somewhere. If there should happen to be any institutions, supported by municipalities, but not in receipt of federal or provincial aid, presumably, if they make representations, the matter would be considered.

The motion was agreed to, and the bill was read the second time.

THIRD READING

Hon. Mr. Hayden: With leave, I move that the bill be now read the third time.

The motion was agreed to, and the bill was read the third time, and passed.

CUSTOMS BILL

SECOND READING

Hon. S. S. McKeen moved the second reading of Bill K-7, an Act to amend the Customs Act.

He said: Honourable senators, I shall explain this bill very briefly, and should it receive second reading it is my intention, following suggestions which have been made many times in this house by honourable senators, and recently by our leader, to move,

by leave of the Senate, that it be referred immediately to Committee of the Whole at this sitting.

The purpose of the bill is to clarify some sections of the Customs Act, and to delete others which are no longer applicable, in that they have been incorporated in other enactments, or superseded.

Section 2 provides for the repeal of provisions which have been varied from time to time as new trade agreements were made. For instance, it repeals subsection (3) of section 43 of the Customs Act, which was inserted in 1936 as a result of trade agreements made in 1935 between Canada, the United States and Japan. This subsection, in effect, provided an appeal to the tariff board upon values fixed by the minister under section 43 of the Act. The minister, in taking action to fix the value of goods imported into Canada under such conditions as prejudicially or injuriously affect the interests of Canadian producers or manufacturers, does so under the authorization of the Governor-in-Council, and it is felt that the government must remain responsible for action taken under this section.

Under the terms of the Geneva trade agreement, Canada is now precluded from applying, under section 43, arbitrary valuations against signatory countries. That means the majority of the trading countries, there being but sixteen exceptions. Section 43A of the Act was introduced in 1937 merely to ratify and confirm valuations established under section 43 prior to that time. The government now takes full responsibility for valuations made of goods from non-signatory countries which may be produced under conditions deemed to be prejudicial to Canadian industry.

The main feature of section 3 of the bill is that persons whose interests could be affected by a decision of the Tariff Board or the Exchequer Court are given the right to become parties to the appeal. Thus, a manufacturer might be subject to a shut-down because of an appeal in which he had not the right to join. He may now be a party to that appeal; and further protection is provided in that notice of appeal must be published in the *Canada Gazette* at least twenty-one days prior to the hearing. The amendment also specifies that the Tariff Board may rule on questions of law as well as of fact. The Exchequer Court however is limited to consideration of questions of law.

By section 8 of the bill, which introduces a new section 283 into the Act, it is purposed to mitigate penalties for a second offence. The existing penalties are so severe as to make enforcement of the law very difficult.

Under this new section 283, sentences are made lighter, and the definition of "second offence" is stated to be, one committed within five years after a previous conviction.

If the bill should receive second reading, I will make a further explanation, section by section when it is under consideration in Committee of the Whole.

The motion was agreed to, and the bill was read the second time.

CONSIDERED IN COMMITTEE

On motion of Hon. Mr. McKeen, the Senate went into committee on the bill.

Hon. Mr. Fogo in the Chair.

Hon. Mr. Crerar: This bill, it appears to me, is one that should go to a committee—I would suggest the Committee on Banking and Commerce—where we could hear departmental officials.

Hon. Mr. McKeen: In proceeding as I have, my thought was that instead of going to a standing committee, where only members of that committee would be present, we go into Committee of the Whole, where all honourable senators have an opportunity to take full part in the discussion of the bill.

Hon. Mr. Crerar: This is a fairly lengthy bill and I have not had time to study it: I do not know yet what questions I might like to ask, if any.

Hon. Mr. McKeen: I have no objection to the bill going to a committee. In the meantime I would move that we rise and report progress, and ask leave to sit again.

Progress was reported.

PRIVATE BILL

SECOND READING

Hon. Gray Turgeon moved second reading of Bill 7, an Act to incorporate Alberta Natural Gas Company.

He said: Honourable senators, it is not my intention to make a speech on this bill. I wish to express my appreciation of the courtesy extended to me by honourable senators when I explained a similar measure on a previous occasion, and to say that I feel that I will receive the same treatment this time. If the house sees fit to give the bill second reading, I intend to move that it be referred to the Standing Committee on Transport and Communications.

For the information of honourable senators I may say that the bill before us today is exactly the same as the measure adopted by this house last session, with the exception that the personnel is changed and enlarged.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Turgeon moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

PRIVATE BILL

SECOND READING

Hon. T. A. Crerar moved second reading of Bill 9, an Act to incorporate Prairie Transmission Lines Limited.

He said: Honourable senators, this bill is similar to the one to which the house has just given second reading. It is necessary that any group of individuals wishing to build a pipe line for the transportation of gas or oil be incorporated by an Act of parliament. If the house sees fit to give the bill second reading, I shall move that it be referred to the Standing Committee on Transport and Communications, where it can be more closely examined.

Hon. John T. Haig: Honourable senators I am pleased that we will have the opportunity of considering these pipe line bills in committee. I may say that I prefer our procedure to that of another place. When the bills are considered in committee we can ask questions and express ourselves freely. When they are reported back to the house we are then in a position to discuss them intelligently, and either pass them or reject them. By dealing with bills of this character in that way, we can give more satisfactory service to the public. It seems to me that the duty of parliament is to examine such measures carefully, and if we do that we shall be rendering a real service.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Crerar moved that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

STAFF OF THE SENATE

REPORTS OF COMMITTEE

Hon. Mr. Paterson moved concurrence in the second, third, fourth, fifth and sixth reports of the Standing Committee on Internal Economy and Contingent Accounts.

The reports were severally concurred in.

The Senate adjourned until Monday, May 22, at 8 p.m.

THE SENATE

Monday, May 22, 1950

The Senate met at 8 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

INCOME TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 177, an Act to amend the Income Tax Act.

The bill was read the first time.

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

Hon. Mr. Robertson: With leave of the Senate, I move that the bill be placed on the order paper for second reading at the next sitting of the house.

Hon. Mr. Haig: Honourable senators, I should like to suggest that, when this bill reaches the committee stage, the officials of the Department of National Revenue be summoned to give evidence, and that a verbatim report be made of the proceedings. Then, when the committee's report is presented to the Senate, I will move that the shorthand report be made part of our *Hansard* for that day. Mind you, I am not objecting to the bill at all. I have read it and, although I am a lawyer, I have found the amendments almost impossible to understand. Therefore, I should like to have the departmental interpretation by the officials placed on record, so that it may be available at Winnipeg, Saskatoon and all other provincial headquarters of the Income Tax Branch whenever any question arises as to what the amendments mean. This would save a great deal of correspondence that would otherwise be necessary between the provincial offices and income tax headquarters at Ottawa. I think the leader of the government (Hon. Mr. Robertson) will agree that a verbatim report would be of real service to all persons concerned with the working of the Income Tax Act.

Hon. Mr. Marcotte: I do not quite understand what is suggested by the leader of the opposition (Hon. Mr. Haig). Does he wish to have officials from the Income Tax Branch appear before Committee of the Whole or before a standing committee?

Hon. Mr. Haig: A standing committee.

Hon. Mr. Robertson: As my honourable friend knows, it is our practice to have departmental officials appear before standing committees. I see no reason why that practice should not be followed in this case. As to the other point, the making of a verbatim report is a matter for the committee to determine, and I can only say that I shall be perfectly willing to abide by the committee's decision.

The Hon. the Acting Speaker: Honourable senators, it is moved by Senator Robertson, seconded by Senator Hugessen, that, with leave, this bill be placed on the order paper for second reading tomorrow.

The motion was agreed to.

FINANCE COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. Robertson: Honourable senators, with leave of the Senate, I move that the name of the Honourable Senator Beaubien be added to the list of senators appointed to serve on the Standing Committee on Finance.

The motion was agreed to.

CUSTOMS TARIFF BILL

SECOND READING

Hon. Thomas Reid moved second reading of Bill 210, an Act to amend the Customs Tariff.

He said: As it is expected that this bill will be referred to the appropriate committee after it has received second reading, a brief explanation of some of the salient changes proposed will probably suffice. Honourable senators will note that it contains nine sections and three schedules, comprising in all 32 pages.

Section 1 seeks to amend sub-section 4 of section 5 of the Customs Tariff. The effect of this amendment would be to discontinue the discount of ten per cent that applied to goods imported directly into Canada under the British preferential tariff and on which the British preferential rate is now the same as the most-favoured-nation rate. It should be explained that at the Geneva trade conference in 1947 it was contended on behalf of many countries that this 10 per cent amounted to a hidden extension of the British preferential tariff, and a compromise was reached whereby the discount on these items is to be discontinued; so the most-favoured-nation tariff is brought down to the level of the British preferential tariff.

This 10 per cent discount affects only a few of the articles which come into Canada. Referring to 1949, I find that dutiable goods imported from the United Kingdom amounted

to \$134,796,720, and goods admitted free, to \$164,715,480. The value of the imports to which the 10 per cent discount applied was only \$3,120,004, and the list of them includes such articles as milk foods, cereal foods, metal parts, cotton clothing and mixed textiles.

By section 2 of the Bill, the Minister of National Revenue is authorized to fix the period when imported fresh fruits and vegetables are to be made subject to the specific rates of duty provided for in the items relating to these products. These rates may also be fixed on a regional basis. For instance, the minister can provide specific rates for the Maritime Provinces, for British Columbia, or for other areas, in the light of the quantity of importations and the months in which they arrive. It is also proposed to exempt from the specific duty fresh fruits and vegetables that have been purchased and are in transit at the time of the issue of the order. If some importer for instance has ordered a carload of fresh fruits and vegetables which are on their way to Canada when an order imposing the duty is made by the minister, this consignment is exempt from the application of the rate.

The changes give effect to the undertaking entered into by Canada at Geneva in 1947 as regards the tariff on fresh fruits and vegetables.

It may be of interest at this point to mention that Canada has been represented at two conferences: one at Geneva in 1947, attended by the representatives of twenty-three countries and one in 1949 at Annecy, in France, near the Swiss frontier, at which the delegates of nine other countries—a total of thirty-two—were in attendance. The next conference will be held at Torquay, England, this year, when the whole matter of tariffs as between various countries of the world will be discussed.

Section 3 deals with the provision contained in section 16, subsection 3 of the Act, which authorized the imposition of an additional duty of 10 per cent *ad valorem* on imported goods not marked to indicate the country of origin. Hitherto, upon the arrival of unmarked goods, the customs official could apply this additional duty of 10 per cent. This was felt to be an injustice, and the subsection which enacted it is being repealed.

Under the amending section the goods in future will be held without penalty until marked, but the 10 per cent *ad valorem* duty has been removed, as it has been considered a restraint of trade.

Honourable senators will find three schedules in the bill. Section 4 deals with the

twenty-two items appearing in Schedule A. This schedule contains such items as 206a and 558d, the wording of which has been amended in order to eliminate obsolete phraseology. Other amendments in Schedule A affect the tariff on such items as dates for packaging, compounds for the manufacture of phonographic records, and maps and posters for educational purposes. Item 705a, settlers effects, is also amended. Heretofore a settler's motor car, if valued at \$1,000 or less, was exempt from duty. The amount of the exemption has now been increased to \$1,500. Trousseaux and wedding presents are now included in the free list under item 705.

Section 5 deals with 435 items which appear in two categories in Schedule B. The rates on 81 items are the same as they have been for the past ten years; on the other 354 items the rates have been in effect since January, 1948. On some items in this schedule the wording in the tariff differs slightly from the wording in the existing Customs Tariff; other items have been divided into two or more sub-items by the various trade agreements. It was deemed necessary to re-arrange and re-number many of these items and in some cases to re-word them. When the new Customs Tariff Bill is printed it will show on one document the rates in effect. It is worth while to note that the tariff classification of item 254(4), mixed gums, is reduced from 10 per cent to free.

An item which will interest honourable senators is tin plate, on which the British tariff is increased from free to 15 per cent.

Hon. Mr. Crerar: What item is that?

Hon. Mr. Reid: Item 383(b). Honourable senators will recall that it was the aim of the countries represented at the 1947 trade negotiations at Geneva to reduce the general level of tariffs and to eliminate tariff preferences on a mutually advantageous basis. Towards the end of these negotiations the United States requested the United Kingdom to give up the tariff preference it enjoyed in Canada on tin plate. The United Kingdom agreed, and received tariff concessions from the United States in compensation for giving up this preference. In other words, at the request of Great Britain, and really as a concession to the United States, we placed a tariff on tin plate from Britain which formerly entered free. From now on there will be a 15 per cent duty.

Hon. Mr. Doone: What item is that?

Hon. Mr. Reid: Item 383(b). In order to facilitate the successful conclusion of the trade negotiations between Canada, the United Kingdom and the United States, Canada agreed

to the proposal that the British preferential tariff on tin plate be increased to 15 per cent, which is the same as the most-favoured-nation rate. This had the effect of eliminating the preference. It was understood on all sides that when this change was made it would not be of much practical importance in the trade between Canada and the United Kingdom. In the first place, the United Kingdom in the post-war period did not expect to be in a position for many years to export significant quantities of tin plate to Canada. In the second place Canadian production had expanded to the point where we could supply a large part of our own tin plate requirements. Our present production of tin plate is worth in the neighbourhood of \$35 million annually, which is a great increase over the relatively small pre-war production. In 1947 our imports of tin plate from all countries were valued at over \$8 million. Of this amount \$107,000 worth came from the United Kingdom and the remainder from the United States. Our production of tin was steadily increasing, and in 1949 the value of imports from all countries dropped to \$3,800,000, all of which came from the United States except \$68,000 worth which came from the United Kingdom. Honourable senators will realize therefore that the amount of trade with the United Kingdom affected by this item is very small. The present indication is that increased Canadian production will cause our imports to dwindle still further.

Hon. Mr. Crerar: Would my honourable friend inform the house where tin plate is made in Canada?

Hon. Mr. Reid: I understand it is made by two firms in Hamilton, Ontario. Honourable senators, as to Schedule C—

Hon. Mr. Vien: Would the honourable gentleman permit me to ask him a question before he proceeds to deal with Schedule C? If I am not mistaken, heretofore the duty on textile goods, cotton goods, has been 25 per cent or, on goods subject to the British preference, 10 per cent, and this bill proposes to eliminate the British preference.

Hon. Mr. Reid: So far as I am aware, the bill does not do that. Perhaps my honourable friend's question could be better answered by the appropriate officials when the bill is in committee.

Hon. Mr. Vien: My attention has been drawn to a provision in the bill which would have the effect of removing the British preference of 10 per cent on cotton goods. I have been told that after June 1, if this bill passes, the duty applicable to British, as well as to American goods, will be 25 per cent. The complaint is that business people have made

definite commitments and sold at firm prices, and that the notice of the increase in duty as of June 1 was too short to permit these people to deliver goods under existing contracts.

Hon. Mr. Reid: I am unable to give my honourable friend a definite answer, but I am informed that cotton goods have not been specifically changed in the schedule.

Hon. Mr. Vien: I think you will find cotton goods mentioned in items 523b and 523l of Schedule B, on page 28 of the bill.

Hon. Mr. Reid: My information is that the change mentioned by the honourable gentleman is not being made in the tariff schedule.

Hon. Mr. Vien: I draw the matter to my honourable friend's attention so that he may have definite information for us in committee.

Hon. Mr. Reid: I shall be pleased to make a note of it, and no doubt a specific answer will be given in committee.

Another change in Schedule B has to do with valuable drums or large containers in which Canadian-made goods are shipped abroad. When these containers are returned empty to the Canadian manufacturer—which sometimes may be a year or more after the export—they will be admitted free of duty.

Schedule C, on page 32 of the bill, amends the wording of item 1214, as recommended by the Advisory Board on Wildlife Protection. The item at present prohibits a number of birds and mammals, including the common mongoose or mongoose of any kind; the common Mynah, Chinese Mynah, crested Mynah or any other species of the starling family; the Java sparrow, the rice bird, nutmeg finch, or other species of the weaver bird family; the European chaffinch and the great titmouse. The Advisory Board on Wildlife Protection have found it is unnecessary to retain the prohibition on some of these birds, and the wording of the item is being revised to facilitate administration.

Section 6 of the bill provides for the deletion of items 1211 and 1214 from Schedule C to the Customs Tariff and inserts item 1214 as specified in Schedule C to this bill.

Section 7 states that the amendments made to tariff items in this bill shall in no way affect the provisions of the Emergency Exchange Conservation Act of 1947-48 or the Customs Tariff amendment Act, 1939. This avoids the necessity of amending the wording of these Acts to bring them into line with the wording in the Customs Tariff.

Section 8 brings into force on June 1, 1950, the tariff changes provided for in Schedule B of the bill.

Section 9 provides that the tariff changes made in Schedules A and C of this bill are deemed to have come into force on the 29th of March, 1950.

Hon. Mr. Vien: Why should retroactive effect be given to Schedules A and C?

Hon. Mr. Reid: I take it that the practice here is much like the practice followed with the budget.

Hon. Mr. Robertson: This is part of the budget.

Hon. Mr. Vien: But budget items are not made effective until the date on which the budget is announced.

Hon. Mr. Robertson: This is the date.

Hon. Mr. Reid: Honourable senators, that concludes my brief explanation of the bill.

Hon. Mr. Vien: While I am in favour of the bill, in principle, I object to some of its provisions. May I suggest that we be allowed to vote for second reading without committing ourselves to agreement on the principle, and that the subject-matter of the bill be referred to a committee? This has been done on a number of occasions in the past, so that in committee honourable members might not feel themselves bound to accept any provisions with which they disagreed.

Hon. Mr. Robertson: It is true that we have sometimes referred the subject-matter of a bill to committee, but I think it will be found that in every such instance the bill dealt with a specific matter rather than, as this measure does, with numerous items. I have great respect for my honourable friend's wide knowledge of parliamentary procedure, but it seems to me that any honourable senator could properly vote for second reading without in any way prejudicing his right to oppose in committee, and afterwards in the Senate, any part of the bill to which he may take exception.

Hon. Mr. Vien: With the assurance of the leader of the government that the members of the committee will be unfettered in their consideration of this bill, I have no objection to it receiving second reading now.

Hon. Arthur Marcotte: Honourable senators, I have been a member of this chamber for quite a number of years, and there has always

seemed to me to be some misunderstanding on this question. The fact should be well known that when we give a bill second reading we do not necessarily adopt its principle. After second reading a bill may be referred to a committee for the purpose of getting information about it. When it is reported back to the house, and third reading is moved, our rules give us the right to again debate its principle. Even after third reading, and before a bill is passed by the house, there may be discussion on it.

When my honourable friend from De Lorimier (Hon. Mr. Vien) occupied the office of Speaker of this chamber there were several instances of bills being discussed as to principle after second reading. It is my understanding that under our rules we have that right, and do not need to ask for it as a favour.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Reid: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

NATIONAL PARKS BILL

CONCURRENCE IN COMMITTEE AMENDMENT

The Senate proceeded to consideration of the amendment made by the Standing Committee on Natural Resources to Bill O-6, an Act to amend The National Parks Act.

Hon. John A. McDonald: Honourable senators, I move concurrence in the amendment.

The motion was agreed to.

THIRD READING

The Hon. the Acting Speaker: When shall this bill be read the third time?

Hon. Mr. McDonald: With leave, I move that the bill be given third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, May 23, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Ross, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Asepline), presented the following bills:

Bill Y-7, an Act for the relief of Katherine Madge Samworth Monty.

Bill Z-7, an Act for the relief of Clara Rosen Freedman.

Bill A-8, an Act for the relief of Frances Berman Mellor, otherwise known as Sharie Sinclair.

Bill B-8, an Act for the relief of Rodolphe Durand.

Bill C-8, an Act for the relief of Helen Leck Karaszi.

Bill D-8, an Act for the relief of Sadie Chernin Petruska, otherwise known as Sadie Chernin Prince.

Bill E-8, an Act for the relief of Audrey Phyllis Angela Blom Rochfort.

Bill F-8, an Act for the relief of Patricia Ruth Segall Wener.

Bill G-8, an Act for the relief of Sophie Piatkowski Demyk.

Bill H-8, an Act for the relief of Hilda Brooks Nangreaves.

Bill I-8, an Act for the relief of Zemelia Katrina Ayoub MacDonald.

The bills were read the first time.

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

Hon. Mr. Ross: With leave, next sitting.

RED RIVER FLOODS

MANITOBA FLOOD RELIEF FUND

On the Orders of the Day:

Hon. A. L. Beaubien: Honourable senators, before the Orders of the Day are proceeded with, may I ask the indulgence of the house for the purpose of making the following announcement with respect to flood relief in Manitoba.

The people of the province of Manitoba, particularly those of the towns and farms along the Red River from the United States boundary to Lake Winnipeg, and in the municipalities adjacent to the city of Winnipeg, as

well as in the city itself, are experiencing at the present time one of the worst economic disasters that has ever occurred in any part of Canada.

The extent of the damage and the loss in property and personal effects caused by the flooding waters of the Red River may never be properly assessed or recovered. That government assistance will be needed on a huge scale there is no doubt. Already there have come generous offers of assistance from other provinces and from sources outside of Canada; but more will be needed.

With the object of assisting in the rehabilitation of those whose homes and properties have been destroyed, a voluntary flood relief fund has been established. It is known as the Manitoba Flood Relief Fund. Its chairman is Mr. H. W. Manning, Vice-President of the Great West Life Assurance Company, Winnipeg, and its objective is to raise \$10 million.

Believing that there are many members of the Senate, of the House of Commons, of the Press Gallery, and of the staffs of the Senate and the House of Commons, as well as other Ottawa people who would like to contribute to this fund, representatives from Manitoba have organized a committee which will be prepared to accept contributions to this fund.

The personnel of the committee is as follows:

W. G. Weir, House of Commons; J. Arthur Ross, House of Commons; Stanley H. Knowles, House of Commons; Hon. A. L. Beaubien, The Senate; Chester A. Bloom, Press Gallery; John Bird, Press Gallery; L. Clare Moyer, Clerk of the Senate; H. Crossley Sherwood, Staff of the House of Commons.

Any member of this committee will accept contributions and arrange to issue the proper receipt.

I might add, honourable senators, that a similar announcement is being made in the House of Commons this afternoon.

On May 12, the acting Minister of National Revenue stated in the House of Commons that cash donations made to responsible organizations for Manitoba flood relief may be claimed by the donors as deductions from income tax, in accordance with section 26A of the Income Tax Act.

I thank the house for its courtesy in allowing me to make this statement at this time.

Hon. John T. Haig: Honourable members, as a senator from Manitoba, may I be permitted to endorse the statement made by the honourable member from Provencher (Hon. Mr. Beaubien), and to say that the purpose in raising the \$10 million is to do things which

governments and municipalities are unable to do. The farmers and the townsfolk in the Red River Valley, from Emerson to Lake Winnipeg, have all suffered heavy losses. The cities of Winnipeg and St. Boniface have been badly flooded, but a great deal of the damage will be covered—as it was in the recent Fraser Valley flood—by grants from the dominion government and from the province. But outside of all that, in each of the houses in the flooded areas a dozen and one things have been lost, the value of which cannot be estimated and with respect to which no claim can be put forward in the process of re-establishment.

The funds are not conflicting, but complementary. Undoubtedly before this session is over we shall be invited to grant certain moneys for relief. Already the legislatures of Manitoba and British Columbia have been called upon to make grants in aid. But apart from these official undertakings, money is required simply to supply households with some of the essentials of life of which they have been entirely deprived. A great many people especially in the areas outside of Winnipeg and St. Boniface, did not realize what was happening until the calamity was upon them, and they lost practically everything. Some of them barely got away with the clothes on their backs. It would be pretty hard to deal with claims of this kind through official government sources, but it can be done by this committee. I know the personnel pretty well. Among them are the Lieutenant-Governor of Manitoba, the Mayor of Winnipeg, and the Mayor of St. Boniface. Mr. Manning, a keen and able business man, is one of the best of our citizens. The constitution of the committee is an assurance that the money will be expended only where it is absolutely necessary.

CRIMINAL CODE AND CANADA EVIDENCE BILL

FIRST READING

Hon. Mr. Robertson presented Bill J-8, an Act to bring the Criminal Code and the Canada Evidence Act into force in Newfoundland.

The bill was read the first time.

The Hon. the Acting Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: With leave, tomorrow.

ELECTRICITY INSPECTION BILL

FIRST READING

Hon. Mr. Robertson presented Bill K-8, an Act to amend The Electricity Inspection Act, 1928.

The bill was read the first time.

The Hon. the Acting Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: With leave, tomorrow.

GAS INSPECTION BILL

FIRST READING

Hon. Mr. Robertson presented Bill L-8, an Act to amend the Gas Inspection Act.

The bill was read the first time.

The Hon. the Acting Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: With leave, tomorrow.

CUSTOMS BILL

FURTHER CONSIDERED IN COMMITTEE

The Senate again went into committee on Bill K-7, an Act to amend the Customs Act.

Hon. Mr. Fogo in the Chair.

The title and the preamble were postponed.

On section 1—"officer":

Hon. Mr. McKeen: Honourable senators, may I make a brief explanation with respect to the procedure to be followed on this bill today? When this bill came before the Senate on a previous occasion I asked that officials of the Customs Department be allowed to come into the chamber to assist in the handling of the bill, but there seemed to be some diffidence about acceding to that request. Therefore, in view of the fact that officials of this department were before the Finance Committee today, and that honourable members had every opportunity to ask questions about the department, I shall endeavour without the aid of the officials to do the best I can in explaining the details of the amendments before us. I think I can do this in a satisfactory manner, though I am no expert on the Customs Act and am afraid that I shall not be able to answer questions that do not relate to the particular sections before us. If, later, it is found to be necessary, the bill could be sent to one of our standing committees, where the departmental officials would be available.

As some honourable senators were not present when we last considered this bill, I should like to make a preliminary statement about the reasons for the proposed amendments to the Customs Act.

Section 1 of the bill, which is quite simple, clarifies the term "officer". In effect it extends the definition so as to include R.C.M.P. officers below the rank of non-commissioned officers. This brings the Customs Act into line with an amendment made to the Excise Act in 1937.

Sections 4, 5, 6 and 7 are designed to bring the Act up to date by the repeal of sections which have become obsolete or which are now given effect to by other Acts, or by incorporation into Acts of other departments.

Section 2 of the Act repeals a section inserted in 1936 at the direct request of the United States and Japanese governments after a trade agreement had been made in 1935. This section, in effect, provides an appeal to the Tariff Board of values fixed by the minister under section 43 of the Act. The minister, in taking action to fix the value on goods imported into Canada under conditions that are considered prejudicial or injurious to other industries or the Canadian producers, does so under the authorization of the Governor in Council. It is now felt that the government must remain responsible for the action taken under this section.

Section 3 provides an opportunity to all persons whose interests might be affected, to become parties to an appeal to the Tariff Board or to the Exchequer Court. It further requires the publication of a notice of appeal in the Canada Gazette twenty-one days prior to the hearing, so that interested parties will have adequate notice.

Section 8 is an amendment which provides for the mitigation of statutory penalties applied in the case of second offenders. As the law now stands, a person is considered a second offender regardless of the length of time that might intervene between his first and second indictable offences under the Customs Act. It is now provided that after a period of five years a second offence will not be regarded as such, and that the statutory minimum term of imprisonment be reduced from three years to one year. It was thought that this would assist in a better enforcement of the law, because at the present time the heavy penalty makes it difficult to get a conviction.

Section 1 was agreed to.

On section 2—repeal:

Hon. Mr. McKeen: Section 2 repeals subsection 3 of section 43, which was inserted in 1936 as a result of trade agreements made in 1935 between Canada, the United States and Japan. This section, I might say, affects only countries outside the Geneva agreement. Article 7 of that agreement sets up the basis of valuation:

The contracting parties recognize the validity of the general principles of valuation set forth in the following paragraphs of this article, and they undertake to give effect to such principles . . .

I will not read them all. The one in which we are interested comes under clause 2 (a):

The value for customs purposes of imported merchandise should be based on the actual value of

the imported merchandise on which duty is assessed, or of like merchandise, and should not be based on the value of merchandise of national origin or on arbitrary fictitious values.

Then "actual value" is defined in the next paragraph.

The purpose of this section is to prevent the importation from certain countries of goods that would injuriously affect our own industries. The countries to which this section would apply are Abyssinia, Afghanistan, Anglo-Egyptian Sudan, Arabia, Bulgaria, Egypt, Germany (Eastern Zone), Honduras, Hungary, Iran (Persia), Iraq, Japan, Peru, Roumania, Russia and Siam.

Hon. Mr. Crerar: Is the part of Germany known as West Germany within the Geneva system?

Hon. Mr. McKeen: Yes, it comes under the Geneva agreement.

Section 43A of the Act, which is also repealed by section 2 of the bill, was introduced in 1937 merely to ratify and confirm valuations established under section 43 prior to that date.

Section 2 was agreed to.

On section 3—appeals to the Tariff Board:

Hon. Mr. McKeen: The main feature of this amendment is that it gives the right to become a party to an appeal to persons whose interests could be affected by a decision of the Tariff Board or the Exchequer Court.

It may be of interest to the committee to know that since the constitution of the present Tariff Board, in April 1949, fifty-six appeals have been presented. Of these, twelve were withdrawn, one was considered outside the board's jurisdiction, five are awaiting hearing, sixteen were allowed, eighteen were dismissed, one was partly dismissed, and in three cases the decisions are pending.

Hon. Mr. Hugessen: I think the important feature of section 3 is a widening of the class of people who may appeal to the Tariff Board or the Exchequer Court from a decision of the deputy minister. Under the present law an appeal may be made only by an importer who feels himself aggrieved by a decision of the deputy minister. Well, of course, as honourable senators will recognize, decisions may affect many more persons than importers of the goods in question. In my own practice I have known one or two cases where that has been true. This amendment will permit an appeal to be made to the Tariff Board or the Exchequer Court by any person, whether an importer or not, who deems himself aggrieved by a decision of the deputy minister.

Hon. Mr. Haig: That is why notice of the hearing of an appeal has to be published in the *Canada Gazette*?

Hon. Mr. Hugessen: Yes.

Hon. Mr. McKeen: I thank the honourable senator for his remarks. The business of an importer might be only the selling of the article as to which the deputy minister has made a decision, and many other persons might be more seriously affected than the importer. For example, a certain decision if not upset might cause a manufacturer to close down his plant.

Section 3 was agreed to.

On section 4—sections repealed:

Hon. Mr. McKeen: This section repeals sections 58, 59 and 61 of the Customs Act. Sections 58 and 59 should not be in the Act but are properly included in the Customs Tariff Schedule, which provides a general classification for goods not enumerated elsewhere in the tariff.

Tariff item 711 reads:

All goods not enumerated in this schedule as subject to any other rate of duty, and not otherwise declared free of duty, and not being goods the importation whereof is by law prohibited:

British Preferential Tariff 15 per cent.

Most Favoured Nation Tariff 25 per cent.

General Tariff 25 per cent.

Section 61 is made obsolete by tariff item 156. Under section 61 the duty on liquor was based on the flavouring. I do not know whether the department ran short of customs officers to taste various liquors in order to determine the tariff item under which they came, or whether after tasting a dozen or so varieties they were not competent to express an opinion. Anyway, the department in its wisdom has decided to do away with the flavouring test. The domestic excise duty on whisky is \$11 per proof gallon, and the customs duties are: British Preference, \$4.50 plus \$7 per proof gallon; Most Favoured Nation, \$5 plus \$7 per proof gallon, and General Tariff, \$10 plus \$7 per proof gallon.

Section 4 was agreed to.

On section 5—issue of writs of assistance:

Hon. Mr. McKeen: Under sections 144 and 145 of the Customs Act any officer may swear out a search warrant and, after so doing, conduct a search. Section 149 authorizes the holder of a writ of assistance to enter at any time of day or night and, in case of necessity to break open any door or doors and enter any chest or package in order to search, seize and secure goods liable to forfeiture.

The writ of assistance is a permanent search warrant and a visible proof of an officer's authority to require assistance from the public. According to the police, the document is in-

valuable in less settled parts of the country. When issued by the Exchequer Court it is valid wherever the holder may be sent in Canada. Formerly writs of assistance could be obtained from any superior court in any province, on the request of a senior officer in the district. Since 1927, however, the practice has been to obtain writs of assistance from the Exchequer Court only, and, since 1932, always in favour of Mounted Police officers of the preventive service. The writ of assistance under this amendment will only be issued by the Exchequer Court on the request of the Attorney General of Canada.

Hon. Mr. Euler: What is a writ of assistance?

Hon. Mr. McKeen: It is a permanent search warrant, and authorizes an officer to require assistance from the public.

Hon. Mr. Euler: It authorizes a policeman to request aid from spectators, for instance?

Hon. Mr. McKeen: Yes. With a writ of assistance an officer can ask any person for assistance in order to cope with an offender or offenders against the Act.

Section 5 was agreed to.

On section 6—section repealed:

Hon. Mr. McKeen: This repeals section 156 of the Customs Act. This section provides that every writ of assistance granted before the coming into force of the Act shall remain in force. As the effective date of the Act was 1883, a man would now have to be in his 90's in order to have had a writ issued to him before the Act came into force. All writs which came into force before 1883 will have lapsed through time, so the section is no longer necessary.

Section 6 was agreed to.

Sections 7 and 8 were agreed to.

The preamble and the title were agreed to.

The bill was reported without amendment.

THIRD READING

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

Hon. Mr. McKeen: With leave of the Senate, I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

SECOND READING

Hon. W. H. Taylor moved second reading of Bill X-7, an Act to incorporate the Association of Kinsmen Clubs

He said: Honourable senators will note that this bill is in the usual form of a private

bill seeking an Act of incorporation. The objects of the association are found in section 2 of the bill.

For the information of the house, the Kinsmen organization is a union of service clubs carrying on activities in about 150 centres throughout Canada. The Kinsmen Club is similar to the Rotary Club, the Kiwanis Club and the Lions Club, with the exception that its active membership, consisting only of young men under forty years of age, is confined exclusively to Canada. Because of the growth of the Kinsmen organization throughout Canada, its executive has deemed it necessary to have the clubs incorporated, and the application is now being made in the form of this bill.

As I shall move that this bill be referred to the appropriate committee after it has received second reading, perhaps no further explanation is necessary at this time. When the bill is considered in committee the officers of the association will appear to answer any questions honourable senators may wish to ask.

Hon. Mr. Haig: May I ask whether there is evidence that the 150 clubs have all agreed to this legislation?

Hon. Mr. Taylor: Honourable senators, the only evidence I have of that is the assurance given me by those who are petitioning parliament on behalf of the association. My information is that the officers of the organization are making this application on behalf of the clubs. In any event, the members of the executive will be prepared to answer such questions when the bill is considered in committee.

Hon. Mr. Haig: Did my honourable friend mention the fact that there is an age limit for membership in the Kinsmen Club?

Hon. Mr. Euler: Yes, he said forty years.

Hon. Mr. Taylor: Membership is limited to men under forty years of age.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Taylor: Honourable senators, I move that the bill be referred to the Standing Committee on Miscellaneous Private Bills.

The motion was agreed to.

INCOME TAX BILL

MOTION FOR SECOND READING POSTPONED

On the order:

Second reading, Bill 177, an Act to amend the Income Tax Act.

Hon. Mr. Haig: Honourable members, before second reading is moved, I hasten to

point out that copies of this bill have not yet been distributed.

Hon. Mr. Hugessen: I was about to suggest that this order be discharged and be placed on the order paper for Thursday next. I should perhaps inform the house that the honourable senator from Toronto (Hon. Mr. Hayden), who is expected to explain this bill, will not be in the house before Thursday. I hope that by then the bill will have been printed and distributed.

Hon. Mr. Haig: I hope that the bill will be in our hands well before Thursday. As I said on a previous occasion, I have read the bill and found it very complicated.

Hon. Mr. Hugessen: Does my friend refer to the bill in its original form, or as passed in another place?

Hon. Mr. Haig: I read the bill in its original form, and I also read the debate which took place in the other house, but I still do not understand what the bill is all about.

Hon. Mr. Crerar: I gather that the measure is now more complicated than it was in its original form.

Hon. Mr. Haig: From a reading of the debates of the other place, I believe that is so, for the bill has been amended considerably. Certainly it should be in our hands in its amended form in time to be examined before Thursday.

Hon. Mr. Hugessen: I quite agree with the honourable leader opposite. I too read the debate in the other place, and noted that there were a number of technical amendments moved. If copies of the bill are not available well before Thursday, the motion for second reading can again be postponed.

The order stands.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from Wednesday, May 17, the adjourned debate on the motion of Hon. Mr. Euler:

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. Thomas Reid: Honourable senators, in rising to take part in this debate, I first wish to compliment the honourable senator from Waterloo (Hon. Mr. Euler) for moving

this important resolution, and thus affording an opportunity to discuss the proposed setting up of a federal union from amongst the free democratic countries which sponsored and signed the North Atlantic Treaty. Whilst I am personally in agreement with the object of the proposal—namely a federal union of western nations—I trust that it may receive the support of all honourable senators, even though some may think that it is somewhat too idealistic and perhaps premature. If, however, the resolution reaches the stage where amendments are being proposed, I should like to see it altered to the effect that Canada, and not the United States of America, approve the calling of such a conference, I shall now proceed to give my reasons for such a change.

I am one of those who believe, from information gleaned from various quarters, that the free democratic countries in Europe today have more confidence in Canada than they have in the United States. It matters little how powerful a nation may be, the confidence of other nations is an important factor.

I am sure honourable senators will agree that Great Britain never would have held world leadership for so long a time, but for the fact that most of the nations of the world had confidence in her leadership.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Reid: My own belief is that in the minds of many of the nations of the world today the United States does not enjoy the same position that Great Britain held for so many years. Reports coming from Europe and from delegations which have visited the continent seem to be enthusiastic about how well suggestions made by Canada have been received. I feel strongly that if the suggestion proposed by this resolution were made by Canada instead of by the United States it would be received with great favour.

Some honourable senators may not have read the recent newspaper article about the part Canada is playing in support of the twelve-nation treaty to fight communism tooth and nail through a continuing council of deputies meeting in London. I shall not read the whole article; I believe the salient points are these:

Canada's participation, even though on an informal basis, was hailed by government spokesmen here as of even greater importance than her military commitments under the North Atlantic Treaty. The military commitments were restricted to a mutual assistance agreement in the event of any one of the member nations being attacked.

This country's military contribution—

That is, Canada's contribution.

—would be no more and no less, comparatively, than the contribution made by any other nation under the North Atlantic Treaty.

The writer adds, without giving the name, that the source of his statement is a member of the Cabinet.

I think most honourable senators will agree that when one looks over the international scene it is evident that the Canadian nation holds a high place in the minds and hearts of many countries of the world.

I do not intend to speak at length about the North Atlantic pact, but it is worth while to point out that, although essentially its significance is military there are indications of something more than military preparation—important though that may be—against an aggressor. Basically the purpose of the treaty is the promotion of security; but it was felt that in the long run military measures would not be sufficient to resist a fanatical faith which promises a social and economic millennium; and therefore, that the parties to the treaty should assist one another to improve social and economic conditions in the North Atlantic area. During the negotiations leading to the treaty, the Canadian Government pressed strongly for the inclusion of provisions for this purpose. This objective is covered by Article II, which provides that the parties "will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions." Hence I say, honourable senators, that the resolution proposed by the honourable senator from Waterloo (Hon. Mr. Euler) is a step in the right direction, and not, as some seem to think, premature.

The idea of federal union is not a new one. For many years there have been those who, owing to the division of the world into two distinct camps and the threat of the Soviet Union, have advocated a union of the free democracies in order that we may protect ourselves. If this should have no other result than to lower the tariffs which have prevented people in some countries from freely receiving goods from others, it would be a blessing to mankind. It is a well known fact, and one for which the United States must take some blame, that high tariff barriers were responsible in large measure for the Second World War. From 1930 to 1939 country after country, led by the United States, raised its tariff walls so high that other nations could not procure the goods and the food they needed. For instance, we in Canada, although we had food in plenty, could not sell or ship it to needy countries. Prohibitive duties were imposed on the sale

of our wheat to France and some other countries during the years immediately preceding the last war.

We give a great deal of lip service to our way of life, but I wonder how really willing we are to sacrifice in order to preserve it. In looking up some figures before I came here I was astounded to find that the Canadian people spend annually \$630 million on alcoholic liquors and some \$311 million on tobacco. Yet many people are heard to complain of the size of our defence expenditures. They seem to be unaware of the cloud which threatens to encompass us, the great dangers that we face from the military might of others. In parenthesis let me say to honourable senators who sometimes are critical of the United States that we may thank God that we have close to our doors the vast military might and industrial strength of that country.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: This I say without minimizing in the least the great task which Great Britain undertook and the great burden she carried for well over a hundred years, and whereby in 1939 and 1940 not only Canada but every other country, including Soviet Russia, was saved from destruction by the military might of Germany.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: So, realizing that first things must come first, while we favour the federation which is contemplated in the resolution, we must not overlook the immediate issue which confronts us. That issue has been expressed in plain terms by Stalin, who says that the two systems cannot live side by side. Mr. Robert Hamilton, who, on behalf of the *New York Times*, regularly attends the sessions of the United Nations, tells us that Soviet Russia will probably withdraw from that body after the Geneva Assembly in September passes on the question of the entry of Communist China.

Hon. Mr. Lacasse: Yes—Communist China.

Hon. Mr. Reid: The withdrawal of Russia from the United Nations will be no great loss to that body, because she has contributed nothing to it and has merely used its meetings as a sounding board for Communist propaganda. I use the word "communism" as a convenient term for the system under which the Soviet Union operates, though, as is well known to any student, the Karl Marx brand of communism has never been practised in Soviet Russia: what exists there is government by an oriental group led by Stalin and enforced by the military or by fear of the secret police.

Of recent years Canadians have seen Stalinism advocated not only by agents who have come from abroad, but by hundreds of Canadian citizens who, whether they like to openly admit it or not, are sympathetic to the Soviet system. I believe the greatest harm is done by men who, like the Red Dean, get a quick and carefully planned look at Soviet Russia and come back after a brief visit with astounding fairy tales of what they think they saw there. I think Winston Churchill would have called the Dean "a sheep in sheep's clothing" and those who have kept a small flock, and know how silly some sheep can be, will understand exactly what is meant. This cleric, after a very short trip to Russia, tells us not only some of the things he thought he saw, but makes statements too ridiculous and foolish to be quoted. I trust that I am not giving him undue publicity by mentioning his name in this chamber. He is carrying on under the cloak of a high position in the church, forgetting all about Christ. He declares to the people of this country that "the United States will not stand before the great Soviet Russia; that they will be wiped out."

I remember some of the Japanese who came to Canada before the war telling us that the United States would be a push-over. The Orientals and Stalinists—and do not forget for one moment that Stalin and some of the inner group are really Orientals—do not fully understand our way of thinking or living, and perhaps they are really convinced that the United Nations would be a push-over. We all remember how Charles Lindbergh, after he had accepted the invitation to visit Germany before the last war, returned to America and told his fellow countrymen that no nation could stand up against the military might of Germany. Sometimes I think the ancients had some worth-while practices. Those of you who read Holy Writ will recall how they dealt with false prophets: they were beheaded and that was the end of false prophecy. Sometimes I think we have something to learn from the ancients.

I am going to relate a little anecdote to illustrate just what I know about the sympathetic leanings of some Canadians towards Soviet Russia. Approximately five or six years ago Moscow asked the United States if she would be agreeable to allowing Soviet fishery experts to visit the Fraser river and the newly constructed Hell's Gate Fishways. As this was a matter affecting the International Pacific Salmon Fisheries Commission, the United States officials took the matter up on a high level with the Canadian Government, and eventually the three Canadian commissioners were asked their views as to the visit of these Soviet scientists. When the

letter came to me as a member of the commission, I acknowledged it and said something to this effect, "Why certainly, let the three Russian scientists come along and see everything we have; but let them do so on the condition that they allow three of our fishery experts to visit Russia to see what they are doing in Russia with their fisheries". I could see nothing wrong with that reply. Why should we invite our enemies to observe everything in our land while they place an iron curtain around theirs? When my answer was made public, I received scathing and denunciatory letters from Canadians who accused me of committing every sin under Heaven. They claimed that I wanted to ferment war with Soviet Russia. If these Canadians—born and raised here with all the advantages the best country in the world provides,—could write to me in the strain in which they did on behalf of Russia, I wonder what will happen if the military forces of Soviet Russia ever threaten to land on this great North American continent?

Honourable senators, I take exception to the type of propaganda we read and hear these days in Canada. I do not know how many of us realize how powerfully people are influenced by what they read and hear. Whilst I am not accusing the Canadian press or the CBC of any deliberate wrong doing, I think they should pay more heed to the way they handle news despatches from Soviet Russia. Our newspaper headlines read "Soviet Russia claims the United States is lying", and then we have to look in small print for a denial of this statement. We also hear over the CBC that the Soviet Russia uses strong language in denouncing democratic countries, and so on. I maintain that this kind of propaganda, innocent though it may be—and indeed some are inclined to believe it is not so innocent—is doing a great injury to Canada and to peace because it may fall on fertile ground and take root.

As the honourable senator from Churchill (Hon. Mr. Crerar) pointed out, we are now experiencing a war of ideals, a cold war between Sovietism on the one side and democracy on the other. I think most senators will agree with me that the Christian religion gives man more freedom than does the materialistic-fervoured religion of communism, and the more he forsakes Christianity the more he becomes enslaved. I realize that the more we do for our people the longer we shall be able to stave off the threat of communism, but I hold to the view that we are in danger of losing our greatest bulwark against communism by losing our religious faith. We cannot deny the fact that the fervour of those who believe in Stalinism or communism is generally speaking greater

than our own. I am astounded when I hear so many ministers of the gospel preaching and instilling into the minds and hearts of our people the fear of the atomic bomb. Recently I listened to a lecture by a prominent clergyman, and his whole talk was about what would happen to us when the atomic bomb was let loose. Later he asked me what I thought of his address and I said, "Well, I have been wondering whether you are truly a minister of the Christian gospel and whether you really believe in God." I asked him "Have you no faith at all?" Honourable senators, we must not lose our faith and we must regain some of our lost fervour. I read an article recently which claimed that religion was losing its hold, and that the attendance at churches was failing. But I shall not go into that today.

Honourable senators, I want to mention three different forms of government. The first is nationalistic. Nationalism has made the modern state and aided the subsequent rise of racism, fascism, communism and socialism. This was done by getting men accustomed to sacrificing themselves to their state, wherever it might be. Then there is the totalitarian form of government, such as that of the Soviets; and finally there is the free federation of governments, as proposed in the present resolution.

The honourable senator from Churchill said that in his opinion China was now completely controlled by Soviet Russia. I wish the people of this country would give a little more study and thought to the countries in the Pacific. I sometimes wonder how many of those who speak glibly about these countries have made any real study of what takes place there. It may be true that today the Soviets have a large hand in the communistic government of China; but I claim that if they have we ourselves are partly to blame for it. It is only a few short years since we idolized General Chiang Kai-shek's government, and I well remember his lady being referred to in the House of Commons as "immortal". However, anyone who has ever given even a little study to China knows that in no other country have the rulers been so corrupt and given to graft as were the rulers of China before the upheaval occurred. I know nothing about the character of the new rulers. What I do know is that in the past we shut our eyes to what was taking place in China, and now—like St. Peter, who followed Christ afar off—we are willing to follow the United States.

I wonder how many Canadians realize the actual conditions in China and have asked themselves whether, if the terrible conditions there were to continue forever, a few of the

rich on top were to be allowed for all time to grind down the millions of poor people. We paid no attention at all to the realities of life in that country; we backed up one regime; and so today we wonder what our relations will be with the group that has now taken charge. Is it surprising that that group has turned for help to Soviet Russia and is getting it?

From my knowledge of the Orient, I say that we are faced with a great future danger. It is true that General MacArthur is building up the Japanese nation. But what is this being done for? It is well known that the purpose of building up Japan into a great military power, is to form a bulwark when the time comes for Soviet Russia to take on the Orient. And from what I know of Orientals, I express the belief—which will be down in print—that on whatever side Japan will fight, China will be on the opposite side. There is such bitter enmity and hatred between the two nations that I cannot ever picture them fighting together as allies. I doubt also if Moscow could or ever will control the Chinese.

I am making these remarks in the hope that they will help arouse a greater interest on the part of Canadians in affairs of the East. I trust that in laying down our future policy we shall not blindly follow the moves of any country, but that instead, in international affairs, Canada will give some leadership where needed. I believe that the great esteem in which Canada is held abroad will enable this country to be a powerful factor in the progress towards peace.

Honourable senators, I had not expected to speak so long. I am in favour of the resolution, but I should like to see Canada itself, rather than the United States, making a move to induce other free nations to join a federation. That suggestion, of course, has nothing at all to do with the principle of the resolution before us. I realize how tremendously difficult it will be to put such a proposal into effect. There are, for instance, difficulties as to tariffs and trade; but at every international trade conference on these subjects, Canada has shown able leadership and used her influence towards the reduction of tariff barriers, an example which I am sorry to say has not been followed by any other country, particularly the United States.

In closing, I wish to utter a warning to our people. Let us never for one moment forget Stalin's statement that the two economic systems of the present day cannot live side by side, and so let us not be sidetracked from preparing for any onslaught, for remember Russia is building up a huge war machine,

more powerful than even Germany ever had. Finally, ask yourselves this question: What for?

Hon. P. R. DuTremblay: Honourable senators, I should like to say just a few words about this interesting resolution. After having listened to the various senators who have taken part in the discussion, I think that the proposal before us is more or less academic, and in my opinion it would not be a practical one for Canada to adopt. The resolution is idealistic and has been endorsed by all who have so far spoken upon it, but it asks us to approve a departure from what has been the policy of this country ever since, I should say, the war of 1812 between Britain and the United States.

The resolution certainly favours a departure from the policy followed for some twenty-five years by Mr. King, the former Prime Minister of this country. Under that policy, which was accepted by the people of Canada, we were free of any embarrassing obligations to any other country. In fact, in different election campaigns the Liberal party declared that we were not even obliged to go to the support of another member of the British Commonwealth of Nations; that each member of the Commonwealth was free to choose for itself whether it would or would not take part in any war. To preserve freedom of choice in this matter was one of the reasons why we took part in the last war.

But what is now being proposed by this resolution which has been so ably sponsored and supported here? It is proposed that Canada send delegates to meet with delegates from the various democracies that form what we call the Atlantic Union, and that the delegates be empowered to draft plans for a federation. I wish to remind honourable senators that if Canada joins a federation such as is proposed here she will have to make some sacrifices of her sovereignty, and our people will have to give up some of the rights which they, as Canadians, now possess. For example, if one of the other countries should become embroiled in war, Canada would at the very least be required to pay large sums of money towards defraying the cost of the war. I submit that we must not become partners with any other country in this way, for to do so would be contrary to the policy that has always been followed in Canada.

There is another reason against becoming a member of such an international federation, and this reason is more important for Canada, perhaps, than for any other country. It would not be possible, I believe, for all these countries with their different customs,

religions and races, to join together in such a peaceful and contented union as we have in this country. We are happy here now. Let us be content to leave well enough alone. Let us be determined to stay free of international obligations such as would arise under the proposed federation.

I must say that I was somewhat concerned the other day when I read that at the meeting of foreign ministers in London the members obligated themselves to an understanding—what it was I do not exactly know—that a committee would be appointed to decide the part the countries will play in order to protect themselves against the war which may come. I take it that we may have to pay our share of the cost without being consulted in the proper way. I question whether Canada will enjoy her full rights if she adheres to a policy of this kind. The policy propounded by Canada, especially by the Liberal party, has always been one of freedom of association with other countries, and the adoption of this resolution by parliament would be a departure from that policy.

When the results of the meeting now taking place in England are placed before parliament for confirmation, I trust that parliament will scrutinize well the extent to which Canada is being engaged by these negotiations, and will see to it that her freedom of choice and future action are properly protected.

I congratulate those honourable members who have spoken so well on this resolution,

but I regret that the proposal is not one which I think should be embraced by Canada.

Hon. Mr. Haig: May I ask the honourable gentleman a question? As Canada is now a member of the Atlantic Union, what difference will a conference such as the resolution suggests make to our present position? If, for instance, the member countries go to war with Russia, Canada will of course have to take her part and pay her share. How are we going to get out of that position?

Hon. Mr. DuTremblay: I have always understood that this country would be left free to choose the course which it would follow.

Hon. Mr. Quinn: My friend knows what happened to the United States after Pearl Harbour.

Hon. Mr. DuTremblay: Well, that is an old story.

Hon. Mr. Quinn: The Americans were in the war whether they liked it or not.

Hon. Mr. DuTremblay: That is another question. I say that before we are engaged in another conflict parliament should be consulted and the Canadian people should know exactly where they stand.

On motion of Hon. Mr. Hugessen, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, May 24, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

RAILWAY BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill 181, an Act to amend the Railway Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 17, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Hugessen: With leave of the Senate, I move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Ross, for the Chairman of the Standing Committee on Divorce (Hon. Mr. Aseltine) moved the second readings of the following bills:

Bill Y-7, an Act for the relief of Katherine Madge Samworth Monty.

Bill Z-7, an Act for the relief of Clara Rosen Freedman.

Bill A-8, an Act for the relief of Frances Berman Mellor, otherwise known as Sharie Sinclair.

Bill B-8, an Act for the relief of Rodolphe Durand.

Bill C-8, an Act for the relief of Helen Leck Karaszi.

Bill D-8, an Act for the relief of Sadie Chernin Petruska, otherwise known as Sadie Chernin Prince.

Bill E-8, an Act for the relief of Audrey Phyllis Angela Blom Rochfort.

Bill F-8, an Act for the relief of Patricia Ruth Segall Wener.

Bill G-8, an Act for the relief of Sophie Piatkowski Demyk.

Bill H-8, an Act for the relief of Hilda Brooks Nangreaves.

Bill I-8, an Act for the relief of Zemelia Katrina Ayoub MacDonald.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Acting Speaker: When shall these bills be read the third time?

Hon. Mr. Ross: With leave of the Senate, I move that these bills be read a third time now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

ELECTRICAL AND PHOTOMETRIC UNITS BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading of Bill S-2, an Act respecting the Units of Electrical and Photometric Measure.

Hon. Mr. Robertson: I would ask that this order and the next three orders stand.

Hon. Mr. Haig: Do you expect to deal with these bills pretty soon?

Hon. Mr. Robertson: I shall proceed with them when they are distributed.

The Order stands.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler.

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic Treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. A. K. Hugessen: Honourable senators, I think we all have good reason to congratulate the honourable member from Waterloo (Hon. Mr. Euler) for the service that he has rendered by placing this resolution before us for discussion. It raises very wide questions, but I believe we are all agreed that they are timely questions and questions which this generation will be called upon to decide. I think also that the honourable senator deserves our thanks for the response which his resolution has evoked in the excellent speeches that have been made, particularly by the honourable senators from Churchill (Hon. Mr. Crerar), De Salaberry (Hon. Mr. Gouin)

and New Westminister (Hon. Mr. Reid). These gentlemen have dealt very largely with the present international situation as it relates to the resolution, but I do not intend to follow them far along that line of thought.

Upon that branch of the subject I shall content myself for the moment with saying that for compelling reasons we are all of us groping for a means of strengthening the bonds between the democratic countries of the world, and more particularly between the countries which are parties to the Atlantic Union.

Now may I deal for a few moments with some of the historical trends which have brought this about and have made this resolution one of actuality? The resolution talks about federal union. Well, in only a little over a month from now it will be eighty-three years since Canada achieved federal union. That was an achievement which in its time was a very great one, the bringing together of a number of disparate and widely scattered settlements that constituted the Canada of that day. I should like honourable senators to engage with me, if they will, in a little exercise of the imagination. Let us suppose that one of the Fathers of Confederation were to come back to this world today. What would appear to him to be the principal changes that have taken place in the world in the intervening eighty-three years? I think the first thing that this personage would say is that the countries of the world have become very much more closely bound together, and, in fact that the world has become a much smaller place than it was in 1867. That has come about through the railroad, the automobile and more particularly, of course, the aeroplane, in the field of actual physical means of communication.

When I was a boy my favourite author was that great French writer Jules Verne, whose books of scientific adventure for the young were translated into every European language; and of all his works I liked best the one entitled *Around the World in Eighty Days*. That book was written not more than seventy-five years ago. It told the story of an Englishman, one Phileas Fogg, who one day in his London club made a bet that he would travel around the world in eighty days. The book goes on to tell how he did that, accompanied by his faithful French servant, Passepartout, and it recounts all the extraordinary adventures through which they went in the course of accomplishing that feat—and a great feat it was, not more than seventy-five years ago—of going around the world in eighty days.

But today, honourable senators, one can go around the world in eighty hours. In fact, I think it is only fair to say that between the time of Confederation and today—that is, within the lifetime of one generation—the means of communication have advanced more than in the whole previous history of mankind. And facilities of communication are of course not confined to actual physical travel. There is communication by ear and communication by eye. Today an important speech made by a statesman in one country is heard around the world as the very words proceed from the mouth of the orator. We have in the movies a means of seeing what has taken place in other parts of the world. Indeed, the science of television is only in its infancy, and I do not think it would be rash to predict that before many years have gone by people in all parts of the world will be able not only to hear, but actually to see, things that go on in far-distant lands. That, I think, would be the first great change which the Father of Confederation would observe.

The second great change he would notice would be that the world has become more interdependent economically than it ever was before. The progress here is perhaps not as startling as in the field of communications, but it is great enough in all conscience. Consider the Canada of 1867, which was largely a series of small, rural, self-contained communities, with its trade, whatever it had, confined very largely to Great Britain on the one side and the United States on the other, and compare that condition with the conditions which exist in the Canada of today. I point to a very humble example: the Father of Confederation would never have had on his breakfast table a glass of fruit juice; yet today fruit juice, whether it comes from Florida or California, the West Indies or Palestine, is almost a necessity on our breakfast tables.

Let us look at some of the great international industries which have grown up in the past few years. There comes to my mind the aluminum industry, the raw material for which is mined in British Guiana, brought by ship to the mouth of the Saguenay, in Quebec, where, by the application of a tremendous amount of electrical energy, it is converted into aluminum sheets, and from there is sent to different countries of the world to be finally manufactured into the ultimate product for the use of the consumer.

The third advance that he would observe would be the growth of nations, and the concurrent growth of nationalism or national spirit. The past century has seen the birth of a number of great nations, composed

largely of what originally were small territorial units. Remember that 1867 was only two years after the close of the American Civil War, which finally determined that the United States would be one country instead of two; and three years were yet to pass before the German Empire was formed in 1870, as a result of the Franco-Prussian war. The same process of unification is true of the kingdom of Italy. Even our own country Canada, which was formed in 1867, has in the intervening years made great progress towards national status.

With the growth of nations in the past seventy or eighty years there has come also the growth of the spirit of nationalism or, if you wish to call it so, the consciousness of national identity, a feeling which sometimes takes almost exaggerated forms, but which has become and is one of the strongest forces of our time. Let me give you an example. Nationalism is the only force in eastern Europe which has so far shown itself capable of standing up against and repelling the strangling yoke of Soviet communism. I refer, of course, to the Yugoslavia of Marshal Tito.

To summarize, the Father of Confederation would find today, firstly, that the world is much smaller; secondly, that it is much more interdependent; and thirdly, that there has been a great development of nations and of nationalism, or national spirit.

Leaving aside his first two observations for a few moments, and considering nationalism, it is apparent that here we run into difficulty when we begin to talk about a federal union of more than one nation. I think we are all agreed that a federal union will meet its great obstacle in the spirit of nationalism, which is in the world today. The question today is: Can the proud, self-reliant national units which constitute the nations of the Atlantic Pact bring themselves to surrender enough of their national sovereignty to a new superior body to make a federal union possible? That, I say, is a formidable difficulty, and it is one that has been referred to by honourable senators who have preceded me in this debate. I suppose the basic question really is this: Will the human mind stop at nationalism, or on the other hand, will it be able to bring itself to embrace a wider concept, that of which Tennyson spoke when he talked about the parliament of man, the federation of the world? That is the question which we shall have to ponder very seriously when considering this resolution.

Speaking in a historical sense, I wish to say first that nationalism in its present form is a more or less modern concept, dating

from a period not earlier than 100 or 150 years ago. Until the end of the eighteenth century the loyalty of the average man was bounded by a very much narrower concept than that of his nationality: he was loyal to his parish, his village, his town or his province. I repeat, nationalism is a fairly modern concept.

When we go back still further in human history we find that in the past there have been great movements of the minds of men which have completely transcended and ignored local boundaries or questions of race or nation. Let us take for instance the field of religion. In the Middle Ages, before the Reformation, the whole Christian church of western Europe acknowledged the supremacy of the Pope, worshipped at one altar and submitted to one religious discipline; and, with that unity, what prodigies mankind performed in those days! Let us think back to the Crusades of the twelfth and thirteenth centuries, when hundreds of thousands of men from western Europe, of all nations and all-tongues, made the pilgrimage to the Near East for that one purpose which they at that time considered supremely important—the re-conquering for Christianity of the home of the Redeemer of mankind. That surely was a prodigious example of unity of the human spirit. Yes, honourable senators, and if one travels in the Near East today and visits Cyprus, Syria or Palestine, one will still see the remains of the tremendous fortresses which the Crusaders built to protect the lands which they had recovered from the Emperor Saladin and the infidel Turk.

To go even further back into human history, this time in the field of government: between fifteen hundred and two thousand years ago the whole of the civilized world was subject to one law and one system of public administration under the Roman Empire. The writ of that empire ran from the Euphrates on the east to the far confines of Portugal on the west, and from Libya on the south to the marches of Northumberland on the north. That, again, was a great example of the sort of union that mankind can at times achieve. Yes: and the remains of the Roman system still exist and form part of our very thought and our very being. Every great system of law by which the countries of the world are governed today has in greater or smaller degree its origin in the law of Rome.

Honourable senators who have travelled in Europe will recall that scattered over that continent there remain many physical signs of the greatness of Rome. I am not speaking particularly of those, like the Coliseum at Rome, which are well known; I am thinking

of my own experience, travelling across the border between Scotland and England, and seeing the remains of the great wall which the Romans built along that border in order to keep the savage Picts and Scots from the more prosperous country to the south. There have been many occasions since that time when Englishmen have devoutly wished that that wall had become a permanent feature of the landscape!

I remember seeing in a small provincial town in Anjou, in southwestern France, a medium-sized stone arena which the Romans built two thousand years ago for the holding of their circuses and the presentation of their plays, an arena which is still used from time to time for the holding of circuses and the production of plays.

I begin to hear some honourable senators say to themselves, "That is all very well, but what has the Roman Empire to do with the resolution we are discussing this afternoon?" I suggest that it has this much to do with it. Fifteen hundred years ago the whole of the known civilized world was united under one administration, one rule of law,—federal union, if you like to call it that; and what I am trying to point out is that what the human brain has once achieved it can, should the necessity arise, achieve again. I repeat, "should the necessity arise".

That brings me to the consideration of the next point that I want to discuss. Is something in the nature of federal union now necessary? Has the necessity arisen?

In my view, honourable senators, we are being forced into some closer integration of civilized nations, some more effective means of co-operation between the nations of the western world, whether it be what is called federal union, or some other method or system.

As I said a few moments ago, the world is becoming more and more interdependent. That is the inevitable result of the prodigious advance of science and invention in the last few generations. And that advance is still continuing; I think it is true to say that it is accelerating. Surely the trouble in which we find ourselves is this, that man's rapidly expanding mastery over nature has left his political institutions far behind. In scientific progress and machinery we are in the middle of the twentieth century; in respect of political machinery we are still at the end of the nineteenth century. Let me give an example—a rather striking one—of what I mean. I refer to that grim pastime in which throughout the ages mankind has been wont to indulge: the making of war. Consider the developments of the last few years in the

necessities of war. Until comparatively recently, until a time well within the memory of every honourable senator within the sound of my voice, every nation, even a nation of comparatively moderate size, was able to maintain and equip its own army largely out of its own resources. That state of things has changed radically within the last twenty-five or thirty years. Today only a few of the greatest nations have sufficient means and resources to maintain adequate forces in all the branches of the armed services. The reason is plain: recent scientific developments have been too overwhelming. Reflect, for instance, on the position of a nation that wishes to establish and maintain a modern air force: think of the vast amounts of industrial equipment, the resources of skill and of science which are needed if it is to be kept in a reasonable state of efficiency. Or take an even more recent example: it is well known that there are only two nations, or, let us say, two groups of nations in the world which have sufficient resources to manufacture the atomic bomb.

These things have become self-evident. Small and medium nations are impotent to act alone. Yet on the political level the whole governmental machinery of the western world is still based on the theory that each nation has a largely self-sufficient military force. That theory is no longer valid: indeed we are seeing today many attempts by the western nations to create new machinery, to build new forms for the purpose of trying to bridge the gap which separates our political systems of yesterday from the scientific realities of today.

This resolution has reference to the nations who are parties to the Atlantic Treaty, and the purpose which I have been talking about was the reason for this treaty. It is also the reason for the new parliament of Europe, which met for the first time last autumn at Strasbourg, in which Mr. Winston Churchill took such a prominent part; likewise it is the reason for the Council of European Economic Co-operation and all the other agencies which mankind is endeavouring to create to bridge the gap I mentioned; and, indeed, it is responsible for the proposal made last week by the government of France to integrate its coal, steel and iron industries with the coal, steel and iron industries of Germany and the rest of Western Europe. I am pleased that the honourable gentleman from Churchill (Hon. Mr. Crerar) referred in such enthusiastic terms to that offer, because in my view it is one of the most promising signs that has come out of Europe for many months. In the text of what I am talking about, just consider what that offer means. If these industries in Western Europe are

really integrated, it will render the economic boundaries between those countries—and I venture to say even the political boundaries—largely meaningless. Those boundaries will have lost their purpose and their meaning.

Surely the question that faces us in considering this resolution is this. How far and in what directions will the western democracies have to go to bring their political institutions into harmony with the international realities of today? Federal union may be the answer; I do not know. But this I will say: by the inexorable pressure of events we shall be forced into new forms and new systems of international and perhaps of super-national action.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hugessen: Honourable senators, again I say that the honourable member from Waterloo has rendered a great service by introducing this resolution for discussion, so that this parliament and this nation may ponder over the questions which will inevitably face us before many more years have gone by.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Horner, the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, May 25, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. Mr. King) in the Chair.

Prayers and routine proceedings.

CUSTOMS TARIFF BILL

REPORT OF COMMITTEE

Hon. W. H. McGuire, for the Chairman of the Standing Committee on Banking and Commerce (Hon. Mr. Farris) presented the report of the committee on Bill 210, an Act to amend the Customs Tariff.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 22, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Acting Speaker: When shall this bill be read the third time?

Hon. Mr. McGuire: With consent of the Senate, now.

The motion was agreed to, and the bill was read the third time and passed.

HOUSE OF COMMONS REFORM

MOTION

Hon. G. H. Ross moved:

That it is expedient to appoint a joint committee of the Senate and the House of Commons to study suggested changes affecting the House of Commons, including the better functioning of the House of Commons in our parliamentary system, with a view to formulating proposals to be presented to the government for discussion at the forthcoming Dominion-Provincial Constitutional Conference; such committee to have power to call for persons, papers and records; to sit while the house is sitting, and to report from time to time; and that a message be sent to the House of Commons requesting that house to unite with the Senate for the above purpose and to select, if the House of Commons deems it advisable, some of its members to act on the proposed joint committee.

He said: Honourable senators, the Fathers of Confederation gave very careful consideration to the make-up of the Senate. In the fourteen-day discussion of the details of confederation, six full days, or nearly 50 per cent of the time, was devoted to the constitution of the Senate. The Fathers of Confederation insisted upon creating a Senate whose first duty should be to preserve provincial rights and interests. They insisted upon a Senate which would zealously protect the rights of minorities, particularly racial and religious rights. They insisted upon a Senate that would be a sort of court of review, a Senate

that would be less dependent on the fancies of the electors than is the House of Commons. They insisted upon a Senate which would represent the important principle of democracy, that despite the will of the majority justice must prevail.

In nearly all cases the members of the Senate are persons of wide experience and mature judgment who feel the responsibility of their positions. When I first entered the Senate, fifteen of the senators then in the house had been cabinet ministers in federal governments, thirty-eight had been members of the House of Commons, many had been members of provincial cabinets or had served in provincial legislatures, one had served for six years on the Board of Railway Commissioners, several had represented Canada on different diplomatic missions, and others were outstanding farmers, leaders in industry, and leading professional men.

Some of us are in the evening of life, but I think you will agree with me that without the wisdom which comes from long years of experience, leadership in government might be expected to follow a rather uncertain and perilous course. In times of stress and national emergency, experience can contribute an historical background and ensure sage advice. By all means let us have more younger men in the government, but let us also retain the tempering influence of the older statesmen.

No doubt the Senate has performed well in carrying out the functions for which it was created. Occasionally one hears it criticized, even adversely criticized. But none of its critics can point to a single instance in which it failed to discharge its duty.

On the other hand, in framing the British North America Act, the Fathers of Confederation devoted very little time to the House of Commons. Perhaps this is a reason why some members of that house, particularly members of opposition groups, are so proficient at that great indoor sport known as "playing politics". You have all heard members in the other place making lengthy speeches, directed not so much to the bill before the house as to their constituents back home, with a view to getting votes in the next election. You have all seen them filibustering in order to defeat a bill. You have frequently heard them make speeches containing a clever aphorism, a bit of clever invective, or perhaps indulging in trifling horse-play, in the hope that they will get desired publicity. The press, in seeking news that its readers look for, naturally finds it more often in a smart phrase or in the spectacular than in a serious, sober speech directed to the legislation before the house.

All this campaigning for votes on the floor of the Commons, all this filibustering, all this horse-play takes up much time in the Commons and is of enormous cost to the country.

The House of Commons should be reformed. I hope you will support me in setting up a committee, as such a committee could serve a very useful purpose in bringing about the much needed reform.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I do not intend to speak at length on this matter. I welcome the speech by the mover of the resolution, the honourable gentleman from Calgary (Hon. Mr. Ross), but I am not going to follow his line of argument.

The resolution proposes that a joint committee of both houses be set up for the purpose of seeing if the House of Commons can be made to function more efficiently. But before I deal with what I think should be discussed by the committee, if one is appointed, I wish to remind the house that political life in this country has changed somewhat since about 1920, when we began to have three, and sometimes four or five political parties instead of only two. Those of us who have never sat in the House of Commons cannot speak for that place; but having been a member of the Manitoba house for some seventeen years. I know something of the situation in a provincial legislature. For part of the time during which I sat in the legislature the house was made up of only two parties, and during another period there were five parties. When there were only two parties the sessions used to last about six or seven weeks, but with five parties in the house the sessions ran from twelve to fourteen weeks.

Let me describe briefly the merry-go-round that we had there with four or five parties, for it was exactly the same, on a smaller scale, as what goes on in another place. The government would make a statement. The Liberal opposition would say something about it, then the Conservative opposition would express its view, then the C.C.F. opposition would air its opinion, followed by that of the Labour or Communist opposition, and finally the government would wind up the debate. Anyone who sits in the gallery of the other house can see the same kind of thing going on all the time. The government makes a proposal, the official opposition voices its criticism, followed by that of the C.C.F. and the Social Credit parties; and while this merry-go-round is going on the thing in which the people at large are interested, the improved government of this country, is often lost sight of.

I understand that a resolution was moved the other day in another place proposing that a committee be set up to inquire into and examine the functions of this house. I think I speak for the majority here when I say that such a committee would be most welcome. From a long experience in public life I am convinced that Canada would be delighted to know something of the contribution the Senate has made to the welfare of Canada during the 83 years since confederation.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I listened with a great deal of pleasure to the recent discussion on the resolution proposed in the other place, and I do not in any way criticize the government for voting against it. The government having decided that the resolution constituted a vote of confidence, it is well and good that members supporting the government should vote against it. Nevertheless, I believe that the Senate would welcome such a committee. The resolution now before us should of course be passed, and we should have an opportunity to suggest to the members of the other house what would make for greater efficiency in its operations.

The British parliament found that under a system allowing of unlimited debate it could not function efficiently. The House of Representatives in the United States found that it could not carry on unless debates were limited. True, the Senate in that country has no such restrictions, but it consists of only ninety-six members.

I recognize the high ideals of the leader of the present government and the qualities possessed by the leaders of the official opposition, of the C.C.F. and of the Social Credit parties, and I have no criticism to make of these men personally. Canada would be safe under a government led by any one of them. We may not agree with the policies which some of them advocate, and for that reason might not want to see a government under their leadership; but as far as their capacity, honesty and love of Canada are concerned, I make no criticism whatsoever.

I am strongly of the opinion that the procedure of the House of Commons should be examined, with a view to finding a better and more efficient way of handling the business of this country. The issues before parliament at the present time are broadly those of taxation and expenditures, including expenditures for social services and other related matters.

Let me give an illustration of how time is wasted in the House of Commons. The other day that house spent six hours discussing whether or not the federal government should

contribute to the cost of education in the provinces. This question, which is purely a matter of government policy, could not be decided by debate. Why then, should five or six men on one side of the house make long speeches about it? If, for instance, I propose an investigation into the procedure and functions of the Senate, I see no reason why a half a dozen members who agree with my views should speak at some length about it. I think the members of the House of Commons should limit themselves in some way.

I draw the attention of honourable senators to the language of the motion now before us. It says in part:

... to study suggested constitutional changes affecting the House of Commons, including the better functioning of the House of Commons in our parliamentary system ...

It is to that particular passage that I am now addressing my remarks.

As a member of the Manitoba Legislature, in which there were four or five parties represented—there are four in the House of Commons—I observed how, without reaching any better conclusion as a result, twice as much time as necessary was spent in discussing a subject. That is inevitable.

I could suggest some other topics for discussion with a view to the better functioning of Parliament. Is the system of voting for only one of three or four or five candidates a desirable one? In the present parliament the bad effects are not so evident, but over half the members of the last House of Commons, and a large percentage of the membership of the present one, were elected by minority vote. Take the recent by-election in the Toronto constituency of Broadview: although the successful candidate had a majority of 4,300, he received less than half of the votes cast. Another example is the by-election in Hamilton. The successful candidate—and I am sure all of us, irrespective of politics, are happy that a woman was elected to the other place—obtained only a minority of the total vote. I think parliament might consider whether the election law should be so revised as to make that kind of thing impossible. A change has been made in some countries by means of the single transferable vote. My honourable friend from Blaine Lake (Hon. Mr. Horner) says we cannot get it. It is true that, no matter what party is in power, a government will never initiate legislation for the single transferable vote. Their point of view is that they got in under the old system and they had better hang on to it. Saskatchewan could not be induced to adopt the single transferable vote; a province will only do it when they are in opposition.

Hon. Mr. Euler: Explain that!

Hon. Mr. Haig: I would be inclined to favour proportional representation under certain circumstances. I admit that most people are opposed to it, but it has the merit of providing representation for minorities which otherwise would have no representation at all.

Hon. Mr. Beaubien: Would you not then have more parties?

Hon. Mr. Haig: It would not make any difference to the number of parties. In the House of Commons at the present time four parties are represented, and there are no more in the Legislature of Manitoba, which is elected by proportional representation. Manitoba is a very cosmopolitan province; and as a result of this system representation has been provided for various important elements. I do not say that I am in favour of it, but it should be considered by an independent body; and if members of the Senate were on that committee they would be interested only in seeing that the system of election for the House of Commons was fair to the people of Canada, and would not care a rap which party got the advantage.

One or two other suggestions occur to me. I know it is not deemed good manners for a member of this house to tell the other house how to amend its rules, but it seems to me there should be a limit to the number of speeches; and after a member has spoken several hundred times in a session that limit should be reached. I do not like to name anyone in this connection, but there are three or four members whose speeches, to my knowledge, number close to the seven hundred. With a little addition they could use up all the time of the session. I hardly ever go into the other place but two certain members are holding the floor. It may be right that they should speak so often; possibly they are the most brilliant men in this country; but it seems to me that the other two hundred and sixty members also have some ability, or they would not be where they are, and they should have a chance to express their opinions now and again.

Not long ago there was a filibuster in the other place. A filibuster can be a good thing, but in my opinion, after it has gone on for three months the bill which is being so opposed should pass automatically.

Hon. Mr. Euler: The government can apply closure.

Hon. Mr. Haig: Another change which would be of the nature of reform is that anyone who has ever been a member of the other place should be ineligible forever to become a member of the Senate. This proposal for the "reform of the Senate" is one which all members

of the other place could support. I present it in no spirit of disrespect to honourable members of this house who served in the other place.

Hon. Mr. Crerar: May I ask my honourable friend if he wishes to make this retroactive?

Hon. Mr. Haig: My answer is that I do not believe in retroactive legislation. If members of the other place who have reached the age of sixty-five are to be regarded as eligible for transfer to the Senate, there must be about fifty who are now in this age category. Of course all of them could not be appointed at once; and as time went by more would become eligible. I believe that, irrespective of age, no member of the House of Commons, past or present, should become a member of this chamber. I recommend this suggestion to the serious consideration of the other place.

Hon. Mr. Euler: Not a chance.

Hon. Mr. Haig: I think it would make for greater efficiency in the other house, and I am sure it would not lessen the efficiency of our own. Needless to say I did not come from the House of Commons.

It had occurred to me to name two or three of the members of that body who take up a great deal of time, but our lady member over here (Hon. Mrs. Fallis) shakes her head, and I am prone to follow a woman's advice.

In conclusion, I would remind the government of the day and the various oppositions in the other place that they should remove the beam from their own eye before they take the mote out of the eye of the other fellow.

Some hon. Senators: Hear, hear.

On motion of Hon. Mr. Reid the debate was adjourned.

INCOME TAX BILL

SECOND READING

Hon. Mr. Robertson moved the second reading of Bill 177, an Act to amend the Income Tax Act.

He said: Honourable senators, I have asked the honourable senator from Toronto (Hon. Mr. Hayden) to explain this bill.

Hon. Salter A. Hayden: Honourable senators, to give an explanation of the Income Tax Act itself is difficult enough, but I do not think it is as difficult as the task I am now facing, that of making an explanation of amendments to the general income tax law. In poring over the amendments in the form in which they necessarily occur, I find that the references and cross-references to sections are so numerous that one has to do considerable research in order, first, to relate them to each other, and, having so related them, to understand and appreciate the language that

is used; because a marked feature of our income tax legislation is that its terminology seems to be getting more complicated all the time.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Hayden: Whether in the nature of the case that must be so, is difficult for me to say. In any case, there it is, and we have to face it.

Instead of attempting a section-by-section explanation of the bill, I propose to deal with it under nine or ten different headings covering its more important provisions. The other provisions, which are of a technical nature, are some of them consequential upon amendments made to preceding sections. In some cases provision is made for the purpose of correcting situations that have occurred because of wrong interpretations of some sections of the Act. When this bill is given second reading it will be all-important to refer it to committee, because the only way in which we are going to learn and appreciate just what is intended by these amendments is to have them explained by the proper officials. We should be able to ask them: "Why is it necessary to enact this particular amendment? What are the circumstances which give rise to this amendment? Illustrate by example what you are intending to cover here?" This is the way we handled the bill last year, and we had a verbatim report made in committee which provided us with a useful record of the scope, effect and intention of the proposed amendments. Some of the amendments which have crept into the bill this year are the result of our previous questioning of departmental officials in committee. So I hope that we shall follow the same course in dealing with the amendments in the bill now before us.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Hayden: Having dealt in this general way with the bill, may I now indicate the subjects with which I intend to deal? Honourable senators may have copies of the bill as passed by the House of Commons, but as I had the bill in first-reading form when preparing this explanation, I propose for the sake of convenience to refer to it in that form.

The first subject I wish to discuss is that much maligned and confused item which, in changed form, was introduced last year for the first time—depreciation. When you start to digest this item it seems a bit confusing, but actually the only change which section 8, subsection 1 makes is to substitute the words "immediately before the disposition" for the words "at the end of

the year". This of course does not mean very much in itself, but let me try to enlighten you. The basis for depreciation, so-called, is as follows. If you had an asset with a depreciated value on January 1, 1949, which was your starting point for an asset that could be depreciated in law under the new system of depreciation, then you were entitled to certain rates of depreciation. If subsequently you sold that property for more than the original capital cost, the depreciation or some portion of it could be recaptured. The theory was that during the lifetime of the asset you were allowed depreciation on the basis that the asset was wasting away; but if ultimately you realized the original capital cost, then you did not need the depreciation, and in the year in which you make the sale and gain, the amount of the recapture goes into your income for that year. That was the general law laid down last year, but it was found that with the measuring stick being the value of the depreciated property at the end of the year, the law did not cover such a case as the following. Supposing you had a number of properties of a class entitled to be depreciated. At the end of the year there might be a certain depreciated value in that class, and six months later you might sell one of these assets. In the meantime, however, you might have acquired two or three other assets which were added to this class. Now, as the law was constituted at the end of last year, you did not get any benefit. You were not able to apply the recapture against the increased assets which you had put into the class in the interval. May I just illustrate by a simple example? Supposing the depreciable property, one of a number of properties of this class that you had, was sold for \$50,000 in June of this year. Then let us suppose that at the beginning of this year you had an undepreciated capital cost of \$40,000 in the whole class, and half way through the year you sell one of the assets within the class for \$50,000. Now, under the law the \$10,000 gain would become part of your income and be subject to income tax in that year. Then, if in the first six months of this year you had bought additional assets to a value of \$10,000 in that same class, then under the amended section now proposed you would not give up any part of that gain; in other words you would not have to bring anything additional into your income for the year. The only effect would be that by applying the gain against the additional assets brought in, you would have fully amortized these additional assets at one time. You would not add to your income or pay taxes for the year in respect of this gain.

There was another situation which we discussed last year. Suppose a man has owned and rented a house for a number of years and depreciation is charged. If he then sells the house at a profit, it is unfair that the total amount of his gain should be recaptured because of depreciation charged and that it go into the year's income because, depending on the circumstances in the country, the taxation rate in that particular year might be greater than the rates extending over the period of the years when he was charging off depreciation annually, or in the year in which he sold his property his income might be higher, and this gain added to such income might put him in a higher income bracket.

By another proposed amendment, in those circumstances you may relate back to January 1, 1949, the amount of the gain. Thus, if in 1951 you sell a property at a gain, you will be able to spread the recapture resulting from such gain back over 1951, 1950 and 1949. The period over which the profit may be spread is limited to five years, and in due time it will be possible to spread over that maximum period any gain that was realized in one year through the sale of an asset and the application of the recapture revision.

Hon. Mr. Hugessen: Has it got to be spread evenly over the five years, or will it be permissible to apply larger amounts in one year than in another?

Hon. Mr. Hayden: I think the provision requires an even spread over the years. This year the spread could be over only two years, but in another three years it could be over the maximum period of five years, in five equal instalments.

It will be seen that the proposed amendment in section 8, subsection 1, does not affect the application of depreciation and the recapture provision if the taxpayer is depreciating only one capital asset. In order for a taxpayer to benefit from this proposed amendment he must have a number of depreciable assets in a class. If he has only one asset, which, let us say, he originally purchased for \$50,000, and he has depreciated it down to \$40,000 and sells it for \$60,000, then the lesser of the two amounts is what he is going to take back into his income for the year. In this instance which I have given the lesser of the two amounts would be the difference between the sale price and the original capital cost, or only \$10,000, whereas the difference between the sale price and the depreciated value would be \$20,000. So the taxpayer would have to bring into his income for the year \$10,000, by virtue of the other provision which I have mentioned he would be able to spread that recapture over a period of years. When we

got five years away from 1949 that period would be, as I have pointed out, the maximum one of five years.

Hon. Mr. Haig: Would the honourable gentleman permit a question? There is some misunderstanding about this point, although I do not think there should be. Suppose a man bought a house for \$10,000, which he rented to a tenant. By the end of December 1948 or the 1st of January 1949 he had depreciated it down to \$6,000, and last year took a depreciation of 10 per cent. That would leave the depreciated value at \$5,400. Then he sells it for \$9,000. As I understand it, he pays income tax only on \$600.

Hon. Mr. Hayden: In the instance you have given, of a property that cost \$10,000, with a depreciated value of \$6,000 at the 1st of January 1949 which property was later in the year sold for \$9,000, there would be no recapture.

It will be remembered that last year there was some agitation against having farmers and fishermen made subject to the provisions of this new type of legislation, and finally they were exempted from these provisions. It appears that in the meantime some of them, or apparently enough of them to have influenced the decision in another place, decided that it might be in their interest to have the new method of depreciation applicable to them. So we now have an amendment which allows farmers and fishermen to elect to take the benefit of the new system of depreciation instead of continuing under the old system. The only catch in it is that once they elect to come under the new system they must stay under it permanently and be subject to all the detailed provisions of the new system. In other words, the rates and the recapture provision that are inherent in this new system would, if they elected to come under it, apply to them permanently.

All those proposed changes in relation to depreciation are applicable to the year 1949 and subsequent years.

Another amendment has to do with what are called profit sharing plans. A number of companies have profit sharing plans for their employees, and under each of these plans a percentage of the corporation's profit is paid in every year to a trustee, who operates the plan for the benefit of the employees. The profits are allocated by the trustee to the employees, but an employee may not be entitled to receive his share of the profits so allocated until he has served with the company for a specified number of years. In some cases the minimum is ten years. Under the present Act some difficulty developed, because the trustee was subject to tax on all the money in his hands, and in some cases this

tax might be so heavy as seriously to affect the operation of the plans. Amendments provided in the bill are intended to overcome that difficulty. Paragraph (k) of subsection 2 of section 1 of the bill adds to the list of amounts that must be included in an individual's income:

"amounts allocated to him in the year by a trustee under an employees profit sharing plan as provided by section 71A.

Any sum allocated within a year to an employee, even though not payable to him in that year, must be included as part of the employee's income on which he pays tax for that year. The purpose is to lessen the burden of tax that would otherwise fall upon the moneys in the trustee's hands for that year. As to an employee who actually receives a payment from a profit sharing plan in any year, there is of course no question that he must be taxed on it for that year. In this respect, there is no change. The amendment affects the employee who simply has money allocated to him in a year but is not entitled to receive it until some later time, perhaps some years hence. He will now be required to pay tax on the amount allocated to him for the year in which it is allocated. As I have already said, honourable senators will find a definition of the profit sharing plan in subsection 1 of section 27 of the bill. The new section 71A reads:

In this Act, an "employees profit sharing plan" means an arrangement under which payments computed by reference to his profits from his business are made by an employer to a trustee in trust for the benefit of officers or employees of the employer (whether or not payments are also made to the trustees by the officers or employees) and under which the trustee has, since the commencement of the plan or the end of 1949, whichever is the later, each year allocated either contingently or absolutely to individual officers or employees,

(a) all amounts received by him from the employer, and

(b) all profits from the trust property, . . .

Under those circumstances no tax is payable by the trust on its taxable income for the period during which the trust was covered by the employees' profit sharing plan. The tax falls upon every employee to the extent of the amount allocated to him, whether or not it is paid to him in that year.

As I see this particular section the only catch in it is this: If an employee, to whom moneys were allocated were to quit before he was entitled to have it paid to him, there is no provision under which he may get credit on subsequent taxes for the amount which he has paid on this income which is merely deemed to be income for that year.

Hon. Mr. Lacasse: And he will never receive it?

Hon. Mr. Hayden: As it turns out, he will never receive the money or any credit for the

tax paid. The only explanation I can give is that this is something new, and it does not offer as generous treatment as, for instance, is given for income tax purposes under a pension plan.

This profit sharing arrangement does not touch upon or affect a profit sharing plan that is already part of a pension plan. It may be that in the course of time some progress in this connection will be made. I presume such developments may come about when profit sharing plans are extended, and consequently a larger body of interested persons will be capable of bringing greater pressure to bear in order to support and protect the interests of those affected. In the meantime, this proposal marks a substantial beginning. As this provision in the essence is remedial, I am all for it. My principle is to reach out and grab as fast as you can anything that is remedial, particularly in income tax legislation, and when you have gained a starting point, then to get anything more that you can.

Hon. Mr. Haig: You must belong to a labour union.

Hon. Mr. Hayden: The next subject to which I turn is that of charitable organizations and charitable foundations. As there has been considerable press comment on this feature of the bill, honourable senators may be familiar with it.

Section 57 of the present act deals in a simple way with charitable organizations, and provides that such organizations will, upon conforming with certain conditions, be exempt from taxation. This section of the Act, defines a charitable organization as,

an organization operated exclusively for charitable purposes or an agricultural organization, a board of trade or a chamber of commerce, no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof.

Section 21 of the bill gives a breakdown of the paragraph which I have just read. The first division has to do with agricultural and other organizations. The second division is defined by paragraph (ea) as,

a charitable organization, whether or not incorporated, all the resources of which were devoted to charitable activities carried on by the organization itself and no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof,

Paragraph (eb) of this section defines a further division of the so-called charitable organization, namely a foundation which does not carry on any charitable work, but receives money and accumulates earnings on money which has been paid to it, and which it

disburses for the purpose of supporting a charitable organization. This division of the breakdown is defined as,

a corporation no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof, that has not, since June 1, 1950, acquired control (within the meaning of that expression as used in subsection (1A) of section 27) of any other corporation and that, during the period,

The conditions are:

(i) did not carry on any business,

(ii) had no debts incurred since June 1, 1950, other than obligations arising in respect of salaries, rents and other current operating expenses, and

(iii) made gifts, the aggregate of which is not less than 90 per cent of the corporation's income for the period, to organizations in Canada the incomes of which for the period are exempt from tax under this Part by virtue of paragraph (ea).

To summarize, a charitable organization as defined by paragraph (ea) is an organization which itself carries on charitable work; and, paragraph (eb) defines the type of corporation which carries on no business, has not since June 1, 1950 acquired the control of any company and has contributed at least 90 per cent of its income to charitable work, as defined.

Such a charitable foundation is entitled to tax exemption.

When section 21 was being considered in the House of Commons the question was asked: What happens when a charitable foundation is presented with the controlling shares of an operating company? As a result the amendment, which is now subsection 3 to that section, was added. It provides the exception to the provision that a charitable foundation must not since June 1, 1950, have acquired control of any company. The words "acquired control" do not include a case where a foundation has received a gift of shares which may amount to control of the company. The only catch in the above amendment, as I see it, is that one who makes a gift of the controlling shares of a company should tie to the gift some trust, or understanding, as to the use and disposition of the income. Failure to restrict the income in that way would result in the shares becoming part of the income of the foundation for that year, and therefore the foundation would be under an obligation to distribute them up to 90 per cent of its income; otherwise, the organization would cease to have the character of a foundation. As I see it, failure to attach some qualification in these circumstances as to the use of such shares and the income from such controlling shares of an operating company might have the result of creating a situation whereby a foundation could not hold such shares for more than a year.

By subsection 4, subsection 1 of this section is applicable to 1950 and subsequent years.

There has been expressed in the press some concern as to whether or not community chests and federated charities would be subject to these provisions. The best opinion is that community chests and federated charities are purely agents for charitable organizations which are directly carrying on charitable work. If they are put in the category of agents which collect money and pay it over to charitable organizations who are directly engaged in such services, they are not affected by these provisions.

Section 10 extends somewhat the existing exemptions in respect of charitable gifts. It will be seen that a taxpayer who makes donations to charitable organizations such as I have described, either those that directly carry on charitable works, or those in the nature of foundations, is exempt from taxation to the extent, in the case of a corporation, of 5 per cent of its income for the year; and in the case of an individual, of 10 per cent of his income. An equivalent exemption is provided for in respect of gifts to His Majesty in right of the provinces and Canadian municipalities. If gifts are made to His Majesty in right of Canada, the amount for which exemption is allowed is unlimited. So while exemption relating to gifts to provinces and municipalities is limited to 5 per cent of corporation income and 10 per cent of individual income, one can be as generous as one wants to be toward the federal treasury.

Hon. Mr. Reid: Is there a definition of "provinces"?

Hon. Mr. Hayden: It says: "His Majesty in right of the provinces".

Hon. Mr. Reid: Subparagraphs (i) and (ii) refer particularly to corporations and to individuals.

Hon. Mr. Hayden: A corporation which makes a contribution to a province or a Canadian municipality would receive exemption up to 5 per cent of its income.

The next item I want to deal with is the provision whereby, upon paying a tax of 15 per cent, a company that satisfies the definition of a "private company" under the Act may deal with its undistributed income to the end of the taxation year 1949, so as to provide what is termed under the act "tax-paid undistributed income." I refer now to part IA of the general provision for clearing the accumulated undistributed income of a company known in law, under the definition here, as a private company, for the period to the end of the taxation year 1949. A "private company" is defined in the act as being a

company which has not more than seventy-five shareholders. Section 32 of the bill adds a new section 95A, which is part IA of the bill; and it is provided that such private company, if it elects to proceed hereunder, may clear the undistributed income that it has on hand to the end of the taxation year 1949, into tax-paid undistributed income by paying a 15 per cent tax to the federal treasury.

The second benefit conferred is that, to the extent that such a company accumulates undistributed income subsequent to the end of the taxation year 1949, it may, by paying 15 per cent tax, also clear some portion of that undistributed income; and it does so in this way. Suppose that in 1951 the surplus since 1949 is \$200,000, it may then pay a dividend of \$100,000 and by making an election and remitting this tax of 15 per cent on the balance of such undistributed income, amounting to \$100,000, the company may put such balance less the tax in this select category of tax-paid undistributed income, and by following certain machinery for distribution provided for in the bill, no further tax will be payable either by the company or the recipients of the tax-paid undistributed income on such distribution.

These are the two general ways in which undistributed income is dealt with. Early in the war years, as a result of the report of the Ives Commission, a similar system was instituted with some small differences in the mechanics. By paying a tax which varied with the amounts payable to the shareholders, private companies were permitted to clear out their undistributed income to the end of 1939. The provision now under consideration brings this practice up to date, lays a pattern for the future, and looks like very generous treatment. But while Part IA prescribes how the payment of the 15 per cent tax may be made, it does not explain what happens when it is paid. If, however, you follow through the mechanics of the bill you will find that, upon payment of the tax, a number of methods are available whereby you can take out that undistributed income which then acquires the quality or character of tax-paid undistributed income. On a winding-up one can take it out without payment of any further tax. Or it can be taken out by means of a stock dividend. Or one can create redeemable preference shares and subsequently redeem those shares, and in that way take out the money which has acquired this tax-paid character. But one cannot pay it out in cash: if it is so paid it is regarded as a dividend and has all the characteristics of a dividend, including that of income, and is subject to tax.

Hon. Mr. Euler: Does that apply to a stock dividend?

Hon. Mr. Hayden: No, a stock dividend is one of the methods you can employ to take out such tax-paid undistributed income.

If on a winding-up you distribute any undistributed income you are deemed to receive a dividend under certain circumstances; and by subsection 2 of new section 73 of the Act you are also deemed to have received a dividend if you redeem or acquire any common shares at a time when a corporation has undistributed income on hand, or if you convert any of the common shares into shares other than common shares. Also, by subsection 6, if a corporation has paid a stock dividend the shareholders shall be deemed to have received a dividend, and, by virtue of the application of the general law of income tax, you will have received something which is taxable. Reverting to subsection 4:

Where a dividend is under this section deemed to have been received by a taxpayer in a taxation year, the amount thereof to be included in computing the taxpayer's income for the year is the amount of the dividend minus the taxpayer's portion of the payer corporation's tax-paid undistributed income as of the time the dividend is deemed to have been received;

These are the things you are deemed to have received as dividends under section 73, in the circumstances there detailed; and when you come to calculate your income for the year you are entitled to deduct your share of the tax-paid undistributed income of the corporation in respect of the shareholding you have. It is in this way that you get the benefit of the 15 per cent provision which has been so widely heralded, and which, indeed, is useful and beneficial and marks a very generous attitude on the part of the government and its financial advisers: one, too, which can be justified in any event, I believe, on a basis of common sense.

Hon. Mr. Euler: Is it possible for shareholders to escape paying taxes on stock dividends?

Hon. Mr. Hayden: Well, last year we incorporated into our laws a provision which would provide generally for the right to take 10 per cent on the dividends received. That is, if I received dividends of \$10,000 from Canadian companies I could take 10 per cent of that from my tax, which would otherwise be payable. It looked as though one regulation would run headlong into the other here, and I suppose it was resolved—and I am only speculating now—that a method or vehicle would have to be found to get the tax-paid undistributed income out of the company and

to the shareholders, other than by the direct method of paying it out in cash by way of an ordinary dividend.

Hon. Mr. McKeen: If a company has a \$200,000 earned surplus and pays the tax on that surplus, putting it into capital, can the company then cause a reduction of capital and return the money to the shareholders as a return of capital, without this money being deemed income and being taxable as such?

Hon. Mr. Hayden: That is perfectly all right. The result is the same whether you do it by reduction of capital or by the so-called redemption of preferred shares, or by the winding-up or by stock dividends. You are taking out of the company, the tax-paid undistributed income, in a way which is permitted under this section 73.

May I just say generally what happens in the mechanics of carrying this into operation? When you elect to take the benefit of this 15 per cent provision you may estimate your undistributed income at a certain amount and pay the 15 per cent by cheque to the minister. When he gets around to assessing your undistributed income, however, he may determine it as being higher or lower than your own estimate. If his estimate is lower it means that you have overpaid your tax and you are simply given a refund. If his estimate is higher then you may pay the additional amount of 15 per cent tax owing, and you are deemed to have done so right from the time you made your election. If you are not satisfied with the minister's determination of your undistributed income you may still appeal his assessment. If you have estimated your undistributed income for the post-1949 period to be a certain amount and you make your election to pay the tax, and it later develops that your undistributed income was larger than you had calculated it to be, the minister will not send you a bill. What you have accomplished is that you have cleared that portion of your undistributed income up to the amount of tax paid, and in a subsequent year you may, if you wish, take a bite out of the balance owing. You do not have to pay a specified or equal amount of tax each year or equalize the amount of undistributed income in each year on which you pay such tax. Possibly I have spent too much time on this item but I thought it was rather important.

Some Hon. Senators: Hear, hear.

Hon. Mr. Hayden: Honourable senators, under section 11 comes the question of inter-company dividends in certain circumstances. As long as the income tax law has been in force a door has been left wide open for the

disposition of what is called the undistributed income or earned surplus of a company. For instance, one company might make a deal to buy all the shares of a second company, and the second company might have a large undistributed income. Having made that deal and acquired the shares, company No. 1 then causes company No. 2 to pay dividends across to it, and these dividends being inter-company dividends come across without tax. That method has been followed often in the financing of enterprises when companies are in the process of getting together. Now, this door has been closed to some extent by the section that now provides that if after May 10 you acquire the shares of another company or come into control of another company, and you thereafter pass any dividends from that controlled company to your own company, as the parent company, and those dividends are charged against the undistributed income accumulated prior to the date on which you acquired control, then those dividends become income. The cheapest way in which you can acquire them is by paying the 15 per cent tax. As I see it at this date there is this weakness in the legislation from the point of view of the taxpayer. This provision has been in our law for a great many years and it is not a realistic approach to the situation suddenly to say that if you acquire control of a company on or after May 10 you are going to be charged with income tax on the passage of the undistributed surplus that was built up by that acquired company to the parent company. For instance, I know of cases where transactions have been in the process of being developed for a period of six to nine months and the control has not actually been acquired by this date; but as one of the steps in the transaction the shares representing control are in the hands of a trustee. This means in certain circumstances the buyers have a right to acquire control. They have not the control but they have the right to acquire it, and I think there should be some kind of provision to save existing situations. In other words, there should not be an absolute cut-off date. Naturally, if it involves a question of policy it will be a matter for the government to give an expression of opinion on it in committee stage, but I regard it as my duty at this time to call your attention to that phase of it, and the effect it might have on people who have *bona fide* embarked on transactions and committed themselves to purchases on the understanding of what the existing law is.

Hon. Mr. Euler: To provide for the transition period.

Hon. Mr. Hayden: Yes, I think there should be some transition period. For instance, if

a deal has got to the stage where there is a right to acquire control, I think that should not be made subject to the new provisions. Otherwise there might be an imposition of very heavy burdens which were not contemplated by those who in good faith entered into certain transactions. In some cases these burdens might be so heavy as to make transactions entirely unprofitable, and had the parties known of these burdens in advance the deal would never have been made. I suggest that serious thought be given to this in committee.

It gives me pleasure to speak about the next amendment that I am going to mention. The present Act and the old Income War Tax Act gave the minister authority to say to a company at any time, "In my opinion you have accumulated a surplus in excess of your needs, and I direct you to pay out \$x within so many days, or otherwise the amount will be regarded as having been paid out as a dividend and the shareholders will be taxed as though they had received it". Section 9 of the present Act, which gives the minister that authority, also provides a company which can establish certain conditions may be relieved from carrying out direction, if the minister chooses to relieve it. Section 9 of the Act is repealed by section 3 of the bill, and although most of its provisions are re-enacted as new section 73, the part giving the minister that—shall I say—arbitrary power, is not re-enacted. It is gone, I hope for ever.

Another point that I wish to mention is that under the existing law stock dividends, and even stock rights, are regarded as income. Stock dividends were taxable as income in the shareholder's hands, on the basis of the value of the shares, whether at the time there was any undistributed income, in the company or not. But now there is added a provision which makes it clear that stock rights are not taxable as income. And as to stock dividends, the taxpayer will only be regarded as having received something that is capitalized and paid out to him as income if there is an undistributed income in the company at the time the stock dividend is declared. In these circumstances, if the taxpayer has cleared himself by the 15 per cent provision his stock dividend is not regarded as income. So this also is remedial and represents very satisfactory progress.

Hon. Mr. Hugessen: Where is that provided in the bill?

Hon. Mr. Hayden: That is in sections 2 and 28.

I now come to the section which I think has been drafted as a result of the McCool case. Honourable senators, particularly those

of the legal profession, will be familiar with that case, which went from the Exchequer Court to the Supreme Court of Canada. I am a little rusty as to the facts, but my recollection is that a gentleman by the name of McCool incorporated a company, to which he sold timber limits and other assets, and in payment he took the company's notes, on which the company paid interest to him. On its income tax return the company deducted as an expense the interest that it paid on these notes. The deduction was not allowed by the department, and the case was taken to the Exchequer Court, which held that under the present law this interest paid by the company was not interest on borrowed money. On appeal to the Supreme Court of Canada, that decision was affirmed. It sounds almost as reasonable as to say that a woman is not a person. In any event, as the payments by the company were held not to be interest on borrowed money, they were not deductible as an expense and were therefore taxable. Section 5 of the bill is designed to overcome the problem presented by the law as interpreted in the judgment in the McCool case. Whether it does so or not is something that I suppose can be left to the test of time, but if the department presents the amendment on that understanding it will probably be interpreted accordingly and it may not be necessary to have a test in the courts.

Section 43 of the bill defines "death benefits". A death benefit for a taxation year is defined as the amount that the widow or other legal representative of an employee receives in the year upon or after the death of the employee, in recognition of his service to the company. For purposes of taxation the death benefit is subject to an exemption equalling the amount of remuneration that the deceased employee received from his employment for the last ninety days before he died. And to that degree the provision is remedial.

I have nearly finished my explanation. That does not mean I have covered all the proposed amendments. For instance, there are provisions for making easier the proof in court of documents relating to proceedings under the Act. There is also a lowering of the interest rate from 7 to 6 per cent, on gifts on which the donor has failed to pay the tax and on which the donor and the donee are severally liable for payment of the tax. By another amendment the officers, clerks and employees of the Taxation Division of the Department of National Revenue are brought under the provisions of the Civil Service Act. These and other amendments are important, but they can be dealt with more readily in committee than here. I have attempted only a brief reference to the main features of the bill, and as the measure will be examined

in committee I thought it unnecessary to touch upon sections dealing with changes in administration or procedure.

Undoubtedly much more light can be thrown upon the various provisions of the bill. I think we should be very careful to probe into the proposed amendments fully, so that when we are through with the bill we can feel assured that we know all about it and understand why these changes in the law are being made. We should ask in committee why a certain thing is being done. We should ask to have illustrated to us the many ways in which this problem has come up and why it should be dealt with in this or some other way; and once we understand exactly what the problem is, the question will be whether this new legislation should be incorporated into our income tax law. If we are satisfied, we should determine whether the provisions are broad enough, and not too broad, to correct the problem. I think we will then be in a position to exercise our judgment and say whether or not these amendments should be made part of the Act.

Hon. John T. Haig: Honourable senators, I had intended to move the adjournment of the debate, but as there are some delegations waiting to be heard before the committee tomorrow morning, I am going to ask a favour of the house. If the chairman of the committee will consent, I would ask that the delegations which are now here—and I understand there are some from Vancouver—be heard tomorrow, and that further consideration of the bill be adjourned until about Wednesday of next week. I ask this indulgence for the reason that I will be unavoidably absent from Ottawa tomorrow.

As I have said previously, I think the committee should have the departmental officials present tomorrow, and that a shorthand report should be taken of the proceedings. A discussion of this topic is so valuable that the record will be almost a text book, not only for lawyers, but for bankers, accountants, businessmen, and farmers.

I am delighted with the explanation which has been given this afternoon by the honourable senator from Toronto (Hon. Mr. Hayden).

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: And I should like to have time to read and study his remarks. Some of the members of the delegations to which I refer have already been in Ottawa several days, and I have no desire to delay the matter further. I therefore consent to the bill being given second reading today, and I would ask that at the conclusion of the proceedings tomorrow the chairman of the

Standing Committee on Banking and Commerce adjourn hearing until Wednesday of next week.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Wishart McL. Robertson: Honourable senators, before I move that this bill be referred to the Standing Committee on Banking and Commerce, I wish to express my own appreciation, and I am sure that of all honourable members, of the clear and lucid explanation of this complicated bill by the honourable senator from Toronto (Hon. Mr. Hayden).

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: I have frequently had to avail myself of his services to explain intricate legislation. He has always acquitted himself with distinction, and this instance has been no exception.

If honourable members deem it advisable, I would be glad to ask the house for a direction to have a shorthand report made of the committee proceedings, for I have no doubt that the necessary arrangements can be made. If necessary, the committee may later ask for authority in this respect.

Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: If the honourable member from Blaine Lake (Hon. Mr. Horner) will consent, I would ask that the remainder of the business on the order paper stand.

Hon. Mr. Horner: That is satisfactory.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, May 26, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill 7, an Act to incorporate Alberta Natural Gas Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 18, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Hugessen: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Transport and Communications on Bill 9, an Act to incorporate Prairie Transmission Lines Limited.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 18, 1950, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Hugessen: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. W. M. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill M-8, an Act for the relief of Margaret Mary Hamel Whittaker.

Bill N-8, an Act for the relief of Lewis Benjamin Wyman.

Bill O-8, an Act for the relief of Edna Dora Tucker Conley.

Bill P-8, an Act for the relief of Dorothy Marguerite Lester McBride.

Bill Q-8, an Act for the relief of Josephine Rood Trottier.

Bill R-8, an Act for the relief of Margaret Irene Sinden Brown.

Bill S-8, an Act for the relief of Camille Poulin.

Bill T-8, an Act for the relief of Elisa Macdonald Mitchell Brock.

Bill U-8, an Act for the relief of Theodore Levasseur.

Bill V-8, an Act for the relief of Mary Marguerite Harvie Fine.

ADJOURNMENT

On the Orders of the Day:

Hon. Wishart McL. Robertson: For the information of honourable senators, may I say that I am going to ask that when the house adjourns today it stand adjourned until Tuesday next at 3 o'clock. As both the deputy leader (Hon. Mr. Hugessen) and I will be absent on Tuesday, I have asked the honourable senator from Kootenay East (Hon. Mr. King) to lead the house that day.

LIAQUAT ALI KHAN'S VISIT TO CANADA

JOINT MEETING OF SENATE AND HOUSE OF COMMONS

On the Orders of the Day:

Hon. Mr. Robertson: Honourable senators, may I point out that next week we are to have the honour of a visit to the capital of Canada by a very distinguished statesman, in the person of the Honourable Liaquat Ali Khan, Prime Minister of Pakistan. He will arrive from Boston at the Rockcliffe Air Port at 11 a.m. on Tuesday May 30, and will be greeted with a general salute by the guard of honour. At 12.30 he will lay a wreath on the National War Memorial. In the evening he will be entertained by Their Excellencies. At 11 a.m. on Wednesday he will confer with the members of the Cabinet.

I am advised that arrangements have been made with the Speaker of the House of Commons and the Speaker of the Senate for the holding of a joint meeting of both houses of parliament at 3 p.m. on Wednesday, May 31, in order that the Prime Minister of Pakistan may address us, in accordance with the practice followed on the occasion of visits by the Prime Ministers of other Commonwealth countries.

I hope that when the House adjourns on Tuesday it will adjourn until 4.15 on Wednesday afternoon. The procedure will be

for honourable senators to take their places in seats provided for them in the House of Commons chamber before 3 p.m. and be prepared to carry on the sitting of this house when it re-assembles at about 4.15.

On Friday, June 2, the Prime Minister of Pakistan will leave by air for Kingston, where he will be received by the National Conference of Canadian Universities and the members of the National Defence College. The same day he will leave by air for Toronto, and while there will visit the International Trade Fair. Later he will leave Toronto for Niagara Falls where he will stay until he leaves Canadian soil on Saturday afternoon.

ELECTRICAL AND PHOTOMETRIC UNITS BILL

MOTION FOR SECOND READING POSTPONED

On the Order:

Second reading, Bill S-2, an Act respecting the Units of Electrical and Photometric Measure.

Hon. Mr. Robertson: Honourable senators I must again apologize to the house for being unable to proceed with the second reading of this bill. I assure the house that I am familiar with its provisions and am prepared to explain it this afternoon but for a technicality which has arisen. The bill refers to a body called the National Research Council. At the present time this body is sometimes known as the Honorary Advisory Council for Scientific and Industrial Research. By the passage of Bill 179 of the House of Commons statutory recognition will be given to the National Research Council. I am advised by the Law Clerk of the Senate that we cannot legally proceed to consider a body which does not exist in law, and that we must wait until Bill 179 is passed.

I ask, honourable senators, that the order stand until Thursday next.

The order stands.

CRIMINAL CODE AND CANADA EVIDENCE BILL

SECOND READING

Hon. A. K. Hugessen moved second reading of Bill J-8, an Act to bring the Criminal Code and the Canada Evidence Act into force in Newfoundland.

He said: Honourable senators, the purpose of this bill is very clearly expressed in its title. It is in fact a bill to bring the Criminal Code of Canada and the Canada Evidence Act into force in Newfoundland.

Honourable senators will remember that the agreement of union between Canada and

Newfoundland came into effect on March 31, 1949. Subparagraph 2 of paragraph 18 of that agreement provides as follows:

Statutes of the Parliament of Canada in force at the date of Union, or any part thereof, shall come into force in the province of Newfoundland on a day or days to be fixed by Act of the Parliament of Canada or by proclamation of the Governor General in Council issued from time to time . . .

Honourable senators appreciate that at the time of Confederation the criminal law which existed in Newfoundland was, for the most part, based on the criminal laws of England; in fact, under the statutes then in existence the criminal law of England of that particular time, was the criminal law of Newfoundland, except for any special criminal statutes which the Legislature of Newfoundland passed from time to time.

When a new system of criminal law is being introduced into a country, obviously a certain time must be allowed to elapse in order that judges, magistrates, and court officials can familiarize themselves with the new law and new procedure. For that reason a period of about fifteen months has been allowed to elapse between the time of the entry of Newfoundland into confederation and the bringing of the criminal law of Canada into force in the new province.

It is of historical interest that in years past when other provinces became part of Canada similar bills were passed to bring the Criminal Code and the Canada Evidence Act into force in those provinces. For instance, I am advised, that although British Columbia became a part of Canada in 1871, it was not until 1874 that the Criminal Code of Canada came into effect in that province; and it was then brought into effect by a statute very similar to the one we are considering this afternoon.

In the bill before us there is nothing of any great importance other than the general provision which I have referred to, and a provision for one or two transition cases, if I may so call them. For instance, it is provided that any offence committed before this bill comes into effect in Newfoundland, and which has not yet been adjudged, will continue to be an offence and will be adjudged according to the old law of Newfoundland, even though this bill should come into force; and by section 4, a warrant for the arrest of a person issued under the old law which has not been executed or completed before this new law comes into force, will be effective.

That, I think, is a simple and complete explanation of the measure. In view of its relative simplicity, I do not know whether honourable senators feel that the bill should be sent for study to a standing committee. I am quite willing to do whatever the house

wishes. If it is desired to send it to a standing committee, well and good; if not, perhaps it could be given third reading now.

Hon. Mr. Reid: With regard to section 5, is the American Bases Act of 1941 separate and apart from the Newfoundland law?

Hon. Mr. Hugessen: I am sorry I omitted to give an explanation of that section. Section 5 declares:

Nothing in this Act affects the operation of The American Bases Act, 1941, No. 12 of the Acts of Newfoundland, 1941.

That condition exists as a result of a treaty—I believe it is—between Newfoundland and the United States in reference to the bases which the armed forces of the United States possess in Newfoundland, and under which, as I understand it, the United States criminal law applies within the territorial area of those bases. The object of this section is merely to continue the position which exists at the present time as respects the criminal law in force in those particular areas which are leased to the United States.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Acting Speaker: When shall the bill be read the third time?

Hon. Mr. Aseltine: We on this side have no objection to the bill in its present form. I was looking around to see if some honourable senators from Newfoundland were going to speak on the bill. Whether the bill is to be read a third time today is, I suggest, for them to decide.

Hon. Mr. Peitten: I have been informed by the Attorney-General's Department of our province that they have studied the bill in conjunction with the authorities here and that they are entirely in agreement with it.

Hon. Mr. Hugessen: If that be so, I would move third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

ELECTRICITY INSPECTION BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill K-8, an Act to amend the Electricity Inspection Act, 1928.

He said: Honourable senators, the Electricity Inspection Act provides that any meter installed for the purpose of establishing a charge for electricity supplied shall be verified by an inspector. Section 10 of the Act provides that such a meter must be re-verified every six years, or at such lesser periods

as the Governor in Council may determine. There is no provision giving the Governor in Council the power to extend the period for re-verification beyond six years.

In order to re-verify a meter it is necessary to remove it and take it to an inspection point where its accuracy can be determined. This necessitates replacing the meter for a certain time with another meter. During the war it was impossible for various reasons to carry out the re-verification of meters, and an order in council was passed under the War Measures Act suspending the operation of section 10 of the Electricity Inspection Act. Thus, no meters were inspected until the later part of 1945. Naturally there was a large backlog of work, and many meters that were due for re-verification could not be re-verified because of lack of facilities and personnel. Successive orders in council were passed to extend the period for re-verification beyond six years, but in spite of these extensions many meters still have not been verified. It is felt that no further extensions should be given by the Governor in Council without reference to parliament.

In addition to the need for extension caused by the large backlog of work, the Ontario Hydro Electric Commission is undertaking the conversion of all 25 cycle power in southern Ontario to 60 cycle power. This will mean that in many cases it will be necessary to extend the re-verification period for meters in that area. For these reasons it is proposed that section 10 of the Electricity Inspection Act, 1928, be amended in such a way as to allow the Governor in Council to extend the period of six years, within which re-verification must take place.

Sections 1 and 2 of the bill put into effect the provision found in order in council P.C. 3476, made under the Public Service Re-arrangement and Transfer of Duties Act. This order in council transferred the functions mentioned in these two sections from the National Research Council to the Director of Standards.

Sections 5 and 6 are necessary because of a changed method in the collection of inspection fees. Up until now it has been necessary that stamps be affixed to the certificate of inspection in order to prove that the fees have been paid. This practice involves considerable expense in the printing of the stamps, and as present-day practices have eliminated the need for this type of control, these sections 5 and 6 would substitute a receipt for the stamps.

Hon. Mr. Roebuck: Does not the local hydro take care of the inspection and the verification in such cities as Toronto? It is not a federal responsibility is it?

Hon. Mr. Robertson: I am advised that it is the responsibility of the federal administration.

Hon. Mr. Aseltine: This falls in the same category as weights and measures.

Hon. Mr. McKeen: Is it a fast or slow process when these meters go out of order?

Hon. Mr. Robertson: In some instances it is fast.

Hon. Mr. McKeen: Is there any provision whereby a person may call for the inspection of a meter if it has not been tested for six years and he feels that it is working to his disadvantage? I should imagine that when the stamp is affixed to the meter it would show the date of the last inspection, but with just a receipt there would be no way of knowing whether the meter had been tested two years ago or ten. I would ask the honourable leader (Hon. Mr. Robertson) if this bill is going to be referred to committee?

Hon. Mr. Robertson: As this bill involves certain details with which, I am frank to admit, I am not familiar, I intend to move that it be referred to a committee where the officials of the appropriate department will be available to answer questions.

Hon. Mr. McKeen: Then I shall not press my questions.

Hon. Mr. Roebuck: There is no doubt, honourable senators, that this bill should go to committee. To begin with, the principle of the bill is not highly commendable. It proposes to allow longer delays than in the past were thought wise. This may be legislation just to take the place of energy, activity, and attention to duties at hand. It may be that we will want to say to these people that they had better get busy and do their jobs rather than ask us to remove the obligation from their shoulders. That is the way the matter strikes me. I should like to have the opportunity of asking the officials in charge why it is that five years after the war they are pleading the activities of the war as a reason for not doing their work.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

GAS INSPECTION BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill L-8, an Act to amend the Gas Inspection Act.

He said: Honourable senators, what I have said about the principle of the Electricity Inspection Bill also applies to this bill.

The Gas Inspection Act provides for the inspection of gas meters, in the same way that the Electricity Inspection Act provides for the inspection of electric meters. The reasons given for the backlog of work in connection with gas are the same as those given for the backlog of work in the inspection of electric meters. The same orders in council extending the time limit for re-verification beyond six years for electric meters are applicable to gas meters. Because of this large backlog of work the government is asking that the Act be amended to permit the time limit to be extended by order in council, and this would be accomplished by section 1 of this bill.

Section 2 of the bill provides for the issuing of a receipt, instead of the affixing of stamps to the inspection certificate, as evidence of the payment of fees. I intend to move that this bill be referred to committee.

Hon. Mr. Reid: I would ask the honourable leader if this has anything to do with the reform of the House of Commons.

Some Hon. Senators: Oh, oh.

Hon. Mr. Robertson: I would suppose it was within the constitutional powers of the Senate to make certain that such would be the case, and I would leave it to the advocacy of the honourable senator to convince us on that point.

Hon. Mr. Roebuck: Perhaps the padlock law might apply in this instance.

Some Hon. Senators: Oh, oh.

Hon. Mr. Roebuck: My remarks about the Electricity Inspection Bill apply equally to the bill now before us, and which I presume will be sent to committee, where an explanation may be given as to why these people do not do their work.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until Tuesday, May 30, at 3 p.m.

THE SENATE

Tuesday, May 30, 1950

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

Prayers and routine proceedings.

AERONAUTICS BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill J-4, an Act to amend the Aeronautics Act, and to acquaint the Senate that they have passed this bill with two amendments, to which they desire the concurrence of the Senate.

When shall the amendments be taken into consideration?

Hon. Mr. King: Thursday next.

NATIONAL PARKS BILL

COMMONS AMENDMENT

The Hon. the Speaker: Honourable senators a message has been received from the House of Commons to return Bill O-6, an Act to amend the National Parks Act, and to acquaint the Senate that they have passed this bill with an amendment, to which they desire the concurrence of the Senate.

When shall this amendment be taken into consideration?

Hon. Mr. King: Thursday next.

RESEARCH COUNCIL BILL

FIRST READING

A message was received from the House of Commons with Bill 179, an Act to amend the Research Council Act.

The bill was read the first time.

TARIFF BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 236, an Act to amend the Tariff Board Act.

The bill was read the first time.

FOREIGN INSURANCE COMPANIES BILL

FIRST READING

Hon. Mr. King presented Bill W-8, an Act to amend the Foreign Insurance Companies Act, 1932.

The bill was read the first time.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

FIRST READING

Hon. Mr. King presented Bill X-8, an Act to amend the Canadian and British Insurance Companies Act, 1932.

The bill was read the first time.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, moved the second readings of the following bills:

Bill M-8, an Act for the relief of Margaret Mary Hamel Whittaker.

Bill N-8, an Act for the relief of Lewis Benjamin Wyman.

Bill O-8, an Act for the relief of Edna Dora Tucker Conley.

Bill P-8, an Act for the relief of Dorothy Marguerite Lester McBride.

Bill Q-8, an Act for the relief of Josephine Rood Trotter.

Bill R-8, an Act for the relief of Margaret Irene Sinden Brown.

Bill S-8, an Act for the relief of Camille Poulin.

Bill T-8, an Act for the relief of Elisa Macdonald Mitchell Brock.

Bill U-8, an Act for the relief of Theodore Levasseur.

Bill V-8, an Act for the relief of Mary Marguerite Harvie Fine.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: When shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, I move that these bills be now read the third time.

The motion was agreed to, and the bills were read the third time, and passed, on division.

ADJOURNMENT

Hon. Mr. King: Honourable senators, in accordance with the notice given by the leader last week, I move that the Senate do now adjourn, to meet at 4.15 o'clock tomorrow, at the sound of the bell.

It is understood, of course, that prior to meeting here we will meet in the Commons chamber to hear the Prime Minister of Pakistan; and I think that honourable senators should be in their seats there before 3 o'clock.

I should also mention that the Committee on Natural Resources will meet this afternoon, shortly after the house rises.

The Senate adjourned until tomorrow at 4.15 p.m.

THE SENATE

Wednesday, May 31, 1950

The Senate met at 4.30 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary to the Governor General acquainting him that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber tomorrow, Thursday, June 1, at 5.45 p.m., for the purpose of giving the Royal Assent to certain bills.

CRIMINAL CODE BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill 1, an Act to amend the Criminal Code, and to acquaint the Senate that they have passed this bill with two amendments, to which they desire the concurrence of the Senate.

When shall the amendments be taken into consideration?

Hon. Mr. Robertson: Honourable members, it is the practice of this house to delay the consideration of amendments which come to us from the other place until they have been printed in our order paper. In this way honourable senators have an opportunity of studying them. The honourable senator from Toronto (Hon. Mr. Hayden), who explained this bill on the motion for second reading is here today but will be absent from the chamber tomorrow. With leave of the house, I would ask that immediate consideration be given to these amendments. I shall ask the honourable senator from Toronto (Hon. Mr. Hayden) to explain the amendments, and the Government Whip, when the explanation has been made, to move the adjournment of the debate. The item will then stand on our Order Paper, for the convenience of any honourable senator who may wish to discuss the amendments at some future date.

With leave of the Senate, I move that the amendments be now considered.

The motion was agreed to.

The amendments were read by the Clerk Assistant, as follows:

1. Page 3, lines 33 to 36: strike out paragraph (f), subclause (2), clause 9, and insert the following:

"(f) where in his opinion, supported by the evidence of at least one duly qualified medical practitioner, there is reason to believe that the accused

person is mentally ill, order that the accused be remanded in such custody as he directs for observation for a period not exceeding thirty days."

2. Page 7, line 21: strike out the word "May" and insert "July."

Hon. Mr. Robertson: I now ask the honourable senator from Toronto (Hon. Mr. Hayden) to explain these amendments.

Hon. Salter A. Hayden: Honourable senators will recall that on the 21st of March I gave an explanation of this bill to amend the Criminal Code. It was subsequently considered in the other place, and two amendments were made. The first of the two amendments which have just been read deals with the case of an accused person who is before a magistrate charged with the commission of an indictable offence and the magistrate is in a position to proceed with the preliminary hearing. The amendment as passed in this chamber provided that if the magistrate was of opinion that the accused person was suffering from some mental illness, he could adjourn the hearing for thirty days and direct the observation of the accused in that interval. The additional words inserted by the other place are to the effect that the magistrate's opinion must be supported by the evidence of at least one duly qualified medical practitioner. That seems to be a sound, sensible precaution with which to surround the exercise of his power: it is in the interests of the accused and, I suppose, in the interests of the state.

The second amendment merely changes the date of coming in force of the amendments from May 1st to July 1st. The earlier date is now past; in fact the amendments were considered in the other place subsequent to May 1st. To avoid the necessity of giving retrospective effect to this bill, it is proposed that it shall come into force on July 1 next.

Hon. Mr. Roebuck: I am not exactly clear on what is meant here, and perhaps the honourable member from Toronto (Hon. Mr. Hayden) can inform me. Does the magistrate still retain the right to adjourn the hearing for the purpose of having the accused examined by a medical practitioner, who must give his certification before a thirty-day adjournment may be granted?

Hon. Mr. Hayden: If a magistrate were of the opinion that an accused person was mentally ill, he could not, under the proposed amendment, remand the accused for thirty days for observation. He would probably have to remand him for the usual seven days, and during that period one duly qualified medical practitioner would have to be found to support the opinion of the magistrate as to the mental illness of the accused. I take it, too, that the medical practitioner would actually have to go into the witness box in

court to support the opinion of the magistrate. Then the magistrate might remand the accused for thirty days, which would serve as a period of observation to determine whether or not the accused was in fact mentally ill.

On the motion of Hon. Mr. Beaubien, the debate was adjourned.

APPROPRIATION BILL NO. 3

FIRST READING

A message was received from the House of Commons with Bill 251, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1951.

The bill was read the first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, tomorrow.

ELECTRICITY INSPECTION BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill K-8, an Act to amend the Electricity Inspection Act, 1928.

He said: Honourable senators, the committee have in obedience to the order of reference of May 26, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

GAS INSPECTION BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden presented the report of the Standing Committee on Banking and Commerce on Bill L-8, an Act to amend the Gas Inspection Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill L-8, an Act to amend the Gas Inspection Act, have in obedience to the order of reference of May 26, 1950, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: With leave, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

INCOME TAX BILL

REPORT OF COMMITTEE

Hon. J. A. McDonald presented the report of the Standing Committee on Banking and Commerce on Bill 177, an Act to amend the Income Tax Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 177 from the House of Commons, an Act to amend the Income Tax Act, beg leave to report as follows:

Your committee recommend that authority be granted for the printing of 600 copies in English and 200 copies in French of the proceedings of the committee on the said bill, and that Rule 100 be suspended in relation to the said printing.

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

Hon. Mr. McDonald: With leave, I move that the report be concurred in now.

The motion was agreed to.

PACIFIC HALIBUT FISHING VESSELS CONVENTION

MOTION FOR APPROVAL

Hon. Wishart McL. Robertson moved:

That it is expedient that the Houses of Parliament do approve the ratification, without reservation, of the Convention for the Extension of Port Privileges to Halibut Fishing Vessels on the Pacific Coasts of the United States of America and Canada, signed at Ottawa on March 24, 1950, and that this House do approve the same.

He said: Honourable senators, I have asked the senator from New Westminster to speak to this motion.

Hon. Thomas Reid: Honourable senators, before explaining the convention, may I have the privilege of saying a word about the halibut fisheries of the North Pacific Ocean? These are the greatest halibut fisheries in the world, accounting as they do for some 90 per cent of the world's total catch. The fishing is done in four areas, which extend from Seattle on the south, to Alaska on the north, and about 200 miles out to sea. The halibut was being depleted when, in 1923, a treaty was signed between the United States and Canada for the rehabilitation and preservation of the halibut fisheries. I may point out that this treaty, which was signed by the Right Honourable Ernest Lapointe, was the first to be executed by Canada on her own account. Prior to that time treaties had been signed for Canada by Great Britain.

The total catch of halibut in the North Pacific last year was a little more than 55

million pounds, of which Canada took about 20 million pounds. Canada is entitled to take up to fifty per cent of the catch, but the catch of the United States, which has large boats for the open-sea fishing, is greater than the Canadian catch.

The results of the treaty signed in 1923 show what can be accomplished when two countries get together to preserve their fisheries. The treaty has operated successfully, but recently it has been decided that certain desired changes should be made by way of a convention. The convention before us provides for reciprocal port privileges to the halibut fishing vessels of Canada and the United States on the Pacific coasts of each country. These privileges enable the fishermen to land their catches of halibut and sablefish without the payment of duties. I should point out that "sablefish" is a term which the Americans apply to black cod. In halibut fishing the bait used is herring, and large quantities of sablefish or black cod are caught. These are not destroyed, but are taken—as the law permits—to various ports and sold.

Further, under the convention the fishermen, are permitted (a) to sell their halibut and sablefish locally, on payment of the applicable customs duty; (b) to transship them in bond under customs supervision to any part of either country, or (c) to sell them in bond for export. In addition, they are enabled—subject to compliance with the applicable customs and navigation laws of either country—to obtain supplies, repairs and equipment. For instance, American halibut fishing boats may land at Canadian ports, and Canadian boats may land at American ports, for the purpose of taking on supplies or having equipment repaired. These privileges, which heretofore have been granted on an annual basis by special legislation, will now be available to the halibut fishermen of both countries on a continuing basis.

Finally, the convention will alter the present practice by extending the reciprocal port privileges to Canadian halibut vessels in ports of the United States proper. Up to the present time these privileges have been granted only in the ports of Alaska, and not in ports south of the 49th Parallel. Under the convention Canadian halibut vessels may go south to Seattle or north to Alaska. The convention will continue for an indefinite time, but can be terminated by either government upon twelve months' notice.

Hon. Mr. Quinn: I take it that the privileges applicable at the port of Seattle, which my honourable friend mentioned, would apply to any American port?

Hon. Mr. Reid: Yes, to any American port. The motion was agreed to.

HOUSE OF COMMONS REFORM

MOTION WITHDRAWN

On the order:

Resuming the adjourned debate on the motion of the Honourable Senator Ross, seconded by the Honourable Senator Farquhar, that it is expedient to appoint a Joint Committee of the Senate and the House of Commons to study suggested changes affecting the House of Commons, including the better functioning of the House of Commons in our parliamentary system, with a view to formulating proposals to be presented to the Government for discussion at the forthcoming Dominion-Provincial Constitutional Conference; such Committee to have power to call for persons, papers and records; to sit while the House is sitting and to report from time to time; and that a Message be sent to the House of Commons requesting that House to unite with the Senate for the above purpose and to select, if the House of Commons deems it advisable, some of its members to act on the proposed Joint Committee.

Hon. Mr. Reid: Stand.

Hon. Wishart McL. Robertson: Honourable senators, the honourable gentleman from New Westminster (Hon. Mr. Reid) was good enough to indicate to me a day or two ago that he would permit me to take advantage of this order which stands in his name to say a few words.

It is not difficult for me to understand the motives that prompted the honourable senator from Calgary (Hon. Mr. Ross) to move this motion. It is probable that, as time goes on, it may become desirable to so change our constitutional processes that parliament as a whole will be better equipped to discharge its responsibilities. The repeated suggestion that changes should be confined to the Senate of Canada, however, so completely ignores desirable improvements which can be made elsewhere, that anything which draws attention to this fact is in the nature of a public service.

The notice of motion which the honourable senator from Calgary has moved is, I believe, in this category. There rests upon the shoulders of the members of both Houses of Parliament a continuing responsibility to equip themselves so that they may best serve the interests of the people they represent. I have no doubt that as time goes on the members of both houses will realize their responsibilities and act accordingly; and I am sure that at the appropriate time the whole subject will be approached by the members of both houses in the serious manner which its importance warrants. There would, I should hope, be a complete absence of such irresponsible suggestions as that either of the two branches of Parliament be abolished. Anybody who has the slightest

knowledge of the constitutional development of Canada should realize how unlikely it is that the people of Canada would agree to a single-chamber of parliament.

I must point out, however, that I am bound at this time to take the same view of the present motion as I took of the motion of the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) last session, when specific proposals were made for reference to last year's Dominion-Provincial Conference. The conference now approaching is called to consider ways and means of amending our constitution, and I believe that at this time it would be premature for this house to propose specific amendments for consideration.

I trust, therefore, that the honourable senator from Calgary (Hon. Mr. Ross) may feel that the introduction of his motion has served a useful purpose in drawing attention to the fact that desirable changes in our constitutional processes are varied in their nature, and that he may be willing to consider asking leave of the Senate to withdraw his motion.

Hon. Mr. Beaubien: Honourable senators, as the honourable gentleman from Calgary (Hon. Mr. Ross) is absent from the chamber because of illness, may I have permission of the house to speak for him?

The Hon. the Speaker: Honourable senators, is it your pleasure to allow the honourable senator from Provencher to speak for the honourable senator from Calgary.

Some Hon. Senators: Agreed.

Hon. Mr. Beaubien: The honourable senator from Calgary (Hon. Mr. Ross) requested

me to ask, on his behalf, for leave to withdraw this motion.

The Hon. the Speaker: Honourable senators, is it your pleasure to consent to the withdrawal of the motion of the honourable senator from Calgary?

Some Hon. Senators: Carried.

The motion was withdrawn.

THE PRIME MINISTER OF PAKISTAN —ADDRESS TO PARLIAMENT

MOTION

Hon. Wishart McL. Robertson: Honourable senators, I beg to move:

That the address by the Honourable Liaquat Ali Khan, Prime Minister of Pakistan, to members of both Houses of Parliament, on this day, May 31, 1950, be printed as an appendix to the Official Report of the Debates of the Senate, and form part of the permanent records of this house.

I am sure this proposal will be supported by the honourable leader of the opposition (Hon. Mr. Haig).

Hon. Mr. Haig: I take pleasure in seconding the motion, and would suggest that the speeches of the Prime Minister of Canada, the Speaker of this house and the Speaker of the other house be also included in the record.

Hon. Mr. Robertson: Yes.

The motion was agreed to.

(See appendix at end of today's report.)

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

ADDRESS

by

THE HONOURABLE LIAQUAT ALI KHAN

Prime Minister of Pakistan

to

MEMBERS OF THE SENATE AND OF THE HOUSE OF COMMONS

in the

HOUSE OF COMMONS CHAMBER, OTTAWA,

on

WEDNESDAY, MAY 31, 1950

The Prime Minister of Pakistan was welcomed by the Right Honourable Louis Stephen St. Laurent, Prime Minister of Canada, and thanked by the Honourable Elie Beauguard, Speaker of the Senate, and the Honourable William Ross Macdonald, Speaker of the House of Commons.

Right Hon. Louis S. St. Laurent: Mr. Prime Minister, Members of the Houses of Parliament: In welcoming you today, Sir, we wish to pay a tribute to your great country, which in so short a time has attained a place of prominence in the world community; to the rank it holds in the concert of nations as an active member of the United Nations and a sister nation of the commonwealth; and last, but not least, to the record of your personal achievement as Prime Minister of Pakistan.

We, in turn, are honoured by your presence in this House of Commons. Naturally, these words of greeting are addressed to you on behalf of the whole population of Canada; but I find it particularly fitting that this welcome be extended to you in our own House of Commons, the centre of the political life of Canada and the very heart of our democratic institutions. It is fitting indeed that greetings from one democracy to another originate in the House of Commons Chamber.

The accomplishments of your country since it began its separate political existence on August 14, 1947, evoke sincere admiration. Your countrymen had a long tradition of history in the Asian sub-continent. Still it is only less than three years ago—and what are three years in the life of a nation—that the Dominion of Pakistan came into being. The astonishing progress made during such a short time augurs well for the future, and you may rest assured, Sir, that we in this

country will watch your future achievements with the same friendly interest we have had in what has already been accomplished in so short a time.

The future of Pakistan, notwithstanding differences in religion and language, in customs and habits, notwithstanding lands and oceans which separate it from Canada, is closely related to our own through our common association in the United Nations, our partnership in the commonwealth and, most of all, in our common belief in those values which form the very basis of democratic life. We hope therefore that our association will become closer and closer as we get to know each other better. The exchange of High Commissioners between our two countries is but a first step in this direction.

At present Canadians are wont to associate particularly the names of two men with Pakistan: that of Mr. Mohammed Ali Jinnah, who is regarded as the father of his country and whose name has been immortalized by a grateful people's use of the title "The Great Leader", and your own, Mr. Prime Minister. Mr. Jinnah, in creating a new nation, relied heavily upon you, Mr. Liaquat Ali Khan, whom he described as his "right-hand man". As his death occurred so soon after the establishment of the independence of Pakistan, there fell upon your shoulders, Sir, the tremendous task of giving substance to the blueprint, for building the machinery of

government in order that your nation might effectively express the will of the Pakistan people to contribute, through democratic processes, to the welfare of mankind.

Monsieur le premier ministre, votre séjour au Canada, si court soit-il, vous permettra, je l'espère, de vous rendre compte de l'intérêt que nous portons à votre pays et à votre population. A mesure que nos rapports se feront plus fréquents et plus intimes, nous comprendrons mieux nos problèmes réciproques et serons en mesure de leur trouver une meilleure solution. Je tiens à vous assurer que vous pouvez compter sur la compréhension et la bonne volonté du peuple canadien, comme le Canada s'attend au même traitement de la part de vos citoyens.

In greeting you on this occasion, may I be permitted, Mr. Prime Minister, to state how happy we are that you are accompanied by your charming wife. Her gentleness and gracious manner almost belie the dominating force which the Begum Liaquat Ali Khan is known to exercise in organizing the women of Pakistan to meet the challenge of providing social security under most difficult circumstances.

On behalf of the Parliament and people of Canada, I ask that the Honourable Liaquat Ali Khan convey to the people of Pakistan, on his return, our best wishes for their well-being and happiness, together with the assurances of deep friendship.

Members of the Houses of Parliament, I present to you the Prime Minister of Pakistan.

Hon. Liaquat Ali Khan: Mr. Prime Minister, Honourable Mr. Speaker of the Senate, Mr. Speaker of the House of Commons, and Members of the Canadian Parliament: In permitting me to address you here today within these walls, you have conferred upon me great honour and privilege which I value very highly and for which in the name of my country and my nation I thank you.

As the recipient of this signal token of your esteem my thoughts at this moment turn to the struggle which made it possible for our people to emerge as a free democratic nation to take their rightful place amongst the free nations of the world. For in honouring me today you honour them, their freedom, and the memory of that courageous man who guided their footsteps towards the goal of liberty. You will pardon me, therefore, if on this memorable occasion I am reminded of the father of our nation and the founder of our freedom, our Great Leader, our Quaid-e-Azam, Mohammed Ali Jinnah of revered memory, without whose vision, determination and burning honesty, Pakistan might have remained a vague longing and a distant dream, and the reality, of which

my humble presence in your august company today is but a symbol, might never have been born. A sincere patriot, a passionate follower of the democratic idea, a man who saw farther and more clearly than his fellows, he led the Muslims of British India out of their perplexities and frustrations into the open air of freedom and gave shape, significance and direction to their quest for liberty. All his life he fought for freedom, but since he fought for the substance and not for the shadow, for the thing and not for the word, he let no illusions or catchphrases obscure his penetrating insight or confound his grasp of the essentials. He struggled long and hard to forge the diverse peoples of his sub-continent into a mighty nation. But foremost as he was in the ranks of those who fought for independence, he was also the first to perceive the inexorable logic of facts and, when the time came, to proclaim fearlessly that the people of British India, bound together though they were in their common subjection, were not one, but two nations, and that to relegate one hundred million Muslims to the position of a perpetual political minority and to force the Hindu nation and the Muslim nation into a single unwieldy state would be the negation of democracy and would create the greatest single unstable area in the world. The great truth that he uttered was so startling in its simplicity that for a long time even some of his close friends and companions found it stimulating, but strange. But the hundred million suppressed Muslims knew instinctively that what he said merely gave coherence and dynamism to their own hesitant, inarticulate feelings. When on the 14th of August, 1947, our flag was unfurled in Karachi, a nation of eighty million people thanked God that the Quaid-e-Azam had lived to see his dream come true. And when he left us to rest in God, to whose greater glory he had dedicated himself, we knew that he had bequeathed to us a great destiny to fulfil. Wherever the flag of Pakistan may fly, its capital shall always be that hallowed piece of earth where he lies buried.

The three years that have elapsed brought with them many a trial that we expected and many others that we did not. The mass migration that took place between our country and our neighbour, and caused much unhappiness to people on either side of the border, was a great shock to our economy and a great strain on our administrative machinery which, it will be recalled, had had to be set up within a period of two months for a population of eighty million and for a territory that was spread far and wide. But

our experiences, whether grave or stimulating, only convinced us that the historic decision that the Muslims of British India had taken, to work for a state of their own, was eminently justified. What is more, the events of these early years and the manner in which the people of Pakistan faced them have filled us with hope and confidence for the future. It was not the maturity of our administration or any previous experience or preparation that helped us to tide over the almost insurmountable difficulties that appeared in our way. Experience or preparedness we had none, for there had been no time for these. It was the fortitude and the determination and the self-sacrifice of the common man and woman which came to our rescue and gave our young state a momentum which will not be easily exhausted and which we believe will grow in strength. No new state could have been launched on its career under greater handicaps. But these three years of struggle have made us a wiser and more unified nation than we could have otherwise hoped to become within such a short time. Although they demanded great courage, patience and vigilance, they have endeared our freedom to us even more and have shown to us very clearly the path to a bright future.

To what use do the Muslims who form the majority of the people of Pakistan propose to put their freedom? This is a question which we as a nation have pointedly asked ourselves and to which we have a clear and unhesitating answer.

Firstly, we are determined that the Muslims in our state shall be enabled to order their lives in accordance with their faith, that at the same time our minorities shall enjoy full rights of citizenship and shall freely profess and practise their religions and develop their cultures, and that their legitimate interests and the interests of the backward and depressed classes shall be adequately safeguarded.

Secondly, we are pledged to the principles of democracy, freedom, equality, tolerance and social justice as enunciated by Islam. This does not mean theocracy, for Islam does not believe either in priesthood or in the caste system. On the contrary our conception of democracy is possibly even more comprehensive than that which is contained in the institutions of universal franchise and majority rule, for it embraces social and economic justice, the right of private ownership, of each individual to enjoy the fruit of his honest labour—and yet with laws and institutions designed to eliminate destitution and to place healthy checks on vast accumulations of unearned wealth.

All this we call the Islamic way of life and pursue it because as Muslims we could not follow any other ideology or seek guidance from any other source but God, whose injunctions we believe these to be. To abandon these principles would be for us to destroy instead of create what we hope to build up, and for which we demanded independence and freedom and a separate State.

Thirdly, we are resolved to safeguard our freedom at all costs, whatever the threat and whatever the quarter from which aggression may face us. For our own part we have no aggressive designs and consider it our moral responsibility to pursue the path of peace and to help in the maintenance of peace and stability everywhere, particularly in the uneasy continent of Asia, on whose future, according to our way of thinking, world peace very largely depends. Nowhere in Asia are the circumstances for the development of the democratic idea more naturally favourable than they are in Pakistan, for nowhere are people more unified and more determined to apply their moral concepts of equality and social and economic justice to promote human welfare and to resist any attempt to tamper with their beliefs. But democracy, in Pakistan or elsewhere, is of little use to the common man unless its advantages are made available to him in his daily life and his standard of living is raised at least to a level which gives him a substantial stake in the way of life which he has chosen for himself.

We are fully conscious of this, and consider it our foremost duty to develop the resources of our country at the greatest possible speed. Even in the days of our greatest anxieties we were able to go ahead with this task, and though much remains to be done we are glad that we have been able to revive our trade, to plan the development of our irrigation, the expansion and modernization of our agriculture and the utilization of our power resources, to keep our budgets balanced and to throw the gates wide open to private enterprise in our industrial development. For this task there is nothing more essential to us and nothing that we could or do desire more passionately than peace.

I know that in Canada I am amongst friends and speaking to people who are in the same family circle as Pakistan. I feel therefore than I can speak somewhat more intimately than is perhaps usual on formal occasions. Your great country and our young state both belong to the Commonwealth of Nations. I am not one of those who would demand that the bond which exists between the various members of the

commonwealth be minutely defined. It is enough for me to know that they all basically have the same constitution, even though one of them may be a monarchy and another a republic, and that all subscribe to the common principles of democracy, freedom and peace. In the uneasy apprehensive world of today such a large group of nations with so much identity in their declared aims should be a heartening spectacle to mankind. No practical person would therefore wish wantonly for its disintegration. Two facts, however, I would humbly and respectfully commend to your attention. First, that with the growth of three Asiatic members of the commonwealth to the status of dominions, the notion that the commonwealth ties are mainly religious, historical or racial must be regarded as having outlived its use. If the commonwealth does nothing more than give the world a lead in establishing the brotherhood of man, irrespective of race, creed or colour, it will still have made a notable contribution to the cause of human welfare. Second, that since the greatest fear of the world is the fear of war, under whose shadow progress alters its aims and millions of humble men and women wait helplessly and apprehensively for an undeserved doom, the Commonwealth has great opportunities for raising the hopes of mankind by outlawing war and aggression and the use of coercion or force as a method of settling disputes amongst its own members. We sincerely believe that in this way this free association of free nations could set the world an inspiring example and give greater reality and efficacy not only to itself but also to the charter of the United Nations, to whose aims we are all pledged and whose success we all pray for.

The ideals of a freedom-loving democracy in a young and underdeveloped country such as ours could be epitomized in three words—peace, progress and co-operation. These three are but aspects of the same fundamental urge: for there can be no progress without peace, no peace without progress and the removal of the economic disequilibrium, so apparent in Asia, which keeps more than half the world in poverty and the ferment of discontent, or without international co-operation, which we believe to be the greatest need of all countries, great and small. In the pursuit of democratic ideals few countries have shown greater sincerity of purpose and a higher quality of quiet determination than yours. Blessed with the wealth of natural resources, you have shown the world how a nation, by dint of hard work, by its unity, its sturdy moral

qualities, its progressive yet modest outlook, its wide international sympathies and its neighbourliness, can raise itself to great heights, bringing happiness to many and fear to none among those who love peace and honour the freedom of others as they do their own. I am sure that we can look forward to a long period of friendship between our two countries, and that in any joint moral undertaking to promote the welfare of mankind and good will and peace amongst nations, Pakistan and Canada will be more than friends. God bless your country and its people.

(Translation):

Hon. Elie Beaugard: Your Excellency, the Upper Chamber and the French-speaking people, on whose behalf I am now speaking, are pleased to welcome both yourself and your charming wife and collaborator, and to thank you for the friendly visit you have paid the Canadian Parliament as well as for the substantial speech you have delivered. In you we greet a distinguished representative of a commonwealth nation which, in addition, is one of the world's great countries.

By its spiritual unity, based on the teachings and tradition of Islam, the sovereign state of Pakistan binds two territories that, oddly enough, are divided geographically. This thousand year old bond, of which religion and culture are the warp and woof, you recognize as stronger, as more imperious than that of mere neighbourhood or of the continuation of the land.

Pakistan's evolution provides one of the most interesting chapters of world history. In a sort of prophetic vision, your great poet Iqbal foresaw the development which you have made it your mission to achieve.

Under your leadership, your country, which throughout the ages has known and absorbed many civilizations, has progressed rapidly in the economic field. Though this is somewhat contrary to our conception of a legendary and static Orient, we can but rejoice at its march towards progress and a better standard of living, benefits which are common to all true democracies.

Following in the footsteps of the illustrious Mohammed Ali Jinnah, you recognize, as the leader of your country, that your authority comes to you from the people. You have desired to establish your country's constitution on a democratic basis and to complete its independence by making its policy as one with its ideals.

Through your character and your culture, as well as through the exigencies of our time, you are enabled to understand to the full what democracy really means. You know that

a strong nation is one in which the several units are made responsible for national development, by being called upon to participate in the administration of public affairs.

Your industrial and social program is commensurate with your overflowing personality. You are extending in the economic sphere the reform accomplished in the political field. Without breaking your age-long traditions, you are leading your people to the development of natural resources, industry and world trade. Pakistan will thus be a democratic, industrial and prosperous country.

May we, Excellency, greet in you the great architect of this national revival and offer you a tribute of admiration and the expression of our best wishes.

(Text):

Hon. W. Ross Macdonald (Speaker of the House of Commons): Honourable members of the Senate and of the House of Commons: From time to time our parliament has been honoured by visits from internationally known statesmen. Once again this honour has come to us. Today we have had the privilege of receiving the Prime Minister of a new nation which has been formed by people of ancient lineage and great traditions. The history of our country is very short compared to that of the country of our distinguished visitor, but we are a few years older in the status of nationhood. We are both young nations. I am sure we were all very much pleased to hear our Prime Minister say that we are sister nations; and then, shortly after, we were happy indeed to hear our distinguished visitor say that we belong to the same family circle.

Pakistan and Canada have many things in common. Allow me to mention but one. Both countries are bordered by powerful nations which speak the same or a similar language, and which have the same customs and traditions. Canada has lived in peace with her powerful neighbour for nearly 150 years. I am sure that I speak for all our members when I say that we hope our younger sister Pakistan, will enjoy with her neighbour the same peaceful relations as her elder sister, Canada, has enjoyed with her neighbour.

Mr. Liaquat Ali Khan, may I express to you our admiration for the statesmanship which has already been demonstrated by you in facing the problems which have confronted you. We are deeply impressed by the high morale of your people and their faith in the belief that their new status as a sovereign independent nation will gradually bring to them a better way of life.

Mr. Liaquat Ali Khan, on behalf of the members of the Canadian House of Commons, I extend to you our deep appreciation for your very informative and inspiring address this afternoon. Our Prime Minister has asked you to convey a message to all of your people. May I, as Speaker of the House of Commons, ask you upon your return to Pakistan to carry our greetings to your constituent assembly, and to tell your members how happy Canadians were today to have in their Houses of Parliament the Prime Minister of Pakistan.

THE SENATE

Thursday, June 1, 1950

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

Prayers and routine proceedings.

BUSINESS OF THE SENATE

Hon. Wishart McL. Robertson: Honourable senators, before we proceed with the business on the order paper, I should like to make a brief statement with respect to various matters which are to come before the house. In a few minutes a message will be received from the other place with a bill to amend the War Veterans Act. I should like to proceed with consideration of this bill, because, as I am told, it deals with payments of benefits, it would be of advantage to have it passed in time to receive Royal Assent today. If, however, when I have explained this measure, any honourable senator desires further information about it, I will not press for its passage today, but will postpone the second reading until next week.

I am going to ask that second reading be given to the Supply bill, which is the first item on the order paper. I should also like to proceed with consideration of the amendments made by the House of Commons to Bill I, an Act to amend the Criminal Code. This is the second item on the order paper. We could also deal with item 3, the second reading of Bill 179, an Act to amend the Research Council Act; and if approval is granted, perhaps the bill could receive third reading. I am informed that this would assist in the organization of the National Research Council. Some of the remaining items I propose to stand over until tomorrow, and others until the first of next week. This will give the Standing Committee on Finance a better opportunity to consider the estimates, which were before it this morning. In order to facilitate this procedure, the honourable senator from Ponteix (Hon. Mr. Marcotte) has indicated his willingness to let his motion stand until next week.

Next Tuesday morning the Standing Committee on Banking and Commerce will again meet to consider the Income Tax Bill, and tomorrow afternoon I intend to introduce a bill to amend the Shipping Act. This will involve considerable discussion. Next Monday night I hope to proceed with the bills to amend the Canadian and British Insurance Companies Act, and the Foreign Insurance Companies Act.

WAR VETERANS' ALLOWANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 180, an Act to amend the War Veterans' Allowance Act, 1946.

The bill was read the first time.

SECOND READING

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

Hon. Mr. Robertson: With leave of the Senate, I move the second reading now.

This bill, which has been distributed to honourable senators, is entitled an Act to amend the War Veterans' Allowance Act, 1946. The purpose of the bill is twofold. First, it would increase the number of persons eligible for war veterans' allowances; and second, it would decentralize the administration of the Act.

The bill proposes to make eligible for allowances certain war veterans who did not serve with the Canadian forces but who are now resident in Canada. It would apply to all persons who have been resident in Canada for twenty years and who served with an ally in any of the wars in which Canada participated before August 31, 1921. These wars are the Riel Rebellion, the Boer War and World War I.

It will be remembered that in the 20's there was a ten-year period of vigorous immigration of people to Canada from various countries that had been allied with us in war. A large percentage of these persons served during war in the armies of the countries of their origin. They have lived in this country for many years and consider themselves Canadians. The best estimate that can be obtained at present is that because of this amendment approximately 3,000 persons will be added to our veterans' allowance rolls, and that the additional cost incurred will be about \$2 million annually. This would mean that for the year 1950-51 the total veterans' allowance payments will be nearly \$25 million. It is also reasonable to assume that in the next fifteen years another 1,500 persons will become eligible for payments. Needless to say, that estimate refers not to persons added because of this particular bill, but to the class of veterans as a whole. There are now approximately 33,000 veterans receiving allowances under the Act.

The new provisions would take effect as of April 1, 1950. The War Veterans' Allowance Board is now prepared to give immediate attention to new applications. In the last few years the work of the board has increased greatly, and it is difficult for this

centralized body to do the work without incurring some delay. Therefore it is proposed by the second part of the bill to create district war veterans' allowance authorities, which would have power to grant, suspend, increase or decrease allowances. Awards by district authorities would be subject to review by the central board, which would also act as a board of appeal and supervise the practice of the local authorities.

I may say that in the general discussion which took place on this bill elsewhere, some question arose as to the reason for the specific understanding that the bill applied to veterans of such wars as the Riel Rebellion, the Boer War and World War I. A moment's contemplation would indicate that at this date there are not likely to be many applications from persons who served in either the Riel Rebellion or the Boer War. Nevertheless, it is necessary and desirable that such persons should not be excluded.

I think the criticism of the bill in the other place was, largely, that it did not go far enough, some members feeling that the residence qualification of twenty years should have been shortened.

I shall now deal with the bill section by section. Honourable senators will observe that, by section 1, veterans of His Majesty's forces raised in Newfoundland are assured of the same treatment as that received by veterans of the Canadian forces.

Section 2 makes eligible for benefits veterans of His Majesty's forces other than Canadian and veterans of the forces of allies of Canada who served in a war in which Canada participated prior to August 31, 1921, and who have lived in Canada for at least twenty years.

By section 3, persons who served during World War II in the forces of Canada and also served during World War I in the forces of an ally, become eligible for benefits.

Section 4 would make ineligible any persons who served in the forces of the enemy during World War II.

Under the provisions of the Pension Act, a person who is helpless and requires an attendant may receive an additional payment of from \$480 to \$1,400 per annum. The War Veterans' Allowance Act provides that no deductions shall be made from any allowance by reason of such payment, and section 5 of the bill extends this protection to any veteran who is receiving such payment from the country in whose forces he served.

Section 6 would add Part V to the Act for the purpose of effecting a decentralization in administration. Subsection (1) of the new section 31 gives the minister power to establish regional districts and to appoint district

authorities to administer them. Subsection (2) of this section gives the district authority, within his area, all the powers which are now exercised by the central board. Under subsection (3), all applications for allowances must be made in the first instance to the district authority concerned.

Subsection (1) of the new section 32 spells out the powers of the district authority. Under subsection (2) appeals may be taken from the district authority to the central board.

The new section 33 permits the minister, on approval of the Governor in Council, to make certain regulations affecting the district authorities in regard to (a) the quorum of a district authority; (b) the procedure in matters before a district authority; and (c) the procedure on appeals to the central board.

Section 7 of the bill repeals section 50 of the Statute Law Amendment (Newfoundland Act), the provisions of which are embodied in section 1 of the bill.

By section 8 payments to be made to the new classes of veterans will commence April 1, 1950.

Hon. Mr. Quinn: Has the honourable leader any information as to the number of pensioners who served in the Riel Rebellion? That rebellion occurred some sixty-five years ago, and anyone eligible in that class would now be an octogenarian.

Hon. Mr. Robertson: No. I believe that in answer to a similar question the minister stated that, though he had no accurate information on the point, it was highly improbable that there are any persons who can qualify as applicants. It is true that some veterans of the United States Civil War are still alive, although their number is very small. So, too, it is possible that there are a few survivors of the Rebellion.

Hon. Mr. Quinn: Very few.

Hon. Mr. Robertson: In all probability, very few. But if there are any, the intention is that they shall not be excluded.

Hon. Thomas Reid: This is a very important measure. It has been brought into being, I believe, through the operation of two important factors: first, that it has long been advocated by the Imperial veterans, consisting of ex-service men from Great Britain; and second, through the entry of Newfoundland into confederation. It will be gladly received by certain sections of the Canadian people, especially Imperial veterans.

I have two questions to put to the government leader. I have in mind the case of an Italian, but the principle applies, of course, to other nationalities. This man served in Italy during the world war of 1914-18, in

which, as honourable senators know, Italy was one of our allies. Does that service, together with twenty years' residence in Canada, make him eligible for the war veterans' allowance?

Then I have also in mind the case of certain Japanese, educated in British Columbia, who left Canada just before the beginning of the war with Japan. These men, although they served in the first world war with a nation which was then our ally, were members of the active forces of Japan in the last war. I would like to know what interpretation is to be placed on the amendment contained in section 4, new clause 12A:

No allowance shall be paid to any person described in paragraph (d) or (e) of section 4 who served in enemy forces in World War II.

Many Japanese, under direction of the Japanese Government, acted as interpreters for their forces, and now, as opportunity permits, they are returning to this country, from which they received so many advantages.

Hon. Mr. Robertson: The information I have leads me to believe that the bill wholly excludes from its benefits anyone who served in the forces of the enemy in World War II.

Hon. Mr. Reid: My first question has to do with the case of an Italian who saw service in Italy during 1914-1918. A Canadian soldier who did not see service overseas is denied the war veterans' allowance: service overseas was required, and that was interpreted as service on the continent, not in England. In World War II service in England was reckoned to be service overseas, because, as every honourable senator knows, Great Britain was blitzed and became a theatre of war.

Hon. Mr. Haig: Is the Italian living in Canada?

Hon. Mr. Reid: Yes. I am wondering whether his service in Italy in the first war will entitle him, under this Act, to a war allowance which we deny to our own people who served only in Canada.

Hon. Mr. Robertson: It would seem that section 3 is intended to give the benefits of the Act to a person who served in World War I in His Majesty's forces elsewhere than in Canada or in the forces of any of His Majesty's allies or powers associated with His Majesty, and who served in the Canadian forces during World War II. I think the mere fact that he served in the forces of an ally during World War I—

Hon. Mr. Reid: The honourable leader is referring to a different section. He is citing the case of one who served both in World War

I and World War II. What I have in mind is the case of a man who served in a theatre of war during World War I and who has lived in Canada twenty years, as defined in section 2.

Hon. Mr. Vien: I think the honourable leader should get information on that point, because it is very important. I think the honourable senator who raised it has rendered a service in doing so. If Canadians who served in the Canadian army within Canada are not granted the privileges of this measure, are we to grant them to others who now have become Canadians and who served within their own territory, but not on a battlefield abroad? It would seem that if Canadians who did not leave Canada during the first World War are not to be granted these benefits, persons who served in an allied army within their own territory, but did not see active service at the front, should not be given any greater privileges than are granted to Canadians who served in Canada.

Hon. Mr. Reid: That is the point.

Hon. Mr. Robertson: As I explained earlier this afternoon, it is not necessary that the house give this bill third reading today. I am quite willing that after second reading it be sent to committee. That course, naturally, would make it impossible for it to receive Royal Assent today, but I was assured by the minister that it was not desirable or necessary to press the matter unduly.

The Hon. the Speaker: The question is on the motion for the second reading of the bill.

Hon. Mr. Vien: It is the intention to send the bill to a committee?

Hon. Mr. Robertson: Yes.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA GRAIN BILL

FIRST READING

A message was received from the House of Commons with Bill 249, an Act to amend the Canada Grain Act.

The bill was read the first time.

The Hon. the Speaker: When shall the bill be read a second time?

Hon. Mr. Robertson: Monday next.

Hon. Mr. Haig: I intend to speak on this bill, and I hope it will not be proceeded with on Monday night.

Hon. Mr. Robertson: I shall be quite willing to let it stand.

NORTHWEST ATLANTIC FISHERIES CONVENTION

MOTION FOR APPROVAL

Hon. Wishart McL. Robertson moved:

That it is expedient that the Houses of Parliament do approve the ratification, without reservation, of the International Convention for the Northwest Atlantic Fisheries, signed in Washington on February 8, 1949, but subject to the observation that ratification by Canada of the convention extends to Newfoundland and that any claims Canada may have in regard to the limits of territorial waters or to the jurisdiction over fisheries, particularly as a result of the entry of Newfoundland into confederation, will not be prejudiced, and that this house do approve the same.

He said: Honourable senators, I have asked the honourable member from Queen's-Lunenburg (Hon. Mr. Kinley) to handle this motion.

Hon. J. J. Kinley: Honourable senators, throughout my public service as an elected representative I have always been largely supported by fishermen and those associated with the fishing industry. I therefore have an abiding interest in their welfare, and so welcome the resolution which is now before the house.

I feel that the adoption of this motion will open the way for further conservation and development of the Northwest Atlantic Fisheries. This convention involves many countries all of which, I feel will benefit; and I am sure we are all agreed that the conservation of the food products of the sea should be beneficial to all mankind. I trust that great and lasting value will come to Canada from this resolution, and I know that it will prove particularly beneficial to the Maritime Provinces.

The motion deals with a difficult and troublesome problem. Effective control and authority can only be established by agreement between the nations interested in the fisheries of this convention area, each exercising authority in an agreed and similar manner.

The conference at which this convention was signed was called at the invitation of President Truman of the United States, and was attended by plenipotentiary delegates from Canada, Denmark, France, Spain, Iceland, Italy, Norway, Newfoundland, Portugal, the United Kingdom and the United States. Delegates of the Food and Agricultural Organization of the United Nations and the International Council for Exploration of the Sea accepted an invitation to attend as

observers. The conference met in Washington, D.C., on January 26, 1949, and the agreement was signed there on February 8, 1949.

The foreword to the agreement is as follows:

The governments, whose duly authorized representatives have subscribed hereto, sharing a substantial interest in the conservation of the fishery resources of the Northwest Atlantic Ocean, have resolved to conclude a convention for the investigation, protection and conservation of the fisheries of the Northwest Atlantic Ocean, in order to make possible the maintenance of a maximum sustained catch from those fisheries . . .

Article I of the convention defines the convention area, which is generally considered to be the fishing area of the Northwest Atlantic Ocean. The definition is a rather technical one, giving longitudes and latitudes, and it would be difficult for me to explain it except in a general way. The area in question commences at a point on the coast of Rhode Island and reaches into the sea, spreading to the waters on the northwest side of Greenland. This area is divided into five sub-areas, which are designated in the annex to the agreement. For your general information I may say that the first sub-area is off the west coast of Greenland, which is a dependency of Denmark; the second is off the coast of Labrador; the third includes the Newfoundland and Grand Banks area; the fourth runs from Cape Ray, Newfoundland, along the Canadian coast to the American border; and the fifth is wholly off the coast of the United States. I have here an official map showing the division of the area affected, and if any honourable senator wishes to get a better idea of the five sub-areas he may have access to this map.

Hon. Mr. Quinn: The convention area includes all the waters in which Newfoundland and eastern Canadian fishermen operate.

Hon. Mr. Kinley: Yes. The whole area is generally known as the northwest Atlantic Fisheries area, and nothing in the convention shall be deemed to affect adversely the claims of any contracting government in regard to the limits of territorial waters or to the jurisdiction of a coastal state over fisheries.

The convention provides for the establishment of a commission on which all signatory countries are represented. Each contracting government may have as many as three commissioners, but no government will have more than one vote. Decisions of the commission are to be taken by a two-thirds majority of votes. Separate panels for each of the sub-areas will be established and maintained in order to carry out the objectives of the convention. Under this ingenious system there can be independence of action by the countries most vitally affected.

The function of the commission is to collect, collate and disseminate scientific information, and to act jointly for development and preservation in the area. The commission has no regulatory powers, but it or any of its panels may make recommendations to the depository government, which is the government of the United States. The permanent seat of the commission will be in North America—which means in either the United States or Canada—at a place to be selected by the commission, and the depository government shall inform all signatory governments and all adhering governments of ratifications deposited and adherences received.

The convention will come into force when four signatories have ratified it. Great Britain, Iceland and the United States have already signed; and if Canada ratifies without reservation, the convention will be established.

Article VIII of the convention deals specifically with conservation. This has long been a matter of concern to the people of the Maritime Provinces, and is a live question at the present time. While many nations share in the fisheries of this area, preservation is of vital importance, especially to Canada. The ocean is international, and at present there is no international jurisdiction over fishing in general on the high seas. It appears to me that by the use of this convention, especially through its panels, vitally interested governments may be able to achieve a joint jurisdiction that will have a practical result in conserving the fishing areas. There are now certain international rules of navigation, which have been adopted by Canada in common with most nations using the sea. These rules are to be found in the International Convention for the Safety of Life at Sea, and a number of them are re-stated in the Canada Shipping Act. But, as I have said, there are no general rules governing fishing on the high seas. It might be said that before the fish are caught they belong to no one—or to anyone, as you like—and that they become someone's property only after being caught.

As the conference that adopted the convention met at Washington in February 1949, which was prior to the union of Newfoundland with Canada, Newfoundland was represented there by a separate delegation. The delegates were the president of the island's Fish Board and an associate. With permission of honourable members I will quote from a statement which, because of its source, I take to be official.* Speaking in another place the Parliamentary Assistant to the Minister of Fisheries said:

At the Washington conference which adopted the convention, Newfoundland was represented by a separate delegation, and the convention was signed

"for His Majesty's Government in the United Kingdom and the Government of Newfoundland in respect of Newfoundland." The United Kingdom government, in depositing their instrument of ratification, drew attention to the fact that their ratification did not include ratification in respect of Newfoundland. When the Canadian government ratifies this convention an observation will be attached to our instrument of ratification, making clear that the ratification covers Newfoundland, and pointing out that the provision in the convention safeguarding any claims to territorial waters has taken a broader meaning as far as the Canadian government is concerned since Newfoundland has been united with Canada. This observation will therefore assert that the Canadian ratification is on the basis that the provision referred to above entirely protects all claims to territorial waters and jurisdiction over fisheries, particularly as a result of the alteration in the Canadian boundaries that has taken place by the joining of the tenth province.

In the primary arrangements Canada was formerly represented on the panel of three of the sub-areas, but now that Newfoundland is a part of this country we shall be represented on four of the five sub-area panels. The sub-areas are defined in the annex to the agreement. The primary arrangements for the functioning of this convention are in the hands of the American government, upon whom falls the duty of calling the convention together. Membership on the panels is subject to change by the commission every two years, and the representation accorded to each of the various sub-areas will be determined largely by its production and its proximity to the area of a signatory country.

The Commission is required to hold a regular annual meeting. Other meetings may be called by the chairman, upon the request of a commissioner of a contracting government, subject to the concurrence of two others, one of whom must be the commissioner of a government on the North American continent. Each government has one vote in the commission and on separate panels, and decisions will be made on a two-thirds majority of all contracting governments. However, under article VIII, proposals from any panel for regulatory provisions will require the unanimous consent of contracting governments participating in the panel, or panels, to which the proposals apply. After any proposal has been adopted and in force for a year, any contracting government may terminate its acceptance of it, and in that event, since unanimous consent is needed, the proposal would no longer be in effect.

The cost of the commission for the first year is expected to be in the region of \$40,000. This estimate is based on the present expenditure of the International Council for Exploration of the Seas. This cost will be met by an assessment of \$500 on every participating country, plus an extra fee for representation on panels.

There are provisions whereby after ten years any government, upon giving proper notice, may withdraw from the commission.

There is provision for the setting up of advisory committees, to be composed of fishermen, vessel-owners and other persons who are well informed as to the problems of the fisheries of the Northwest Atlantic Ocean.

In the final act of consummation of the convention, Canada received prominent mention. In this respect the conference report contains the following conclusion:

The need for thorough consideration of the problems facing the commission is paramount, and considerable time will be needed for assembling the material required for a determination of those problems. An informal interim committee of biologists might well be asked to assemble such material in advance of the coming into effect of the convention, and the Government of Canada might take the initial measures to this end.

Article IV provides for the setting up of a panel for each sub-area, and those most interested can work together efficiently and independently. For instance, in Sub-area 5, which is wholly off the coast of the United States, Canada and the United States compose the panel. If the commission rejects a recommendation sent to it by a panel, it must be returned to the panel; but when the recommendation is sent forward a second time it must then be forwarded to the depository government, which is the government of United States. If the members of the panel agree to the recommendation, it prevails notwithstanding the objection by certain members of the commission. This has the effect of giving local control in a sub-area. Though the commission regulates the whole convention area, each panel can make recommendations which may become effective in its own sub-area.

Hon. Mr. Petten: May I ask the honourable gentleman what countries are included in panels 2, 3 and 4?

Hon. Mr. Kinley: The answer to my honourable friend's question is to be found in the annex to the convention, which reads as follows:

For a period of two years from the date of entry into force of this convention, panel representation for each sub-area shall be as follows:

(a) Sub-area 1—Denmark, France, Italy, Norway, Portugal, Spain, United Kingdom;

(b) Sub-area 2—Denmark, France, Italy, Newfoundland;

(c) Sub-area 3—Canada, Denmark, France, Italy, Newfoundland, Portugal, Spain, United Kingdom;

(d) Sub-area 4—Canada, France, Italy, Newfoundland, Portugal, Spain, United States;

(e) Sub-area 5—Canada, United States;

By Article VIII the contracting governments agree to call the attention of the commission to the fact that non-member nations may not

be complying with the regulations in the convention area. France and Spain requested from the conference a definition as to coastal limits and territorial waters. The conference did not meet their request, considering that any discussion on this matter would lead to a definition of territorial waters, and this matter was formally declared by the conference to be out of its competence. While France and Spain yielded, they did not agree to paragraph 2 of Article I. In this regard the Italian delegation did not vote, because it had no instructions from its principals.

I think, honourable senators, the keen interest on the part of the United States in this convention should have a salutary effect, and will be all to the good as far as Canada is concerned. I may be permitted to read an extract from the address of Dr. W. M. Chapman, Chairman of the Commission, when he announced the policy of the United States with regard to high seas fisheries before the State Chamber of Commerce at San Francisco, on March 29, 1948. These are his words:

Canada and the United States by mutual sacrifice, expense, and strict regulation of our fishermen, have built up our Pacific halibut banks so that they are among the richest fishing grounds in the world. If there is nothing under accepted international law that would prevent a third nation from sending a mothership expedition to skim the cream off of these halibut banks, what is the use of building up fisheries resources in this manner?

There is no sense whatever in sacrificing your present pleasure to build up savings in a bank if other people can come in and help themselves to your money whenever they want.

To meet this new need President Truman issued a proclamation in September, 1945, to the effect that the United States might set up conservation zones to protect its coastal fisheries without regard to the limitations of territorial waters. Where only its own nationals are involved the United States would undertake exclusive jurisdiction (as it might do at any rate under present international law). Where the nationals of other countries were involved with ours those nations might participate in the jurisdiction over the fishery. The United States would recognize similar action by other countries in fisheries off their own coasts.

Note carefully that there was no mention in this proclamation of extension of sovereignty beyond territorial waters, nor of exclusion of fishermen of any nationality from any fishery.

Dr. Chapman, Chairman of the Commission, head of the American delegation, is an officer of the Department of State, at Washington. It would seem to me, therefore, that our problems with the United States would receive sympathetic consideration. As a practical example of a current problem I may say that at the moment Canada, for the protection and preservation of her shore fisheries, prohibits the activities of her trawlers within twelve miles of the shore, yet under international law the American trawlers are permitted to operate right in to a distance of three miles off

the coast of the Maritime provinces. This, it seems to me, is a problem that could very well be given prompt consideration.

This is the first multilateral international agreement on deep sea fisheries. There have been bilateral treaties with the United States affecting the Pacific Coast fisheries, and they have achieved splendid results. I think the present move is a forward step in keeping with the requirements of the modern world. No nation has surrendered any of its national authority, but each is pledged in a definite way to co-operate with others for their ultimate common good.

Some Hon. Senators: Hear, hear.

The motion was agreed to.

APPROPRIATION BILL NO. 3

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 251, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1951.

He said: Honourable senators, this is a further interim supply bill to grant moneys for the public service of the present financial year. On March 24 last we passed a bill which granted sufficient moneys to carry the public service up to the end of May, by which time, it was hoped that the consideration of the estimates might be completed and the final appropriation bill passed. However, that hope has not been realized, and in the bill before us the government is asking for sufficient moneys to finance the public service to the end of June.

Section 2 of the bill authorizes the granting of \$116,793,505.67, or one-twelfth of all the items—excepting item No. 170—set out in the main estimates. This is approximately one month's supply. Item 170 deals with certain unemployment insurance payments, and no further amounts are presently needed for this purpose. Sections 3, 4 and 5 authorize for certain items amounts in excess of the one-twelfth already appropriated for these items in section 2. These additional amounts are needed because in the month ahead expenditures under these particular items will be exceptionally heavy. Section 3 would vote \$254,000, or one-third of the items listed in schedule A of this bill. Section 4 would vote \$1,441,677, or one-twelfth of the items listed in schedule B to this bill. Section 5 would vote \$833,333.33 or one-third of the items listed in schedule C.

No amount mentioned in this bill comprises the total of any item in the estimates.

I give the usual undertaking that the passage of this bill will in no way prejudice the right of any honourable senator to discuss any item in the estimates when the final appropriation bill is before us.

I may add that because of the very active consideration of the estimates which has been going on for some months by the various standing committees of the house, I now ask for interim supply from time to time with a little more confidence than I had in days gone by.

Hon. Mr. Haig: I assume that, when the committees report, our discussion of the matters involved will not be limited. With that understanding, I have no objection to the motion.

The motion was agreed to.

THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

CRIMINAL CODE BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate resumed from yesterday the adjourned debate on the motion for the consideration of the amendments made by the House of Commons to the Bill I, an Act to amend the Criminal Code.

Hon. Mr. Robertson: Honourable senators will recall that yesterday I asked the house to give immediate consideration to these amendments in order that the honourable senator from Toronto (Hon. Mr. Hayden) might have an opportunity to explain them, the understanding being that the debate would then be adjourned until today.

I now move concurrence in these amendments.

The motion was agreed to.

RESEARCH COUNCIL BILL

SECOND READING

Hon. Mr. Robertson moved the second reading of Bill 179, an Act to amend the Research Council Act.

He said: I have asked the honourable senator from Northumberland (Hon. Mr. Burchill) to explain this measure.

Hon. G. P. Burchill: This bill seeks to do three things. The first of these is to increase the staff of the National Research Council by the appointment of an additional vice-president (scientific). In 1946, under legislation at

that time, there were two vice-presidents appointed, namely a vice-president (scientific) and a vice-president (administration). But in 1947 the Chalk River atomic energy plant was placed under direction of the National Research Council, and the vice-president (scientific) was named as head of that undertaking. This left all other scientific projects with which the council is concerned without a vice-president to direct operations, and as a result the time of the president was largely devoted to presiding at meetings concerning the other general scientific matters. This bill therefore, proposes the appointment of an additional vice-president (scientific) in order to relieve the pressure on the president, so that he can devote more time to the supervision, direction and correlation of the general work of the Research Council.

The second object of the bill is to incorporate in the law a new definition of the word "invention". There has been a conflict between the definition of "invention" in the Research Council Act and the definition in the Patent Act. The present definition in the Research Council Act was placed there in 1924; but since that time changes have been made in Canada's patent legislation and the new definition written into the Patent Act does not coincide with that given in the Research Council Act. In these times of increasing chemical invention and atomic energy development, when patents of invention by officials of the National Research Council are vested in the council itself, it is particularly necessary that these terms should agree. Thus it is proposed to insert in this Act a definition of "invention" which will coincide with the one now appearing in the Patent Act.

The third object of this legislation is to give authority to the expression "National Research Council". In 1924 an order in council was passed making this term legal, and now it is thought advisable that it should be embodied in the legislation.

Hon. Mr. Emmerson: Can the honourable senator say who is authorized to appoint this additional vice-president (scientific), and whether his salary range will be the same as that of the other vice-presidents?

Hon. Mr. Burchill: I presume the authority for the appointment is vested in the Governor in Council, but I am afraid I cannot say what the salary range will be. If the honourable senator from Dorchester thinks it necessary, the bill could be referred to a committee where this information could be obtained from the appropriate officials.

The motion was agreed to, and the bill was read the second time.

THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

BUSINESS OF THE SENATE

Hon. Mr. Robertson: Honourable senators, before we adjourn during pleasure, I wish to remind the house that the Standing Committee on Finance will meet immediately after the Senate rises. I would also draw attention to the fact that the meeting of the Immigration and Labour Committee, which was scheduled for eleven o'clock tomorrow morning, has been postponed because of the inability of certain witnesses to be present. Therefore, in order to make the fullest possible use of our time, I am arranging to have a meeting of the Banking and Commerce Committee at 11 a.m. tomorrow, when further consideration will be given to the amendments to the Income Tax Bill.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of his Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

- An Act for the relief of Doris Joan Guest Rigg.
- An Act for the relief of Cora Elizabeth Jamieson Southam.
- An Act for the relief of Audrey Brenda Holmes Burnett.
- An Act for the relief of Barbara Edna Brownrigg Johnson.
- An Act for the relief of Aili Katriina Salokannel Martel.
- An Act for the relief of Velma Elizabeth Buchanan Lowson.
- An Act for the relief of Gladys Harriet Hassall Thom.
- An Act for the relief of Elisabeth Mavis Cann Jousse.
- An Act for the relief of Eric Lacate.
- An Act for the relief of Dorothy Margaret May Harris McCormick.
- An Act for the relief of Sigrid Denston Day.
- An Act for the relief of Beatrice Campbell McClay.
- An Act for the relief of Catherine C. Goodrow Rogers.
- An Act for the relief of Miriam Roberta Weir Caryer.
- An Act for the relief of Marjorie Frances Murphy Cozzolino.

- An Act for the relief of Mary Thomson Cadieux.
 An Act for the relief of Veronica Pearl Faulkner MacKenzie.
 An Act for the relief of Elizabeth Hampshier Atyon Reilley.
 An Act for the relief of Sybil Elliott Karr Boulanger.
 An Act for the relief of Mary Kennedy Dunn Anderson.
 An Act for the relief of Albert Ernest Curtis.
 An Act for the relief of Annie Swales Barber.
 An Act for the relief of Rebecca Catherine Pitts Duquette.
 An Act for the relief of Edith Mary Stone Ryan.
 An Act for the relief of Pearl Greenspan Abramovitz.
 An Act for the relief of Harry Rudner.
 An Act for the relief of Dorothea Joan Lawrence Gamble.
 An Act for the relief of Walter St. Andre Bawn.
 An Act for the relief of Alison Hamilton Brown Weldon.
 An Act for the relief of Hazel May Wilkie MacLeod.
 An Act for the relief of William Gordon Cascadden.
 An Act for the relief of Romeo Lefebvre.
 An Act for the relief of Kathleen Veronica Thompson Davidson.
 An Act for the relief of Joseph Arthur Winsorlow Brisebois.
 An Act for the relief of Margaret May Tuck Reicker.
 An Act for the relief of Mabel Kearley Budgell.
 An Act for the relief of Zina Sarah Fletcher Tannenbaum.
 An Act for the relief of Fred Marcus.
 An Act for the relief of Belva Rubin Bercusson.
 An Act for the relief of Reginald E. Martin.
 An Act for the relief of Dora Moore Holland Towers.
 An Act for the relief of Betty Menditsky Kursner Kobernick.
 An Act for the relief of Elizabeth Goodman Goldberg.
 An Act for the relief of Helene Eugenie Hortense Holmes Said.
 An Act for the relief of Amanda Doris Drachler Segalowitz, otherwise known as Amanda Doris Drachler Selton.
 An Act for the relief of Florence Druckman Oliver.
 An Act for the relief of Albert Gedeon Martin.
 An Act for the relief of Brandel Avrutick Cutler.
 An Act for the relief of Freda Geraldine Rodgers.
 An Act for the relief of Hattie May Dawson Wood.
 An Act for the relief of Marie Yvonne Bouchard O'Rourke.
 An Act for the relief of Ethel Margaret Murphy Watson.
 An Act for the relief of Clifford Willis Collins.
 An Act for the relief of Alfred Beatty Harris.
 An Act for the relief of Claire Jeanne D'Arc Sagala De Montignac.
 An Act for the relief of Norma Maria De Montignac Des Jardins.
 An Act for the relief of Rita Annie Wylie Morrow.
 An Act for the relief of Olga Veleky Stepanovitch.
 An Act for the relief of Beatrice Norma Sabbath Finestone.
 An Act for the relief of Adele Kuznetz Paquette.
 An Act for the relief of Jessie Ferguson Deans McKenzie.
 An Act for the relief of Daisy Muriel Smallcombe Devaney.
 An Act for the relief of Stella Burns Herdman Elder.
 An Act for the relief of Ethel May Alice Turnbull Colligan.
 An Act for the relief of Effie Irene Collier Newman.
 An Act for the relief of Phyllis Anne England McNab.
 An Act for the relief of Martha Jean Brooks Markell.
 An Act for the relief of Kathleen Zawitkoska Symianick.
 An Act for the relief of Jeannine Martineau Masse.
 An Act for the relief of Betty Borman Archambault.
 An Act for the relief of Edwin Dawson.
 An Act for the relief of Mavis Barker Billingham.
 An Act for the relief of Roland Gour.
 An Act for the relief of Margaret Elizabeth Taylor Clarke.
 An Act for the relief of Sylvia Singer Mepham.
 An Act for the relief of Mabel Kathleen Baxter Simons.
 An Act for the relief of Vittoria Minotti Mastrachio.
 An Act for the relief of Dent Harrison.
 An Act for the relief of Margaret Mahajahla Aitken Schoch.
 An Act for the relief of Esther Spector Gelfand.
 An Act for the relief of Sophie Roth Pliss.
 An Act for the relief of Gertrude Howard McWilliams Rubin.
 An Act for the relief of Remenia Bertha Duguay Briggs.
 An Act for the relief of Blanche Naomi Greenlees.
 An Act for the relief of Leslie William McNally.
 An Act for the relief of Jacqueline Marie Scully Sirois.
 An Act for the relief of Phyllis Christina McLeod Daly.
 An Act for the relief of Winnie Florence Clitheroe DuVal.
 An Act for the relief of Muriel Elizabeth McCurry Welham.
 An Act for the relief of Betty Margaret Slinn Metivier.
 An Act for the relief of Fanny Abramowitch Mergler.
 An Act for the relief of John Wood.
 An Act for the relief of Olivia Mary Tipping Morris.
 An Act for the relief of Mable Veronica Askin Williamson.
 An Act for the relief of Christine Rachel MacLeod Nicholson.
 An Act for the relief of Anne Halperin Perelmutter.
 An Act for the relief of Phyllis Rochlin Rabonovitch.
 An Act for the relief of Mary Kaybridge Goulbourn.
 An Act for the relief of Muriel Alice Mary Westgate.
 An Act for the relief of John Elliot Cumming.
 An Act for the relief of Ethel Bell Lifshitz.
 An Act for the relief of Martin Matthew Waagemans.
 An Act for the relief of Elaine Ruby Cooper Pierre.
 An Act for the relief of Gertrude Toulch Standard.
 An Act for the relief of Thomas Gordon Williams.
 An Act for the relief of Ethel Lerner Baker.
 An Act for the relief of Robert Earl Skinner.
 An Act for the relief of Chasia Berger Wolf.
 An Act for the relief of Henry William Askew.
 An Act for the relief of Leman Makinson.
 An Act for the relief of Rose Anna Levesque Kirkland.
 An Act for the relief of Douglas Barrymore Stone.
 An Act for the relief of Nancy Doria Evan-Wong Meade.
 An Act for the relief of Louise Elizabeth Garner Mitchell.

An Act for the relief of Vivian Pearl McCrea Gunning.

An Act for the relief of George Bruce Lancaster.
An Act for the relief of Lillian Soper Pearce Smith.

An Act for relief of Antoinette Carriere Lepine.
An Act for the relief of Marjorie Blythe Shore Marriott.

An Act for the relief of Norman Harold Lucas.
An Act for the relief of Blanche Irene Aurore Schryer Batryn.

An Act for the relief of Leah Judith Godfrey Green.

An Act for the relief of Phyllis Martin Payne.
An Act for the relief of Geraldine Estelle Leduc Brunet.

An Act for the relief of John Allen Young.
An Act for the relief of Laura Kathleen Potter Stewart.

An Act for the relief of Edna Hannah Keene Ley.
An Act for the relief of Ada Friedman Mendelsohn.

An Act for the relief of Ann Mitchell Rabinovitch.
An Act for the relief of Ernest Joseph Poirier.
An Act for the relief of Maria De Gregoria Zarbatany.

An Act for the relief of Jean Paul Verret.
An Act for the relief of Gladys Eileen Hungate Norman.

An Act for the relief of Marie Anne Alice Lalonde Campey.

An Act for the relief of Sadye Gasn Blidner.
An Act for the relief of Lera Mary Rombough Kirkey.

An Act for the relief of Micheline Loranger Major.
An Act for the relief of Jane Letitia Hardie Ball.
An Act for the relief of Russell Mowbray Meredith.

An Act for the relief of Jack Elmhirst Webster.
An Act for the relief of Annie Kwiat Maislin.
An Act for the relief of Douglas Charles Blair.
An Act for the relief of Therese Simonne St. Onge Laurier.

An Act for the relief of Carmen Emily Adelle McCoy Jackson.

An Act for the relief of Helen Alma Lambert Anderson.

An Act for the relief of Bertha Marks Cohen.
An Act for the relief of Stella Margaret Rollo McKee.

An Act for the relief of Helena Matyla Martyniak.
An Act for the relief of Marie Rosanna Emelda (Imelda) Lecomte Bolduc.

An Act for the relief of Rose Slosarczyk Bydlinski.
An Act for the relief of Helen Meadows MacNaughton.

An Act for the relief of Walter Kerr Dow.
An Act for the relief of Thora Yvonne Easy Weaver.

An Act for the relief of Robert Cohen.

An Act for the relief of Ruby Gladys Burns Thornhill.

An Act for the relief of Joseph François Xavier Beland.

An Act for the relief of Joseph Neist.
An Act for the relief of Harry Goldbloom.

An Act for the relief of Winnifred Julia Lester Stockless.

An Act for the relief of George Eustorgio Lanzon.

An Act for the relief of Laurette Amyot McGroarty.

An Act for the relief of Hilda Marie Adeline Bouvier Cardy.

An Act for the relief of Reuben Robert Shapiro.

An Act for the relief of Mary White Sheppard.

An Act for the relief of Ulderic Cadieux.
An Act for the relief of Helen Irene Barney Hutchinson.

An Act for the relief of Alice Jean Young Gulliver.

An Act for the relief of Joseph Lucien Alphonse Martel.

An Act for the relief of Georges Emile Bernier.
An Act for the relief of Margaret Veronica Quinn Davies.

An Act for the relief of Max Gurevitch.
An Act for the relief of Romuald Joseph Jean Lamoureux.

An Act respecting the purchase by Canadian Pacific Railway Company of shares of the capital stock of The Shawinigan Falls Terminal Railway Company.

An Act respecting The Limitholders' Mutual Insurance Company.

An Act respecting United Grain Growers Limited.
An Act to amend The Canadian Red Cross Society Act.

An Act respecting the appointment of Auditors for National Railways.

An Act to amend The Manitoba Boundaries Extension Act, 1912, and The Ontario Boundaries Extension Act.

An Act to incorporate Ukrainian National Federation of Canada.

An Act to amend The Northwest Territories Power Commission Act.

An Act to amend The Precious Metals Marking Act, 1946.

An Act respecting Grants of Public Lands.
An Act respecting Crown Lands in the Yukon Territory and the Northwest Territories.

An Act to amend the Excise Tax Act.
An Act to amend the Railway Act.

An Act to amend the Customs Tariff.
An Act to incorporate Alberta Natural Gas Company.

An Act to incorporate Prairie Transmission Lines Limited.

An Act to incorporate United Security Insurance Company.

An Act to incorporate The Apostolic Trustees of the Friars Minor or Franciscans.

An Act to incorporate The Canadian Commerce Insurance Company.

An Act to incorporate Saskatchewan Mutual Insurance Company.

An Act to amend the Customs Act.
An Act to amend the Cold Storage Act.

An Act to bring the Criminal Code and the Canada Evidence Act into force in Newfoundland.

An Act to amend the Criminal Code.
An Act to amend the Research Council Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1951.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, June 2, 1950

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

Prayers and routine proceedings.

CANADA SHIPPING BILL

FIRST READING

Hon. Mr. Robertson presented Bill Y-8, an Act to amend the Canada Shipping Act, 1934.

The bill was read the first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next Monday.

INCOME TAX BILL

INQUIRY

Hon. Mr. Haig: I should like to ask the honourable the acting Chairman of the Banking and Commerce Committee (Hon. Mr. Paterson) whether he is not going to make a report now on the Income Tax Bill?

Hon. Mr. Robertson: That report is not ready yet.

Hon. Mr. Haig: Thank you.

EMPLOYMENT SERVICE CONVENTION

MOTION FOR APPROVAL

Hon. Wishart McL. Robertson moved:

That it is expedient that parliament do approve of Convention No. 88, Employment Service Convention, 1948, which was adopted by the General Conference of the International Labour Organization at its thirty-first session at San Francisco on the ninth day of July, 1948, and this House do approve of the same.

He said: Honourable senators, I have asked the honourable gentleman from New Westminster (Hon. Mr. Reid) to speak to this motion.

Hon. Thomas Reid: Honourable senators, as one long associated with labour and still carrying a union card, I am pleased indeed to have the pleasure of explaining this motion.

The International Labour Organization is the oldest organization of its kind in existence. It was founded in 1919, at the Paris Peace Conference, at some meetings of which Sir Robert Borden was Chairman.

At present Dr. MacNamara, the Deputy Minister of Labour, is Canada's permanent representative on the organization.

Sixty nations are members of the organization. Russia is not one of these. In all,

ninety-eight conventions have been adopted at conferences of the organization. Canada has approved of twelve of the conventions, and it may be asked why we have not given our approval to the others. The explanation is that many resolutions and conventions passed by the organization have to do with states or provinces, and of course Canada can ratify only conventions respecting matters over which the federal parliament has jurisdiction.

Honourable members have no doubt received a copy of the convention which is now before us. It contains twenty-two articles, all dealing with the one subject-matter. Briefly, the object of them is the maintenance of free public employment service, with a national system of offices under the jurisdiction of the national authority. In effect they require the co-operation of employers and workers for the purpose of securing employment for workers, through national, regional and local advisory committees. Through its system of national unemployment insurance, Canada has in fact already put this convention into effect. Parliament is now asked to ratify the convention, and after it is ratified it will be implemented by order in council.

The motion was agreed to.

ELECTRICAL AND PHOTOMETRIC UNITS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill S-2, an Act respecting the Units of Electrical and Photometric Measure.

He said: Honourable senators, this bill has been standing on the order paper for some time, and I am sure that the honourable leader opposite awaits an explanation of it with pleasurable anticipation. The purpose of the bill is to bring the Canadian law defining the units of electrical and photometric measure, into line with the laws of Great Britain, France and the United States, and thus give effect to the recommendations made by the International Committee on Weights and Measurements, on which Canada was represented.

In the early days of electricity certain ideal scientific units of electrical quantities were set up and universally accepted, and various attempts were made to produce physical standards which would represent these units. In 1908, at an international conference held in London, specifications were adopted which described how the material standard of the ohm and of the ampere should be prepared. These somewhat arbitrary standards were to

be known as the "international ohm" and the "international ampere", and the resulting system of electrical units became known as the "international system of units".

Each important national laboratory proceeded to construct its own standards. In 1911 the standards of Great Britain, France, Germany, and the United States were compared with one another in Washington. The mean values were taken as the realization of the definitions of the London Conference. Each participating laboratory knew how much its own standards departed from the values of the international units.

In time scientific knowledge expanded and measurement techniques improved. The discovery of isotopes rendered the definitions of 1908 less precise than they were originally believed to be. Numerous determinations by different laboratories of the size of the "international ohm" and the "international ampere" in terms of mechanical units of force—that is, mass, length and time—showed that in the definitions of 1908 there were slight inaccuracies which had to be allowed for in very precise measurements.

These and other considerations led to an increasing desire by all concerned to define electrical units in terms of the so-called "absolute units"—that is, to define electrical quantities in terms of mass, length and time—by means of the effects produced when an electric current flows under prescribed conditions. The use of absolute units enables us to realize closely the original ideal scientific units, which was not possible in 1908 because of inadequate precision.

Various official bodies recommended the use of the absolute system of units in place of the international units. Finally, at the 8th General Conference on Weights and Measures, held in 1933, the change to absolute units was definitely confirmed. This conference delegated to the International Committee on Weights and Measurements the task of fixing the date for general adoption of absolute units and determining the ratios of the international units to the absolute units. The date finally agreed to was January 1, 1948, and appropriate legislative action is required by the various countries to ratify the decision of the conference.

It is the purpose of the definitions included in this bill to base the Canadian standards for electrical units on the accepted absolute system.

The difference in the size of the units in the present and the proposed systems is very minute, and needs to be taken into account only in precision work. The ratios ratified in October, 1948 by the 9th General Conference on Weights and Measures were those

adopted by the International Committee on Weights and Measurements in October, 1946, and are as follows:

1 mean international ohm—1.00049 absolute ohm.

1 mean international volt—1.00034 absolute volt.

1 mean international ampere—0.99985 absolute ampere.

The previous definition of ohm, volt and ampere, contained in chapter 56 of the Revised Statutes of Canada, 1927, were in accordance with the old definitions agreed to at the London Conference of 1908.

Photometric units are not defined at present in any Canadian statute.

If any honourable senator wants information in addition to what I have already supplied, I shall be pleased to give it, if I can. If I cannot, I would hope to have further technical advice available.

Hon. Mr. Roebuck: As I listened to the honourable gentleman I gathered the impression that under the new regime the ohm, the volt and the ampere are to be larger. I should like to know whether as a consequence our bills for electricity will be affected.

Hon. Mr. Robertson: The information I have is that the changes are so very small that only in precision work will account be taken of them. Whether the bills which my honourable friend pays fall within that category, I must leave him to decide.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Robertson: If any honourable senator wishes to further study the bill, third reading can be deferred to a later sitting; otherwise I am prepared to move third reading at this time.

Hon. Mr. Haig: I should think so!

Some Hon. Senators: Move third reading.

Hon. Mr. Robertson: I so move.

The motion was agreed to, and the bill was read the third time, and passed.

AERONAUTICS BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill J-4, an Act to amend the Aeronautics Act.

Hon. Wishart McL. Robertson: Honourable senators, I move concurrence in these amendments.

Honourable senators will remember that when this bill was before this house previously it was passed and sent to the other place. Subsequently it was returned with two amendments, as follows:

1. Page 3, line 10: Strike out the word "subsection" and insert the word "subsections."

This is necessary because the House of Commons added another subsection.

2. Page 3, line 15: Add the following subsection to subclause (7) of clause 3:

(4) Every person who violates an order or direction of the minister made under a regulation is guilty of an offence and is liable on summary conviction to a fine not exceeding one thousand dollars or to be imprisoned for a term not exceeding six months or to both fine and imprisonment.

This bill, as it passed the Senate, provided certain penalties in cases of breaches of orders and directions made by the minister. The same penalties applied to breaches of regulations made by the Governor in Council. It was felt in the other place that the penalties which attached to breaches of orders and directions made by the minister should be less severe than those for breaches of regulations made by the Governor in Council. For that reason this subsection was added. It provides that for breaches of orders or directions made by a minister the penalties shall be a fine not exceeding \$1,000 or imprisonment not exceeding six months, or both. In the case of breaches of regulations made by the Governor in Council the penalties shall be a fine not exceeding \$5,000 or imprisonment not exceeding one year, or both.

Hon. Mr. Dupuis: Does that mean that all the ministers of the Crown will go to jail?

Hon. Mr. Robertson: I hope the bill will not be so interpreted.

Hon. Mr. Euler: Do not the regulations made by the minister have to be approved by order in council?

Hon. Mr. Robertson: I have not the phraseology before me, but unless there were the two types of regulation—one approved by the Governor in Council and the other by the minister—the distinction in penalties would be meaningless.

Hon. Mr. Euler: Usually the regulations must be approved.

Hon. Mr. Robertson: Not in all cases. I move concurrence in the amendments.

The motion was agreed to.

TARIFF BOARD BILL

SECOND READING

Hon. Mr. Robertson moved the second reading of Bill 236, an Act to amend the Tariff Board Act.

He said: I have asked the honourable senator from Vancouver (Hon. Mr. McKeen) to explain this bill.

Hon. S. S. McKeen: Honourable senators, there are two main reasons why the Tariff Board Act should be amended at this time. This Act originally consisted of two parts. The first part dealt with inquiries, and clearly defined the powers of the Board, which were wide. The second part dealt with appeals the hearings of which were conducted quite informally; and here the powers were not clearly defined. In 1948 these two parts of the Act were consolidated, but the question of whether the same powers then applied to both an appeal and an inquiry was left in doubt.

A recent amendment to the Customs Act extends the classes of persons who are entitled to appeal to the Board. Formerly only an importer could do so, but now anyone who feels that he is adversely affected may, appear as a witness at an appeal hearing; launch an appeal to the Tariff Board on his own behalf; or if necessary, appeal to the Exchequer Court. With the increased number of persons who now have the right of appeal, the hearings could no longer be carried on in the same informal way as when only the importer had that right. Therefore it has become necessary to re-define the powers of the board, and this amendment clearly sets out that on an appeal the board shall have the same powers, with a few exceptions, as on an inquiry.

Subsection 3, of section 5, of the Act, which deals with compelling witnesses to attend at hearings, is not necessary, and section 1 will apply. In all likelihood this section will never be used, because the appellants having asked for the hearing themselves, will be quite willing to attend and produce all their papers and documents.

In specific cases, under subsection 7 of section 5, one member of the Board shall constitute a quorum and have power to conduct inquiries. These inquiries do not affect the public in the same way as other hearings, because the reports are made only to the minister and are not for the use of importers or the general public.

Both subsection 7 and 8 or section 5 deal with specific inquiries, and do not apply in

the case of an appeal. These inquiries include those instituted by the minister on specific subjects, and the report is for his use only and not for the general public. With these exceptions, it is felt that the Board now has all the authority required to hear appeals.

The amendment proposed by the bill before us gives greater freedom of action to businessmen, in that they can appeal any departmental order which they think is injurious to them. It indicates a tendency to get away from what we call bureaucratic control, and I believe it is a step in the right direction. I think this move will encourage business generally, and will lead to the stabilization and

expansion of trade. For these reasons I feel that legislation of this kind should receive the wholehearted support of this chamber.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

The Senate adjourned until Monday, June 5, at 8 p.m.

THE SENATE

Monday, June 5, 1950

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

Prayers and routine proceedings.

INCOME TAX BILL

REPORT OF COMMITTEE

Hon. Norman McL. Paterson presented the report of the Standing Committee on Banking and Commerce on Bill 177, an Act to amend the Income Tax Act.

The report was read by the Clerk Assistant as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 177 from the House of Commons, an Act to amend the Income Tax Act, have in obedience to the order of reference of May 25, 1950, examined the said bill, and now beg leave to report the same with the following amendments:

1. Page 6, line 47: After "corporations" insert "or trusts."

2. Page 7, line 1: After "(eb)" insert "or (ec)."

3. Page 9: Add the following as new subclause (3) of clause 11:

"(3) Notwithstanding subsection (2), subsection (1) is not applicable in a case where control of the payer corporation has been, pursuant to a right which existed on or before May 10, 1950, acquired before June 30, 1950."

4. Page 13, lines 44 and 45: Delete "(within the meaning of that expression as used in subsection (1A) of section 27)."

5. Page 14, lines 1 to 5: Delete subparagraph (iii) and substitute the following:

"(iii) expended amounts each of which is

(A) an expenditure in respect of charitable activities carried on by the corporation itself,

(B) a gift to an organization in Canada the income of which for the period is exempt from tax under this Part by virtue of paragraph (ea), or

(C) a gift to a corporation resident in Canada the income of which for the period is exempt from tax under this Part by virtue of this paragraph, and

the aggregate of which is not less than 90 per cent of the corporation's income for the period,"

6. Page 14: Add the following as new paragraph (ec) of subclause (1) of clause 21:

"(ec) a trust all the property of which is held absolutely in trust exclusively for charitable purposes, that has not, since June 1, 1950, acquired control of any corporation and that, during the period,

(i) did not carry on any business,

(ii) had no debts incurred since June 1, 1950, other than obligations arising in respect of salaries, rents and other current operating expenses, and

(iii) made gifts, the aggregate of which are not less than 90 per cent of its income for the period, to organizations in Canada or corporations resident in Canada the incomes of which for the period are exempt from tax under this Part by virtue of paragraph (ea) or (eb)."

7. Page 14, lines 14 to 24: Delete lines 14 to 24, both inclusive, and substitute the following:

"(3) For the purpose of paragraph (eb) or (ec) of subsection one

(a) a corporation is controlled by another corporation or by a trust if more than 50 per cent of its issued share capital (having full voting rights under all circumstances) belong to

(i) the other corporation or the trust, or

(ii) the other corporation or the trust and persons with whom the other corporation or the trust does not deal at arms length,

but a corporation or trust shall be deemed not to have acquired control of a corporation if it has not purchased (or otherwise acquired for a consideration) any of the shares in the capital stock of that corporation,

(b) there shall be included in computing a corporation's or trust's income all gifts received by the corporation or trust other than gifts received subject to a trust or direction that the property given, or property substituted therefor, is to be held by the corporation or trust for the purpose of gaining or producing income therefrom, and

(c) subsection (4) of section 58 is not applicable in determining a trust's income."

8. Page 27, line 26: After "corporation" insert "or trust."

9. Page 27, line 28: Delete "or (eb)" and substitute ", (eb) or (ec)."

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

Hon. Mr. Robertson: Tomorrow.

The motion was agreed to.

HIS MAJESTY KING GEORGE VI

BIRTHDAY FELICITATIONS

Hon. Thomas Vien: Honourable senators, before the orders of the day are called I should like to remind the house that the British Commonwealth of Nations is today celebrating the birthday of His Most Excellent Majesty King George VI.

King George VI was born on December 14, but out of respect for his late father, His Majesty King George V, and in compliance with the wishes of the present King, his birthday is celebrated on the Monday nearest to June 3, the birthday of his late father.

At this half-way juncture of the twentieth century I think it fitting that we should glance back at the history of events since the turn of the century, when, in London, Her Majesty Queen Victoria—one of the most glorious women that ever presided over the destinies of an empire—was reigning over her dominions. King Edward VII, who has been called "the Peacemaker", succeeded her; and then for over a quarter of a century His Majesty, of beloved memory, King George V, reigned over us, to be succeeded later by His Most Excellent Majesty King George VI. We owe a great debt of gratitude to Divine Providence for having blessed us in this way during the past half century. While so many other empires and kingdoms have disappeared into

the dark shades of history, the British Empire and British Commonwealth of Nations have been blessed in the character of the sovereigns who in turn have reigned over us.

On this occasion of the King's birthday I think it is only fitting that we should express our gratitude to Divine Providence, and that we should also present our most humble duty to His Majesty the King, wishing health, happiness, joy and prosperity to him, to Her Majesty the Queen, and to the Princess Elizabeth and Princess Margaret. I believe the Senate will join with me in expressing this feeling of loyalty, of allegiance, of deep affection and devotion to His Majesty the King.

Hon. Senators: Hear, hear.

IMMIGRATION AND LABOUR COMMITTEE

ADDITION TO PERSONNEL

Hon. Mr. Robertson: With leave of the Senate, I would move that the name of the Honourable A. L. Beaubien be added to the list of senators serving on the Standing Committee on Immigration and Labour.

The motion was agreed to.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

SECOND READING

Hon. Mr. Robertson moved the second reading of Bill X-8, an Act to amend the Canadian and British Insurance Companies Act, 1932.

He said: I have asked the honourable senator from Carleton (Hon. Mr. Fogo) to explain the bill.

Hon. J. Gordon Fogo: Honourable senators, this is one of two bills which are more or less related—Bill X-8, an Act to amend the Canadian and British Insurance Companies Act, 1932, and the companion Bill W-8, an Act to amend the Foreign Insurance Companies Act, 1932. I mention the latter bill at this time because all the amendments made by Bill X-8 in relation to British companies are, by Bill W-8, made applicable to foreign companies.

Canada's original legislation with respect to insurance companies was passed shortly after confederation, in 1868, and was amended and revised from time to time thereafter until 1932, when it was consolidated in the Acts to which I have just made reference. Since that time there have been only minor amendments.

The purpose of the present bill is to bring the legislation of 1932 more generally into conformity with current conditions, and to

remove certain anomalies in the treatment of Canadian companies as compared with British and foreign companies.

There are long schedules attached to the bill, and there is one very lengthy section which deals with the type of investment the companies may make; but in reality there are few new principles involved in the legislation.

In referring to changing conditions it is perhaps relevant to say that the life insurance business, particularly in Canada, has increased seven-fold during the past three decades. The number of life insurance contracts in force in Canada has grown in round figures, as follows: At the end of 1919 the total business in force was \$2 billion; ten years later, at the end of 1929, this had increased to \$6 billion. Notwithstanding the depression, the total figure remained at \$6 billion at the end of 1939, and at the end of 1949 the total had reached \$14 billion. Some of the companies doubled their business in a five-year period. It will be apparent, therefore, what a prominent place this insurance business holds in the economy of our country.

Honourable senators, I am not going to attempt to refer to the particular sections of the bill, but the first and most important matter that is dealt with is the investment powers of the Canadian companies. These are being enlarged in some respects and modified in others; I shall refer only to the more important changes.

It is proposed that in addition to investing in securities of the Canadian government, of the governments of commonwealth countries, of the United States or of any state of the Union, any Canadian insurance company be permitted to invest in the government securities of a country in which the company is carrying on business. This constitutes a change, because heretofore companies have been permitted to purchase securities of any foreign country. It is felt that it is a good principle for a Canadian insurance company to invest in the currency or securities of a foreign country only to the extent that it has liabilities in that country.

Hon. Mr. Hugessen: It is a restriction.

Hon. Mr. Fogo: In a sense it is, but there is no limitation as to the amount; neither is there any provision that the company must purchase securities of any foreign country in which it is doing business to the extent of its liabilities in that country. As a matter of fact, in many cases the companies would not wish to do this.

The second important change has to do with what are called revenue bonds. During recent years it has been common practice to

set up government agencies to erect and operate certain government projects. We have ports, harbours, bridges, communication systems, electric and gas services, and so on, which are operated by public authority, each of which in turn issue securities on the basis of the revenue of the particular project. A good example would be the Port of London Authority or the Pennsylvania Turnpike Authority or any other body of that character. The securities of these bodies are known to be good, and it is now proposed that the power of Canadian companies to invest in such securities be enlarged to include revenue bonds of this type in other countries as well as in Canada. In effect, those other countries would be largely the United Kingdom and the United States. That is an extension.

A further important extension is in the field of equipment trust certificates issued by railways on rolling equipment. At the present time our companies are permitted to invest in such certificates issued by Canadian railways. The amendment would permit the purchase of equipment trust certificates issued by United States railways as well.

There is also a rather important change as to the purchase of corporation debentures by insurance companies. The present Act provides that companies may invest in debentures of corporations with certain dividend records; that is, corporations which have regularly paid their dividends for a period of five years. This bill proposes an alternative test for corporation debentures, an earnings test, whereby companies may invest in the debentures of a corporation whose earnings during the preceding five years have been at least ten times its annual interest requirements and in each of any four of five years at least one and one half times its annual interest requirements. This earnings test is an alternative test, in the sense that it will be permissible to apply it or the former dividend test.

As to the purchase of common shares there is a rather important change. Heretofore companies were permitted to purchase common shares up to a given amount, provided dividends on these shares had been paid regularly for a period of seven years at a rate of at least 4 per cent of the par value of the shares or, in the case of shares without par value, at the rate of \$4 per share. The change provides that the required dividends shall be equal to at least 4 per cent of the average value at which the shares have been carried on the books of the corporation or were carried during the years in which the dividends were paid. As honourable senators will realize, the provision that no-par shares must pay a dividend of at least \$4 would have

the effect of eliminating a good many shares which otherwise might be considered good investments.

Another modernization, if I may so call it, permits companies to invest in income realty. In some places there has grown up a practice whereby insurance companies have purchased buildings having good tenants with long-term leases at fixed rentals. The proposal is to permit companies to invest in real estate for the production of income, provided that the real estate purchased is leased to a corporation having a reliable financial record, and that the terms of the lease are such as to return at least 85 per cent of the investment together with a reasonable rate of interest over the period of the lease, but not exceeding thirty years. The financial standing of the corporation—that is the tenant corporation—would be covered by an earnings test similar to that used to determine whether its debentures would qualify for investment by insurance companies. Arrangements of this nature have become very popular in the financing of commercial firms in recent years. However, inasmuch as this is a new departure in Canada, it is proposed that a company be not allowed to invest more than 5 per cent of its assets in this type of investment. And any purchase of real estate by a company under the so-called "basket clause," which permits companies to place up to 3 per cent of their assets in investments outside the classes listed as approved, will be applied against this 5 per cent limit.

Hon. Mr. Hugessen: May I ask my honourable friend a question? Is there any provision in this bill whereby the Superintendent of Insurance or some other authority may give a ruling as to whether any particular investment is permitted? In actual practice in the past there has been a good deal of doubt as to whether particular investments did or did not fall within the approved classes, and it has never been possible to get a ruling. I wondered whether in such cases, this bill provided for a ruling by the Superintendent of Insurance or other authority.

Hon. Mr. Fogo: Although I cannot put my finger on the appropriate section or subsection, I am quite sure that in the bill or the Act there is a provision that all investments must be regularly reported to the Superintendent of Insurance, and that a record must be kept by him and also by the Treasury Board.

Hon. Mr. Hugessen: But the question sometimes arises whether a company has the right to invest in a particular security.

Hon. Mr. Fogo: I understand that if a company has invested in something that is not in an approved class, it is required to dispose of it.

British and foreign insurance companies operating in Canada are at present required, and have been for many years, to maintain in Canada assets equal to the liabilities on their Canadian business. These assets must be on deposit with the Receiver General, or vested in a trust for that purpose. The present Acts include schedules setting forth such assets as the companies may purchase for this purpose, but the schedules have contained a good many inconsistencies, which this bill proposes to remove. Further, these assets on deposit or vested in trust are, except for securities issued by the government of any commonwealth country or of the United States, to be limited to Canadian securities only. The view is that Canadian dollar liabilities should be covered as far as practicable by Canadian dollar assets. Though to some degree restricting the investment powers of any British and foreign insurance company, this will in another way enlarge its investment powers, and will allow it to include in its portfolio certain bonds secured by dominion payment or by provincial subsidies, cash in the hands of a trustee or in a trust account in a chartered bank, and real estate in Canada for the company's own use and occupancy. Also the 3 per cent "basket clause," under which securities not otherwise authorized may be purchased, is now made applicable to British and Foreign companies.

The bill provides a further amendment which is important to both the insurance company and the public. It has to do with the value at which securities are carried in the books of the company. At present all insurance companies registered under the Act must show in their annual statements the market value of their securities. In practice the companies have been more conservative in that they have taken their securities into account at market value or at book value, whichever is the lesser, and this practice has been encouraged by the department. It is proposed that life insurance companies be permitted to carry securities issued by the government of Canada or of any province of Canada, or by the government of the United States or of the United Kingdom, at values not exceeding their amortized values. These values are calculated mathematically, having regard to purchase price, actual interest payments, date of maturity and the amount to be received at maturity.

Hon. Mr. Euler: May I ask whether it is still within the power of the Governor in Council in times of economic stress, such as we had some years ago when the market

value of securities fell so low that the companies were practically bankrupt, to fix a value for securities which would permit companies to remain solvent? At the time to which I refer the companies were allowed to carry securities at a figure higher than the actual market value.

Hon. Mr. Fogo: The section known as the "authorized value" section is still in the statute, and will remain in force. Notwithstanding the fluctuations in value from time to time, government securities are purchased by life insurance companies at the time of issue, and ordinarily they are held until maturity. In that way the fluctuations have no real effect on the value of the securities. All insurance companies other than life companies are required to report securities at market value, and life insurance companies must report not only the amortised value but also the market value of the securities which they carry.

The bill provides that with respect to British and foreign insurance companies the Treasury Board be given the power when it considers the assets of a company held in Canada insufficient to protect its policyholders, to call upon that company to increase its deposit of securities.

Honourable senators will observe that the section governing the appointment of directors and the meetings of directors has been redrafted and clarified. Amongst other things it provides the procedure to be followed as to the production of documents and the transfer of stock when a shareholder dies. This is similar to the requirements of the Bank Act.

The bill permits Canadian insurance companies, the shares of which are fully paid, to reduce their par value from \$100 to a minimum, I believe, of \$10 per share. This section follows to some extent the amendment to the banking legislation of a few years ago, except that in this case it is not compulsory.

The bill also provides a change with respect to the value of shares held by a director, which heretofore has been fixed at not less than \$2,500 of capital stock. By reason of the high value which the shares of some companies have attained, the purchase of \$2,500 worth of par value stock would today require an investment of as much as \$10,000 or \$12,000. The amendment proposes that a director be required to hold shares on which at least \$1,000 has been paid.

A further amendment permits the appointment in certain circumstances of additional directors without changing the charter of the company.

The present act requires the Superintendent of Insurance to visit the head office of each company at least once a year, and examine into its affairs. With the growth of business it is now proposed that where in the opinion of the superintendent the circumstances so warrant, he may visit the offices and make such examination less frequently than annually but not less frequently than once in every three years.

Hon. Mr. Crerar: Does that mean that the inspection will take place only once in three years?

Hon. Mr. Fogo: That might happen, but the visits will not be at regular intervals. The fact is that the larger companies, whose books are audited by well-established firms, supply regular statements, and it is felt that, in some cases, an annual inspection is not necessary.

The bill proposes to grant to fraternal benefit societies the power to write personal accident and sickness insurance. The societies which have been incorporated within recent years have that right, but some of the long-established societies are not permitted to do that type of business under their charters. In this way all will be brought into line. It is further proposed to remove the requirement which limits to \$10,000 the life insurance which may be issued to any one member, and to place upon the actuary of the society the responsibility of determining the maximum amount of insurance appropriate in any particular circumstance. It is recognized that the limit of \$10,000 is too high for some of the smaller companies, and probably low for some of the others.

Another amendment provides for the amalgamation of fire and casualty companies, and enables them to enter into agreements for amalgamation with other companies or for reinsurance of their business. This rectifies an omission. Existing legislation provides a code for the amalgamation or merger of life insurance companies, but has no such provision as regards fire and casualty companies. Any agreement entered into pursuant to this section will be subject, as a condition precedent, to the permission of the minister and the approval of the Treasury Board; other procedure will be the same as is now required for the merger of life insurance companies. Under the law as it stands, the only way whereby a fire insurance or casualty company can go out of business is through bankruptcy proceedings.

Other changes which are proposed for the better operation of the law relate to the execution and filing of annual and half-yearly statements showing the movement of securities of life insurance companies, boards of

directors of Canadian companies, the addition of approved tables of mortality and for the maximum rate of interest at which life insurance annuity contracts are to be valued, the computation of reserves in fire and casualty companies, and certain sections having reference to British and foreign companies which were carrying on business in Canada prior to 1878.

That, honourable senators, is a brief review of the outstanding changes contained in this bill. As I have already pointed out, it will be found by reference to Bill W-8, which we shall examine later, that it makes applicable to foreign companies the changes which in the bill now before us are prescribed for British companies.

Hon. Mr. Vien: Can the honourable senator tell me whether the insurance companies that are affected by the radical changes now introduced have been consulted?

Hon. Mr. Fogo: I understand that this legislation has been under consideration for quite a long time, that there has been close communication with the representatives of the companies, and that the underwriters have had a committee working with the Department of Insurance. I am also in a position to say that the amendments proposed are acceptable to the underwriters. Perhaps it may be proper to add that some of the amendments do not go as far as the companies wished, but the bill represents the position at which the parties arrived after many and long consultations.

Hon. John T. Haig: I have read through the bill, and I do not object to it. However, it is significant of the fact that the administration allows so low a rate of interest on government securities that, with the limited returns received, companies cannot carry on their business effectively. Rightly or wrongly, this bill is a direct attempt, probably as a matter of necessity, to allow companies to enter fields of investment which will provide a larger net return. Anybody with the least knowledge of the insurance business knows that insurance companies can no longer carry on their business with the proceeds of the type of investment to which they are limited, and which, twenty or twenty-five years ago was adequate for their purposes.

In considering legislation of this kind, the question which comes to my mind is: What will be the consequences in certain directions of enlarging the field of investment? I am not so much afraid of the results in the case of well managed companies, but the illustration given by the honourable senator from Carleton (Hon. Mr. Fogo) has a quite definite application in some of the western cities. I

am thinking particularly of the city in which I live, and of the position of chain stores which operate anywhere from ten to forty places of business in one community. They started by acquiring ownership of the buildings they used: later, as their operations increased, they found that to purchase all the properties they required would involve them in much more capital expenditure than they could afford. They therefore evolved a plan of selling properties at anywhere from \$40,000 to \$100,000, and obtaining leases of them on terms which gave a reasonable rate of interest and provided for amortization within a period of twenty years. As long as everything went well this plan would prove quite profitable; but if the company were to go broke it would be, of course, the reverse of profitable, because most buildings erected or adapted as chain stores can be used only for that purpose.

I repeat that I am not objecting to the bill. I regard it as a great improvement on the present Act, of which, as my honourable friend has pointed out, it is also a consolidation. But in so far as it represents an attempt to widen the investment field, I suggest to this house and to the insurance companies that it will necessitate greater control over the investments. There is not much risk or complication in purchasing debentures of a recognized company, or in putting money into mortgages. Loans may be made on land up to 60 per cent of the appraised value, and though there may be short fluctuations, the experience of one hundred and fifty years in the United States shows that the value of this type of property, especially houses, continues to grow over periods of about eighteen years.

I am a one hundred per cent believer in insurance. It should be encouraged in every possible way. It is one of the finest forms of saving that any man or woman can make—at any rate until he or she has reached fifty years of age—and we should do all we can to extend and popularize it. But inevitably, if we widen the field of investment, much more inspection will become necessary, not as far as the old established companies are concerned, but in connection with companies which have been formed within the last twenty or twenty-five years, and which of course must compete with the older-established corporations. I say this although I recognize that the policies of all the companies are more or less the same, because their reserves are held under a regular system, and must be maintained in accordance with it, or else their licence to do business may be withdrawn.

I am in favour of these amendments, but I want to warn the department that it will have much more work to do than it had in

the past. I do not wish to be a pessimist; but when you make that rental extension you are going into business again. I do not know whether prices have reached their peak or not, but I do not think they can be maintained at their present high-level. I think the provisions for inspection will have to be increased, because all this bill really does is to extend to insurance companies the powers to invest in securities which are not now available to them.

Hon. Mr. Euler: Honourable senators, I agree with what the leader opposite (Hon. Mr. Haig) has said about the desirability of these amendments, but I do not entirely agree with him in the matter of mortgages. I think there is a real danger of some insurance companies advancing too much money on individual mortgages. Even with the present high costs, insurance companies will lend on mortgages as much as 60 per cent, and some times even more. Certainly the amount which they will lend on government housing projects is very high. My honourable friend opposite doubts whether values will ever fall to their previous level. I am not so sure. The only factor that makes it reasonably safe to invest in high-priced houses is that the payments are amortized and enough principal is paid off in four or five years to provide reasonable security. Before prices went so high, some apartment buildings in Toronto and Montreal had valuations placed on them by valuers before they were erected, so that the advance of 60 per cent of the valuation paid for the whole building, and there was really no margin of security.

What I really rose to say—and perhaps I am out of order—is that the honourable senator from Carleton (Hon. Mr. Fogo) did not mention an amendment which I should like to see made to the Insurance Act. I refer to the desirability of making it possible for stock insurance companies to mutualize. We now have mutual companies which are entirely mutual, and others which are a combination of stock and mutual. As a general rule it is rather desirable that insurance companies should be mutualized, and without referring to any particular companies I think I could name some that would like to mutualize, but which under the present law cannot do so. Some of these companies have not even got their par value—which is usually \$100 a share—paid up; they might have only 50 or 75 per cent paid up. Because of past profits and so on, the stocks of some of these insurance companies have climbed to \$200, \$250 or \$400 a share. I remember one company whose stock some years ago sold at \$1,000 a share.

As I say, these insurance companies find it absolutely impossible to mutualize; that is, to sell their shares to the policyholders. Take a company whose stock is valued at \$400 a share and which is sold by the shareholders to the policyholders. If \$100 is par value and the stock is sold at \$400 a share, the \$300 in excess of the \$100 par value becomes subject to income tax. The companies simply cannot afford to do this. "Well," you may say "somebody has made a profit somewhere." That is true, but the rise in value was gradual. The man who bought his stock at \$100 a share and sold it at \$150 made a capital gain of \$50, and that gain was not subject to income tax. The value then went to \$200, and finally to \$400 a share by reason of capital gains not being subject to income tax. When the man who pays \$400 for a share is asked whether he would like to mutualize, he replies, "I am satisfied to take \$400 for my share because that is what I paid for it—perhaps a little more or less—but I will not sell if I have to pay income tax on the \$300 over the \$100 par value."

Hon. Mr. Vien: Would not that enhanced value be created by accumulated and undivided profits? Profits so accumulated and undivided are taxable in the hands of the shareholders when divided. In the case cited by my honourable friend from Waterloo (Hon. Mr. Euler), if a stock company attempted to become a mutual company and sold its shares on the basis of the value created by accumulated profits, that part of the purchase price which represents accumulated and undivided profits would be taxable under the Income Tax Act.

Hon. Mr. Euler: That is what I said a moment ago. Certainly this is a result of profits made in the past. But the person now holding the stock did not get those profits. He paid \$400 a share because the stock was worth that figure at the time he purchased it, and that share value was reached as a result of accumulation over many years. This stock may have passed from hand to hand and been rising in value all the time. If my honourable friend opposite (Hon. Mr. Haig) bought stock at \$400 a share, of which \$300 was accumulated profits, I am pretty sure he would not want to sell at \$400 a share if he were going to be taxed on the \$300 of increased value.

My point is that the person who now owns the stock is probably not the one who in the first instance paid only \$100 a share for it. You might say that a man has to look out

for himself when he makes investments; but I maintain that this taxation makes it utterly impossible to mutualize a company whose stock is selling at a very much enhanced value. Shareholders just will not mutualize if what to them is capital is taxed as income. They will say, "I would sooner sell my stock to some other shareholder."

Hon. Mr. Vien: Why would it be more difficult to do this in Canada now than it was some time ago in the United States, when the Metropolitan Life and other insurance companies became mutual institutions?

Hon. Mr. Euler: I do not know about that particular arrangement.

Hon. Mr. Hugessen: That is long before high income tax was being paid.

Hon. Mr. Vien: Probably.

Hon. Mr. Euler: Yes.

Hon. Mr. Haig: There is the case of the North American Life.

Hon. Mr. Euler: Yes. The North American Life and another company mutualized without being subject to income tax on the accumulated value of shares; but that sort of thing cannot be done now. My point is this. If it were regarded as desirable—and I am inclined to think it is—that life insurance companies should be mutualized and become the property of the policyholders themselves, some provision would have to be made so that the present owner of the shares would not be taxed so heavily as to make mutualization utterly impracticable.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Fogo moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

FOREIGN INSURANCE COMPANIES BILL

SECOND READING

Hon. Mr. Robertson moved the second reading of Bill W-8, an Act to amend the Foreign Insurance Companies Act, 1932.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA SHIPPING BILL

MOTION FOR SECOND READING POSTPONED

On the Order: Second reading of Bill Y-8, an Act to amend the Canada Shipping Act, 1934.—Hon. Mr. Robertson.

Hon. Mr. Robertson: Honourable senators, I had intended to move the second reading of this bill tonight and I have my explanation ready, but unfortunately the bill has not yet been distributed. Evidently the printers are swamped with work. In the circumstances I must ask that the order stand.

The Hon. the Speaker: The order stands.

CANADA GRAIN BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 249, an Act to amend the Canada Grain Act.

He said: Honourable senators, the Canada Grain Act applies to all elevators in Canada used for the storage of western grain. To ensure the proper handling and disposal of each wheat crop, the Act makes extensive provisions for the control and inspection of these elevators. The bill before us proposes to make minor changes in the Act.

Sections 1 and 6 of the bill provide that the Board of Grain Commissioners may make regulations to govern the receipt and storage of grain grown outside Canada and brought here for reshipment. These provisions are necessary so that the board may ensure adequate storage for western grain.

Section 2 provides for a change in the method of publication of regulations of the Board of Grain Commissioners in the *Canada Gazette*.

Section 3 is designed to make clear that persons who purchase grain, and are not licensed under the Act, may not use the statutory forms.

Section 4 provides an additional method by which grain may be released from an elevator. It would allow grain to be released on order or regulation of the Board of Grain Commissioners.

In smaller country areas certain mills are licensed as grain elevators. However, an ordinary elevator is not allowed to receive grain from railway cars for milling and manufacture. Section 5 provides that country mills, though licensed as elevators, may receive grain for milling and manufacture.

Sections 7 and 8 make certain changes in the weigh-over procedure, which requires the grain in each elevator to be weighed every crop year and checked against the records.

Not less than nine months nor more than twenty-two months may intervene between two weigh-overs. This requirement has caused hardship, because during some crop years storage congestion or mishap at the elevator has made it inconvenient to carry out the procedure. The proposed changes would give the Grain Commissioners the power to determine if a weigh-over had to take place each year. However, there is no change in the requirement that a weigh-over must take place at least every twenty-two months.

Section 10 would declare all elevators in Canada to be works for the general advantage of Canada. At present all elevators mentioned in Schedule 4 of the Canada Grain Act are declared to be works for the general advantage of Canada. This schedule is old and out of date, and the proposed wording is considered preferable.

Sections 11 and 12 are technical changes in the definitions of certain grades of grain.

Section 13 repeals section 233 of the present Act, which is replaced by section 10 of the bill. Section 233 provides that "all grain elevators and warehouses, of whatever variety or kind, mentioned in this Act" are declared to be works for the general advantage of Canada; and for greater certainty, but not to restrict the generality of that provision, it is declared that every grain elevator mentioned in the Second Schedule to the Act is a work for the general advantage of Canada.

Hon. Mr. Paterson: May I ask the honourable leader a question? In declaring these elevators to be works for the general advantage of Canada, is the object to get them out of provincial jurisdiction and into dominion jurisdiction?

Hon. Mr. Robertson: I should fancy so. From my reading of section 233 I take it that the chief effect of section 10 of this bill is to improve the phraseology of the Act. My understanding is that the section does not increase the number of elevators declared to be works for the general advantage of Canada. If this view is wrong, it will undoubtedly be corrected in committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, with leave, I would move that this bill be referred to committee, and I presume the appropriate one is the Committee on Natural Resources. However, at this stage of the session there is an advantage in having the bills handled by a committee which is sitting frequently, and which as soon as it finishes with

one measure can proceed to another. In these circumstances, it occurs to me that it might be well to send this bill to the Committee on Banking and Commerce, and unless there is some objection I will move that this be done.

The motion agreed to.

NATIONAL PARKS BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill O-6, an Act to amend the National Parks Act.

Hon. T. A. Crerar moved concurrence in the amendments.

He said: Honourable senators will recall that when this bill was presented to us a few weeks ago it contained a section seeking permission to levy a tax upon the interest of any person in land in a park. This provision, which was beyond the competence of the Senate to deal with, was deleted when the bill was before the Standing Committee on Natural Resources. The bill was subsequently passed by this house and went to the House of Commons where the deleted section was restored.

The bill is again before us, and in accordance with proper procedure I have moved concurrence in the amendment made in another place.

The motion was agreed to.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Euler, seconded by the Honourable Senator Crerar, that the Senate of Canada approves of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. Mr. Haig: Honourable senators, as the honourable member from Blaine Lake, whose name appears at the foot of this order (Hon. Mr. Horner) is a member of the Joint Committee on Old Age Security which meets every afternoon at 4 p.m. and every evening at 8 p.m., it will be impossible for him to speak to this motion for at least three or four days.

I would suggest, therefore, that if any other honourable member wishes to speak tonight he should do so, and I will then adjourn the debate for the honourable senator from Blaine Lake. If no one wishes to speak at this time, I would ask that the order stand.

The Order stands.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, June 6, 1950

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

Prayers and routine proceedings.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE

The Hon. the Speaker: Honourable senators, I have the honour to present the first report of the Joint Committee of both houses on the Library of Parliament.

The report was read by the Clerk Assistant as follows:

Your committee begs to present its first report on the Library of Parliament.

Your committee held a meeting on May 23, 1950, and considered the agenda prepared by the Joint Librarians. Your committee begs to submit the following recommendations:

1. That the necessary steps be taken to erect a library building for the National Library, in which could be stored all books surplus to the needs of the Library of Parliament; and that in the meantime the Department of Public Works be requested to provide space for the storage of such books.

2. That the Civil Service Commission be requested to increase the establishment of the Library of Parliament by the addition of two positions: (1) Cataloguer (English) as from January 1, 1950, to be filled by Miss Florence Moore, at present Librarian Grade I, Library of Parliament; (2) Librarian Grade II (French).

3. That the sum of \$1,000 be provided annually in the estimates for the microfilming of old and valuable newspapers and periodicals in order to complete the bound files in the library.

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

Hon. Mr. Lambert: I move that the report be taken into consideration tomorrow.

CANADIAN WHEAT BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 252, an Act to amend the Canadian Wheat Board Act, 1935.

The bill was read the first time.

CANADA SHIPPING BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill Y-8, an Act to amend the Canada Shipping Act, 1934.

He said: Honourable senators will recall that the Canada Shipping Act was enacted by parliament in 1934 after lengthy debate and

consideration in the Senate. In 1948 a government bill containing important amendments to the Act was introduced in the Senate, and was passed after careful study. It is proposed that the same procedure be followed with respect to the present bill.

The main purpose of the bill is to provide the legislative basis required to implement the International Convention for the Safety of Life at Sea, 1948, which was signed in London on June 10, 1948. The convention was signed by two of the Canadian delegates, and is subject to acceptance by the Canadian government. The government proposes to accept the convention if parliament enacts the proposed Canada Shipping Act amendments contained in this bill which relate to the convention.

Honourable senators will recall that the safety convention of 1929 is set out in the fourth schedule of the Canada Shipping Act, and that frequent references are made to it in different sections of the Act. It becomes necessary, therefore, to amend the Act in order to bring its provisions into line with the new convention.

The safety convention of 1948 consists of fifteen articles, accompanied by six chapters of technical regulations. I shall not attempt to deal with these in detail, as the convention is set out in full in the schedule to the bill.

Chapter I of the bill contains general provisions for the application of regulations. Generally speaking, these regulations apply to passenger ships and cargo ships of 500 tons gross tonnage and upwards engaged on international voyages. Special exemption is given to vessels solely engaged in navigating the Great Lakes and the St. Lawrence river as far east as Montreal.

Chapter II deals with the construction of ships from the safety standpoint, having special regard to the prevention or mitigation of casualties. This chapter contains regulations setting forth definite requirements for protection against fire, and these requirements considerably exceed those of the 1929 Convention.

Chapter III deals with life-saving appliances and emergency musters and drills. An important advance beyond the 1929 standards is the extension of many requirements to cargo ships of 500 tons and upwards.

Chapter IV covers radiotelegraphy and radiotelephony. This chapter requires cargo vessels of 500 gross tons and over but under 1,600 gross tons to be equipped with radiotelephone if not fitted with a radiotelegraph installation. The technical requirements as to radiotelegraph installations, both on board

ship and for use in lifeboats, represent a substantial advance over those contained in the 1929 convention.

Chapter V deals with safety of navigation. This chapter generally applies to all ships on all voyages, saving only men-of-war. The provisions relating to meteorological services have been re-arranged and expanded. The requirement of direction-finders on board ship has been extended to all ships of 1,600 gross tons and upwards, as compared to passenger ships only of 5,000 gross tons and upwards, as required by the 1929 convention.

Chapter VI deals with the carriage of dangerous cargoes. The subject of grain cargoes is dealt with specifically in detail, and there are requirements that adequate shifting boards shall be provided. In Canada there are now in force regulations made under the Canada Shipping Act covering the carriage of dangerous goods and the stowage of grain cargoes. These basic principles are now written into the International Regulations.

In general it may be said that no provision of the 1929 convention was relaxed, that many of its provisions were revised upward, and that the 1948 convention is a definite improvement upon its predecessor. Many new subjects, such as aids to navigation, search and rescue, life-saving signals, pilot ladders, and the carriage of grain and dangerous goods, were treated for the first time. I think it may be said that all the changes made in the new convention are in the direction of increased safety and take into account the advances made in ship construction and seamanship since 1929.

The convention will go into force one year after fifteen governments, including at least seven governments having not less than one million gross tons of shipping, have deposited their acceptances. At the present time, I am advised, the convention has been accepted by the United Kingdom, the United States of America and the French Republic. It is expected that Canada will take the necessary steps to accept the convention as soon as possible after this bill is passed.

Apart from the requirements of the safety convention, there are in the bill other provisions which the government considers it advisable to enact, and on which I shall make a few brief comments. There are amendments designed to enable Canadian consular officers, wherever possible, to take over the duties and responsibilities now performed by British consular officers with respect to Canadian ships and seamen. At ports where there are no Canadian consular officers, the British consular officers will continue to act for Canada, as in the past.

In order to give ships registered in Canada a definite status as Canadian ships, it is proposed to define a Canadian ship as a ship registered in Canada, and to use the expression "Canadian ship" throughout the Act in place of the descriptive words "British ship registered in Canada" and "ship registered in Canada", which now appear in the Act. At the same time a British ship is defined to include a Canadian ship, so that Canadian ships will retain their status as British ships. The change is one of terminology only and does not affect the legal status of ships of Canadian registry.

There are also amendments concerning the licensing requirements of small craft under 10 tons registered tonnage. In this connection the government feels that the problem should be dealt with by regulation rather than by statutory provision. The bill provides for regulations covering the licensing for identification purposes of small vessels under 10 tons registered tonnage maintained in Canada by aliens; the licensing of vessels equipped with outboard motors; the marking of licensed vessels; the exemption from the licensing requirements of certain vessels to take care of special cases; and the imposition of a penalty for failure to license and mark.

There is also a provision in the bill to permit the issuance of temporary certificates, as master, to persons qualified to take charge of motor vessels not exceeding 65 feet in length, carrying passengers in an open cockpit or in a cockpit which is covered by a light trunk cabin, and plying on the inland or minor waters of Canada within specified limits. This provision would permit the operation of large motorboats carrying passengers in sheltered waters where the operators have local knowledge of the conditions but do not hold permanent certificates.

The bill contains other miscellaneous amendments, including amendments relating to the pilotage service, and other matters that will be explained in detail when the bill is considered in committee, to which I intend to move that the bill be referred, if the house in its wisdom sees fit to pass the motion for second reading.

Hon. John T. Haig: Honourable members, I had expected that some of our distinguished members who have a knowledge of shipping would have something to say at this time. As for myself, I could tell in a minute all I know about shipping, but to tell what I do not know about it would require a week.

I have read the bill, and it would appear that its purpose is to ratify certain conventions which have been agreed to. Without knowing anything about these conventions it would be foolish of me to say that I am entirely in favour of them.

My particular purpose in rising at this time is to draw the attention of the house to the fact that many senators on this side who are members of the Standing Committee on Transport and Communications are also members of other active committees. The leader of the government may not agree, but I think that this house should appoint a special committee of about ten senators who represent the east and west coasts of Canada to consider this bill and report back to the house.

I have just now looked over the membership of the Standing Committee on Banking and Commerce, and on it I find the names of the honourable deputy leader on this side (Hon. Mr. Aseltine), the honourable member from Blaine Lake (Hon. Mr. Horner) and myself. As this is the legal committee of the Senate, I am anxious to attend all its meetings. I have the honour also to be a member of the Finance Committee, and though I do not always agree with its chairman, I think he is rendering a magnificent service—

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig:—and I want to attend its meetings and help to bring in a report that will justify the investigations which the committee has made.

I would therefore urge the leader of the government to appoint a special committee of ten or twelve, consisting of senators from Newfoundland, the Maritime Provinces, Quebec and British Columbia, to consider this bill. Ontario might be included, but it is about as maritime as Manitoba.

Hon. Mr. Euler: Winnipeg is pretty wet.

Hon. Mr. Haig: Churchill is a port, and certainly we have lots of water in Winnipeg, but for shipping you need something more.

Such a committee as I suggest would facilitate the bringing in of an early report and prevent any delay in the passage of the bill through this house. I do not want to give another place any excuse for saying that the Senate held up legislation, and that but for us parliament could have prorogued by July 1.

Hon. John J. Kinley: Honourable senators, this voluminous bill, consisting of 150 pages, became available to the members of this house only this morning. As the leader has said, it is an attempt to provide greater safety at sea and to bring shipping up to date by the use of modern inventions. As to the appointment of a committee composed of maritime members, both east and west, I think it will be observed that the inland trade of the Great Lakes is equally as important as the coasting trade.

Hon. Mr. Haig: But the bill does not refer to that branch of shipping.

Hon. Mr. Kinley: I think that the committee should have some representation from the Great Lakes shipping interests.

Many people believe that this bill should include provisions for the protection of the coasting trade of this country. Canadian shipping is open to outside competition from the ships of nations whose standards of living and costs of operation are much lower than ours. The United States protects its coasting trade, but we leave ours wide open. The bill does not appear to deal with the question of protection.

At the last session of parliament the National Defence Bill was introduced in the Senate and was passed by this house, but it did not get through the other house. As this bill has come to us late in the session, it may be that it also will not be passed by the other place this year. In any event, it should be given most careful consideration.

The provision of the bill that requires small craft of under ten tons registered tonnage to be licensed is an important one; but we should know how much the licence will cost. There seems to be an arbitrary division between vessels of less than 500 tons gross tonnage and those of greater tonnage. For the protection of those concerned this provision should be carefully considered. Generally speaking, the coasting trade of Canada is in a very difficult position because of foreign competition and conflicts among various labour unions. Those interested in the industry are not enthusiastic about its prospects of the immediate future, and parliament must do its utmost to provide practical legislation in this field.

The provisions of this bill are so technical that it would not be practical to explain them in the house. It contains many sections dealing with engineering and other technical problems. The committee of course will have the benefit of hearing the officers of the department explain these many features. But these men are experts in their line, and certainly no member of the committee appointed to consider this bill would be sufficiently qualified to fully understand its technical provisions. In order to properly protect those who are engaged in the shipping industry, the committee should have an expert to advise it as to the effect of these sections. The fact is that very often the officials who appear before the committee are interested in seeing the legislation, as drafted, passed by parliament, and they are not particularly concerned about the liberty of the subject. Ample opportunity to be heard should be given to all shipping concerns and

organizations. Those of us who have the honour to serve on the committee will have to be most alert to see that the prevailing practical regulations are not violated by the new legislation.

With the addition of a tenth province, Newfoundland, coasting trade in Canada has expanded and taken on a new meaning. It is my opinion that a young country like Canada will not progress very rapidly until her coasting trade is given a chance to build up under a proper system of protection. As honourable senators know, the coasting trade is the nursery of foreign trade.

For these reasons, I hope that the committee which examines this bill will have on it representatives from the east and west coasts of Canada and also from the shipping interests on the Great Lakes. I believe that the Banking and Commerce Committee is the one that is most competent to deal with this bill.

Hon. Mr. Crerar: May I ask the honourable leader whether the amendments here proposed are for the purpose of bringing the Act into conformity with the requirements of the International Convention?

Hon. Mr. Robertson: Many, though not all of them, are for that purpose.

Hon. Mr. Paterson: Honourable senators, if this bill is only for the purpose of implementing an international arrangement, I do not suppose there is much we can do about it; but it introduces new features which are most important to the shipping industry.

Speaking for the owners of ships on the Great Lakes and the St. Lawrence, it is my opinion that the Senate should be allowed plenty of time to study this measure. Honourable members will remember that the Minister of Transport came before us on a previous occasion and explained certain proposed changes to the Shipping Act, and members of this body were largely instrumental in protecting the shipping trade by striking out clauses that had already been proposed. We have on the Great Lakes an organization called the Dominion Marine Association, to the support of which all ship-owners contribute. The purpose of this organization is to improve aids to navigation on the St. Lawrence and the Great Lakes, and also to watch over and protect the interests of the ship-owners. I think this Association should be given plenty of time to study this voluminous measure. It should not be hurried through. This morning, when the Canada Grain Act was before the committee, the people engaged in the grain trade were not represented, and nobody who had studied

the bill was present on their behalf. I hope that example will not be followed in this instance, and that we shall have the opportunity to give this bill plenty of thought.

Hon. Mr. Reid: This bill contains, besides sixty-three sections covering thirty pages, one hundred and twenty pages of international regulations. Have the various countries enumerated in the schedule approved these regulations, and, specifically, has Canada already agreed to them?

Hon. Mr. Robertson: The officials who represented the government at the original convention have expressed agreement, subject of course to the approval of the government and of parliament. I have not my notes with me, but my recollection is that the regulations will come into force when fifteen nations have signified approval, and that up to the present time three countries—Great Britain, United States and France—have done so. I have no knowledge that any other states have endorsed this convention by parliamentary process. I take it that the original convention was adhered to by a much larger number of countries.

Hon. Felix P. Quinn: I have not read the bill, but from the observations made here, particularly those of the honourable senator from Thunder Bay (Hon. Mr. Paterson), I gather that it deals with aids to navigation and the protection of shipping interests. I wonder why consideration was not given to the matter of providing a coastguard on both oceans. I know that representations to this end have been made by interests in Nova Scotia and other Maritime Provinces. When ships of our own or indeed of any nationality are disabled or come to grief on our coasts, we are in the humiliating position of having to call for aid from the United States. As the Canada Shipping Act is being amended, why has the government not given attention to the establishment of a Canadian coastguard?

Hon. Mr. Robertson: The honourable senator is correct in stating that the bill contains no provision for the establishment of a Canadian coastguard, but it is not to be supposed that the government has not given careful consideration to the question. I believe that in due course a policy relative to this matter will be announced. I do not admit that services for the safety of life at sea contiguous to Canada are rendered exclusively by the coastguard of another nation, or that we are doing very little in this respect. Although our methods of rescuing life at sea are different from those employed in the United States, they are not less efficient. I am advised that if the results are computed in terms of the

number of rescues of seamen of other countries, the reverse is the case. So there is no reason to assume that we are in a humiliating or embarrassing position. Whether our record in this regard can be still further improved is something which, as my honourable friends suggest, can be carefully considered.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: I agree with those who have stressed the importance of giving all interested parties the opportunity to be heard. In my official capacity I have never shown any disposition to rush bills through without adequate consideration; and I can assure my honourable friends that my attitude in that matter will not be changed. I believe, too, that our committees have invariably shown a willingness to accommodate anybody who wanted to be heard.

My honourable friend the leader of the opposition (Hon. Mr. Haig) has repeated here the suggestion he made to me privately, that this bill should be sent to a special committee rather than to the Committee on Transport and Communications. He thought there were other senators who were better informed on this particular subject than the members of the Committee on Transport and Communications and that they could be appointed to the special committee. I have not carefully studied the membership of the Transport and Communications Committee from that point of view, but it is my general impression that the interests concerned in this measure are pretty well represented. I believe my honourable friend had in mind the possibility that the committee would be deliberating on this bill at the same time that other important legislation was being considered by, perhaps, the Banking and Commerce Committee. I think we can avoid concurrent sittings of these committees.

As honourable senators may have noticed by reference to the order paper, it was contemplated that this bill, if it received second reading this afternoon, might be dealt with by the Transport and Communications Committee immediately the house rises. But the deliberations of the Banking and Commerce Committee, which met this morning, are not concluded. Under the circumstances, it would seem the part of wisdom to cancel this afternoon's meeting of the Transport and Communications Committee and, when the house rises, have the Banking and Commerce Committee resume consideration of the bills before it, so that the way may be cleared as

soon as possible for the Canada Shipping Bill. Should it then appear desirable to delay action on certain sections, no doubt the committee will be only too happy to do so; and if any honourable senators not now included in the membership of the committee would like to join it, I shall be happy to accommodate them, as I understand there are some vacancies. This conforms with our practice; for at the beginning of each session I invariably ask any honourable senator who is particularly interested in some subject to indicate the fact, and I have always tried to accommodate him by putting him on the committee of his choice.

I should like to follow the usual practice, and refer this bill to the Standing Committee on Transport and Communications. I do not think we should go to the trouble of setting up a special committee to deal with the bill, because little benefit would be gained unless we could arrange to have the committee sit when our major committees were not sitting. I would therefore move that the bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

INCOME TAX BILL

COMMITTEE AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 177, an Act to amend the Income Tax Act.

Hon. Norman McL. Paterson moved concurrence in the amendments.

Hon. Mr. Haig: Before the amendments are concurred in I should like to ask the leader of the government (Hon. Mr. Robertson) whether the bill will be reprinted with these amendments if they are passed in another place?

Hon. Mr. Robertson: I should think so.

Hon. Mr. Haig: Thank you.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, I move the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from Wednesday, May 24, the adjourned debate on the motion of Hon. Mr. Euler:

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. R. B. Horner: Honourable senators, I hesitate to participate in this debate after listening to so many splendid speeches, but I have a few thoughts that I wish to place before the house. In my opinion the address by the honourable senator from De Salaberry (Hon. Mr. Gouin) was particularly fine and was directed strictly to the motion. Some of the other speakers were guilty of wandering a little—just as I am apt to do.

I should like to commend the honourable member from Waterloo (Hon. Mr. Euler) for placing this resolution before us at this time. No doubt many honourable senators frequently read that splendid journal, *Freedom & Union*. In its last issue it carried a report by Will Clayton, prominent American businessman, of the discussion between himself and Senator Smith before a sub-committee of the United States Senate. As I recall the article, Mr. Clayton went so far as to advocate the abolition of all tariff barriers as a means of helping to establish lasting world peace. We all want to look forward to a world free from war and I am sure everyone is agreed that the urgency of trying to ensure world peace is creeping up on us. As the saying goes, "It is later than you think."

Prior to the last war there were people in several countries who realized that war would be inevitable unless something were done about it. We all remember the Oxford Group Movement. I remember meeting some of the members of the group and having a long talk with one gentleman who came from Scotland. Their theme was that the troubles of the world were caused by national pride, which drove people to see and do things in an antagonistic way. I thought it was particularly good of the Oxford Group to express their willingness to accept leadership from citizens of other countries. I asked them, "Where will this leadership come from?" and they replied, "Perhaps from the East or from the Japanese". I think, for instance, they mentioned Chiang Kai-shek. They said they were willing to drop all nationalistic aims in an effort to make their scheme a success.

The honourable member from New Westminster (Hon. Mr. Reid) said he would prefer to have Canada approve the calling of the conference suggested in this motion because, primarily, he thinks the free democratic countries in Europe today have more confidence in Canada than they have in the United

States. Well, there comes a time when it does a man good to just search himself to see how he stands, and I think the same applies to nations. Seriously, I am doubtful that we have the right to consider ourselves as highly thought of by other nations. For instance, how high a regard will the people of Japan have for us in view of the treatment handed out to Japanese Canadians during the war? Certainly in the eyes of our labour unions the great crime of these Japanese Canadians was that they were putting in too many working hours. What right have we to suppose that the Chinese should hold us in high esteem, especially in view of the restrictions under which we have allowed their countrymen to enter our boundaries?

The honourable gentleman from New Westminster referred—and I thought he was looking right at me when he did so—to the comparatively small amount of money that Canada spends on defence and deplored the fact that a greater amount is spent on liquor. The whole world today is facing a war of ideals, so my complaint is that we have the wrong kind of defence. Considering the contribution in men and material that Canada made in the last war, I think we missed a wonderful chance to take an important part in post-war world affairs. Our troops are at Churchill and Dawson, but we should have had a first-class army of occupation in Germany. Had we been regarded highly enough, this opportunity would have been ours.

Such an army could have served two purposes, one of them being to examine immigrants willing to come to this country. Here we are talking about freedom from want, freedom from fear, and the other principles laid down by Churchill and Roosevelt. But there are many different kinds of fear. What is the fear that is preventing Canada from admitting a million or two of the people who have been held in a trap in Eastern Germany? You may have noticed in the press that recently some of these people escaped to Western Germany; but some of their countrymen have no homes other than a concentration camp and nothing to do but gaze at the ceiling above their heads. These are the people who are needed to show others the democratic way of life. We are in fear of our labour unions. Through irrigation it is possible to increase tremendously our production of grain to feed a hungry world; yet fear—political fear, if you like, of our labour unions—prevents us from allowing starving people to come to this country.

It seems to me that if the world is to be saved there must be an amalgamation of the democracies, as proposed in the motion before us, and that Canada must not only support the amalgamation but must encourage large

numbers of people to come here and help us to make this a much greater country than it now is. We often make a lot of noise in praising Canada and boasting of its glorious future. But have we the faith that this country can contain and maintain several million more people? It would be far better for us to spend money on bringing immigrants to this country than on building up great defences; but the truth is that we have no faith, no vision. Instead, we have fear, only fear.

I listened with much interest to the very fine address of the honourable gentleman from Inkerman (Hon. Mr. Hugessen), who spoke of the development of the Roman Empire; but I waited in vain for him to tell us why that great empire fell. I believe that if we studied the reasons why Rome fell we would learn a very valuable lesson. When the empire was at its height the people did much as we are doing now—they added to the attractions of their capital city, they constructed huge viaducts and vast places of amusement, and their leaders built mansions for themselves, where they lived in idleness. They carried on large social experiments and debated the best use to be made of their land; but all the time the welfare of great masses of the people was neglected.

Last week our parliament was visited by a man who is attempting the tremendous task of building up a nation in Pakistan, which was formerly a portion of the Indian empire. Pakistan is in two parts, separated by 900 miles, and terrible slaughter took place in the movement of Moslems and Hindus. A lady friend of mine who was in India thirty years ago, and is now returning to Pakistan to assist in extending its hospital and other health services, showed me a picture of a little child who was the only one to escape alive out of a whole trainload of people being transferred from one part of the country to the other. He was two years old, and he owed his life to the fact that he hid in the corner of a car and was overlooked when all the rest were killed. When we hear of such tragedies we sometimes flatter ourselves that we can set these people a good example; but they would find it rather strange that in this country, which is supposed to be united, we maintain two systems of schools in order that our children when growing up may be educated in separate groups.

I am sorry that there is not freedom for anyone to express his views on political subjects anywhere in the world, and I personally regret very much that there was interference at some of the meetings addressed in this country recently by the so-called "Red

Dean". I wish conditions were such that he could come here and speak freely—if he so desires—in favour of the Russian way of life, and that anyone from Canada could be free to go to Russia and there praise the Canadian way of life. There does not appear to be much hope for that kind of thing in the near future, but now and then I do see an encouraging item in the press. The other day, for instance, I read that the British parliament voted an annual pension of £200 to Willie Gallacher, a communist and former member of the House of Commons at Westminster. For a long time he was a thorn in the flesh to the British government, but as he was defeated in his campaign for re-election and came to be in need, he was given a pension. That is the British method of treating him.

Sometimes the items that one comes across in the press are rather curious. The other day I saw it suggested that while Rome burned Nero was not fiddling, but was playing the bagpipes.

Some Hon. Senators: Oh, oh.

Hon. Mr. Reid: Take it easy.

Hon. Mr. Beaubien: No wonder Rome burned!

Hon. Mr. Horner: In speaking in this debate the honourable senator from New Westminster (Hon. Mr. Reid) said we needed a fervent religious movement. That is true, but I do not think he would advocate that everybody should go so far in demonstrating their religious beliefs as some Dukhobors in his province have gone. I wish to point out that the Dukhobors at Blaine Lake, where I come from, are well behaved and do not adopt such extreme measures as have been taken in British Columbia.

Hon. Mr. Aseltine: It is colder at Blaine Lake.

Hon. Mr. Horner: I wonder if part of the explanation is to be found in the people that the Dukhobors associate with in British Columbia. Perhaps, for example, some Dukhobors out on the coast heard Scotsmen playing a certain musical instrument and resented it.

Hon. Mr. Reid: I doubt that any Dukhobors would disrobe if they were taken up to the Arctic.

Hon. Mr. Horner: Seriously, though, I am glad to support the motion. Recently I read an article which stated that in the last ten years the world's population has increased by 200 millions, whereas food production has

dropped by 3 per cent. In these circumstances it is not hard to see that if we wish to be called Christians we should share more of our heritage with people who are cramped for living space and lack adequate food. If I were in favour of continuing the old policy of exclusion I should be ashamed to stand up and boast of Canada or to call myself a Canadian.

Not only do I support the present motion, but I would support any motion advocating international union, even political union, if thereby war could be prevented. The ideal is "that man to man, the world o'er, shall brothers be." That is the condition I should like to see brought about, and if we are not working for that I am afraid we are headed for trouble.

I wanted to place these few ideas on the record, and I hope that still other senators will support the resolution, more capably than I can.

Hon. Mr. David moved the adjournment of the debate.

The motion was agreed to.

BANKING AND COMMERCE COMMITTEE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, before we adjourn, I would remind honourable members that the Banking and Commerce Committee is to meet immediately the Senate rises.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 7, 1950

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

Prayers and routine proceedings.

DEPARTMENT OF TRANSPORT STORES BILL

FIRST READING

A message was received from the House of Commons with Bill 135, an Act to amend the Department of Transport Stores Act.

The bill was read the first time.

CANADA PRIZE BILL

FIRST READING

A message was received from the House of Commons with Bill 221, an Act to provide for the Payment and Distribution of prize money.

The bill was read for the first time.

CANADIAN AND BRITISH INSURANCE COMPANIES BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Banking and Commerce on Bill X-8, an Act to amend the Canadian and British Insurance Companies Act, 1932.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 5, 1950, examined the said bill, and now beg leave to report the same with the following amendment:

The report was read by the Clerk Assistant as follows:

Page 28, line 26: Delete "and for" and substitute "or".

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

Hon. Mr. Hugessen: With leave, I move that the amendment be concurred in now.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: When shall this bill, as amended, be read the third time?

Hon. Mr. Hugessen: With leave, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

FOREIGN INSURANCE COMPANIES BILL

REPORT OF COMMITTEE

Hon. A. K. Hugessen presented the report of the Standing Committee on Banking and Commerce on Bill W-8, an Act to amend the Foreign Insurance Companies Act, 1932.

He said: Honourable senators, the committee have in obedience to the order of reference of June 5, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Hugessen: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill Z-8, an Act for the relief of Joseph Lucien Andre Bergeron.

Bill A-9, an Act for the relief of Thelma Leggo Chicoine.

Bill B-9, an Act for the relief of Anna Kathleen Olga McCone Shaw.

Bill C-9, an Act for the relief of Martin Luke Marlow.

Bill D-9, an Act for the relief of Helena Wilhelmina Thornburg Lawton.

Bill E-9, an Act for the relief of Bonnie Ruth McNab Sarrasin.

Bill F-9, an Act for the relief of Lyndia Betsy Mayes Bernier.

Bill G-9, an Act for the relief of Sarah Modlinsky Markis.

Bill H-9, an Act for the relief of Anna Patiris Sarakinis.

Bill I-9, an Act for the relief of Julia Ann Ramsell Blane.

Bill J-9, an Act for the relief of Cyrile-Orance-Horence Presseau.

Bill K-9, an Act for the relief of Paul Edmond Meerte.

Bill L-9, an Act for the relief of Charles George Storey.

Bill M-9, an Act for the relief of Mary Muriel Inez Larman Jarry.

Bill N-9, an Act for the relief of Mary Zilda Alix Runcie.

Bill O-9, an Act for the relief of Aili Esteri Kankaanpaa Toebben.

Bill P-9, an Act for the relief of Pierre Bouchard.

Bill Q-9, an Act for the relief of William Aubrey Ricardo Aird.

Bill R-9, an Act for the relief of Marguerite Carmen Samson Wrigglesworth.

Bill S-9, an Act for the relief of Andrew Cerat.

Bill T-9, an Act for the relief of Marie Lucille Giselle Roy Veilleux.

Bill U-9, an Act for the relief of Mabel Pearl Speirs Lazor.

Bill V-9, an Act for the relief of Lena Grace Connolly Hibberd.

Bill W-9, an Act for the relief of Lilian Ferguson Gardner.

Bill X-9, an Act for the relief of Marion Leonard Ryan.

Bill Y-9, an Act for the relief of Joseph Georges Neville Poirier.

Bill Z-9, an Act for the relief of Marie Gisele St. Laurent Therrien.

Bill A-10, an Act for the relief of Norah Nichol Meighen Allan.

Bill B-10, an Act for the relief of Dora Eleanor Chalmers Grisley.

Bill C-10, an Act for the relief of Ruth Desiree Morrisette Chevalier.

Bill D-10, an Act for the relief of Richard Martello Johnston.

Bill E-10, an Act for the relief of Ernest Beliveau.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Aseltine: Honourable senators, in view of the fact that we are approaching the end of the session, with leave of the Senate, I would move that these bills be now read a second time.

Hon. Mr. Euler: You are quite an optimist.

The motion was agreed to and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: When shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

CONSTITUTIONAL AMENDMENTS— CONSENT OF PROVINCES

MOTION

Hon. Arthur Marcotte moved:

That in the opinion of the Senate, whenever an amendment to the Constitution of Canada is made, or is to be made, requiring the consent of one or

more of the provinces, the said consent can only be expressed by Act or by resolution of the legislature or legislatures of the provinces concerned.

He said: Honourable senators, this motion, of which I gave notice on the 24th of May, is seconded by the honourable gentleman from Gloucester (Hon. Mr. Veniot).

For quite a few years I have intended to bring this matter before the Senate, but I did not see any urgency to do so until it became necessary. Last session, when speaking on proposed amendments to our constitution, I briefly referred to this question of consent of the provinces to any such amendments, and expressed the opinion that some consents had not been legally expressed.

After my last address, I received from Montreal copies of *l'Action Nationale*, a periodical published there, and a copy of Rev. Father Richard Ares' pamphlet containing all his articles on *La Confederation: Pacte ou Loi?* Both the periodical *l'Action Nationale* and the pamphlet of Rev. Father Ares are, I am told, widely circulated among our professional French Canadians, and more especially the young students at universities, colleges and seminaries in the province of Quebec and some other provinces.

I read the following from page 209 of *l'Action Nationale*, No. 3, November, 1949, and from page 18 of *La Confederation: Pacte ou Loi?* by Rev. Father Ares. The original is in French, and I translate:

Also, the 1940 amendment respecting unemployment insurance was preceded by consultations with the provinces, and Ottawa, before taking action, even awaited the approval of the province of Quebec. Only when unanimity was obtained did it ask London to amend the constitution.

Therefore, it is wrong to assert, as some people did recently, that the provinces were never consulted or never took part in the amendments, since 1867. It is true that the central power proceeded to constitutional amendments without always taking into account the viewpoints of the provinces; but this mode of action always caused deep concern in the province of Quebec, if not in other provinces.

The following two footnotes are given to these two citations:

Mr. Mackenzie King, the then Prime Minister, gave himself credit for having obtained this unanimous consent. He said:

We have avoided anything in the nature of coercion of any of the provinces. Moreover, we have avoided the raising of a very critical constitutional question, namely, whether or not in amending the British North America Act it is absolutely necessary to secure the consent of all the provinces, or whether the consent of a certain number of provinces would of itself be sufficient . . . For the present at any rate we have escaped any pitfall in that direction.

That extract is taken from the House of Commons Debates of June 25, 1940, pages 117 and 118.

If these statements are not contradicted they will have the force of precedent.

Further, in the near future some conferences will take place between this government and the provinces to discuss amendments to our constitution, and the provinces will have to give consent before the proposed amendments can be adopted. The amendments may involve the reform of the Senate, and it may become vitally important to this chamber that the needed consent of the provinces to such reform be proper and valid. Thus a discussion of this motion will prove useful, and I invite the honourable senators who take an interest in these matters to express their opinions.

I shall now try to prove to honourable senators that one of the most important duties of the Senate—in my opinion the most important—is to protect the rights of the provinces against any encroachments by the federal government, and when the consent of the provinces is needed for amendments to our constitution, to prevent the giving of improper and illegal consent by the executive of the provinces.

Honourable senators, I will not burden my address and tire you with citations of what was said by the Fathers of Confederation in reference to the Senate. You know your constitutional law and authorities better than I do. I will just cite what was said in the Senate by former members.

I now quote from the speech of the late Senator Murphy as follows:

In order to protect local interests, and to prevent sectional jealousies, it was found requisite that the three great divisions into which British North America is separated should be represented in the Upper House on the principle of equality. Accordingly, in the Upper House—which has the sober second thought in legislation—it is provided that each of those great sections shall be represented equally by twenty-four members.

There would be no use of an upper house if it did not exercise, when it thought proper, the right of opposing, or amending, or postponing, the legislation of the lower house. It would be of no value whatever were it a mere chamber for registering the decrees of the lower house. It must be an independent house having a free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch, and preventing any hasty or ill-considered legislation which may come from that body.

The three great divisions of the country to which Sir John Macdonald referred were Ontario, Quebec and the Maritime provinces. Each of these being represented by 24 members made the initial membership of the Senate 72. This number was later increased to 96 by the representation given to new provinces.

The other duties of the Senate have been fully covered in the addresses of the late Senators Murphy and Bench, and more recently by the honourable senator from Ottawa (Hon. Mr. Lambert), the honourable senator from Calgary (Hon. Mr. Ross), and many others who have either spoken or

written on the matter. The work of the Senate has been fully described, and according to the late Honourable Senator Murphy it has saved the country more than \$110 million. The honourable senator from Ottawa (Hon. Mr. Lambert) in his recent articles estimated the amount that this house has saved for the western farmer at some \$700 million.

On Tuesday, October 30, 1945, in an address to this house on the powers of the Senate generally I referred especially to its power to amend, and even to reject, money bills coming from the other place, and I cited therein the authorities with respect to the powers of the Senate. I will repeat today some of the citations made use of in that address to prove that if we enjoy powers we also have duties to perform.

We have been told and have read many times that one of the duties of the Senate is to protect the provinces. Let me give the evidence of the truth of this.

I quote from the memorandum prepared for the Senate by the committee appointed in 1918, at page 197:

There are five things that are new—age, property, residence, life tenure and the fixed number. In the old provincial constitutions these are not found. In those above mentioned (1791) and (1840) a councillor was required only to be a British subject twenty-one years of age.

The statute shows a fundamental difference between the Senate and the House of Lords.

Then the Senate is an upper house in a federation and not in a unitary state or legislative union as in the House of Lords. The Senate is more like that of the United States or the upper house in Germany or Switzerland. If it is not the first duty of the Senate to protect provincial interests, it is impossible not to infer from the terms of the Act that this is a duty cast upon it. Why else the appointment by provinces and electoral districts with the qualifications of property and residence? Why not an appointment to the Senate simply as in the House of Lords or the nominated legislative council already referred to? Such fundamental changes are not made for nothing. The first duty of the Senate is to protect and preserve provincial rights and interest. No such duty is required of the House of Lords or of any of the legislative councils in the provinces. More than that from the Act it is quite clear that to enable the Senate to do this it was made an independent body by the abolition of the "swamping power" and making the tenure of the position for life. It has, of course, other powers and duties consequent on its being an independent part of the constitution.

The constitution of the Senate as already outlined is fundamentally different from the House of Lords and its functions of safeguarding provincial interests in a federal system is one unknown to an upper house in a unitary system as in the House of Lords. Then the Senate is in a measure representative, although nominated. This is brought about by the property and residence qualifications of senators.

The division of the dominion into senatorial districts differentiates the two upper houses. The senators first of all represent their provinces or districts and their first duty is to them. Then the "swamping power" was taken away for the express

purpose of making the Senate independent of the House of Commons as a condition precedent to confederation.

In their memorandum on the powers of the Senate, prepared by the three eminent lawyers, E. Lafleur, Aimé Geoffrion and J. C. Ewart, we read the following:

To those reasons might be added this further consideration, that there is very little analogy between the Lords and the Senate. The Lords represent themselves, the Senate represents the provinces.

I think I may conclude that with these citations I have sufficiently proved that the first of all the duties of the Senate is to give protection to the provinces. In what way? Not only in doing something for them but in preventing the doing of something against them or their rights and privileges. Please remember these words of a very old and wise parliamentarian, Sir Richard Cartwright, who, speaking in the Senate in 1906, said:

It is not by any manner of means a trifling thing when I say that the value of a Senate is not only in what the Senate does but in what the Senate prevents other people from doing.

I am now coming to the main object of my motion. Honourable senators will remember that in 1935 the government wanted to establish unemployment insurance. Remembering the legal advice given at the time of the introduction of the Old Age Pension Act, the government referred to the Supreme Court of Canada the matter of jurisdiction for the government to deal with that question. The Supreme Court by a majority decision declared that the legislation was *ultra vires* of parliament; and an appeal was lodged with the Privy Council. Final judgment by the Judicial Committee of the Privy Council was delivered on January 28, 1937. In previous addresses in the Senate I have cited that judgment, but it is of great importance, and I will again cite the principles given, and I would ask honourable senators to give their whole attention.

That the dominion may impose taxation for the purpose of creating a fund for special purposes and may apply that fund for making contributions in the public interest to individuals, corporations or public authorities, could not as a general proposition be denied.

But assuming that the dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within dominion competence. It may still be legislation affecting the classes of subjects enumerated in section 92, and, if so, would be *ultra vires*. In other words, dominion legislation, even though it deals with dominion property, may yet be so framed as to invade civil rights within the province, or encroach upon the classes of subjects which are reserved to provincial competence. It is not necessary that it should be a colourable device, or a pretence. If on the true view of the legislation it is found that in reality, in pith and substance, the legislation invades civil rights within the province or

in respect of other classes of subjects otherwise encroaches upon the provincial field, the legislation will be invalid. To hold otherwise would afford the dominion an easy passage into the provincial domain.

Again I insist on the meaning of that decision. It is not because the government will collect from the public the necessary moneys for any kind of scheme to promote the welfare of the people that it will acquire jurisdiction to encroach on provincial rights merely by the distribution of these moneys to individuals. You do not acquire jurisdiction in that easy way. As was so ably said by the Honourable Ernest Lapointe on many occasions:

It is not by merely stating that you have jurisdiction that you acquire it; it has to be founded on constitutional rights.

It became necessary for the government to secure the consent of the provinces to the necessary amendment to our constitution. How was it secured and what was the nature of the consent? This is the main subject of the present motion.

I have in my hand No. 29 of the Votes and Proceedings of the House of Commons of Canada of Tuesday the 25th day of June, 1940, to which is annexed as an appendix a memorandum of the correspondence, letters and notes exchanged between the Prime Minister of Canada and the prime ministers of the different provinces. This number of the Votes and Proceedings was tabled in the Senate by the Honourable Senator Dandurand, then the leader of the government in the Senate, at the time he presented the resolution to secure the amendment to the British North America Act needed to pass the Unemployment Insurance Act. These letters from the provincial prime ministers show in what way the consent of the provinces was given to the proposed amendment of the British North America Act in order that the federal government could pass the Unemployment Insurance Act. The memorandum tabled discloses that seven of the provinces gave their consent to the proposed amendment by letters of the prime ministers of these provinces, and that only two provinces passed resolutions in their respective legislature. The correspondence between Premier King and the prime ministers of the provinces started in 1937, but the amendment could not be secured at the time on account of the Province of Quebec. Premier Duplessis wrote that he could not accept the proposal as offered, but was willing to cooperate with the federal government in other ways to create unemployment insurance.

In 1939 a provincial election took place in Quebec, the Liberals came back into power and the Honourable Adelard Godbout became

prime minister. The honourable gentleman is now with us as a member of the Senate, and he is a most welcome member.

The correspondence shows that the provinces finally agreed, in the way I have just mentioned, to the proposed amendment to the B.N.A. Act. The two provinces which passed resolutions in their local legislatures were New Brunswick and British Columbia.

Paragraph 5 of the resolution passed in the New Brunswick Legislature reads as follows:

Be it therefore resolved that in the opinion of this house the government of this province should respectfully urge upon the Government of Canada the advisability of deferring further consideration of the said proposal until the report of the said commissioners is available, when the whole field of social services and any re-allocation of legislative powers in respect thereof may be given fuller study and consideration in the light of the findings and recommendations of the said commissioners.

As may be seen, this was not a consent at all. The letter enclosing the resolution was dated April 23, 1938, but on January 25, 1940, the Prime Minister, the Honourable Mr. A. A. Dysart, wrote in part as follows:

As I pointed out to you by phone under date of January 10, this government is agreeable to this step being taken, realizing that the present and succeeding years might be utilized by individual workmen to build for future security against the depression which must come.

Here the Prime Minister of that province, without any authority from the legislature, changed the terms of the resolution passed by the legislature. I leave it to honourable senators to form an opinion as to the legality of this kind of consent.

The resolution passed by the Legislature of British Columbia is mentioned in the letter of March 2, 1938, from Prime Minister King, to the Honourable Mr. T. D. Pattulo, Premier of British Columbia, but it does not appear in the memorandum tabled.

Honourable senators, what constitutes consent by a province? I have stated in previous addresses in the Senate that, in my opinion, it is a consent expressed by the passage by a legislature of a province of an Act or a resolution to that effect. The provinces legislate through their respective legislatures, and the laws passed by the legislatures are, in turn, administered through the provincial governments. The cabinet, whether in Ottawa or in one of the provinces, is therefore an executive body and has no power to enact, amend or appeal any Act of a provincial legislature. In turn, the premier of a province, being only part of the executive, has still less power to deal with legislation by way of enactment or amendment. If therefore a provincial premier, or even the executive in the province, has no power to legislate provincially, how can it be seriously contended that the premier of a province would

have the power to legislate in Canadian or in Imperial matters as to which he has no control? How could such a person consent to the amendment of an Act of the United Kingdom? Not only could he not consent to such an amendment, but he would not even have the authority to request that such legislation be amended.

There is no doubt that if the consent of one or more of the provinces is desired for the purpose of amending the B.N.A. Act 1867, this consent should be given by an Act, or at least by a resolution passed by the legislative assembly or assemblies of the province or provinces concerned.

The British North America Act is the most important of all our laws. It is the fundamental law of this country, the Constitution which created the parliament at Ottawa and established the provinces. To say that it could be amended at the whim of the Prime Minister of Canada or of the premiers of the provinces, either separately or jointly, seems to be a constitutional heresy of the first magnitude. The principle of constitutional law to the effect that neither the federal executive nor the provincial executives can make laws or amend them is well known, and it seems unnecessary to stress it any further.

The question of the right of the federal executive to attempt to secure amendments to our Constitution, without authority of parliament, was definitely settled in 1876. I have here the *Debates of the House of Commons of Canada* for the year 1876, and I find, commencing at page 1140, a summary of the discussion leading to the enunciation of the principles which are the basis of my present motion. This is what appears in *Hansard* of that date:

Mr. Kirkpatrick wished to call attention to a matter of importance. They had been under the impression that they lived in a country which had the benefit of a responsible government, and that this parliament was capable of enacting the laws required by the people of Canada. It appeared, however, from a return brought down by the government, that they had gone back on the principles they had previously professed. He found that on the 18th of February, 1875, when this house was in session, the government had passed a Minute in Council recommending that the Imperial Government should be asked to pass an Act to amend the British North America Act, and to remove all doubts as to the construction of one of the sections. The Imperial Government had accordingly passed an Act repealing the section in question—Sec. 18—and re-enacting another in lieu thereof, thereby legislating with regard to this country without any wish to that effect being expressed by this parliament. This was a most extraordinary assumption of power on the part of the honourable gentleman opposite. This was not the first time that such a matter was brought up before the house. In 1871, when doubt was entertained as to the power of this parliament to pass the Manitoba Act, the government of that day thought fit to assume to themselves the same power that had been assumed by the present ministry. When attention was called to this fact

the administration, led by Sir George Cartier in the absence of the right honourable member for Kingston—

Sir John A. Macdonald—

was compelled to acknowledge that they had done wrong, and to ask the house to pass an Address to Her Majesty, asking for such legislation as was in question. On March 22, 1871, the present Minister of Justice in his usual able manner said:

"He proposed, in these regulations, to establish the principle that legislation on matters affecting this country should only be undertaken, by the Imperial Government, when sought for by the people of this country, through their representatives. This principle became of still greater consequence when legislation sought for was of a character which would alter in a material point the compact upon which the union itself was formed— which violated, in its most important ingredient, the question of the distribution of power—to reintroduce the former evils from which the people of old Canada suffered, and which led to the introduction of the constitution under which we now lived. Not only that, but that it should be done at the instance of a minister of the Crown, when there was nothing to prevent them from asking the people of this country, through their representatives, what change, if any, should be made in the constitution of the country. That a minister of the crown under such circumstances should have ventured to apply to the Home Government, and should have sent home a draft of a bill which they asked Earl Kimberley to make law, was without precedent, without parallel, without excuse, without palliation. He asked the house to agree that it was their duty to take care that they should determine what legislation the Imperial Parliament be asked to enact on their behalf. Honourable gentlemen opposite might say that the sense of the Parliament of Canada had already been taken on the bill.

Sir George E. Cartier: Hear, hear.

Hon. Mr. Blake thought that was the paltry evasion they would make, but he would tell them that the draft sent to England went far beyond the Manitoba Bill.

The question was whether the people were prepared to surrender into the hands of the government of the day, that power which the government of the day was assuming it possessed—the power to ask the Imperial Parliament to make laws for us; or whether the house did not think that every sense of duty called upon them to determine that their sense—that was the sense of the people—was to be taken upon, and was to form the basis of that Imperial legislation.

Sir Alexander T. Galt spoke in the same strain, and thought that the government, before taking the vote, should consider whether it would not be better to decide that for all time to come no change should be made in the British North America Act, except in the usual approved mode of address to the Queen.

Hon. Mr. Holton had remarked that, if the government could take such action with reference to an unimportant measure, there was no reason why this could not be done with regard to the most important.

Mr. Speaker (who then had a seat on the floor of this House), had expressed his views in his usual trenchant manner, and had ably indicated the right of the house to ask for any legislation which was to be undertaken.

Hon. Mr. Holton then moved, seconded by Hon. Alexander Mackenzie, —and this house is of opinion that no changes in the provisions of the British North America Act should be sought for by the executive government without the previous assent of the parliament of this dominion.

The vote was: Yeas, 137; nays, none."

If the action that the government had taken were permitted with reference to unimportant matters, the power might be assumed in regard to questions of extreme importance to the country. It was to be remembered that parliament was actually in session when this violation of the constitution occurred. They had read for the first time this day a bill sent down from the Senate, to enable witnesses to be examined on oath before both houses of parliament.

In 1873 parliament passed an Act to enable committees of both houses to administer oaths to witnesses; and it was disallowed, thus ceasing to be law. Yet in this Act they actually found that the Imperial Parliament was legislating for Canada. He would like to learn the opinion of the Minister of Justice regarding this matter. They had gone further and added this clause:

"The Act of the Parliament of Canada, passed in the 31st year of the reign of Her Majesty, Chapter 24, entitled: An Act to provide for oaths to witnesses being administered in certain cases for the purpose of either house of parliament, shall be deemed to be valid, and to have been valid as from the date in which the Royal Assent was given thereto by the Governor General of the Dominion of Canada."

The Imperial Parliament had no right to legislate in this manner, without the previous assent of the Parliament of Canada. In order that some record might be had of this circumstance, he moved, seconded by Mr. Bowell:

"That it appears from papers laid before this house, that the executive government by order in council passed on the 18th of February, 1875, while this house was in session, recommending the passage of an Imperial Act, to remove all doubts as to the right of the parliament of this dominion to possess the power of passing an Act, providing for the examination of witnesses on oath, by members of the Senate and the House of Commons;

That in pursuance of such recommendation, the Imperial Parliament passed an Act, Chapter 38, Victoria 38 and 39, whereby section 18 of the British North America Act of 1867 was repealed, and another section was substituted for the section which was repealed;

That this house on the 27th of March, 1871, on motion of Hon. L. H. Holton, and seconded by the Hon. A. Mackenzie, had resolved as follows: And this house is of opinion that no change in the provisions of the British North America Act should be sought for by the executive government without the previous assent of the parliament of this dominion; that the previous assent of the Parliament of Canada to the change in the provisions of the British North America Act sought for by the order in council as aforesaid was not obtained; and that this house regrets that any imperial legislation affecting the British North America Act of 1867 should have been sought by the executive government without the previous assent of the Parliament of Canada expressed in the usual manner by addresses from both houses of parliament to Her Most Gracious Majesty the Queen."

Hon. Mr. Mackenzie: As to the general principle enunciated by the honourable gentleman, of course he gave his entire assent to it, but there was a great difference between the two cases cited.

I close this long citation at this point because the motion was finally withdrawn, owing to the fact that Prime Minister Mackenzie thought that as framed it meant

a vote of want of confidence in the government. They did not wish to vote against the principle of the motion, but could not accept it.

There you have stated for all time the principle that the executive cannot speak for the parliament. And, by analogy, a provincial executive cannot speak for a legislature. This is clear.

I could conclude at this point were it not for the fact that a few weeks ago I objected to a paragraph or two in articles written by the honourable senator for Ottawa (Hon. Mr. Lambert) and published in the *Winnipeg Free Press*. The articles have been condensed in a pamphlet which I have in my hands now, it having been sent to me with the compliments of the honourable leader on this side (Hon. Mr. Haig). It is described as "Winnipeg Free Press Pamphlet No. 30, Reform of the Senate, by Hon. Norman Lambert."

I do not intend to enter into a controversy on the reform of the Senate, but since in the present motion I have mentioned the duties of the Senate, I think this motion is wide enough to permit me to state my objections to one or two statements in these articles by the honourable senator for Ottawa, and to allow him to give an explanation if he so desires. Let me say immediately that since I met the honourable senator I have at all times nursed sentiments of esteem and respect for him and for his obviously earnest devotion to duty as a member of this house.

I read on page 9 of the pamphlet:

The minority of rights of certain provinces in their relations with the dominion are supposed to have a safeguard in the Senate. That was the great underlying idea of Confederation, according to Macdonald and his associates. But consultation and conference between federal and provincial governments, with the consequent adoption of special agreements on taxation and financial grants, are rapidly displacing the historic role of the Senate as a guardian of provincial rights.

The courts, too, particularly the Privy Council, have settled most of the constitutional issues between the provinces and the dominion, even to the point of national embarrassment. As a matter of legislative record, the Senate has never been called upon to decide more than a few rather unimportant questions involving the rights of any province or against the dominion.

Honourable senators, I would ask you to read these lines and re-read them. The honourable gentleman says the Senate was "supposed" to be the safeguard of provincial rights. Do you like the word "supposed"? I know that special arrangements were made about taxation, but most of them were made under the War Measures Act. Some had the approval of prime ministers of the provinces concerned, but not of the legislatures, and the present motion covers the point. As we

know, the two provinces of Ontario and Quebec have not as yet come to terms with the federal government.

I will not delve into the past, but let us consider some measures of recent years. The honourable senator writes:

As a matter of legislative record, the Senate has never been called upon to decide more than a few rather unimportant questions involving the rights of any province or against the dominion.

Did the Senate take a proper attitude on the most flagrant encroachment of provincial rights in the Family Allowances Act? In that Act, from the title to the last clause, the federal government dealt with matters which belonged to the provinces, and this without the consent of the provinces and against the principles given in the judgment above mentioned in *In re* the Unemployment Insurance Act.

And what about the redistribution Act, which did away with the provision that the number of seats in Quebec should be fixed at 65, and that this number should be the divisor to establish a population quotient for determining the number of seats in all other provinces? That divisor has not been replaced by another.

Further, last fall parliament, without even consulting the provinces, voted in favour of the right to amend our constitution and the abolition of appeals to the Privy Council. Did the Senate fulfill its duties when the provinces were clamouring to be heard before those matters were voted upon?

Were those unimportant questions? The Honourable Ernest Lapointe said that you cannot secure rights merely by stating you have them, and I submit that you cannot exterminate a duty merely by disregarding it.

I do not wish to say more for the present. I pray God that I am spared long enough that, when the time comes to speak for the preservation of the Senate I will be able to defend the one body in our parliament which was designed to defend the rights and the privileges of the provinces and of minorities.

Honourable senators, I think sometimes that once in a while, after the prayer at the beginning of our sittings, we should every one of us repeat the words of the commission by which we were appointed:

Know you, that as well for the especial trust and confidence We have manifested in you, as for the purpose of obtaining your advice and assistance in all weighty and arduous affairs which may the State and Defence of Canada concern, We have thought fit to summon you to the Senate of Canada; and We do command you, that all difficulties and excuses whatsoever laying aside, you be and appear for the purposes aforesaid, in the Senate of Canada at all times whensoever and wheresoever Our Parliament may be in Canada convoked and holden; and this you are in no wise to omit.

Honourable senators, you are not elected, you are not called; you are selected to give assistance and advice in affairs of the state, and you are commanded to leave everything aside and to be here at all times, and this you are in no wise to omit. For so doing you receive, not a salary but an "indemnity", which is the statutory word, and the right one.

I am the humblest member of the Senate, but I speak of these duties with an easy conscience. In less than one month it will be nineteen years since I was commanded to be here. I am certified by our treasury officer, who is in charge of our attendance records, as having been absent only thirty days in those nineteen years.

Some Hon. Senators: Hear, hear.

Hon. Mr. Marcotte: During my long life I have travelled a lot; I have attended many meetings of men, in legislatures, parliaments, chambers of commerce, universities, and other bodies, in Canada and elsewhere; and let me assure you that I have never met a finer group of men than those I have known during my nineteen years in this chamber—men of learning, of wisdom, of knowledge of the needs of this country; men imbued with the desire to serve Canada and Canadians. These men have won my admiration for their talents and learning; they have earned my esteem for their honesty of purpose and keen interest in the affairs of our country. In appreciation of their fine personal qualities, I have given them my affection. After all, we are only human beings, and we have made mistakes—as a wise old Roman philosopher once said, *Errare humanum est*. But we are men of good will, and to such has been promised peace on earth and in all eternity. We begin our deliberations each day with a prayer to God because we believe in God; we are doing our work with the will to be useful to our country and to our fellow citizens. And this is our right. Having conscientiously fulfilled our mission, we can leave this chamber and say to each other and to outsiders as well: *Honi soit qui mal y pense*.

Some Hon. Senators: Hear, hear.

Hon. Mr. Gouin: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

LIBRARY OF PARLIAMENT REPORT OF JOINT COMMITTEE

The Senate proceeded to the consideration of the first report of the Joint Committee of both houses on the Library of Parliament.

Hon. Norman P. Lambert moved concurrence in the report.

He said: Honourable senators, I feel that a few words should be said in explanation

of this report. It contains some minor recommendations with which the house is familiar, but does not entirely reflect the discussion on the question of a national library, which took place at the meeting. The urgent need for more library space was recognized and emphasized by all members of the committee. The proposed national library, about which there has been much general discussion, should not be confused with the Library of Parliament. The so-called Massey Commission, which has heard representations on a wide range of subjects, will no doubt include in its report certain findings as to the establishment of a national library. The Library of Parliament and to some extent the Public Archives, have been performing the functions of a national library and, for reference purposes, have been meeting the needs of the members of both houses. The point has now been reached when the very excellent services of the personnel of the library are inexpressibly embarrassed by reason of limited space and lack of facilities necessary to the operation of a good library. The library's immediate need for storage space is being met by the use of accommodation in the basement of the Supreme Court Building, but this is only a temporary expedient.

On behalf of the library officials and staff, the members of both houses of parliament and other interested persons, I wish again to emphasize the urgent need for greater facilities in the Library of Parliament.

Hon. John T. Haig: Honourable members, personally I am not opposed to this report; but when the question of a national library is under consideration by a royal commission I cannot quite understand why a joint committee of parliament should also review the matter and ask us to adopt a recommendation on this very question. I may be under some misapprehension, but I fail to see the purpose of such a report. If the report of the Massey Commission, when made, contains a recommendation as to a national library, we can then concur in or reject that part of the report. On the question before us I shall vote "No", the reason being that I do not want to be bound by a report of a parliamentary committee in advance of the report of a royal commission.

Hon. Mr. Lambert: With the permission of honourable senators, I should like to reply to the remarks of the honourable leader opposite.

By way of explanation I may say that the question of establishing a national library arose out of an earlier meeting of the joint committee, the minutes of which contained an account of a discussion of this subject. The members of the joint committee feel that they

should re-emphasize the representations previously made. I can quite appreciate the feeling of the honourable leader opposite that this subject is to some extent *sub judice*.

Hon. Mr. Haig: It certainly is.

Hon. Mr. Lambert: Many representations have been made in public places outside of parliament during the course of the sitting of the royal commission, but I do not think the commission has in any way been embarrassed by such discussion. The fact is that the early establishment of a national library would relieve the pressure in the Parliamentary Library, and to that extent it is a matter of real concern to those who wish to give the library officials the facilities necessary for better service.

Hon. Thomas Reid: As one of the members of the Library Committee, perhaps I may add a word about the remarks of the leader of the opposition (Hon. Mr. Haig). It is true that a royal commission is dealing with this subject, and probably it will recommend the establishment of a national library. But the fact remains that the Library Committee has viewed the matter from an entirely different point of view.

The Library of Parliament was instituted many years ago, and in the course of time it has accumulated thousands upon thousands of books. The collection is now so vast that no member of parliament nor any senator could begin to go over it, let alone read it all; and the Library Committee, in view of the increasing demand from all over Canada for the right of access to and examination of these volumes, has been thinking of the use to which the surplus could be put rather than of the principle of a national library. For years representations have been made that the great number of valuable books which are never looked at by members of the Commons or of the Senate should be transferred to some building, there to form the nucleus of a national library. Hence, the committee's recommendation is directed to a purpose very different from that of the Royal Commission, which in the interests of Canada as a whole is considering the advisability of having a national library.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the report?

Some Hon. Senators: Carried.

Hon. Mr. Haig: No.

Hon. Mr. Hugessen: On division?

Hon. Mr. Haig: No. I want to be recorded as "No". Not "On division"; just "No".

Hon. Mr. Beaubien: That cannot be recorded unless the honourable senator stands.

Hon. Mr. Haig: Yes, it can. You watch the record.

The motion was agreed to, and the report was concurred in.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Euler:

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. Athanase David: Honourable senators, I believe that this house owes a debt of gratitude and an expression of thanks to the honourable senator from Waterloo (Hon. Mr. Euler) for having brought before this house this resolution, the subject matter of which is one of the most important that has ever been submitted to the Senate of Canada. One must have no lack of temerity and an absolute lack of modesty and humility who dares to speak after the most elaborate addresses which have already been made on this motion; yet I think certain aspects of it have not been touched, and it is on these that I intend to focus the attention of honourable senators.

If this motion were asking for a definite and compulsory endorsement of a federation of Europe or of democracies, I would be reluctant to speak, knowing quite well the objections to which such a proposal might give rise, but which would not in the least change my own opinion. However, the object of the resolution is merely to have Canada take part in a convention of delegates of the democracies, so I do not think that it could give rise to insurmountable objections. Like myself, and perhaps better than I, you have no doubt realized long since that having witnessed the decline of an era, we are on the threshold of a new one. Will the new era be better or worse? Time alone will tell. Will the inspiration which comes sometimes from the past, and the light which it throws on the present, be sufficient to enable us to avoid the pitfalls in the path which a new world is called upon to tread? The future alone will tell. Sometimes, thinking of what has been the moral discipline of our western civilization in the past century, I feel forced to ask myself if we have not in a certain degree helped the Karl Marx

ideology to permeate the masses. Has not limitless industrialization, when the hand of the worker is no more the servant of his intelligence, created a new form of labour in which man's thought, ability, courage and will have been replaced by soulless machine-power and outward dynamic energy?

There was a time on earth when work was an ideal, when it was loved, when it developed initiative which became a pleasure, when not to work was a disgrace, when everyone who wanted to obey the rules could work, and when the article made by hand reflected the artistic taste or the craft of the maker. Then was the time when man could glorify his work. Christian morality, although not accepted everywhere and by everyone, yet was a beacon whose light was projected on a standard of life. Nowadays it is the machine that does the work, and the worker's great mission in this world is to see that the machine is in condition to replace him.

The disintegration has been the result of the trespassing on a truth that Edmund Burke enunciated when he said that liberty "cannot exist without order and virtue." When this lack of order exists, disfiguring the last remnants of virtue, discipline becomes a nonentity, and the state intervenes to force it upon those whom it has the responsibility of guiding. Then is born discontent; and it is on this discontent that Marx counted most to impose his murky and monstrous faith.

It is therefore the duty of the West to put its own house in order, and it is also for us of the West to renew our moral community.

Among notes of my readings I found the following taken from a book called *There's Freedom for the Brave*.

We must come to understand that morality is really essential to the solution of moral problems. Community cannot be founded on negatives or fear or some temporary alignment. Man even in his work does not live by bread alone. His nature is not wholly filled or expressed in the production and consumption of bread and beer and radio sets and patent medicines. He has not his answer or his end in these. They cannot ease his discontent.

To give man in the machine age the end and the answer he is looking for and aspiring to, capitalism must realize that it is more than time for it "to get itself a conscience". This, I believe, conforms to the dictates of sane sociology and the doctrine of Christian justice.

Having said this I come now to the subject matter before us. There is no doubt that one thing only will put an end to what we have humorously called the cold war: it is the fear which may some day grip those in the Kremlin and their satellites that they might lose a

bloody war. This sense of fear must have been provoked to some degree by the recent events which have taken place in France and Italy, and in certain parts of invaded China.

In France, the political strikes organized by the communist party seem to have failed. Thus, at the well-known Renault Automobile plant, the number of employees who formerly paid dues to the communist party declined within a month from 7,000 to 2,000. I believe it may be concluded that Moscow, through lack of psychological insight, has caused the cup to overflow by organizing the strikes which have caused so much distress in French family circles.

In Italy, the communists' efforts have merely enabled Mr. DeGasperi to apply the land reform which he had advocated for so long, and to divide one and one-half million "hectares" of large, unproductive estates, called "Latifundia", between 200,000 families of agricultural workers, thus increasing the acreage of farm lands as well as agricultural production.

In China, it is a well known fact that the Russians, by seizing the agricultural output of a large part of the occupied territory, thus causing 45 million Chinese to feel the pangs of hunger, have aroused the anger of the Chinese people. In addition, Mao has compelled the Chinese to perform a vast amount of slave labour. Therefore, in this respect it may be stated that, as in Yugoslavia, the brand of communism originating in Moscow, with Stalin and the Politburo, has met with difficulties.

But let us for a moment disregard this hope, which may be illusory, and let us face the facts as they appear to the man in the street.

Certain countries which not so many years ago regarded socialism as a step forward in politics and based their governmental policies on such a doctrine, have suddenly abandoned this false love and are returning to more sane and conservative politics. Do I need to mention what has happened in Australia, New Zealand, South Africa and in the last elections in England? In England the communist party has decreased in strength to such an extent that Mr. Herbert Morrison could declare, without being contradicted by anyone on the other side, that the communist party is not a political party, but merely conspiracy. I shall not take the time of the house to mention other countries which today are contemplating outlawing the communist party and communism itself.

There is no doubt whatsoever that Stalin, reviving the imperialistic dreams of Paul and

Catherine of Russia, is seeking world domination by fomenting troubles in various countries in both hemispheres. It is but the return of the age-old ambition which has existed since creation, and which the Phoenicians, the Greeks, the Romans, the Germans have successively pursued in order to rule the whole world.

But nowadays this is not such a simple matter in a world where space and distance no longer exist and where oceans are no longer an obstacle. If Charles the Fifth and Napoleon succeeded in dominating the world simply by conquering the West, today it is necessary to dominate not only the West but the whole world. Caesar, Charlemagne and, even more so, Genghis Khan, were certainly possessed of great courage and a genius to undertake, support and maintain their conquests. Indeed, the difficulties of communication and the slight scientific knowledge possessed by man in their times created serious problems which are easily overcome by today's conquerors.

The method used to conquer peoples has entirely changed. It is by disturbing minds and poisoning consciences, by suppressing morals and religion, by resorting to shameless lies and refusing to listen to grievances, by destroying honesty and bribing people to become disloyal, that today's leader prepares tomorrow's world conquest. All the while, unlike conquerors of the past, he remains invisible in an impregnable fortress. It is unnecessary for him to expose himself to any dangers; his fifth column, working underground in every country, does his work. This new strategy and the fears which it causes—fears that stem from troubled minds and the dissatisfaction of people reduced to bondage, the hunger of many thousands in devastated countries and the deterioration of morals evident everywhere—have, however, forced the civilized people of the Western nations to realize that as individuals they can do little, but that united they may preserve their dignity as human beings and their freedom as citizens. This is why the awakened democracies do not wish to fall among "mediocracies."

The prophecy of Napoleon Bonaparte—made at the time, if I am not mistaken, when he was First Consul of France—to the effect that "in one hundred years Europe will be a republic or it will be overrun by Cossacks", is thought-provoking. One hundred years later, the democracies realize that Napoleon was right. They still believe in freedom and are ready to make all the necessary sacrifices in order to direct their efforts, slowly perhaps but surely, towards the establishment of some form of federation: while in the East, Russia and her satellites believe only in force and the powers of absorption.

It may interest honourable senators to know that the diary of Victor Hugo, that great poet who occupied the limelight in France throughout nearly all the nineteenth century, has just been delivered for publication. On the 28th of November, 1875—the year in which, if I remember rightly, he had returned from exile—he was host at dinner to Gambetta, Spuller, Lockroy and Castelar, and after their departure he wrote these words:

I drank a toast to the United States of the South, awaiting the moment when I can drink one to the United States of Europe.

I have spoken of "some form of federation". Obviously the term "federation" implies necessarily at least the partial relinquishment of a nation's rights or sovereignty. Anthony Eden stated not long ago:

I cannot for the life of me see any definite solution unless there is a weakening of our present notion of sovereignty. It is necessary to remove in some way the sting of nationalism.

This is a statement by a man who was long entrusted with the protection of his country's sovereignty, and who now realizes that only by relinquishing at least part of their sovereignty or delegating some of their powers to a higher authority will the nations which have not as yet been subjugated be able to survive. Men who heretofore were unalterably opposed to any relinquishment or diminution of sovereignty and who, on the contrary, strove to increase it—and who could blame them?—realize perhaps with some regret that this omnipotence, this absolute power, this isolationism is no longer possible. André Siegfried, political thinker, admirable lecturer and first-class writer, states in his book "*The Souls of Peoples*", at page 16:

Athens, notwithstanding its limited territory, had succeeded in dominating the Mediterranean, owing to its elite citizens; our thirty or forty million people were formerly sufficient to ensure the domination of Europe, but now the mass replaces the unit; this is the reason why the United States and the U.S.S.R., real continents, are displacing in the direction of our planet the "small Asiatic cape" so marvellously limited and diversified, if lacking in bulk, which had led the world for four hundred years.

And he adds:

Those units which are no longer able to cope with this new era must of necessity form a federation. Ruined, down-trodden, territorially-reduced Europe can no longer play the role of leader of Western civilization, or ensure, as it did for several centuries, the development of our planet.

I have quoted this excerpt in order to show the present trend of French thought, of which I believe André Siegfried to be one of the most forceful and fluent exponents.

You may say that the creation of a federation involves the creation of a new power. And so it does. But let me explain that there is a slight difference, for it goes without saying that in the case of this newly-established

body the representatives or delegates cannot go beyond their mandate. But if this new power is given the specific form of a higher government, in which each country is equitably and adequately represented, then in truth a super-government is created. I am aware of and understand the many misgivings to which an undertaking of this kind may give rise. But do not the same conditions exist in any well-organized society where a central, higher or supreme authority is required? Thus humans, being what they are—that is perfectible but not perfect—must of necessity be subject to some moral and civil laws in order to insure order and discipline. If men were perfect, they would be justified in refusing to submit to any law. The same principle applies to nations, which after all are composed of groups of human beings, and therefore perfectible but not perfect. Does it not follow, then, that among the nations there should be a nucleus vested with authority, recognized by everyone and acting for the community of nations in the same way as the legislative authority in an ordinary society acts for the community of citizens?

The modern state as we understand it today, endowed with the sovereignty everyone so admires, goes back only to the Treaties of Westphalia, figured around 1648, I believe. Since the inception of the modern state the idea of peace, the desire to live at home in peace, has grown constantly; but since 1648, and even today as I speak, is not the world subject to the hopes and fears of the people represented by these governments of such states?

I am not unaware that if there are warlike nations there are also peace-loving nations; but I think I can assert without fear of being contradicted, that even the most peaceful nations are not indifferent to the conquest of riches which, unfortunately, have so often in the past caused them to abandon the substance in order to pursue the shadow. The scourge of war is chronic, and notwithstanding the lessons of the past—such as the wars of 1870, 1914 and 1939—we have not yet learned that often there are neither conquerors nor conquered, and that the so-called conquerors of yesterday often become the tyrants of tomorrow. The unbridled thirst for riches is still the cancer which kills nations. Someone, whose name I cannot recall, said: "Nations do not die, they kill themselves." How true! How many countries, drawn by the hope of enriching themselves, by the hope of conquest and of finding gold, have thrown themselves into wars which left them much poorer and, if not ruined, reduced to the point of being incapable of pursuing their historical mission.

In any well-organized society the man who harms another may be called upon by his victim to redress the wrong he has caused or to face the civil or criminal courts, which are intended to help the man who has been wronged, or punish the wrongdoer. Nations do not seem to be subject to this rule of justice. An aggressor nation which commits a wrong may well lose the respect of the other nations for some time, or may even be required to pay certain reparations; but there will always be found, besides the injured nation, other countries that would profit by the renewed prosperity of the aggressor and which would endeavour to create obstacles to the execution of the treaty or agreement, so that the country attacked remains handicapped for many years and, as I said before, incapable of pursuing its destiny.

Would that be the case if a higher body—holding authority over every nation and including delegates from each—a body whose absolute authority could not be ignored and whose decision would be irrevocable, took command? Such an authority would be powerful enough to control national ambitions, selfish and nationalistic interests, and the inordinate desire of nations for expansion by conquest or absorption.

Let there be no misunderstanding over what I have said. I stated earlier, and I repeat, that as distance affords no protection and oceans are no longer an obstacle, there are no more safeguards against international conflict. In other words, isolation or isolationism, to which certain nations used to resort, cannot exist today. The progress of modern science, whether in the field of rail, air and steamship transportation or of telephone and radio communication, has compressed the globe into a small world indeed; and by making contact so much easier it has increased the impact of conflict which can no longer be confined to one state, because as soon as one state is in danger the whole structure of the world is shaken.

In a well written article, Roger Chaput recently said:

It is common knowledge today that the maintenance of Western civilization is closely connected with the maintenance of peace.

All who stop to think over the matter, be they politicians or others, believe that in order to save our democratic civilization and ensure peace and order there must be established a higher authority, recognized by all the states, who will agree to forego in its favour the sovereignty which today they seem to hold more dear than peace itself.

This is hardly the time to go into any details regarding the membership of such a government, if it were established, and I do not intend to broach the subject.

I very humbly submit that I have now reached the first conclusion, which to my mind is this: Just as it is essential to limit the freedom of the individual in a community to the end that order may be maintained, so is it essential that the countries desirous of maintaining peace in the world hand over, either directly or by delegation, part of their sovereignty—that is, of their powers—to a higher authority which is capable of ensuring peaceful international relations.

Some Hon. Senators: Hear, hear.

Hon. Mr. David: Is it not true that the sovereignty of which they are so proud, far from inducing the leaders of states to pursue the peace which would assure the greatness and welfare of their peoples, has often whetted their appetite for martial, economic or political conquest in the hope of increasing this sovereignty? This desire for supremacy has been abetted by industrial advances new in history and which have given individuals a standard of life hitherto unknown. It also seems to have had the effect of stimulating in the field of weapons discoveries which astonish the mind and go far beyond the former data of human science. This sense of sovereignty has presided over the preparation of treaties, pacts and alliances, where each party, after having exposed its claims and its wishes, agreed upon minimum conditions in order to lend a certain efficacy to its signature. However, treaties, pacts, alliances have proved only one thing: how easily they may be violated.

Moreover, is not this sense of sovereignty what has created such scepticism among the most sincere and cultured diplomats? Even the United Nations Charter has upheld the sovereignty of nations, but no one foresaw that this confirmed sovereignty, expressed through the right of veto, would force from ten to twenty sovereign nations to bow to one single nation. It will be admitted freely, I expect, that we have here, to say the least, a ridiculous form of sovereignty. Need I press my point any further?

The Assembly of the United Nations may, through one of their members, present such resolutions as they see fit, and these resolutions may be accepted or rejected by the states themselves. However, the Assembly being devoid of legislative powers, none of the resolutions can become law; so that, even if adopted, these resolutions will be dependent upon the parliamentary pleasure of the states concerned. The United Nations charter, I readily admit, does anticipate the

creation of an international police force; it even provides for the setting up of a General Staff. Still I am not aware that either of these projects has ever assumed the form of a final agreement. Because of the opposition of Russia and her satellites, wishes have remained mere wishes.

Can we find anywhere in the world an instance of a state having relinquished its sovereignty to a central authority? I do not think so. The four conventions of the Pan-American League—held at Panama in 1826, at Lima in 1847, at Santiago in 1856 and at Lima again in 1864—although they tried to establish a federation of South American countries, merely brought forth the statement which can be found in the Charter of American Nations drafted at Bogota on April 28, 1948. Section 5 of this charter states:

International order resides essentially in the respect of the sovereignty of nations.

Consequently, neither in America nor in Europe have the nations been willing to date to sacrifice an iota of their sovereignty, although this sacrifice alone could be a guarantee of world peace. Were we to delve a little further, we should find that the Arab League, in the same manner and with the same means, ratifies all that is absolute in sovereignty when it states:

In the case of a conflict, the decision of the council could not be binding when such a conflict affects the independence, the sovereignty or the territorial integrity of one of the parties involved.

Therefore the second conclusion is that, so long as the principle of sovereignty continues to be asserted in this manner, it is useless to think that nations will not try to take justice into their own hands, and thereby reject any plan tending to place their sovereign rights under an authority foreign to their own.

Honourable senators, while listening to my words as I delve into the past, you will wonder to what extent the peoples of the world have remained attached to their sovereignty and whether it is appropriate to discuss a federation at the present time. I think it is. If the creation of a unitarian world state—I might even say a Utopia—is impossible today, a federation which would merely bring about a division of power between a central government and all member states is neither an impossibility nor a dream. I know that many plans have failed in days gone by. I recall, for instance, that of the French monk Cruce, in 1648, and that drafted by Sully sixteen years later, in 1664. However, since the end of the second Great War, those countries which have favoured a federal state have become so numerous that once more we can hope to see this plan come into being. Even the man in the street seems to

be interested in this new body of United Nations. The United World Federation has at least 34,000 adherents. France for one is represented by nineteen groups in the international committee for uniting all movements tending to a European unity. Duncan Sandys, a son-in-law of Winston Churchill, is secretary to this committee. Numerous conventions have been held in the various democratic countries, but the outstanding ones were obviously the Paris convention of December, 1946, the Montreux gathering in November, 1948, and finally the most important, the convention held at The Hague, in 1949. It would appear therefore that all the classes of society in France approve such a principle and that France is ready to sacrifice at least part of the sovereignty to which everyone knows she was so deeply attached.

If one considers the attitude taken by France in the light of that taken by Winston Churchill, who did not fear to state personally at Strasbourg how the unity of democratic nations had become a pressing necessity, and if one takes into account the fact that this movement is steadily gaining strength in the United States, while spreading gradually to the Benelux countries—Belgium, Luxembourg and Holland—one is inclined to believe in the usefulness of a delegates' convention such as that planned for the city of New York.

I realize that citations sometimes prove annoying; yet without wishing to impose on your patience, I should like to draw your attention to an interesting article written by Sir Shuldham Redfern, former secretary to the Governor General of Canada, which appeared in the *Montreal Star* on May 19 of this year. The writer makes reference to Canada setting an example of what a federal state can accomplish, and he points out that Great Britain could learn much from us in the matter of federating. The article reads in part as follows:

Even before a united Europe reaches the embryo stage, the thoughts of statesmen like Mr. Pearson are turning towards the idea of an Atlantic Union—"a North Atlantic community that may one day become a political commonwealth." That does not mean that the united Europe stage is to be skipped.

It does mean that the unity of Western Europe becomes a matter of very great urgency. This is where we must look to Canada for a lesson. Let us assume, as I think we must, that a union of the states of western Europe would be meaningless unless their separate governments became subordinate to a supernational authority.

In other words they must all be prepared to sacrifice something of their national sovereignty. That is precisely what happened in Canada when the dissimilar if not hostile colonies, no more homogeneous than the nations of Europe, decided to join together in a federal union.

When the pieces of the Canadian federation were nicely assembled and the machinery was set to

work by the impulse of a very high order of statesmanship, it was essential that there should be a lubricant to keep the whole thing cool and frictionless. That lubricant was tolerance—and tolerance of a far more flexible nature than can be found anywhere in Europe today.

There was one further prerequisite to the successful initiation of a federal system and that was a political party doctrine spreading across provincial boundaries and firmly convinced that its interests could only be served by federation.

Honourable senators, to my mind a third conclusion becomes inevitable. The world has finally awakened to the necessity of a federal system which would become a powerful weapon in the hands of Western nations, while convincing the Kremlin and members of the Politburo of the existence of a true power unwilling to renounce any of the privileges granted by democracy to its followers.

I cannot bring these remarks to a close without drawing to your attention two points of view held by those interested in this matter. On the one hand you have the federalists, who claim the time has come to establish between the states a formal and permanent tie—such as the one I have mentioned—leading to a sort of merger, the principles of which could be inserted in a federal charter. This would in a way resemble the federal system established in Canada or in the United States. On the other hand, we have the unionists, who prefer to make use of certain existing bodies—such as Benelux, the United Nations, the Arab League and the Pan-American League—and to employ economic agreements. They are convinced, or so they say, that they could succeed in having the veto discarded. They also feel that the states could be persuaded to submit their differences to an international tribunal. Finally, they believe that Russia could be induced to establish the international form which is essential to the ratification of all resolutions adopted by the United Nations. According to the unionists, by using the institutions I have mentioned, the objective set by federalism could be attained just as surely as in any other way.

The most important point to be settled by the convention, if and when it takes place, would be to decide whether any form of federation is practicable today. To come to this conclusion, the convention must take into consideration certain matters such as distances, cultural affinities and geographical proximities. If Western Europe offers a favourable ground for this kind of organization, could the addition of distant countries like Canada and the United States become an obstacle rather than an asset?

Before concluding I shall say a word about the aim of the convention which the motion advocates. Would it not be desirable for Canada, since the delegates would be absolutely unable to bind us—binding agreements being left as they are now to the Canadian Parliament—to have a part in the discussions?

Peace rests entirely on the degree of security which democracy can offer to the world. By increasing our preparedness, by giving to hesitant or absorbed nations an example of strength and prosperity, we shall do more in a positive fashion and surely obtain more practical results than could be attained through the most appeasing or most enthusiastic speeches.

Honourable senators, it is our duty to spare no effort in order to bring to the

world that peace so ardently desired by all, and I believe this convention to be a step towards this goal.

Some Hon. Senators: Hear, hear.

Hon. Mr. Beaubien moved the adjournment of the debate.

The motion was agreed to.

PRIVATE BILLS COMMITTEE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, I have been asked to suggest that the meeting of the Standing Committee on Miscellaneous Private Bills, which was set for 8 o'clock this evening, be held as soon as the Senate rises. The meeting is expected to be brief.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 8, 1950

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

Prayers and routine proceedings.

INCOME TAX BILL

COMMONS CONCURRENCE IN SENATE
AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill 177, intitled an Act to amend the Income Tax Act, and to acquaint the Senate that they have agreed to the amendments made by the Senate to this bill, without any amendment.

Hon. Mr. Haig: May I ask the leader of the government whether the Income Tax Act, as amended, will be reprinted?

Hon. Mr. Robertson: I have no particular information on the subject, but my impression is that this would be done. I shall make specific inquiry and inform my honourable friend later.

Hon. Mr. Haig: The amendments, although not of tremendous importance, are numerous, and as there is a lot of work done under the Act all over the country, I feel that there will be many inquiries for copies of the amended statute.

DEFENCE SERVICES PENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 134, an Act to amend the Militia Pension Act and change the title thereof.

The bill was read the first time.

PRAIRIE FARM ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 209, an Act to amend the Prairie Farm Assistance Act, 1939.

The bill was read the first time.

NATIONAL DEFENCE BILL

FIRST READING

A message was received from the House of Commons with Bill 133, an Act respecting National Defence.

The bill was read the first time.

PRIME MINISTER'S RESIDENCE

FIRST READING

A message was received from the House of Commons with Bill 266, an Act to provide for the operation and maintenance of a residence for the Prime Minister of Canada.

The bill was read the first time.

INDIAN BILL

INQUIRY

On the Orders of the Day:

Hon. Mr. Reid: Before the orders of the day are called, I wonder whether the leader has any information, and if not, whether he can take steps to obtain information as to how the government intends to proceed with the bill to amend the Indian Act, which is now before the other house. I should like to know whether the bill is to be referred to a committee, and, if so, whether this will be a joint committee, similar to the one that studied Indian affairs for three years.

Hon. Mr. Robertson: I have no specific knowledge about the government's intentions, on this matter, but my understanding of parliamentary procedure is that once a bill is introduced in either house, it is usual to send it in due course to a committee of that house rather than to a joint committee. I am not aware of any intention to refer the bill to a joint committee, and, to speak frankly, I would not be greatly in favour of such procedure.

Hon. Mr. Reid: I was a member of the joint committee which for three years worked on the Indian Act, and inquiries have been made of me as to whether arrangements will be made to permit Indians to make representations on the present bill. From the proceedings that have taken place so far there is every indication that Indians may be heard by a committee of the other house, and if that happened I was wondering whether the Senate committee to which in due course the bill may be referred would also hear representations from Indians.

Hon. Mr. Robertson: I am not in any position to say anything about that. Honourable senators realize that, in the very nature of things, only a relatively few members of this house can be appointed to a joint committee. I should think the bill would be dealt with by the other house in the regular way and referred to a committee, and afterwards sent to the Senate. Then in due course it would probably be referred to one of our standing committees. This procedure makes it possible for a large number of senators to participate in discussion on the bill in committee.

Personally, unless the house ordered otherwise, I would not be in favour of the appointment of a joint committee to consider a bill which is before the other house.

Hon. John T. Haig: Honourable members, may I speak for a moment on another feature of this question? I am informed that certain promises have been made to the Indians, to the effect that the bill introduced in the other place would be sent to the various tribes. According to the press, this is being done. My Understanding is that the tribes will require two or three weeks to consider the measure. This is a short enough period in which to look into it and would mean that the bill would not be returned to parliament in sufficient time for consideration by parliament, if it is to prorogue by the end of June.

I would not be in favour of the bill being referred to a joint committee. The Senate and the House of Commons are two separate bodies, and joint committees deal only with resolutions and the like. Further, this house is a revising body, and we do not wish to be hampered by people who wish to press a measure through parliament.

CANADIAN WHEAT BOARD BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second read of Bill 252, an Act to amend the Canadian Wheat Board Act, 1935.

He said: Honourable senators, the main purpose of this bill is to continue until August 1, 1953, the Canadian Wheat Board as the sole agency through which producers may market their wheat.

When the Canadian Wheat Board was set up in the early thirties there was a surplus of wheat, and the Board operated as a voluntary pool, which was supplementary to the open market. It continued in this capacity until 1943. In that year trade in wheat futures was abolished and, by a regulation passed under the War Measures Act, the board was established as the sole marketing agency. At that time the Canadian Government was in the position of having to make heavy international commitments for the supply of wheat, and to fulfil these commitments it was necessary to control the price and the disposition of the Canadian wheat crop.

At the end of the war the government began to look for a dependable method of marketing wheat in the period of post-war readjustment, and was successful in negotiating a four-year wheat contract with Great Britain, under which Britain received the bulk of her wheat requirements at prices

lower than she would have had to pay elsewhere. On the other hand, our wheat producers enjoyed the best returns of any five-year peacetime period in our history. The contract also served as an insurance, which enabled them to produce and market their crop with confidence, and this has had a great stabilizing effect on our wheat economy.

When we negotiated our wheat contract with Great Britain, we desired to deal with all of our other customers on the same basis, so long as we could guarantee supply. As a step in this direction we attempted, in 1946, to open discussions for an international wheat agreement. However, our overtures were not accepted. In spite of this, a reference was put in the final clause of the Canada-United Kingdom Agreement mentioning the possibility of an international wheat agreement, and stating that the terms of our contract would be brought into conformity with such agreement.

As time went on there was a growing feeling throughout the world that an international wheat agreement would bring advantages to importer and exporter alike, especially as a stabilizing influence on the wheat trade. Conferences were arranged, and they continued from 1947 until 1949. As a result of these conferences there emerged the present International Wheat Agreement, which comes into operation on August 1, 1950, and will continue in force until July 31, 1953. This parliament ratified that agreement.

The agreement is an experiment, but it is one that can be of tremendous benefit to Canada. There is not a senator here who, in the thirties, did not feel great sympathy for the wheat farmers of our West, who suffered not only from climatic difficulties but a tragic fear that their wheat, if harvested, could not be marketed. Anything that can help to prevent a return of those conditions is of inestimable value, not only to the West but to the economy of this whole nation. The agreement is no cure-all for our wheat problems, but it is a continuing beacon of hope to all whose lives depend on the great wheat-producing industry.

It is the intention of the government to do everything within its power to guarantee the success of the agreement. To ensure that Canada will be able to fulfill her obligations under the International Wheat Agreement, it is necessary that there be control over the disposition of the wheat crop. This does not mean that there will be no private trading in wheat. At the present time thirty-four grain firms act as agents of the Wheat Board. All flour exported from Canada is sold by these agencies. However, there is still a desire on

the part of many countries to deal through a government agency; and if this desire is indicated, sales are made through the Wheat Board. Although this inter-governmental trading is lessening, it appears likely that it will continue for the next three years. For these reasons the government is asking that the Wheat Board be maintained as sole marketing agency up to August 1, 1953. This extension has been recommended by the Canadian Federation of Agriculture.

The bill would also continue the Wheat Board as the sole marketing agency for oats and barley. This arrangement meets with the whole-hearted approval of the three western provinces, which have passed complementary legislation to permit the marketing of these grains by the Wheat Board. This method of marketing started with the 1949 crop year, and its extension reflects the wishes of the great majority of producers.

The bill would also change the pool period in respect of which payments are made to the producers. While the Canada-United Kingdom contract was in force it was considered desirable to provide for a pool period of five years. However, with the end of this contract rapidly approaching, it is thought better to deal separately with each crop, and to reduce the pool period to one year.

No doubt there are other matters of great interest and importance about which honourable senators will require more information than I can give. It is therefore my intention, if the bill should receive second reading, to refer it to the Standing Committee on Banking and Commerce. Like the Canada Grain Bill, this measure is primarily, I suppose, a matter for the Standing Committee on Natural Resources; but as the Canada Grain Bill was sent to the Committee on Banking and Commerce in order to facilitate business, and there are certain inter-relations between that bill and the present one which could be discussed at the same time and probably with the same witnesses, it seems to be the part of wisdom, to have this bill also referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Reid: As I am not a member of the committee mentioned by the honourable leader, perhaps he would answer a question I have in mind.

Hon. Mr. Robertson: I shall be happy to do so, if I can.

Hon. Mr. Reid: Do the provisions of this bill apply to all provinces? I ask this question because I come from a province which, though it raises considerable quantities of wheat and other grains, also purchases them in large quantities. I am wondering if the new provisions will affect all milling in the province of British Columbia?

Hon. Mr. Robertson: That would be my impression.

Hon. Mr. Reid: If that is the case, I think it is very serious; and I hope I shall have the right to appear before the committee.

Hon. Mr. Robertson: My honourable friend from New Westminster has never been denied that privilege.

Hon. Mr. Haig: Honourable senators, I am pleased that the honourable leader of the government reviewed the old Act; but I want time to study his explanation of the bill before I speak to it. Therefore, with leave of the Senate, I would move the adjournment of the debate until Monday night.

The motion was agreed to.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

On the Order:

Resuming the adjourned debate on the motion of the Honourable Senator Euler, seconded by the Honourable Senator Crerar, that the Senate of Canada approves of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union—Honourable Senator Beaubien.

Hon. Mr. Robertson: Honourable senators, I intend to speak later to this motion, and I think the Whip adjourned the debate to enable me to do so. If no honourable senator wishes to proceed now, I would suggest that the order stand.

The Order stands.

CONSTITUTIONAL AMENDMENTS— CONSENT OF PROVINCES

MOTION

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Marcotte:

That in the opinion of the Senate, whenever an amendment to the Constitution of Canada is made, or is to be made, requiring the consent of one or more of the provinces, the said consent can only be expressed by Act or proclamation of the legislature or legislatures of the provinces concerned.

Hon. L. M. Gouin: Honourable senators, I sincerely thank the honourable gentleman from Ponteix for introducing the motion which is now before us, and for giving us an opportunity to express our views on the fundamental principles of our Canadian Federation.

In presenting his resolution our honourable friend explained very appropriately the role which the Fathers of Confederation expected the Senate to play. I congratulate our colleague on his most interesting remarks and the excellent references which he cited. As he has always done in the past, the honourable senator gave plenty of thought and consideration to his subject.

Even when I do not share the opinion of our honourable friend, I deeply respect his views, because I know how sincere a patriot he is. On several occasions, of course, I have considered it my duty not to vote in the same way that he has, but I am sure that he has never questioned my good faith. To be more specific, I shall say that we agree, for instance, on the necessity of obtaining the consent of the provinces in certain cases, but in the past we have disagreed as to whether or not certain matters were within the exclusive jurisdiction of the provinces. Such was the case when I supported the Family Allowances Act; and I do not intend either to repeat or retract the remarks which I made on the subject on August 3, 1944, and which may be found in *Senate Hansard* of that year at pages 447 and 448.

While supporting most heartily the motion before us, I do not at all agree with the statement of the honourable senator from Ponteix, to the effect that the Family Allowances Act, and the other federal enactments which he mentioned yesterday, were encroachments upon the rights of the provinces. If such were the case, the courts of this land could pronounce any of these acts *ultra vires* and unconstitutional. At all events, I do not consider that I am called upon by this motion to justify my conduct in the past, and I intend to limit myself strictly to the resolution now before us.

By way of introduction, and to show that it is quite appropriate to discuss in this house the vital question before us, it would perhaps be sufficient to refer to the authorities cited by our honourable friend concerning the mission entrusted to this body by our constitution. On this point, however, I wish to add to just one quotation from Dawson, *The Government of Canada*, page 330. It is as follows:

The Senate was expected to take upon itself certain particular duties which might be neglected by the Commons. In the first place, the Senate was to protect the interests of the provinces, for although the small provinces were not given the same number of senators as the two large ones, they had nevertheless a much greater representation proportionally than in the Lower House. Quebec, while conceding representation by population in the Commons, was given the explicit assurance of such protection in the Senate.

Then I should like to quote from the remarks of George Brown, which are to be found in the *Confederation Debates* of 1865, at page 80. He said:

The very essence of our compact is that the union shall be federal and not legislative. Our Lower Canada friends have agreed to give us representation by population in the Lower House, on the express condition that they shall have equality in the Upper House. On no other condition could we have advanced a step.

I ask honourable senators to please note these words by George Brown, a man whom I would not exactly describe as a friend of the province of Quebec. In this instance he understood perfectly the point of view of our people in 1867—which by the way is still our point of view—that on no other condition could we have advanced a step. In other words, in our French-Canadian way of thinking, the Senate is one of the corner stones of our constitution. There is no possible doubt that my native province has always looked and is still looking to this house as the protector of provincial rights in general, and of the rights of Quebec in particular. Moreover, the province, besides possessing the rights which all of our ten provinces have in common, is the cradle of our French-Canadian people. Our legislature in the ancient city founded more than three centuries ago by Champlain has the sacred task of perpetuating the spiritual legacy which we received from our ancestors, and which we are anxious to transmit unimpaired to those who will come after us. This explains, honourable senators, why we attach so much importance to the timely motion introduced by a colleague from Saskatchewan (Hon. Mr. Marcotte), seconded by a colleague from the Maritimes (Hon. Mr. Veniot), and now being spoken to by me, a senator from Quebec. I feel sure that senators from other provinces will concur in the remarks which were made on the main object of his motion by the honourable gentleman from Ponteix.

The point now under discussion is: How should any province give its consent, if it be required, to an amendment to the Constitution of Canada? In November last I spoke at some length on the resolution for transferring to Canada power to amend the British North America Act in purely federal matters. My remarks may be found in the *Senate Hansard*, at pages 209 to 215 of the French edition, and pages 200 to 205 of the English edition.

In certain quarters I have been criticized for my attitude on that occasion. But, honourable senators, as a lawyer who has devoted forty years of his life to researches in the field of law, I must say that there are certain theories, old though they may be, which I consider to be legally unfounded and which

in my conscience I cannot accept. Even if a certain traditional interpretation has obtained popular acceptance, I am quite willing to face any criticism rather than to subscribe to it if I firmly believe it to be inaccurate.

Hon. Mr. David: Hear, hear.

Hon. Mr. Gouin: After two score years of study, if I find a so-called constitutional "dogma" to be contradicted by the most authoritative definitions and the most clearly established principles of constitutional and international law, I owe too much respect to truth to sacrifice my convictions to anyone, however intimate may have been our relations in the years gone by. This was my attitude previously, honourable senators, and it is still my attitude today.

Over the radio and in the press some of my statements have been misquoted and misrepresented in the past. However, I intend again to discuss the constitutional issue now before us as being essentially a question of law and of political science. An important constitutional problem of this kind is above all personalities. If some of my opponents outside this house want to take a different approach and to introduce purely moral and historical considerations, or even to enter into a politico-religious controversy, I will not follow them into such a "no man's land."

Having made my position clear in this way, I shall now try to envisage as objectively as possible the great problem at present under discussion.

On the 1st of November, 1949, though I did not accept *in toto* the "compact" theory, I recognized quite frankly, as I said, that "the Quebec Resolutions were used as the main basis for our federation," and that to a certain degree those resolutions have a contractual character. My remarks on that point may be found in the Senate *Hansard* for the first session of 1949, page 203. I explained at that time, and I wish to affirm today even more emphatically, that our constitution is the result of negotiations between the representatives of the four original provinces. In fact, the Fathers of Confederation agreed on three fundamental principles: (1), the federal nature of the union; (2), respect for provincial self-government; (3), preservation of the distinct and separate institutions of Lower Canada. On the fact that there was such a triple agreement, I concur in the views expressed by Father Richard Arès, at page 10 of his book, which was referred to yesterday by the honourable senator from Ponteix (Hon. Mr. Marcotte), *La Confédération: Pacte ou Loi?*

From this agreement, which was confirmed in 1867, it follows that it would be purely

and simply a breach of faith to try to change unilaterally the federal character of our constitution, or to encroach upon provincial jurisdiction or undermine Quebec's own institutions.

On this question of principle there has never been any doubt in my mind. I wish to assure this house and the people of my province that I am just as desirous as are any of my critics to have our constitution maintained. For the reasons which I gave on the 1st of November last I was sincerely of opinion that the consent of the provinces was not necessary for the amendment being considered at that time. But as I then stated clearly, as will be found by reference to page 202 of our *Hansard*, nobody contests the necessity of obtaining the consent of the provinces whenever, for instance, there is any proposal to modify the jurisdiction of the provinces on the matters enumerated in section 92 of the British North America Act. In other words, our provinces possess some definite vested rights—what we call in French *droits acquis*—which cannot be changed without their unanimous consent. Today I shall try to study the precise nature of provincial rights for if we ascertain their nature we shall be able to determine how a province should consent to the modification of any of its rights.

Honourable senators, provincial rights consist in all those powers of sovereignty which are vested in our provinces under the terms of the British North America Act, as interpreted by the Privy Council. The Privy Council has always taken the view "that the federation Act exhausts the whole range of legislative power", and that whatever is not given by that Act to the provincial legislatures rests with the Canadian parliament. That is the decision in the case of *Bank of Toronto v Lambe*, (1887) 12 Appeal Cases, page 587.

The principle of the sovereignty or, if you wish, autonomy of the provinces, has been affirmed and developed by the Privy Council as a consequence of its rule of interpretation to the effect that we must consider as exhaustive the distribution of powers assigned by the B.N.A. Act to the federal and provincial authorities respectively.

The principle of the sovereignty of our Canadian provinces was formally expounded in the case of *Hodge v. The Queen*, (1883) 9 Appeal Cases, page 117. I wish to quote an extract taken from O'Connor's Report to the Senate (1939), Annex 3, page 22, as follows:

When the British North America Act enacted that there should be a legislature for Ontario and that

its legislative assembly should have exclusive authority to make laws for the province and for provincial purposes in relation to the matters enumerated in section 92, it conferred powers not in any sense to be exercised by delegation from or as agents of, the Imperial Parliament, but authority as plenary and as ample, within the limits prescribed by section 92 as the Imperial Parliament, in the plenitude of its power, possessed and could bestow. Within these limits of subjects and area the local legislature is supreme—

Note the word "supreme".

—and has the same authority as the Imperial Parliament, or the Parliament of the dominion, would have had under like circumstances . . .

Again, in the *Maritime Bank's Case*, (1892) Appeal Cases, page 437, we find a reaffirmation of provincial autonomy. I quote from O'Connor's Report, Annex 3, page 29, as follows:

The B.N.A. Act 1867 has not severed the connections between the Crown and the provinces; the relation between them is the same as that which subsists between the Crown and the dominion in respect of the powers, executive and legislative, public property and revenues, as are vested in them respectively.

The Privy Council, according to O'Connor at page 29, refused absolutely to accept the view that the effect of the B.N.A. Act has been . . .

to make the government of the dominion the only government of Her Majesty in North America; and to reduce the provinces to the rank of independent municipal institutions.

Lord Watson, who delivered the judgment for the board, then adds:

Their Lordships do not think it necessary to examine, in minute detail, the provisions of the Act of 1867, which nowhere profess to curtail, in any respect, the rights and privileges of the Crown, or to disturb the relations then subsisting between the Sovereign and the provinces. The object of the Act was neither to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to create a federal government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a common interest, each province retaining its independence and autonomy. That object was accomplished by distributing, between the dominion and the provinces, all powers executive and legislative, and all public property and revenues which had previously belonged to the provinces, so that the Dominion Government should be vested with such of these powers, property and revenues as were necessary for the due performance of its constitutional functions, and that the remainder should be retained by the provinces for the purposes of provincial government. But, in so far as regards those matters which, by section 92, are specially reserved for provincial legislation, the legislation of each province continues to be free from the control of the dominion, and is as supreme as it was before the passing of the Act.

To sum up, in 1867, in so far as Canada was concerned, sovereignty remained divided into three distinct sections. In international matters, for instance, the sovereignty of the Imperial Parliament was not affected when the B.N.A. Act was first enacted. Canada became an international person only in 1919,

at the time of the signing of the Treaty at Versailles. Moreover, until 1931 the sovereignty of our Canadian Parliament was limited by the Colonial Laws Validity Act. On this last point I wish to refer the house to the case of *Nadan v. The King*, (1926) Appeal Cases, page 482.

In fact, after 1867 and until the enactment of the Statute of Westminster in 1931, Canada could not be said to possess all the essential elements of sovereignty as defined by international jurists, because we continued to recognize an outside superior authority, to wit, the Imperial Parliament and Government. On the contrary, today our Canadian authorities, federal and provincial, may exercise freely their supreme rule in their respective spheres. The removal of the few surviving restrictions to our absolute sovereignty, the disappearance of our last vestiges of colonialism, depend now purely and simply on mutual agreement between our central and local powers. This is why the motion now before us is so important. In the light of the negotiations now being carried on by our federal and provincial governments, our present debate comes, in my opinion, at a most opportune time.

Subject to the reservations just mentioned in favour of the Imperial authorities, what was the immediate result of the B.N.A. Act in 1867? Three formerly distinct colonies—Canada, Nova Scotia and New Brunswick—were united by an arrangement which vested in part the ordinary powers of sovereignty in our federal or national government, whose authority extended over all the four provinces of the new federal union, namely, Nova Scotia and New Brunswick, already mentioned, plus Ontario and Quebec, the two provinces created or revived by the division of the former colony of Canada. A further part of the powers of sovereignty remained vested in those four separate provinces and both authorities, federal and provincial, became co-ordinate within the sphere of their respective duties.

In this description of our Canadian federalism, I have merely followed Pitt Cobbett's classical definition of a "federation", as given by R. G. C. Dawson in his book entitled *Public International Law* at page 9. Let us keep in mind these last words of the definition of Pitt Cobbett—"Both authorities are co-ordinate within the sphere of their respective duties"—and let us remember also that according to Webster the term "co-ordinate" designates "one of equal rank, authority or importance with another".

Thus, because the federal and provincial authorities are co-ordinate, the Privy Council held that:

A Lieutenant Governor is as much the representative of His Majesty for all purposes of provincial government as the Governor General himself is for all purposes of dominion government.

This view was implied in the decision rendered in *Attorney-General of Canada v. Attorney-General* (1898) A.C. 247 at 253; the rule was fully developed in the *Bonanza Creek Case*, (1916) 1 A.C. 566. Once more, in the *Companies Reference Case*, (1912) A.C. 584, as well as in *B.C. v. Canada*, (1914) A.C. 153, the Privy Council held that:

Whatever belongs to self-government in Canada belongs either to the dominion or to the provinces within the limits of the B.N.A. Act.

The autonomy of the provinces was again affirmed in the reference re the *Manitoba Initiative and Referendum Act*, (1919) A.C. 935. After referring to the powers of the Lieutenant Governors (O'Connors' Report, Annex 3, 87), Lord Haldane adds:

The scheme of the Act passed in 1867 was thus, not to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to establish a central government in which these provinces should be represented, entrusted with exclusive authority only in affairs in which they had a common interest. Subject to this each province was to retain its independence and autonomy and to be directly under the Crown as its head. Within these limits of area and subjects, its local legislature, so long as the Imperial Parliament did not repeal its own Act conferring this status, was to be supreme, and had such powers as the Imperial Parliament possessed in the plenitude of its own freedom before it handed them over to the dominion and the provinces in accordance with the scheme of distribution which it enacted in 1867.

Then, in the case of *Great West Saddlery v. The King*, (1921) 2 A.C. 91, at 100, Lord Haldane affirmed that—

Within the spheres allotted to them by the (B.N.A.) Act the dominion and the provinces are rendered in general principle co-ordinate governments.

This extract is cited in the *Reciprocal Insurers Case*, (1924) A.C. 328, (O'Connors' Report, Annex 3, 109).

Hon. Mr. Euler: Would my honourable friend discuss, in the light of what he has just said, the power of the federal government to disallow Acts of provincial governments?

Hon. Mr. Gouin: I am quite willing to make a passing remark on that subject, but I should point out that the general plan of my address today is merely to describe the nature of the rights of the provinces as defined by the Privy Council. It is always possible for those of us who are lawyers to come to the conclusion in this or that case that we might have rendered a different judgment; but I would say that

precedents which have been set forth by the highest tribunal of the Empire are surely binding upon us. Although it may be contended that the right of appointment of lieutenant governors by the Governor General in Council shows that the greater power belongs to the federal government, I believe that the position of the two authorities is substantially the same, in face of the following situation. In 1867, sovereignty was, so to speak, divided in two halves. One half—with the addition of the two special privileges which I have just mentioned—was attributed to the dominion government. The other half provincial legislation—if we move along the avenue of time and come to the present year—is now in the hands of our ten sister provinces. I would say that in a certain sense the sum-total of the powers of the federal authority and of the powers of our ten legislatures are practically equal. In the international field it may be said that, in principle, external sovereignty is possessed only by the federal state; although, as we shall see later on, in the *Labour Conventions case* it was held that the treaty powers of the federal authorities do not extend to provincial matters.

The question of disallowance was, in my opinion, a stumbling-block to confederation. Dozens of cases arose immediately after 1867, when there was always some so-called just cause for interfering with provincial autonomy. I think it can be said, to the glory of the party to which I belong, that we were the champions of provincial autonomy, and that in times gone by our predecessors in the Liberal ranks protested with all their energy against the encroachment of the federal authorities. But the hands of the clock do not stand still. Nowadays only in the most extraordinary circumstances, when some provincial Act is, so to speak, repugnant to the conscience of any good Canadian, would the Governor in Council interfere. It is through co-operation between the federal authorities and the local authorities, not by a brutal and unwise exercise of disallowance powers, that the future of our country can be assured.

I wish now to mention the subject of fiscal autonomy. Provincial sovereignty would be pure illusion unless our provinces were provided with sources of revenue adequate to enable them to exercise their sovereign powers within their own sphere. On this point I wish to quote the following remarks of Lord Phillimore in the case of *Caron v. The King*, (1924) A.C. 999:

As such particular direct taxation is reserved to the province, to that extent there is some deduction to be made from the totality of powers apparently given exclusively to the Dominion Parliament to raise money for any purpose by any mode or system of taxation.

As the result, on the one hand, of our superhuman contribution to two world wars, and, on the other hand, of national schemes of social security, our federal taxes now absorb a very large part—72 per cent, I understand—of the total amount which can be collected “by any mode or system of taxation”. It follows from this that our provinces are seriously handicapped in the field of social legislation. Any national scheme may offer advantages from a financial point of view, but we are most anxious to preserve for the institutions of Quebec their distinct and proper character. In particular I may be willing to accept arrangements which entail a partial surrender of some provincial powers for a certain period of time, but as I stated at the National Liberal Convention in 1948, I am against a final surrender of provincial fiscal autonomy. Moreover, I remain convinced that the provinces should be assured of some clearly defined field of taxation. I mean a field of taxation which, properly speaking, would be exclusively provincial.

It must always be remembered that federalism is essentially a compromise. Personally, I have accepted several amendments to our constitution which may be considered as having enlarged the federal jurisdiction. The day has now come when I believe that any further concession on behalf of the provinces should be consented to only upon the basis of an exchange of powers, and that some compensatory advantage should be granted by the federal authorities so as to maintain effectively a certain degree of decentralization. I am in favour of a strong central power, but I believe that strong provincial powers are equally indispensable for the survival and healthy development of our Canadian Federation.

On this point I wish to quote an extract from the decision rendered in the *Persons Case*, (1930) Appeal Cases, 124:

The provisions of the British North America Act, 1867, enacting a constitution for Canada should not be given a narrow and technical construction, but a large and liberal interpretation, so that the dominion to a great extent, but within certain fixed limits, may be mistress in her own house, as the provinces to a great extent, but within certain fixed limits, are mistresses in theirs.

Lord Sankey, who delivered that decision for the Board, tried to reconcile the idea of the compromise embodied in the Quebec Resolutions with the dynamic principle of constitutional evolution. He said:

These resolutions as revised by the delegates from the different provinces in London in 1866 were based upon a consideration of the rights of others and expressed in a compromise which will remain a lasting monument to the political genius of Canadian statesmen. Upon those resolutions the British North America Act of 1867 was framed and passed

by the Imperial legislature. The B.N.A. Act planted in Canada a living tree capable of growth and expansion within its natural limits.

Like Lord Brougham, I am always convinced that our constitution must grow. I believe that its roots are forever embedded in the granite of our glorious mountains. Yes, like a gigantic maple tree, Canadian federalism will continue to endure and to withstand the period of crisis which we are still undergoing at the present time. Our federal system will survive, and it will know better days. In view of the spirit of good will and fair play which was evident on all sides at the last federal-provincial conference in January last, we have every reason to trust God and our country. But we must always remember that federalism was the cradle of our Canadian nation, and that our survival as a nation is dependent in a large measure upon the fiscal autonomy of our provinces. No doubt, as affirmed in the *Silver Brothers Case*, (1932) Appeal Cases, at 514:

There is only one Crown—

But—

There are two separate statutory purses; in each the ingathering and expending authority is different.

In my opinion, provincial independence in financial matters is essential, but nothing exceeds in importance the status of minorities. As stated by Lord Sankey in the *Aeronautics Case*, (1932) Appeal Cases, 54, at page 70, the British North America Act is “a great constitutional charter” and it is always advisable to remember “the underlying object of the Act, which was to establish a system of government upon essentially federal principles”. Lord Sankey then adds:

Inasmuch as the Act embodies a compromise under which the original provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition on which such minorities entered into the federation, and the foundation upon which the whole structure was subsequently erected. The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded, nor is it legitimate that any judicial construction of the provisions of sections 91 and 92 should impose a new and different contract upon the federating bodies.

But while the courts should be jealous in upholding the charter of the provinces as enacted in section 92, it must no less be borne in mind that the real object of the Act was to give the central government those high functions and almost sovereign powers by which uniformity of legislation might be secured on all questions which were of common concern to all the provinces as members of a constituent whole.

In other words, we always come back to the same basic idea: on the one hand, a strong central government; and, on the other hand, strong provincial governments.

Honourable senators, I must now revert once more to fiscal autonomy. In the case of

Forbes v. Attorney General for Manitoba, (1937) A.C., 260, it was held that dominion and provincial income tax legislation "may co-exist", and that dominion civil servants may be subject to provincial income tax. In the case of *The Judges v. Attorney General of Saskatchewan*, (1937), 53 T.L.R., page 464, the same rule was applied to "judicial emolument".

My summary of previous cases decided by the Privy Council requires me to refer also to the *Labour Conventions* case, (1937), A.C., page 326. In that case it was held:

That jurisdiction to legislate for the purpose of performing the obligations of a Canadian treaty does not reside exclusively in the parliament of Canada.

No decision illustrates more clearly the extent of the sovereignty vested in the provinces, because it affects even the external sovereignty of Canada. As a result of the Statute of Westminster, it was affirmed in the *Labour Conventions* case:

That no further legislative competence was obtained by the dominion from its accession to international status and the consequent increase in the scope of its executive functions. There was no existing constitutional ground for stretching the competence of the dominion parliament so that it became enlarged to keep pace with enlarged functions of the dominion executive.

It also was held:

That in totality of legislative powers, dominion and provincial together, Canada was fully equipped to legislate in performance of treaty obligations, but the legislative powers remained distributed, and if in the exercise of her new functions, derived from her new international status, Canada incurred obligations, they must, so far as legislation was concerned, when they dealt with provincial classes of subjects, be dealt with by the totality of powers—by co-operation between the dominion and the provinces.

In international matters, as remarked in that case by Lord Atkin:

It will be essential to keep in mind the distinction between (1) the formation and (2) the performance of the obligations constituted by a treaty . . .

The making of a treaty is an executive act, but though the consent to a treaty may be given by our federal government, legislative assent must be obtained for the performance of obligations imposed by the treaty. If the object of the treaty is a purely federal matter, it will be sufficient to obtain the ratification of the Canadian Parliament. On the contrary, if any matter involved in the treaty is within provincial jurisdiction, the assent of the legislature will be required.

That our provincial legislatures possess powers which form part of sovereignty is made perfectly clear by the decision of the Privy Council in the *Labour Conventions* case. Even in international matters, it has been held that our provinces are vested in a

certain sense with sovereignty in subject-matters outside the jurisdiction of the federal parliament.

The jurisprudence of the Privy Council which I have summarized—and I apologize for having taken so much time—proves beyond any doubt that provincial rights have in their nature some attributes of sovereignty. Such being the case, let us see now what kind of consent should be given by any province if, in its relations with the federal authorities, it decides to surrender or to modify in part its provincial sovereignty. Would it be sufficient for the provincial government to adopt an order in council to signify its approval of such a constitutional amendment?

As a representative of Quebec, I will refer only to the *British North America Act* provisions applicable to my province, namely, those in section 65. Section 65 defines the powers to be exercised by the Lieutenant Governor of Ontario and Quebec, respectively, individually or with the advice of the respective executive councils, etc. Section 65 provides, in substance, that:

All powers, authorities, and functions which under any Act . . . were or are before or at the Union vested in or exercisable by the respective governors or lieutenant governors of those provinces . . . shall, as far as the same are capable of being exercised after the Union in relation to the government of Ontario and Quebec respectively, be vested in and shall or may be exercised by the Lieutenant Governor of Ontario and Quebec respectively, with the advice or with the advice and consent of . . . the respective executive councils . . . or by the Lieutenant Governor individually, as the case requires, subject nevertheless (except with respect to such as exist under Acts of Parliament of Great Britain, or of the Parliament of the United Kingdom of Great Britain and Ireland), to be abolished or altered by the respective legislatures of Ontario and Quebec.

I have quoted section 65 almost in full, because I believe that its provisions will furnish us with an answer to the question raised by the motion of the senator from Ponteix.

As honourable senators know, it was not necessary to have similar provisions for Nova Scotia and New Brunswick, because the constitutions of those two Maritime Provinces were to continue as they had existed before confederation. In so far as Quebec is concerned, the powers of our provincial government are, under section 65 those which existed in 1867, unless they have been altered by the Quebec Legislature.

Could it be contended, honourable senators, that in 1867 the representative of the Crown in Upper and Lower Canada, acting either individually or with the advice of the executive council of the then province of Canada, had the power to consent to an amendment of

the constitution? Before 1867, under the Constitutional Act of 1840, responsible government had already been recognized in Canada. Any amendment to the constitution was therefore a matter not to be decided by the governor acting individually.

At the time of the passage of the British North America Act other fundamental principles of the British constitution were also already firmly established in this country. It was then accepted doctrine not only that ministers are responsible to parliament, but that the British constitution rests on a balance of powers and maintains "a division between the executive, the legislative and the judicial bodies." (Dicey —*Law of the Constitution*, 9th edition, page 156). In particular, the distinction between legislation and administration had been, at the time of our federal union, well established for a couple of centuries. We would look in vain for any parliamentary delegation of power, granted before or after 1867, enabling provincial governments to consent by order in council to any amendment of the constitution. As remarked by Dawson, at page 198 of *Government of Canada*, "the cabinet as a body is almost completely ignored by the statutes"; and the powers of the cabinet are exercised "in accordance with the custom of the constitution."

The fact is that there cannot be found any custom or legislative Act dating from before or after 1867 which confers a general authority upon a provincial government to consent to amendments to the constitution. On the contrary, when, for instance, in 1947 the Quebec legislature enacted legislation to authorize certain inter-governmental agreements, it limited the authority given to the provincial executive in the following ways.

(1) In the Act respecting Provincial-Federal Relations, (1947), Chapter 4, Section 3 provides that:

Any agreement shall, before becoming final, be submitted to the approval of the legislature.

(2) The agreements with governments contemplated by sections 35 of the Corporation Tax Act (1947) Chapter 33, refer simply to methods of collection of taxes.

The authorization thus granted in 1947 show very clearly that the Quebec Government considered itself as being entrusted with the administration of our provincial affairs, with the application of our various statutes. It recognized, quite rightly, that it was an executive organism, not a legislative body, and that its functions were in general limited to acts of administration. But, constitutional amendments affect provincial sovereignty; in particular, any surrender of jurisdiction existing under section 92 of the British North America

Act is very clearly an act of alienation. Because such a surrender is an act of alienation, it exceeds absolutely the powers of administration of any provincial government. From this it follows, in my opinion, that the consent to constitutional amendments must be given by the legislature. It is necessary to obtain the formal consent of the legislature itself—namely the direct consent of the representatives of the people of the provinces concerned. Provided such consent is given by the legislature, I would consider as optional the form chosen, whether by resolution or by Act.

By way of conclusion, let me refer to the practice followed in such matters in our Canadian Parliament. The text of a resolution introduced in the House of Commons by Mr. Holton, seconded by the Honourable Alexander Mackenzie, and unanimously adopted on March 27, 1871, is as follows:

That the executive government ought not to ask for amendments to the British North America Act, without the assent previously obtained of the Parliament of this Dominion.

The circumstances under which that resolution originated are very well described in the excellent book of Dr. M. Ollivier entitled *Problems of Canadian Sovereignty*, at pages 363-365. There the author refers to the period when steps were being taken for the admission of the Northwest Territory into our federation, and for the organization of the Province of Manitoba. I quote now from Dr. Ollivier, page 364, as follows:

In 1871 the Canadian Government petitioned the Imperial Government to present to the Parliament of the United Kingdom a law to dissipate any doubts which had arisen as to the powers of the Canadian Parliament to establish provinces in the territory added or to be added to the Dominion of Canada.

In its turn the Imperial Government transmitted to the Canadian Government the bill which it intended to pass. The Honourable Mr. Blake protested that the constitution should not be amended on the simple request of a minister of the Crown or even of the government. He declared that the Imperial Government ought not to amend the British North America Act except when it had so been requested by the Canadian people as expressed by the voice of their representatives.

I would refer to Volume II of the *Parliamentary Debates* of 1871, page 65. Like Blake, Sir Alexander Galt was of the opinion:

... that it was to the House and the Senate that the right appertained to decide what legislation they wished the Imperial Parliament to pass for Canada.

Galt also stated.

... that it was opportune to decide once and for all that no amendment ought to be made to the constitution except by the accepted and recognized method of an address of the two federal houses.

On April 12 and 13 respectively, in the year 1871, the House of Commons and the Senate adopted an address to Her Majesty, praying that the bill approved by the Parliament of

the United Kingdom—namely the British North America Act 1871—Manitoba—should be submitted to parliament.

In 1875, however, the Imperial Parliament, at the request of the Governor in Council, passed an Act to settle doubts as to the power of the Canadian Parliament to define its own privileges. A resolution demanding parliamentary rather than executive action was introduced, but was withdrawn.

Let us note here the remarks of Dr. Ollivier, at page 366:

For the first and last time a statute amending our constitution was passed by the Parliament of the United Kingdom simply on the demand of the Canadian Government.

This means that we have in our Canadian Parliament a custom and a practice, followed without interruption for three-quarters of a century, which requires the federal government to obtain the consent of parliament for any amendment to our constitution. This is a wise practice, sanctified by long usage, and is in accordance with the fundamental principles of our constitution. I submit that this tradition should also be accepted by our provinces whenever their consent is required for any constitutional amendment. Any different procedure, in my opinion, would be unconstitutional.

In particular, let us never forget that the distribution of powers is an essential feature of federalism. It is for us a safeguard for minority rights. Such a distribution of power is also a most effective protection against communism or totalitarianism, in any form or shape.

On this point, and by way of conclusion, I wish to quote some remarks of E. C. S. Wade, the great constitutional jurist. In his preface to *Dicey's Law of the Constitution*, 9th edition, p. 1 xi, after making special reference to our federal constitution, Wade affirms:

Unless member states are willing to abandon their sphere of legislative competence, no federal state in the enjoyment of a parliamentary form of government can by constitutional means achieve that concentration of power which is essential to the totalitarian state.

May these words serve to us a warning that our freedoms can be preserved only by our constant vigilance. May we remember also that the firm rock of justice was the foundation upon which our federal structure was built, and that provincial rights and the

guarantees given to minorities in 1867 should always be respected as a sacred pledge. Thank you.

Some Hon. Senators: Hear, hear.

Hon. Mr. Lambert: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

CANADA SHIPPING BILL

ANSWER TO INQUIRY

Hon. Mr. Robertson: Honourable senators, before moving the adjournment of the house I wish to remind the members of the Standing Committee on Transport and Communications that the committee will resume its deliberations on the Canada Shipping bill when the Senate rises today.

May I also at this time refer briefly to a question asked by the honourable senator from Bedford-Halifax (Hon. Mr. Quinn) when we were discussing the motion for second reading of the bill? Honourable senators will recall that my honourable friend deplored the fact that the bill made no provision for a coastguard service—a subject in which he has been interested for some time. I admitted that the bill contained no reference to it, but I took exception to his suggestion that, when ships of our own or any other nationality are disabled or come to grief on our coasts, we are in the humiliating position of having to call for aid upon United States services. I then said, speaking purely from memory, that although Canada has no regular coastguard it does possess a closely integrated system of relief for ships that are in need of assistance.

I have now an exact record of what has happened in this respect for a period of somewhat over a year. A summary of search and rescue from October 1, 1948 to May 31, 1950, indicates that in that period United States assistance to Canadian shipping was given in twenty-one cases, and that Canadian assistance to American shipping was given in thirty-eight cases. So, no matter how much our methods might be improved, Canadians need not feel that they are entirely dependent upon others for services relating to the rescue of ships in distress off our coast.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Friday, June 9, 1950

The Senate met at 3 p.m., the Acting Speaker (Hon. J. H. King) in the Chair.

Prayers and routine proceedings.

CANADA SHIPPING BILL

REPORT OF COMMITTEE

Hon. A. L. Beaubien presented the report of the Standing Committee on Transport and Communications on Bill Y-8.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Transport and Communications to whom was referred Bill Y-8, an Act to amend the Canada Shipping Act, 1934, have in obedience to the order of reference of June 6, 1950, examined the said bill, and now beg leave to report the same with the following amendment:

Page 2, line 39: Delete "Safety" and substitute "appropriate."

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

Hon. Mr. Beaubien: With leave, I move that the amendment be concurred in now.

The motion was agreed to.

THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

TRUST COMPANIES BILL

FIRST READING

Hon. Mr. Robertson presented Bill F-10, an Act to amend the Trust Companies Act.

The bill was read the first time.

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

Hon. Mr. Robertson: With leave of the house, next sitting.

DEPARTMENT OF TRANSPORT
STORES BILL

SECOND READING

Hon. A. L. Beaubien moved the second reading of Bill 135, an Act to amend the Department of Transport Stores Act.

He said: Honourable senators, the Department of Transport consists of three major operating services—canals, marine and air. The administration of these services requires that considerable quantities of equipment and material be kept on hand. For this reason the Department of Transport Stores Act was passed, to provide the necessary finances to maintain and replenish such supplies.

The Act which was passed in 1937 made provision for the setting up of a capital fund of \$1,957,368. The inventory then on hand amounted to \$957,368. This was a first charge against the fund, and left \$1,000,000 which could be used to maintain the stores.

Since that time two major changes have taken place which make it desirable to increase the working capital. First, with the union of Newfoundland and Canada, and the consequent taking over of stores in Newfoundland, to a value of \$1,200,000, the total inventory on hand increased, as of March 31, 1950, to approximately \$3,000,000. It would seem quite obvious, therefore, that a larger working capital is required to maintain these stores. Second, since 1937 there has been a general price increase of about 110 per cent. This means that even if the volume of stores on hand had not increased—which it has—more money would now be necessary to maintain those stores than was required in 1937.

Section 1 of the bill provides for advances to the minister for the purpose of increasing the working capital from \$1,957,368 to \$4,000,000. The stores now on hand—about \$3,000,000 worth—will be a first charge against this sum. This will leave an amount of approximately \$1,000,000 which will be available for the maintenance of these stores.

Section 6 of the Act, which is repealed by section 2 of the bill, reads as follows:

The inventory of stores at the end of each fiscal year shall not exceed one million six hundred thousand dollars.

It is not considered feasible to operate under the inventory ceiling provided by this section. Practice has indicated that the limitation on advances provided for by section 1 of the bill is the most effective method of guaranteeing low inventories.

Section 3 of the bill would repeal section 8 of the Act, and substitute therefor the new sections 7 and 8. The section 8, which it is proposed to repeal reads as follows:

All accounting transactions affecting the advances and the stores shall be limited to the actual cost of purchase and any relative transportation charges.

The term "actual cost" has made compliance with the section difficult. The proposed amendment would permit the department, in conjunction with the Comptroller of the Treasury, to develop a simpler and more flexible accounting procedure.

As to the new section 8, I may explain that there is at present no provision in the Act for the adjustment of inventories of stores that are reduced through obsolescence, unserviceability, loss, or destruction. It is considered impossible to operate a stores organization of this magnitude without encountering some reductions of this character, which, however, are normally relatively small.

Hon. Mr. Crerar: Will my honourable friend tell us the nature of the stores that will be covered by this proposed vote?

Hon. Mr. Beaubien: If my honourable friend insists on getting that information, it would be well to refer the bill to committee.

Hon. Mr. Crerar: That is quite all right.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Beaubien moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA PRIZE BILL

SECOND READING

Hon. Arthur W. Roebuck moved the second reading of Bill 221, an Act to provide for the Payment and Distribution of Prize Money.

He said: Honourable senators, the title of this bill will, no doubt, catch the imagination and interest of the members of this house, as it would of any audience anywhere in an English-speaking country. The purpose of the measure is "to provide for the payment and distribution of prize money." Those senators who still remember their youth and the pleasure with which they indulged in the reading of Captain Marryat's books will not be entirely unfamiliar with the subject of prize money; and those of more modern times who have read Pepy's Diary will know something of the origin of the British Navy.

Prize money was the proceeds of the sale of enemy ships captured by the privateers of England, manned by the boldest of men—and none more enterprising and adventurous "ever scuttled ship or cut a throat". The privateers were the forerunners of the British Navy, and they lived and gained their profits—when they made any—through the capture of enemy ships and cargoes. In that way the defence of Britain's shores was accomplished without very much organization or assistance on the part of the government. Later, when the Royal Navy was established, the custom of allowing the sailors who made captures to sell the ships and cargoes, and

divide the proceeds, was continued as an inducement to men to enter the naval service.

So the institution of prize money goes back many years. The Court of Admiralty, which for centuries has had control of the distribution of prize money, records as early as 1357 that certain goods, the property of citizens of Portugal, were brought into a British port and condemned as good and valid prize money. At that time there was no organized navy. When the Royal Navy was first organized, the practice of distributing prize money was continued as an inducement to men to join the service, and it has continued in force in Great Britain and the Commonwealth until very recent times.

In 1948, however, Great Britain, through the passage of an act to distribute prize money, announced that former methods of distribution would be continued no longer. The United States had abolished the system shortly after the Spanish-American war. The Act that was passed in Great Britain in 1948 provided for the payment of prize money to the personnel of the Royal Navy, and, in the case of the air force, to the Royal Air Force Benevolent Fund. The only reason at that time for the distribution of the money to the members of the Royal Navy was long tradition and practice. It was considered that it would be unfair to discontinue, in relation to the second World War, a practice that had been an integral part of the service for so many centuries.

The Canadian government has given much consideration to the method of distribution that should apply to this country's share of the fund accumulated in World War II. It has been considered that the right to prize money is not entirely the prerogative of the navy, because in the last war the arduous work of the air force in providing information, shadowing and, in some cases, bombing ships, contributed to the capture of many enemy vessels. An agreement has therefore been entered into between the commonwealth countries, providing for the distribution of the fund. It has been decided that 25 per cent should go to the air force and 75 per cent to the naval forces of all the commonwealth countries, including the United Kingdom. A pool was made of all prize money funds derived from captured ships, and this pool is for the most part in the hands of the British Government.

Canada herself contributed \$808,000 to the general pool. She captured two ships on her own account and brought them to Canadian territory, where they became part of our assets; but they were pressed into our own Canadian service and, unfortunately, were both sunk by enemy action. The cargoes of

these two ships were sold for \$58,155.27, and this sum, along with the proceeds of the War Risk Insurance on the two vessels, amounting to \$501,487.97, was placed in the Consolidated Revenue Fund of Canada. This made a total of \$559,643.24, or slightly over a half million dollars. The balance of Canada's contribution of \$808,000, is in the hands of the British Treasury as part of the prize money fund, and the distribution is a matter of book-keeping.

There has been an agreement between the nations of the commonwealth as to the share to be received by each. For her contribution, Canada receives \$2½ million, of which \$800,000 goes to the air force and \$1,700,000, to the navy. That is to say, our air force, because of the large part it played in the capture of the prize vessels, will receive 32 per cent, instead of 25 per cent, and consequently our navy's share will be 68 per cent.

The problem of how to divide prize money among those entitled to it in varying degrees is a very difficult one. In the old days the entire crew of the capturing ship participated in the distribution. The share that went to each member of the crew depended upon his rank—the captain got more than the mate, the mate more than the bosun, and so on down the line. But it is no longer possible to follow this simple method, and it has been considered unwise to distribute the money in equal shares to the entire personnel of the capturing forces, for in that case the amount payable to each man would be comparatively small. A better plan, it has been thought—and I certainly agree—is to put the prize money into the benevolent funds of the services concerned; and that is what will be done under this bill.

Sections 2 and 3 of the bill permit the payment of prize money out of the Consolidated Revenue Fund.

Section 2 needs a little further explanation. As I have already said, during the war two vessels were taken in prize by Canada. Before prize proceedings were begun the vessels were put into Canadian service and sunk. Proceeds of the war risk insurance were paid into the Consolidated Revenue Fund, and at the same time the amount of this insurance was credited to the Commonwealth Prize Pool. Canada actually kept the money, and must now apply it against the payments due her from the pool.

In addition to the money mentioned in section 2, certain payments will be forthcoming from the pool. Section 3 permits these moneys to be received into the Consolidated Revenue Fund and paid out of it.

Section 4 is to provide that, as I stated a moment ago, 68 per cent of the moneys

received by Canada shall go to the Naval Service Benevolent Trust Fund and 32 per cent to the Air Force Benevolent Fund.

I do not think any further explanation is necessary. The amounts that will be distributed to the two benevolent funds are set out in explanatory notes to the bill.

Hon. Mr. Reid: Can the honourable gentleman tell us what is the total amount resting in the pool under, I suppose, the control of Britain, the dominant participant in the pool? And can he inform us whether the value of the ships taken over and given to Britain will be reckoned in the pool? We are still officially at war with Germany, and it is my submission that the money for these ships that have been given to Britain should be included in the pool.

Hon. Mr. Roebuck: The honourable gentleman has me at a disadvantage. I am afraid that I cannot answer him. The figures as to the general pool are obtainable from British rather than Canadian sources, although of course they are available to us. Neither can I answer the question as to what is included in the pool or may for the moment be excluded from it. I presume that ships of Germany, with whom we are still at war, are included. I see no reason why they would not be, for we have not signed a peace treaty with Germany. I can assure my honourable friend that it was on a war basis, not a peace basis, that those German ships were regarded as prizes; and although I have no personal knowledge on the matter, I take it that the proceeds are in the pool. If the honourable gentleman thinks it is important to have the information, I have no doubt that the leader (Hon. Mr. Robertson) will move that the bill be sent to committee, where departmental officials may be questioned.

Hon. Mr. Reid: I think it is important to have this information.

Hon. Mr. Robertson: Canada's share of the pool is about \$2,500,000, but I am unable to say what is the total amount in the pool.

Hon. Mr. Reid: The handling of the prize money from the German ships is a purely business transaction, and I am out to see that Canada gets her full share.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, I move that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Reid: I think it should go to the Finance Committee.

The motion was agreed to.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, I would remind the house of a point that I myself had overlooked until it was drawn to my attention, namely, that adoption of the motion to adjourn, without any date being specified, will imply adjournment until 3 o'clock of the next sitting day, which will be

Monday, June 12. There is a good deal of work before some of our committees. From the notice on the Order Paper it will be observed that the Finance Committee is scheduled to meet on Monday when the Senate rises, and I hope that every member of that committee who can possibly be here will attend the meeting.

The Senate adjourned until Monday, June 12, at 3 p.m.

THE SENATE

Monday, June 12, 1950

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

Prayers and routine proceedings.

DIVORCE STATISTICS 1950

FINAL REPORT OF COMMITTEE

Hon. W. M. Aseltine: Honourable senators, I wish to inform the Senate that the work of the Standing Committee on Divorce has been completed for the present session. It is usual at this time to submit certain divorce statistics in the nature of a report.

The Standing Committee on Divorce beg leave to make their 249th Report as follows:

For the present session 301 petitions for Bills of Divorce were presented to the Senate and dealt with by the Committee on Divorce as follows:

Petitions heard and recommended	240
Petitions heard and rejected	3
Petitions withdrawn	2
Petitions not proceeded with	56
<hr/>	
Total	301

Under existing divorce rules a period of 60 days must elapse following the service of the petition before the petitioner can be heard. The 56 petitions which have not been dealt with are in this category, the 60 days period not having elapsed and the petitions therefore not being ready for a hearing. They will likely be proceeded with at the next session of parliament.

Of the petitions recommended during the present session of parliament 64 were by husbands and 176 were by wives.

Of the 240 petitions recommended 235 were from petitioners domiciled in the province of Quebec, and 5 were from petitioners domiciled in the province of Newfoundland.

The committee held 38 meetings. On 16 days the committee functioned in two sections.

In 32 cases the committee recommended that part of the parliamentary fees be remitted.

The fees paid to parliament for bills of divorce (heard and recommended) during the year 1950 amounted to \$47,330.

Assuming that all bills of divorce recommended by the committee now in various stages before parliament receive Royal Assent, the comparison of dissolutions of marriage granted by parliament in the last ten sessions is as follows:

1942	73
1943	92
1944	111
1945	179
1946	290
1947	348
1947-48	292
1949 (1st session)	184
1949 (2nd session)	166
1950	240

Statistics covering the number of divorces granted in the whole of Canada during the years 1946, 1947,

1948, 1949—the record for 1950 not yet having been completed—are as follows:

	1946	1947	1948	1949
Canada	7,683	8,199	6,881	5,934
Prince Edward Island	4	18	49	20
Nova Scotia	260	207	78	181
New Brunswick	382	236	211	202
Quebec	290	348	292	350
Ontario	2,639	3,509	3,107	2,396
Manitoba	636	665	477	411
Saskatchewan	505	509	333	289
Alberta	962	881	651	594
British Columbia	2,005	1,826	1,683	1,491

The following statement shows a comparison between the number of divorces granted to husbands and wives, respectively, in the years mentioned:

		Husbands	Wives
1946		3,616	4,967
1947		3,539	4,660
1948		2,643	4,238
1949		2,259	3,675

Your committee regrets that parliament has not yet seen fit to solve the problem of parliamentary divorce by setting up suitable tribunals before which the numerous cases from Quebec and Newfoundland can be heard. It is to be hoped that something will be done in that regard in the near future, because under the present set-up members of the Divorce Committee are compelled to spend the greater part of their time in hearing evidence, and thus have little or no time left for the performance of their other important duties.

Honourable senators, that is the committee's report. It is usual to file it and print it in our records, without a motion for its adoption.

I should like to take advantage of this opportunity to make a few general remarks. I regret that my duties as Deputy Leader of the Opposition make it impossible for me to continue any longer as a member of the Divorce Committee. My associations with the members of the committee over the past sixteen years have been very happy indeed. The members have been most faithful in their attendance, day after day, for five and sometimes six days a week, and I have always had their loyal support. By way of example I might mention that the honourable gentleman from Perth (Hon. Mr. Golding) missed only one meeting of the committee this session. The contribution of senators of the legal profession who were added to the committee this session has also been valuable and is much appreciated. Even the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) functioned for two days, and the honourable gentlemen from Carleton (Hon. Mr. Fogo), and Vancouver-South (Hon. Mr. Farris) each served for a number of days.

I also wish to take this opportunity to thank the Committee Clerks for their faithful attention to details and their most efficient handling of the many preliminaries. It is my opinion that more capable men could not be found for the duties that they have performed.

Our duties have been onerous and disagreeable, but we have carried them out to the best of our ability.

I am giving notice to the leader of the government (Hon. Mr. Robertson) now, so that he will have time before the next session of parliament to make what arrangements he deems necessary in consequence of my retirement.

Hon. Mr. Lacasse: May I ask the honourable gentleman where he secured his statistics as to the number of divorce cases in the various provinces? It would not be necessary for me to ask that question if I were a lawyer.

Hon. Mr. Aseltine: From the Bureau of Statistics.

Hon. Mr. Lacasse: The federal bureau?

Hon. Mr. Aseltine: Yes, in Ottawa.

Hon. Wishart McL. Robertson: Honourable senators, as stated by the honourable the Chairman of the Committee on Divorce (Hon. Mr. Aseltine), it is customary simply to print the committee's annual presentation of statistics without a motion for adoption of the report, but I should not like this occasion to go by without my expressing a word of appreciation to the honourable gentleman and those associated with him on the committee for the faithful discharge of their arduous duties. While I greatly regret my honourable friend's decision not to serve on the committee in future, I cannot say that this comes to me as news, since he indicated to me at the beginning of the present session that he wished to resign from the committee, and it was only at my earnest solicitation that he kindly consented to remain. As the responsibility for finding personnel to serve on this committee is largely mine, I am grateful to him for his services.

Whether or not some other procedure will be adopted for the handling of the divorce cases which now come before parliament, remains to be seen; but at present this work is the responsibility of the Senate, and I think that honourable senators, when they are asked to do so, should help in some way with the discharge of this duty. The responsibility is the responsibility of this chamber as a whole; and I say emphatically that there is no reason why some senators should carry the whole load while others escape entirely. I expect that at the beginning of the next session we will again be faced with the problem of finding suitable personnel for the Divorce Committee, and I hope that honourable senators will bear in mind what I have had to say about the sharing of the work.

Again I wish to extend to the chairman (Hon. Mr. Aseltine) and the members of the

committee my own appreciation, and that of the house, of the faithful manner in which they have discharged their onerous duties. They have set a fine example for others to follow. I regret very much that, with the retirement of the present chairman, the committee will lose the benefit of his long experience and excellent judgment; but he has acted in this capacity for many years, and I am sure that every member of the Senate appreciates what he has done and commends him for his regular and untiring service.

Hon. W. H. Golding: Honourable senators, I cannot let this opportunity pass without paying my tribute to the retiring chairman of the Divorce Committee. As a member of that committee, I have always had complete confidence in his judgment in the cases which came before us, for he is thoroughly conversant with the rules of evidence and the law pertaining to divorce. Although the work of the committee, by its very nature, is far from pleasant, I may say that it was always a pleasure to work with him. This house owes the honourable senator a debt of gratitude for his many years of service, and I for one sincerely regret that he has decided to discontinue the office of chairman. I have done everything in my power to persuade him to continue. Perhaps, before the commencement of another session, he may reconsider the decision he has made at this time.

My honourable friend well deserves a tribute from this house, and I take pleasure in expressing my sentiments on this occasion.

Some Hon. Senators: Hear, hear.

LOAN COMPANIES BILL

FIRST READING

Hon. Mr. Robertson presented Bill J-10, an Act to amend the Loan Companies Act.

The bill was read the first time.

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

Hon. Mr. Robertson: Honourable senators, with leave of the Senate, I would move that this bill, J-10, be placed on the order paper for second reading today, following the order for the second reading of Bill F-10, an Act to amend the Trust Companies Act.

I may explain that these two bills are very closely related, and when the first of them is called I shall ask the honourable senator from Carleton (Hon. Mr. Fogo) to explain, and his explanation will be applicable to both. So then, if the house sees fit to give these two bills second reading this afternoon, tomorrow they can be considered together in committee, where all interested parties will have an opportunity to be heard.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. W. M. Aseltine, Chairman of the Standing Committee on Divorce, presented the following bills:

Bill G-10, an Act for the relief of David Allan Ferguson.

Bill H-10, an Act for the relief of Ann Louise Fuller Brais.

Bill I-10, an Act for the relief of Helen Leola Davidson Hunter.

The bills were read the first time.

SECOND READINGS

The Hon. the Speaker: When shall these bills be read the second time?

Hon. Mr. Aseltine: Honourable senators, as the session is drawing to a close, I am anxious that these bills be not delayed in reaching the other house. For that reason I would ask that they be given second and third readings this afternoon.

With leave, I move second reading now.

The motion was agreed to, and the bills were read the second time, on division.

THIRD READINGS

The Hon. the Speaker: When shall these bills be read the third time?

Hon. Mr. Aseltine: With leave of the Senate, now.

The motion was agreed to, and the bills were read the third time, and passed, on division.

INCOME TAX BILL

ANSWER TO INQUIRY

Hon. Mr. Robertson: Honourable senators, before the orders of the day are proceeded with, may I answer the inquiry made by the honourable leader opposite about the printing of amendments to the Income Tax Bill?

I discussed this question with the Minister of Finance, who said that he would take the matter under consideration. I am now advised by the Law Clerk of the Senate that the printing of amendments to legislation is, as a rule, handled by the house in which the legislation originates—in this case the House of Commons. There is a further complication by reason of the large volume of work in the Printing Bureau at the present time; nevertheless; the inquiry of my honourable friend has been placed before the Minister, and in due course I will probably be advised in the matter.

Hon. Mr. Haig: Thank you.

TRUST COMPANIES BILL

SECOND READING

Hon. J. Gordon Fogo moved the second reading of Bill F-10, an Act to amend the Trust Companies Act.

He said: Honourable senators, the Trust Companies Act, chapter 29 of the Revised Statutes, provides for the incorporation of dominion trust companies, and for their regulation. It may interest you to know that today there are in Canada twelve such companies. On the other hand, there are many trust companies incorporated and regulated by provincial legislation of much the same character as this statute.

The present Act was fairly extensively revised in 1947, and the bill before you, which is not a long one, deals with three features in respect of which amendments now appear to be desirable. It is intended to bring some of the investment provisions more nearly into line with those covered by recent legislation relating to Canadian insurance companies, to confer certain new powers of investment and of lending of money, and to clarify and correct some existing provisions.

The existing Act makes a distinction between two classes of funds held by trust companies: those which are the property of their clients or patrons, and those which belong to the company itself, its capital. The power to invest the trust funds of a company, whether in guaranteed or unguaranteed funds, is covered by section 63 of the Act, and the provisions relating to the investment of a company's own funds appear in section 67.

As regards trust funds held by companies, there is a slight change having to do with investment in mortgages or hypothecs on freehold real estate. It provides not that a mortgage loan by the company be limited to 60 per cent of the value of the real estate, but that the mortgage taken by the trust company, together with any mortgage which has preceded it, shall not exceed 60 per cent. In other words, the new provision would permit a trust company to hold a second mortgage on real estate, provided that the sum of the mortgage loans on the property is not in excess of 60 per cent of the value of the real estate.

The second change relates to a class of investment to which reference was made a week ago in another debate, and which is known as income realty. The limitations are set out in section 10 of the bill. It will be recalled that provision was made in the recent insurance bill for investment in freehold real estate for the production of income where the

property was leased to or guaranteed by a corporation having a dividend record that complied with the provisions of the Act, namely that in each of the five years preceding the date of the investment it had paid a dividend at least equal to the annual rate on all its preferred shares, or a dividend in each of the five years upon its common shares of at least 4 per cent of the average value at which such shares were carried in the books; and further, that the lease would provide sufficient revenue to repay at least 85 per cent of the principal in a period not exceeding thirty years.

A good many of us, when we think of income real estate, have in mind chain-store buildings, because that is the type of security which is usually contemplated in this type of financing. Certain limitations are imposed on the extent to which such securities may be purchased or invested in. The amount is restricted to 5 per cent of the funds held by the investing company, or 25 per cent of its unimpaired paid-up capital and reserve; and the amount invested in any particular piece of real estate is not to exceed one-half of one per cent of the aggregate of the company's own funds and of the trust moneys held by it. So, it will be observed, there is a limitation in two respects.

There is another rather important change. As the Act stood, companies were permitted to set up what was known as a general trust fund, or a common trust fund, but with the limitation that only \$3,000 from any one trust could be put in that fund for investment. In practice it has been found that at least one separate general fund for each province is essential, and that the limit of \$3,000 is unduly restrictive and offsets the advantage of having a general fund. The proposed amendment would authorize a company to establish and maintain one, or more than one general fund, or common trust funds, and these in turn are subject to the limits imposed by the laws of the province in which the trusts are being administered.

As to investment in common stocks, the change made here is the same as was made in the Canadian and British Insurance Companies Act, in that the expression "regular dividends" has been dropped. The test now is to determine whether or not, for a period of seven years directly preceding purchase, the common stocks have paid dividends of at least 4 per cent of the value at which they are carried on the books. It is further provided that not more than 30 per cent of the common stock, and not more than 30 per cent of the total issue of the stock of any one company, shall be purchased by any trust company.

The provisions dealing with the investment of a company's own moneys have been

changed in a way similar to that in which the corresponding provisions in the Canadian and British Companies Act was recently changed. These provisions set out the securities in which money may be invested.

Hon. Mr. David: Is there anything in the amendments about trust companies paying a percentage on deposits?

Hon. Mr. Fogo: There is no mention in this particular amendment about any change in the deposit basis.

Another provision has to do with the ability of one trust company to purchase the shares of another. Existing legislation permits an agreement between two companies for the purchase by one company of the assets, property and rights of the other. But the amalgamation or merger of two companies is now a long and drawn-out affair. Consequently it has been thought advisable to place in this measure a provision authorizing one company to purchase the shares of another. This provision is hedged about with fairly stringent restrictions. First of all, such a purchase has to be authorized by the Treasury Board on a report from the Superintendent of Insurance, supported by certain evidence. The matter must then be submitted to the shareholders of the two companies concerned, and a stipulated percentage of the shareholders of each company must approve of the proposed sale.

Honourable senators, I believe I have covered the main features of this bill, but there are a few other amendments to which I might refer very briefly. There has been some slight doubt as to whether a trust company might issue fully paid-up shares. This has been cleared up. There is a new provision which authorizes the directors of a trust company to elect from among themselves a chairman of the board of directors; and the voting powers of the person presiding at a meeting of the shareholders are defined. Another new provision is to the effect that a bylaw, when passed, ceases to be in force at the date of the next general meeting unless it is ratified at that meeting. A further amendment adds the word "Newfoundland" to the provinces and territories already named in the Act. There is also a new provision dealing with the transmission of shares or securities of a company in the event of the decease of a shareholder, and the document of transmission is defined. These provisions are the same, in substance, as the provisions for this purpose in the Companies Act, 1934. There are also several amendments to correct errors in the language of the Act.

Honourable senators, while I am on my feet, it might be in order for me to say that

the Loan Companies Bill, which is to be dealt with next, is similar to this one. It purports to accomplish the same things in respect of loan companies incorporated under the Loan Companies Act as this bill does in respect of trust companies. The Loan Companies Act governs five companies which were created by dominion legislation or by letters patent before the present dominion legislation came into effect.

Hon. Arthur W. Roebuck: Honourable senators, apart from listening to the explanation just given by the honourable senator from Carleton (Hon. Mr. Fogo), I have had little opportunity to study these bills. It seems to me that we should approach this legislation with a sense of grave responsibility. We should take warning from what happened in the United States when that country widened the powers of the banks to invest in real estate, for it was that action, more than anything else, which led to the banking crisis in the United States—and I do not mean a sham crisis—at the time President Roosevelt took over with his New Deal.

It may be that these provisions which deal with real estate are hedged with restrictions and care. I sincerely hope so. The regulation permitting a trust company to add a second mortgage to a first mortgage is not particularly important, because I think that by well-established mortgage law the two mortgages become a first mortgage when they are owned by the same mortgagee or assignee of the mortgage. The section providing that the rules with respect to the holding of a first mortgage apply to the second mortgage, when the two are merged, is not of great importance.

The other provisions dealing with investment in real estate, however, are fraught with a great deal of danger. I do not know just how far the federal authorities go in the matter of investigating trust companies that are incorporated by the dominion; but in Ontario the Attorney-General's Department inspects the books of the companies and issues an annual report about their financial standing.

I have some keen recollections of the problems that were placed on the desk of the Attorney-General as a result of the study of the books of trust companies. The very name "trust" seems to imply something to the public, who are apt to assume that a trust company is in a different class from any other company, and sometimes accord it their trust to a degree beyond what an actual examination of the facts would justify. Can the honourable gentlemen tell me whether the federal department conducts an investigation

into the books of trust companies incorporated by parliament? If there is no such investigation, it seems to me that we should be still more careful in extending the companies' powers as proposed here. It is a strange thing that optimism frequently carries people away when they make an investment in real estate, and it is a fact that in times of crisis no other investment will shrink more rapidly. That is why we have provisions that somebody else must hold an equity which fades out before the trust company's investment is lost.

Before I agree to the slightest extension of the powers of these companies to invest in real estate, I should like to know how far the federal department goes in the investigation of their accounts. Can my honourable friend tell me that?

Hon. Mr. Fogo: My honourable friend's question caused me to look at the Act itself, in the Revised Statutes, and I find there are elaborate provisions for the inspection of trust companies by the Superintendent of Insurance and his staff. I am informed by the department that the companies are inspected regularly. If my honourable friend will look at sections 72 to 78, inclusive, of the basic statute, he will find there a complete code governing inspection by the superintendent. And if my recollection serves me correctly, the provincial statutes are pretty much in line with the federal statutes in this respect, or *vice versa*.

While I am on my feet I wish to make further reference to section 8 of the bill and, perhaps, to correct a wrong impression. I did not intend to leave the impression that the mortgage which the trust company can take must necessarily be a first mortgage. The proposed change here would probably appeal to my honourable friend from Toronto Trinity (Hon. Mr. Roebuck) less strongly than would the empowering of trust companies to purchase two mortgages on a property, for under the bill a trust company could purchase the second mortgage on a property even though the first mortgage were held by someone else, always provided the two mortgages in the aggregate do not exceed 60 per cent of the value of the real estate. The view taken is, I think, that this 60 per cent is ample to cover any probable fluctuations in real estate values. As most of us know, in practice, trust companies when investing in real estate get an appraised value of the property, which in general is substantially less than the market value, and certainly less than the market value under present conditions. To my knowledge, few such lending institutions have been prepared within the past few years to lend up to 60 per cent of the market value.

Hon. Mr. Roebuck: I now have a quite different impression from what I had after the honourable gentleman had spoken before, and it seems to me that the proposed change is a very serious one. In effect it means that trust companies will be able to invest in second mortgages. The doubtful security of second mortgages is made manifest by the rates of interest which mortgagees charge and mortgagors pay upon them. The limitation as to 60 per cent of the value of the property provides of course some protection, but not a great deal, because a property does not necessarily have to go down to 60 per cent of its value before the second mortgagee may have to meet a demand. For instance, if payments on the first mortgage are not kept up a call is made upon the second mortgagee to meet those payments, and unless he does so he loses his investment. If trust companies take advantage of their wider powers under this bill they might, in times of depression, have to add defaulted first mortgages to their mortgage investments, and any company which had not the necessary funds to do this would be forced into bankruptcy.

I do not like this at all. This bill should be examined in committee with very great care, and we should exercise our most conservative judgment on this proposal to extend the investing powers of companies which have gained so much public confidence, partly because of the inclusion of the word "trust" in their names. Their conservatism in the investment of funds, and their equitable and excellent business practices of the past, have helped to earn trust companies the good reputation they now enjoy, and I should sincerely regret it if extended powers of investment resulted in ruining that reputation. It seems to me that would become a possibility if we passed this bill.

Hon. John T. Haig: Honourable senators, I do not take as serious a view as my honourable friend does of the proposed extension of the power of trust companies to invest in real estate, because the companies cannot lend on any property more than 60 per cent of its value. What I am worried about in this bill is an amendment such as was in the insurance bills that we passed the other day. I repeat what I said when discussing one of those bills, that the Bank of Canada has driven the interest rate on government securities down so low that trust, insurance and mortgage companies cannot earn on funds invested therein a sufficiently high return to enable them to carry out their contracts, and so are forced to seek new forms of investment. That is the basic reason for proposed changes in the Trust Companies Act, as in the insurance companies Acts.

The danger that I foresee lies in the investment of increasingly large sums of money in leased property. Some firms operating chain stores have as many as ten, twenty, thirty or more stores in a single city. Let us suppose that the average cost of one of these stores complete, land and building, is \$40,000, and that a trust company makes a loan under the amended Act. The chain store has a lease on the building for ten, twenty or thirty years, at a rent which will pay reasonable interest on the money, plus the insurance premiums, taxes, and cost of upkeep. If everything goes well the total money lent will be paid back in, say, thirty years, and in that event the investment will prove a sound one. But the future is uncertain. A company which is making good money today, paying a dividend of 6 or 8 per cent, with its stock of \$100 par value selling at \$200, may run up against serious difficulties a few years from now. It may, for instance, be slow to take advantage of changed methods of marketing, and in consequence its revenues may fall to such an extent that it is unable to pay rent. If that should happen, the lending institution that put money into the company's stores, will have to take over in a single community ten, fifteen, twenty or more buildings that are suitable for use only as chain stores. Buildings of this type may be seen in my city, as in Toronto and all other cities throughout Canada.

My experience with trust companies has been a happy one. I am more afraid of the effect of increased investment powers upon insurance companies than upon trust companies, the reason being that an insurance company, because of the chance to sell a policy, might lend on a property on which a trust company would not. On the other hand, if a trust company makes a poor deal, its shareholders will have to pay for it. I know most of the trust companies incorporated by dominion charter, and I believe that they are the ablest-managed institutions in Canada. I have no doubt that all the companies have approved of this legislation.

The clause governing the lending of money on real estate, which I am criticizing, is a very limited provision. A trust company is not allowed to invest more than 5 per cent of the book value of its funds in real estate, or 25 per cent of its capital and reserve. The bill provides that a company's total investment in any one parcel of real estate shall not exceed one-half of 1 per cent of the total of the company's own funds and guaranteed trust moneys. It is a limiting provision.

Hon. Mr. Roebuck: It is opening the door.

Hon. Mr. Haig: I admit that. But there is a practical advantage to be gained. For instance, a trust company, acting as executor in the winding up of an estate, may have to deal with a piece of property worth, say, \$100,000, which is mortgaged for \$30,000. The people who hold the mortgage, which may have three or four years to run, refuse to consent to it being paid off, and the estate cannot be wound up until the mortgage falls due. The trust company may have a purchaser who is prepared to pay a deposit of \$40,000 on the property, but who does not wish to take it subject to a second mortgage. If the trust company was allowed, it could take a second mortgage for \$30,000 and wind up the estate. I have known many cases where a property carried a first mortgage of about 40 per cent of the value of the property and a second mortgage of about 5 per cent; yet the trust company, acting as executor of the estate, could not take up the second mortgage. I can appreciate the attitude of people who are making 5 per cent on a good investment, and who refuse to cancel it and re-invest their money at, say, 4 per cent.

Hon. Mr. Roebuck: You would want a bonus?

Hon. Mr. Haig: Yes, I would. The trust companies have run into such difficulties as I have mentioned, and for that reason they are no doubt anxious to take advantage of such powers as this bill would grant them.

I think the bill should be referred to the appropriate committee, and I suggest that my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) should attend. At that time we can ask the officials of the trust companies just what is their attitude towards this legislation, and why they want it.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Fogo moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

LOAN COMPANIES BILL

SECOND READING

Hon. Mr. Fogo moved second reading of Bill J-10, an Act to amend the Loan Companies Act.

Some Hon. Senators: Carried!

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Fogo moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADIAN WHEAT BOARD BILL

SECOND READING

The Senate resumed from Thursday, June 8, 1950, the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 252, an Act to amend the Canadian Wheat Board Act, 1935.

Hon. John T. Haig: Honourable members, with all due respect to my colleagues in this chamber, there are very few who are sufficiently familiar with the wheat problem to discuss it in any detail. Those of us who come from the Prairie Provinces are of course deeply concerned about it, because it is our very lifeblood.

The passage of this legislation will mark the winding up of the British wheat agreement as of July 31, 1950; but before I discuss the history of the agreement, which is now all but closed, I wish to refresh the memories of honourable senators on a few points.

In 1935, in the dying days of the Bennett government, a bill was introduced in parliament to form a compulsory wheat board for Canada. At the behest of the then leader of the opposition, and afterwards Prime Minister, the Right Honourable Mackenzie King, the bill was referred to a committee, and later was reported back to the house. At that time the late Honourable J. L. Ralston—then one of the leading opposition members and later Minister of Finance for a time and, during World War II, Minister of National Defence—spoke in the House of Commons. His remarks appear at page 3581 of *Hansard* of 1935, as follows:

I do not believe that the people of the Dominion of Canada are favourable to a compulsory wheat board, to a board the constitution of which will mean that every wheat grower, every elevator man and everybody engaged in the wheat business must deal with the government agency and nobody else . . . I do not believe the compulsory feature of this bill will meet with approval, either in the west, in the east or in this house.

My second quotation is from a speech by the Right Honourable J. G. Gardiner, which appears in the House of Commons *Hansard* for 1939 at page 2613. He said:

There you have the issue clearly drawn between the two parties at that time in the house; one—

The Conservative party—
was for compulsion; the other—

The Liberal party—
was for a continuance of the voluntary system.

I have read those two extracts—which I also read in this house in 1947—because they are of some historical significance in relation to wheat legislation.

The compulsory wheat board bill which the then prime minister introduced in 1935 was amended in committee and came back to the house as a voluntary measure. It enabled those who wished to do so to participate in it. That legislation was approved by the chief spokesmen for the opposition in the house at that time, and was passed. In 1939 when the King government was in power, some minor amendments were made to it. We find that the first serious amendment took place in 1942, and that in 1945 the act was made compulsory.

At that time the Canadian government made an agreement with the British government for the purchase of 160 million bushels of the 1946 crop at \$1.55 per bushel. By reason of the fact that some of the wheat was shipped in the form of flour, and Great Britain in this way lost the bran and shorts, she actually took about 169 million bushels. In 1947 Great Britain agreed to take 160 million bushels at the same price as was paid in 1946, but she actually took 170 million bushels.

A new agreement was to be negotiated in December of 1947, and the government agreed on the price of \$1.25 per bushel for the 1948 crop. The new agreement contained a clause to the effect that the loss of profit to the producer on the 1946 and 1947 crops would be taken into consideration. The government of Great Britain paid, in 1948, only \$2 a bushel for 140 million bushels, and the next year they paid \$2 a bushel for the 1949 crop. That covers the four years.

As I have been accused of quoting from grain trade journals, I shall cite the Wheat Board's own report of 1948-49. The average price obtained by the board for wheat in 1946-47 was \$2.43 per bushel, though they admit that during that year some wheat sold at from \$2.05 to \$3.10 per bushel. But the average price of the surplus sold by them outside the British agreement and other than to the Canadian consumer was \$2.43. On the sales that year to the British buyer the board lost 87 cents per bushel on 170 million bushels, a total of \$147 million. In 1947-48 their average selling price, according to their own records, was \$2.88 per bushels; and, by reason of the British agreement, the farmers' loss was \$236 million; or, for the two years together, \$383 million.

Hon. Mr. Beaubien: What is my friend quoting from?

Hon. Mr. Haig: I am quoting from the board's own report. The loss is based on the price for which, according to their own admission, the surplus wheat was sold.

Hon. Mr. Beaubien: You are reading a newspaper.

Hon. Mr. Haig: No. That is just a letter I wrote to *The Western Producer*, quoting the board's figures.

Hon. Mr. Beaubien: I am sorry I asked the question.

Hon. Mr. Haig: I could refer more quickly to the figures in the letter than in the report.

The point I am making is that in those two years the farmers of Western Canada were deprived of \$383 million. In the following year, 1948-49, they lost about \$73 million. I am not referring to the world price; I base my figures on what the board got for what it sold. Nobody can criticize that basis of comparison. In 1948-49 the board's price ranged from \$1.91 to \$2.48 per bushel, and the average amounted to \$2.23 for 140 million bushels, a loss of 23 cents per bushel. This increases the loss by about \$32 million. From figures available to the end of April, 1950 it appears that further losses have been taken this year.

Because of the British wheat agreement, the farmers of Western Canada have been deprived of \$488 million which they would have received had our grain been sold on a world's market—not at the peak of prices, but at what the board actually got for the wheat they sold other than to the United Kingdom. This loss does not take into account the 80 million bushels sold to the Canadian people at \$1.55 a bushel, of which amount the buyer paid 77 cents and the government, by subsidy, contributed the balance. It may be said that the government had the right to say to our people "You shall sell your produce at so much," and I will leave out of the reckoning the losses on that transaction.

Hon. Mr. Aseltine: Was the price not \$1.25 the first year?

Hon. Mr. Haig: Yes for the first three months, but I have taken the figure of \$1.55, because we are dealing in millions and I do not want to get into a controversy over a few dollars.

At the end of this crop year the money held by the Wheat Board will be divided among those who sent grain to the board.

Hon. Mr. Howard: Right.

Hon. Mr. Haig: I beg your pardon?

Hon. Mr. Howard: I said "right".

Hon. Mr. Haig: The honourable gentleman is so seldom here that I did not recognize his voice.

Allowing for all possible adjustments—for I want to fully meet the arguments of those who support the board—the wheat farmers lost \$147 million in 1946, \$236 million in 1947, \$73 million in 1948 and \$32 million in 1949. That adds up to \$488 million. Including the crop year 1945-46, which is properly taken into account, and the present year, our farmers have delivered to the board 1,293 million bushels, and on that amount have taken a loss of 37 cents per bushel. Consequently, every western farmer who sent the board a thousand bushels of wheat in any one of the five years lost \$370; and if a farmer delivered 2,000 bushels each year—some producers sent much more—his loss over the five-year period will be \$3,600, for no part of this money will ever be paid.

When, in 1947, the wheat agreement was being discussed, we were told, "Wait till the end of the period, and that 'having regard to' clause will take care of all this loss." Honourable Mr. Howe, Minister of Trade and Commerce, went to Britain the other day. What did he say when he came back? He told us: "The Wheat Board is wound up"—or words to that effect; perhaps I should have said "The British agreement is wound up".

To speak candidly, I take some credit for foresight in this matter. The result bears out exactly what I predicted when, standing in my place here, I said: "This is economically the worst agreement that has ever been entered into by a Canadian government on behalf of the producers of this country." The facts prove that what I said is true. We were told that we were going to get a permanent market. The farmers of Western Canada thought they were assured of a continuing good price; the agreement would create so much goodwill in the Old Country that never again would Britain refuse to take our grain. They did not know the Englishman. But the man who preached this doctrine most strongly in Western Canada was himself an Englishman: he ought to have known, and he did know. You say the farmers are in favour of this, but you have only to read today's edition of a magazine issued by the co-operatives in Winnipeg to see that they are sick to death of the whole thing. They have been bamboozled, and they know it, and they do not know what is going to happen next.

I was not surprised at what the British did about the Canada-United Kingdom Wheat Agreement. In 1947, when we were discussing this agreement on the motion for second reading of the Wheat Board Bill, I did not

ask that the house divide, because the government of the day had entered into a specific contract and I could not for the life of me bring myself to say that we should repudiate it. Had I asked for a vote, I would have been defeated; but when the motion was agreed to, I said "On division."

I want to say without conceit that I think I am the only member of parliament who stood up and fought this wheat agreement right from the start. I have been accused by the Saskatchewan newspapers which support this bill of being a Winnipeg lawyer in the employ of the Winnipeg Grain Exchange. In answer to that charge let me say that in my 21 years of private law practice I have never had one client in the Winnipeg Grain Exchange. I challenge any man to show that I have deviated one iota from the stand I took at the very outset—that the Canada-United Kingdom wheat agreement was a humbug and was in opposition to all the laws of economics.

Wheat can be grown practically anywhere, and the world produces about 6,000 million bushels a year; but we all know that it is a most difficult problem to set a value on wheat. However, I shall come to this point shortly.

Honourable senators, the Government of Canada should make good the \$488 millions that the farmers of Western Canada have lost in the last five years under this wheat agreement. During the election campaign last summer our farmers were promised that they would be given an advance. Well, between April and June the government did give them an advance of twenty cents a bushel, but nothing was said about the fact that this advance would mean that all the money in the Wheat Board would be taken out and that the account would be overdrawn by more than \$5 million. I make the humble prediction that when all the money is divided this July 31, less than 5 cents a bushel will come out of the Wheat Board. I think it will be 4 cents a bushel. And this is for all the grain that was sent to the Board during these past years. You do not have to accept my figure. If you refer to page 8 of the Board's own report you will see that the deficit of the 1945-49 pool account to July 31, 1949, was \$5,235,621.37. All the money in the Board was paid out, and the account was overdrawn by \$5 million. Was anybody warned that this would happen?

Hon. Mr. Horner: And they had to pay interest on the money that was borrowed.

Hon. Mr. Haig: Yes. I attended many public meetings, and I heard government supporters boasting about the advance of 20

cents a bushel. But they never uttered one word about overdrawing the account by \$5 million. I do not blame the government so much for this as I do certain westerners, especially the Minister of Agriculture and the Minister of Trade and Commerce. They knew what would happen; but they never tried to avoid it.

The wheat pools of Manitoba, Alberta and Saskatchewan supported this agreement to the hilt. The farmers thought "We will get \$1.55 a bushel this year and \$2 a bushel next year. There will be plenty of money in the pool and we will get well paid for years to come". But what happened? They lost money on every bushel they sent to the elevators. This money just went down the drain.

What will happen next? We have entered into an International Wheat Agreement under which four wheat-producing countries—Canada, the United States, Australia and France—are the vendors, while approximately 33 nations are the purchasers. Depending on certain factors, Canada is supposed to sell either 203 or 206 million bushels a year. Britain, buying 177 million bushels annually, is the largest purchaser. Under the agreement the minimum price for our wheat this year is \$1.40 a bushel in United States funds, and the maximum is \$1.80 in United States funds. If our money is at a discount the minimum price will be \$1.54 and the maximum \$1.98. Next year the price will drop another 10 cents a bushel.

Honourable senators, there is no question at all that the Honourable Mr. Howe, Minister of Trade and Commerce, is a very able man. He has great ability; but he gets his business and politics mixed up a little. I may be wrong, but I think he does things better from a business standpoint than from a political one. He went to Britain, and if I read the press reports correctly he came back with the story that that country would take from 100 million to 120 million bushels of our wheat. But no price was agreed upon. I shall tell you in a minute or two just how the price to be paid will eventually be established.

The grain growers in Western Canada have said, "Men like Haig who preach against the British Wheat Agreement are hirelings of the Winnipeg Grain Exchange. They are bad men, so don't have anything to do with them. The Winnipeg Grain Exchange is against the farmers". In the report of the Royal Grain Inquiry Commission appointed June 27, 1936, Commissioner W. F. A. Turgeon stated that he could find one of the most economical ways to sell grain. He made a wonderful report, but where are we now? The Winnipeg Grain Exchange is closed. Britain wants 177 million

bushels of wheat and is willing to take 100 or 120 millions bushels from us. What will the price be? Will it be \$1.40 or \$1.80 a bushel? I wish somebody would tell me his idea of how the price will be arrived at. I suggest that it will be based on the price of grain on the Chicago Grain Exchange. The British and Canadians will sit around a conference table, and the Canadians will say, "We ought to get \$1.80 a bushel for our wheat"; but the Britishers will reply, "We ought to get it for \$1.40." An argument will ensue, and finally some bright Canadian will remark, "Well, what is the price of grain on the American market?" and another Canadian will say, "Well, wheat is selling on the Chicago market for \$2 a bushel, so we should get \$1.80." Then, because the Argentine is not a party to this International Wheat Agreement, the British representatives will argue, "Oh, no; we can buy wheat from the Argentine for \$1.20 a bushel."

Ultimately we can ask Britain to take more wheat under the agreement. But suppose she says she can pay us only in sterling, and we refuse to take it, what will happen? And how are we going to be paid for wheat by little countries that require up to 500,000 bushels annually and have no American or Canadian dollars? What will the procedure be? We shall have to go back to asking the grain exchange of the world to set the price. And how do they set the price? Judging by some of the wheat pool arguments, one would think that the operators of grain exchanges sit around a table like a lot of devils and say, "Let us skin the farmer." But that is not so. Men who buy grain are guided by their judgment of the future. They know there is so much wheat in prospect in the United States, in the Argentine, in Russia, in France in Canada, and in the world at large. At certain times they may think there is going to be a surplus.

Now, surplus is determined not only by the quantity produced, but by demand. And demand may fall, not because people do not like to eat wheat bread, but because buyers will not pay \$2 a bushel for wheat when a good substitute can be obtained at half the price. The substitute may not be so good, but circumstances may compel people to buy an inferior food in order to have more money to spend on other necessities. That is the kind of thing that one is up against all the time in this business. Men by the hundreds and thousands, even in my lifetime, have tried to guess what would happen on the world's wheat market, but I never saw anyone make money out of it. True, some men in the grain trade are rich, but they made their money out of handling the grain itself in elevators, and

so on, which they owned. I am talking of men who went on the market and tried to judge what would happen.

Farmers like a stabilized price, for it saves them from the work of thinking. If you are a farmer you don't like to have to do a lot of heavy thinking when you come in at night, dead tired. It is a pretty wearisome business to have to sit down then and try to figure out whether you should sell your wheat at 90 cents or hang on in the hope of getting a dollar. The honourable gentleman from Churchill (Hon. Mr. Crerar) can tell you what happened in 1929. Stories that I could tell you of fellows who have cried over my shoulder about the 1929 situation would make you sick.

Let me mention, in passing, one little incident concerning a farmer who lived in a Saskatchewan town which I will not name. He bought a piece of land from a client of mine, and I was the trustee to collect the money for the vendor. The farmer sent me 2,000 bushels of wheat—the vendor's share under the contract—and I immediately shipped it off to Fort William and sold it. In October 1929 the price at Fort William was approximately \$1.25 a bushel, and I wrote the farmer and told him his wheat had been sold for \$2,500, for which amount I was giving him credit under his agreement. He wrote me back a letter taking my head off. He said: "You are another of those lawyer crooks living in Winnipeg. You had no business to sell my wheat at \$1.25. You knew it was going at \$2, and you allowed the grain exchange to rob me of 75 cents a bushel. You have got to give me credit for another \$1,500." I replied, drawing his attention to the agreement. I said: "This agreement gave me sole authority to sell the grain, and I have sold it. Now, get your lawyers and sue me." That was in October 1929. By April 1930, as the honourable gentleman from Churchill knows, wheat was down to about 90 cents. Then the farmer wrote me again. In his former letter he had addressed me as "Haig," but this time he called me "Dear Haig." He now asked for my advice, whether I thought he should sow a hundred acres in wheat, fifty acres in barley, and fifty acres in flax, saying he had a very high regard for my valuable judgment.

You may think that is an isolated case, but it is not. The wheat pools of Manitoba, Saskatchewan and Alberta lost \$23 million, and the provincial governments had to come to their assistance. Manitoba bought about \$3½ million worth, Saskatchewan about \$11 or \$12 million, and Alberta about \$7 or \$8 million. The pools lost all this money because, instead of selling wheat when they could have got \$1.25, they waited until the price

fell to 90 cents. The grain men did exactly the same thing, and many of them lost their shirts and were ruined. Those men knew a lot about the grain business, but in gambling on the price they lost. And what I do not like about this legislation is that it places on the shoulders of the government the responsibility of gambling on the price, for there can be no assurance as to what the future price may be. The tendency of the government—and it would be my tendency too, if I were in the government's position—will be to sell at less than the highest price that they might get, because they will be uneasy and anxious to get rid of the wheat.

The next question is: Where is the money for our wheat to come from? Under the Marshall Plan it will have to come from the United States. If European countries are not given enough Marshall Plan money to buy our grain, they will buy from the United States, which country is going to have the largest carry-over in its history. In fact, it already has it, and attempts are being made right now to plug our elevators full of American corn and other products.

I think it would be much better if the people of Canada were to say to the wheat growers of Manitoba, Saskatchewan and Alberta: "By federal legislation during the war we took out of your pocket at least \$500 million, and in the next four or five years, when it may be difficult to sell wheat, we are going to pay you back that money." If that were done, people like me would be shut off from cause for complaint. Maybe it is not worth \$500 million to get me to stop talking, but the effect upon our Western farmers would be far more beneficial. But instead, here we are entering into another agreement by which we are gambling on future conditions. If there is a crop failure in Western Canada, in the United States, in Europe, in the Argentine, in Australia and in Russia, we may get \$1.80 for our wheat; but if there is an abundant crop in all these countries we shall be lucky if the purchasers can be compelled to pay \$1.40. Now, why should the government take the responsibility of running that risk? I cannot understand it at all.

Honourable senators, I have spoken longer than I had intended. Before me are notes on former debates, but I will not weary the house by going into them at this time. In 1948, when the first international wheat agreement was brought in, I did not expect that the disaster would become as great as it has. But there was the possibility of serious difficulty, as there always is in the grain trade. I hope that this business of handling grain by the government—for the Wheat Board is a government agency—will be

stopped as soon as possible. I have no compunction in voting against this bill, because I am sure it will only lead to trouble. As long as the market is buoyant there will be no difficulty under the international wheat agreement; but as soon as the market gets sticky, thirty-three parties will find thirty-three different reasons for getting out from under the contract, and we shall be left holding the bag. If the United States should declare that it has a wheat surplus, there would be no more Marshall Plan money for the purchase of Canadian wheat. What would happen then? We are told that we can expand our sales to Britain, provided we purchase more goods from that country; but we have not shown much inclination to increase our purchases. I want to say to some of the senators from Ontario and Quebec that if the people of the Prairie provinces get into difficulties in the marketing of their grain, the manufacturers in central Canada are going to have a headache too.

Hon. Mr. Howard: That is right.

Hon. Mr. Haig: You will have unemployed men and women walking up and down the streets of your cities. The great bulk, the profitable bulk, of manufactured products in this country go to western Canada.

Before concluding I wish to pay my respects to the *Winnipeg Free Press* for the magnificent fight that it has put up against the British wheat agreement. Some may say that it is not good politics for me to speak as I do, but I am not playing politics. The *Free Press* fought this question from start to finish, and that a paper with the influence that it has should assume a position which

appeared to be—I am not sure that it was—contrary to public opinion in that part of the country, is magnificent.

As I have said before, I have no connections with the grain exchange at all.

Hon. Mr. Aseltine: The grain exchange has been supporting the Liberal party.

Hon. Mr. Haig: They have been, but they are getting a little sick of it.

Since 1929 neither I nor any of the partners in my firm have drawn a dollar from the grain trade. Our business is for the most part a rural practice. I have heard the farmers discuss wheat agreements generally in the light of present day conditions, and they always come back to the statement: "We do not intend to let the grain exchange get started again." Why they take that attitude, I do not know. But now we may take prices from Chicago or Kansas City, or perhaps Great Britain will open an exchange in Liverpool, and we will take our prices from there.

In closing, I repeat my tribute to the *Winnipeg Free Press* for the magnificent fight it has put up against the wheat agreement.

I thank you.

Hon. Mr. Crerar: Honourable senators, I move the adjournment of the debate.

The motion was agreed to.

FINANCE COMMITTEE

On the motion to adjourn:

Hon. Mr. Robertson: I wish to remind honourable senators that the Standing Committee on Finance will meet to consider the estimates immediately after the Senate rises today.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, June 13, 1950

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

Prayers and routine proceedings.

DEPARTMENT OF TRANSPORT STORES BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 135, an Act to amend the Department of Transport Stores Act.

He said: The committee have, in obedience to the order of reference of June 9, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: With leave, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA PRIZE BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 221, an Act to provide for the payment and distribution of Prize Money.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 9, 1950, examined the said bill and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

LOAN COMPANIES BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill J-10.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill J-10, intituled: An Act to amend the Loan Companies Act, have in

obedience to the order of reference of June 12, 1950, examined the said bill and now beg leave to report the same with the following amendment:

Page 3, line 22: Delete "other".

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

Hon. Mr. Robertson: With leave, I move that the amendment be concurred in now.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Robertson: With leave, I move the third reading of the bill now.

The motion was agreed to, and the bill was read the third time, and passed.

TRUST COMPANIES BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill F-10.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred the Bill F-10, intituled: An Act to amend the Trust Companies Act, have in obedience to the order of reference of June 12, 1950, examined the said bill and now beg leave to report the same with the following amendment:

Page 3, line 43: Delete "other".

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

Hon. Mr. Robertson: With leave, I move that the amendment be concurred in now.

The motion was agreed to.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Robertson: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

NATIONAL DEFENCE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 133, an Act respecting National Defence.

He said: Honourable senators, on November 2, 1949, this house gave first reading to Bill J-5, an Act respecting National Defence. On the 8th of that month, after I had moved second reading, the Minister of National

Defence explained the bill, after which it was given second reading and was then referred to the Standing Committee on Banking and Commerce. The committee in the course of its detailed study of the bill, held eleven meetings, and its report recommended 74 amendments. These were concurred in by the Senate on December 6. On December 8, the bill was given third reading and was sent to the House of Commons, but prorogation intervened before that house had time to deal with it.

This session Bill 133, which is now before us, was introduced in the House of Commons. It is substantially the same as the bill that we passed last session, but there are some differences. After the bill J-5 was passed by the Senate in December last, and before the new bill was introduced in the Commons at the present session, the Department of National Defence recommended thirty-four additional changes and these, as well as those made by the Senate committee, are contained in the bill before us.

In its consideration of this bill the House of Commons made 66 more amendments, of which 51 were recommended by officers of the Department of National Defence, the remaining 15 having been proposed by the honourable members of that house. It will be seen, therefore, that since the bill left us on December 8 last 100 additional amendments have been made to it. A list of these amendments was prepared, and a copy was placed in the post office box of every senator, so that all would be familiar with them. I doubt if any good purpose would be accomplished by enumerating them. Honourable senators who have looked at them will know that some are of relatively minor importance, being simply improvements in phraseology, but that others are substantial.

In view of the careful consideration given to the bill last session, I would suggest to the house that, if it sees fit, it should give this bill second reading this afternoon. The amendments could then be considered in the committee to which I intend to refer the bill.

Hon. John T. Haig: Honourable members, I received the list of amendments, as all honourable senators did, and have gone over them. Most of them consist of the substitution of a better word for one used in the original bill, but do not change the meaning of the sections in which they appear.

The main principle of this bill—to bring the three armed services under one minister—we have already agreed to. Those who have followed the news in the American press know of the struggle which accompanied the movement for the amalgamation of the armed services of the United States—and I

do not think all the difficulties have been ironed out yet. It is a credit to our defence forces that, with very little opposition, they have agreed to this new administrative procedure. Provision is made that in the event of war, what might be called "assistant ministers" may be appointed.

As I have said, the principle of the bill has been agreed to by this house, and the bill was given careful consideration in committee last session. The department was represented before the committee by the Hon. Mr. Lapointe, and it was a great treat to hear his explanation of the bill and his account of the work that went into it. With all due respect to the other place, I doubt if their amendments are any more important than those passed by this house last session.

I am going to vote for second reading of the bill on the understanding that it will be referred to committee, and I reserve the right to voice my objection when the bill is reported back to the house, should there be any point on which I do not agree. It is true that by giving the bill second reading we have agreed to it in principle, but I specifically reserve for myself and all other honourable members the right to object, if we feel we should, to any provision of the bill when it is reported back to the house.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADIAN WHEAT BOARD BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Robertson for the second reading of Bill 252, an Act to amend the Canadian Wheat Board Act, 1935.

Hon. T. A. Crerar: Honourable senators, in rising to speak to the second reading of this bill I am conscious of its importance and of the principle that underlies it. Nothing is more important to a citizen of a free country than that he be left free from interference by his government in the doing of the things that are for him a natural right. It is because the bill violates that principle that I rise in my place now to speak against it. I hope the house will be patient with me as I attempt to sketch briefly the background of this legislation, how the principle of a wheat board has worked out in practice, and what is involved in the bill before us.

As anyone knows who is familiar with the development of Western Canada, the marketing of wheat has been for the last fifty years a difficult, involved and much-debated problem. It is only a little over half a century since the Canada Grain Act was passed. And at this point I want to pay tribute to a man who has long since left this world, and who was not infrequently criticized; I refer to the late Sir Clifford Sifton. He it was who in 1899 introduced the bill which has developed into the present Canada Grain Act. As originally drafted, it gave certain privileges and afforded some protection to the producers of wheat in the prairie provinces.

The early years of this century saw the growth of an elevator monopoly. Perhaps under the circumstances that was a not unnatural development, but it created among the grain producers of Western Canada a sense of grievance, and I am bound to say that in some respects their complaints were well-founded. As a result there came into being the farmers' grain handling company known as the Grain Growers Grain Company, which began business in 1906. The company had no government assistance; it had to meet the competition of the existing grain trade, as it battled its way to success.

In the year 1912 the Government of Saskatchewan appointed a royal commission to examine into the problem of grain marketing as it affected that province. The commission was headed by the late Dr. Magill, subsequently a chairman of the Board of Grain Commissioners. My honourable colleague from Saltcoats (Hon. Mr. Calder) was a member of the government which appointed that commission, and I am sure his recollection of it is still vivid. As a consequence of the commission's report, a co-operative elevator company was formed in Saskatchewan. It received some government assistance but had complete autonomy in the management of its business. The government aided it financially in the construction of elevators, and the company undertook to repay the advances, with interest—as I recall, 5 per cent—over a period of twenty years. The Saskatchewan Co-operative Elevator Company grew and developed and became one of the main marketing organizations in the province. A similar company was formed in Alberta, and by the year 1914 grain growers' grain companies were operating in all three prairie provinces. Both the Saskatchewan Co-operative Elevator Company, in Saskatchewan, and the Alberta Farmers' Co-operative Elevator Company, in Alberta, were controlled and directed by farmers. In 1917 the Grain Growers' Grain Company and the Alberta Co-operative Elevator Company united to

form what is now United Grain Growers Limited. Parliament passed the charter under which that union took place.

I come now to the hectic days that followed the first war. Wheat pools came upon the scene in the Prairie Provinces in 1923. In large measure they owed their origin to movements which began in the United States. The principle of the pools was that the farmer signed a long-term contract, in the first instance for five years, to deliver his wheat irrevocably to an organization set up by the co-operative group of farmers, and known as a wheat pool. It operated on the basis that an advance would be made to the farmer as soon as he shipped his grain to the pool. Bodies similar to the one in Saskatchewan were organized in Manitoba and Alberta; and these three pools—I ask honourable senators to note this, because of its significance to something I shall have to say a little later—organized a co-operative or joint selling agency for the marketing of the grain which they received. The plan by which the wheat pool was developed, imposed a levy of two cents on every bushel of grain, for the purpose of building elevators. No one could take any exception to that. In addition, a deduction was made of 1 per cent of the value of the grain for what was called a commercial reserve. That practice continued for several years.

In 1928 Western Canada harvested what was the largest wheat crop in its history. It happened that good crops were general in the wheat-producing areas of the world. In 1929 an advance, which I believe amounted to a dollar a bushel on the wheat delivered to it, was made by the pools. The principle on which the pool operated was simple. An initial advance was made on the wheat delivered to its selling agency, and any surplus that accrued from sales was distributed on a *pro rata* basis to the farmers who had contributed grain to the pool. But it so happened that the advance made by the pools in 1929 was too large. The world descended from its dizzy peak of economic activity; the stock market crashed in October; there were bank failures in Europe; and with the general economic decline the prices of grain collapsed, so that by the spring of 1930 the pools by reason of the advances of \$1 a bushel which they had made, had exhausted their credit with the banks. That was a most difficult period for the pools. Scarcely before the banks were able to turn around the pools owed them \$25 million over and above the grain collateral they had lodged with the banks.

Hon. Mr. Haig: \$23 million.

Hon. Mr. Crerar: The honourable leader opposite (Hon. Mr. Haig) stated yesterday that this deficit was \$23 million. At any rate the three provincial governments then bailed the pools out. In other words they pledged their credit to the banks so that the banks would continue their advances to the pools in order that they could carry on their operations. By 1930 the pools had hundreds of elevators situated all over the three provinces.

The provincial governments quite properly had taken as security the tangible assets of the pools. These assets were practically confined to the elevators, and these as just stated, had been pledged to the provincial governments against the guarantees the provincial governments had given to the banks. That left the pools in this situation. When the crop of 1930 commenced to move they had no credit with which to finance the grain as it came into their elevators. It was then that the representatives of the pools made their pilgrimage to Ottawa. I have a vivid recollection of the election that was held at the end of July, 1930.

Hon. Mr. Euler: Who has not?

Hon. Mr. Crerar: My recollection is quite vivid, because at that time I retired temporarily from public life with the full consent of the electors among whom I was a candidate.

Some Hon. Senators: Oh, oh.

Hon. Mr. Crerar: When the election was over the late Lord Bennett was Prime Minister of Canada, and the representatives of the pools came to Ottawa and placed their problem before him. They told him they wanted his assistance in order to get the necessary credit from the banks to enable them to carry on business. I am bound to say that that was a proposition for which Mr. Bennett did not have much liking, but he recognized a critical situation and agreed to have the government guarantee the account of the Co-operative Wheat Producers Limited, which was the pool-selling agency. He agreed to guarantee their accounts to the banks on the condition that they would appoint the late Mr. John McFarland as general manager of the Co-operative Wheat Producers Limited. There was nothing else for them to do but agree, and from 1930 until 1935 the Co-operative Wheat Producers Limited, with Mr. John McFarland as manager, operated with a continuous guarantee from the federal government to the banks which were giving the pools the money to handle their business. There was no limitation in the charter of the Co-operative Wheat Producers Limited as to the kind of activities they could carry on. This was the situation in the spring of 1935

when the Prime Minister and his party were facing an election. The general consensus of opinion at that time—I think even within the Conservative party itself—was that their chances in the election were most doubtful. Then the idea of creating a Wheat Board was evolved in the spring of 1930.

Hon. Mr. Haig: 1935.

Hon. Mr. Crerar: Yes, 1935. I thank my honourable friend for his correction. It is interesting to note that just fifteen years ago, almost to this very day, parliament was debating the first Wheat Board legislation ever put on the statute books of this country. It is interesting to read the debate that took place at that time. The legislation, containing three or four important features, was introduced by Mr. Bennett in a speech in which he gave a great deal of statistical information, and in which I may add, he used certain passages which only he could use. It was a compulsory wheat board, and marked the first occasion in the history of this country that the principle of compulsion had been evoked in proposed legislation having to do with the marketing of farm products.

Hon. Mr. Horner: What about the wheat board set-up in 1917?

Hon. Mr. Crerar: That was in wartime, and I am speaking about peacetime.

What was the attitude of the Liberal opposition in 1935 to these compulsory features of the Wheat Board legislation? It was the traditional attitude of the Liberal party to legislation of that kind. They opposed it vigorously, and if anyone wishes to read a good speech on the subject he can look up the late Colonel Ralston's reply to Mr. Bennett's speech on the second reading of the bill. The Liberal party was on sound ground in opposing this compulsory legislation, because any legislation that seeks to coerce the individual in a matter where his natural rights are concerned can never at any time or in any place be called Liberal legislation.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: The opposition to the measure was so strong at that time in the House of Commons that, on the request of Mr. Mackenzie King, who was then leader of the opposition, the bill was referred to a special committee where evidence was heard and the bill overhauled. When it came back from committee the bill was vastly different from when it had been introduced to the house. The compulsory features had not been removed, but a compromise had been reached. The compulsory features were left in the bill—they will be found in the original Wheat Board Act in clauses 9, 10, 11 and 16—but

they were not made operative, and were to go into effect only on proclamation. The Prime Minister of that day may have given some private assurance that they would not be proclaimed until after the election. As I say, the sections incorporating these coercive powers in the original Wheat Board Act were not to be brought into effect until proclaimed; and, honourable senators, they have never been proclaimed to this day.

One or two other changes were made in the original legislation. One change, an important one provided that the Wheat Board was to be an agent of the producers and could buy grain from producers only. Now it is a matter of record that during the period from 1930 to 1935, when Mr. McFarland was General Manager of the Canadian Co-operative Wheat Producers Limited, that organization was buying and selling grain on the market, and the Liberal opposition rightly took the position that it was no business of the Canadian parliament to guarantee money accounts for purposes of that kind. At every stage of that wheat board legislation the Liberal party of that time was on sound traditional Liberal ground. When the wheat board was established in 1935, Mr. McFarland was appointed chairman, an office in which he remained until some time after the change in government which took place in October that year.

The next event to which I wish to refer occurred in September 1943. It will be recalled by the house that the so-called freeze order—the controls to stabilize salaries, wages and prices generally all over this country—was brought into effect by an order in council passed by the government in November 1941. For a reason which I think will become clear in a moment, wheat was exempted from the operation of that order in council. Wheat prices had been tending to rise, but all through the dark, black 30's the farmers of the prairie provinces had sold their wheat at prices which at one time were lower than they had been at any time in three hundred years. The government felt—and, I think, rightly felt—that the farmers should be given an opportunity to rehabilitate themselves, to some degree at least. As honourable senators from Western Canada know, the farm mortgage debt at that time was at the highest point it had ever reached in our history. So wheat prices were allowed to rise until they touched \$1.23 a bushel. After the price-freezing order went into effect, in 1941, the price of wheat to the mills for the manufacturer of domestic flour was stabilized at the then existing level. The mills of course had to buy their wheat on the market at the advancing prices, but the government paid the mills a subsidy so that the cost to them

of wheat for the production of flour would be 76 to 77 cents a bushel, the price they were paying when the freeze order became effective.

Hon. Mr. Haig: 77 cents.

Hon. Mr. Crerar: By that means it was possible to hold the price of bread to the figure set by the Wartime Prices and Trade Board.

That was the condition until September 1943. It may be of interest to the house to know that the 1943 order in council closing the Winnipeg futures market in wheat and putting sole control of the marketing of wheat under the Wheat Board was passed to keep the price of wheat from going higher. I supported that legislation and I am prepared to defend it now. At that time wages were controlled, although cracks in the control appeared here and there, and prices in general were controlled, and the wheat price had so risen that in the government's judgment it also should be controlled. Control legislation was therefore enacted, and it remained in effect until we passed the Wheat Board Act amendments, occasioned by the British wheat agreement, which was in 1946.

Yesterday my honourable friend the leader of the opposition (Hon. Mr. Haig) spoke about the British wheat agreement. I disagree with him on only one point. I cannot follow him in his proposal that the treasury of Canada should now make up to the farmers of Western Canada what they lost under the British wheat agreement.

Hon. Mr. Aseltine: Why not?

Hon. Mr. Crerar: I can give my reasons. There can be no question that under the British wheat agreement our western farmers suffered heavy loss, as compared with nearly all other classes of the population. The agreement provided that starting with the 1st of August 1946, the beginning of the crop year, Canada would sell wheat to Britain for four years. In each of the first two years Britain was to take 160 million bushels, at a price of \$1.55 a bushel at Fort William; and in the third and fourth year 140 million bushels annually, the price for which was left open, to be settled by mutual agreement. That is where the famous "have regard to" clause came into the agreement. Britain stated that when the time came to negotiate the price for the third and fourth years she would be willing to have regard to how the price at which she obtained Canadian grain for the first two years compared with the world price. In the negotiations for the price for the third and fourth years Britain

claimed that she had regard to this point, as the price for those two years was raised to \$2 a bushel.

But during the whole currency of the British wheat agreement and up to a few days ago there was not a time when class 2 wheat, that is wheat marketed by the board outside the British wheat agreement, did not command a higher price—at times a very much higher price—than was secured under the agreement. There can be no question of that. I know it has been argued that because of the existence of the British wheat agreement there was no world price for wheat. That is just nonsense. In the "have regard to" clause of the British wheat agreement the British government stated that it would have regard to the world price of wheat, and certainly there was a world price of wheat. And during the currency of the agreement wheat was sold to countries other than Britain, countries which had traditionally been buyers of Canadian wheat—Holland, Belgium, Norway, Denmark and others—and the price obtained from sales to them was known as the No. 2 price. And at one time, I think it was in the crop of 1947, the No. 2 price for wheat sold outside the agreement went as high as \$3.40 a bushel. The amount of the loss which the farmers suffered under this agreement, as given by the leader opposite yesterday, was I think well within the mark, and could be shown to be beyond any reasonable doubt.

A further pertinent criticism is that under the policy adopted by the government, the Canadian flour mills bought their requirements from the Wheat Board on the basis of the prices fixed in the first two years by the terms of the British wheat agreement, and this applied also in the last two years when the price paid by Britain was arrived at by arrangement. So we have this situation which is beyond contradiction, that the farmers of western Canada have bonused not only the bread consumers of Great Britain as against the world price, but also the bread consumers of Canada. I know that here and there some individuals are impatient with the wheat growers, who in some quarters are criticised as an unreasonable lot of people. I think that is entirely unjustified.

As to the financial losses suffered by the prairie wheat producer by reason of the marketing policies adopted by the government, there can be no question. I repeat that from the very day the wheat agreement was entered into until almost the present moment, wheat has been marketed independently every year at prices higher than that which Great Britain paid. True, a change has taken

place within the last week, when Class 2 wheat came down to the level of other wheat under the agreement.

What was the origin of the British wheat agreement, and why did we ever get into a tangle of this kind? The only reason that I have ever heard for the government going into a compulsory wheat agreement is that the farm organizations, the wheat pools and the Federation of Agriculture asked for it. The request of these bodies was taken as the considered judgment of all the farmers in western Canada. Well, that is a pretty large order, and cannot be sustained. But even granted this, is a government justified thereby in doing something that may hurt an individual who has had nothing to do with such organizations? Is the government—any government in peace time—justified in taking away from a farmer any of his natural rights, even at the request of organizations such as the wheat pool and the Federation of Agriculture? Therein lies my profound opposition to the principle involved in this legislation.

I repeat that the only reason that has ever been given for this legislation is that it was requested by farm organizations. I emphasize that it is not good enough for any government—whether Liberal, Tory or C.C.F.—to take arbitrary action, merely at the request of some organizations, which affects adversely thousands of individuals. I hold that view very strongly, as perhaps my honourable friends in this house may have guessed before this time.

Now I wish to examine the wheat board powers for a few minutes from another angle. I have not the slightest objection to the wheat board as it existed prior to the beginning of World War II. It was then a producers' board, and any farmer or farm organization who wished to use it for the marketing of his or their grain could do so. The law did not compel individual farmers to market their wheat by that medium. That it does so now is my profound objection to this legislation.

Let us consider for a few moments the amendments passed to the Canadian Wheat Board Act in 1946, and the very flowery language of the preamble which at that time gave as the reason for the amendments the implementation of the British wheat agreement. The amendments were not necessary even to carry out the terms of the agreement, for there was no reason at any time why the wheat board could not have gone out, purchased wheat at the going price and filled the contract of our government with the government of Great Britain within the terms of the agreement. But under the cloak of the

carrying out of the agreement, these mandatory and compulsory features were put into the wheat board legislation. I could spend fifteen minutes discussing the character of these amendments, but I choose to use a few illustrations.

I am a farmer in Manitoba—and if I have any occupation besides being a senator, it is farming—and I have always had great respect for the farm people, the pioneers who cleared the vast areas of this country. Under the law as it exists today, I cannot market a bushel of my wheat, a bushel of my oats, or a bushel of my barley until I obtain from the wheat board a permit to do so. I ask honourable senators, is that not going pretty far? Why should I as a producer of grain be compelled by law to go to a government board and obtain a permit to market my grain at an elevator a few miles from my farm? Have we ever passed similar legislation for any other class of people in Canada?

Hon. Mr. Howard: The provinces have.

Hon. Mr. Wood: And other countries have.

Hon. Mr. Crerar: I say that it would be just as reasonable for parliament to set up a board imposing wages and hours of work on working men as it is to set up a board which says that I cannot market the products of my labour without a permit to do so.

Hon. Mr. Golding: Will my honourable friend permit me—?

Hon. Mr. Crerar: I would rather not be interrupted at this point.

Here is another example of the coercive nature of this legislation. If I wish to buy 100 bushels of seed wheat from a farmer in Saskatchewan, I cannot do so without the permission of the wheat board; and if I violate the law I can be fined or sent to jail, or if the magistrate considers my offence serious enough I may be both fined and imprisoned. What justification in reason can be offered for arbitrary, coercive legislation of that kind that penalizes me for doing a simple thing that is my natural right to do? When the bill which sanctioned the British wheat agreement was under discussion, the only reason advanced was that these powers were necessary in order to give effect to the agreement and that claim never had any valid basis.

I come now to the present bill. It not only confirms and maintains all those arbitrary principles which I have been discussing, but for good measure it adds a few more. The amendments are not very important if you accept the Wheat Board Act as it stands and as it will remain until the end of July. By virtue of amendments passed in 1946 the

compulsory features of the legislation were to cease to have effect on July 31, 1950, which is about six weeks away: the board would then revert to what it was before.

Hon. Mr. Haig: A voluntary board.

Hon. Mr. Crerar: A producers' voluntary board—which is what it should be. But the provisions of the present bill extend the time from July 31, 1950 to July 31, 1953, because this famous International Wheat Agreement has operated for only one year and has yet three years to run. Also, the pool period is to be changed, but that is not of so much consequence. Under the British Wheat Agreement a five-year period was established. Under the International Wheat Agreement the pool period is one year. If there must be a system of this kind, the change, I am bound to admit, is a desirable one.

There is another provision which I think may be useful, assuming that we are to be saddled with this incubus for another three years. When the Wheat Board makes the final payment which marks what may be called the clean-up of the pools, it requires the producer to present the certificate which is issued to him when he markets his grain. As my honourable friends from Western Canada well know, a farmer may lose his certificate; he may have moved elsewhere and forgotten about it; he may have died. The present bill provides that the Wheat Board may waive the surrender by any individual farmer of his certificate.

Hon. Mr. Euler: Would not the Wheat Board have the records?

Hon. Mr. Crerar: Oh, yes, they have records. It is interesting, although not astonishing in view of the hundreds of thousands of farmers scattered all over Western Canada, to note that last July there were outstanding from the 1940, 1941, 1942, 1943 and 1944 crop accounts over \$2 million of potential claims that had not then been filed. It is a safe assumption that the larger part of that amount will never be claimed by the farmers: either they have forgotten what was due to them, or they have passed away. I take it that this fund will at some future time enrich the treasury of the Dominion.

I have said that this legislation seeks to spread the net still wider. Today, because of amendments made in 1946 to the Wheat Board Act, all elevators and flour mills, even little gristing mills located at points away from a railway, are declared to be "works for the general advantage of Canada". By the adoption of that magic formula they have been brought under the control of the Wheat Board. I stated in a previous debate that

Parliament should be careful before passing legislation which declares works to be "for the general advantage of Canada". In this respect the bill goes a step further than the existing law. Allow me to read the substituted section 39:

For greater certainty, but not so as to restrict the generality of any declaration in The Canada Grain Act that any elevator is a work for the general advantage of Canada, it is hereby declared that all flour mills, feed mills, feed warehouses and seed cleaning mills, whether heretofore constructed or hereafter to be constructed, are and each of them is hereby declared to be works or a work for the general advantage of Canada, and, without limiting the generality of the foregoing, each and every mill or warehouse mentioned or described in the Schedule to this Act is a work for the general advantage of Canada.

Turn to the following page, and what do we find in the schedule? In Manitoba alone, thirty-seven feed mills and feed warehouses are added to the existing declaration. What sort of mills are they? Let me give a few examples. One is the Steinbach Hatchery Limited. At Steinbach, Manitoba, is a hatchery for selling what are known in the poultry world as baby chicks. They hatch these chicks, receive orders, and the chicks are shipped out. Naturally the hatchery is interested in its product, and it possesses a formula for making feed suitable for its baby chicks and for poultry. Most of its raw materials are bought, I suppose, in the surrounding districts, although it may import some linseed meal or cotton-seed oil or something of that kind, to complete the formula. Its product is shipped out in lots of ten, fifty or one hundred pounds to purchasers of baby chicks or poultrymen who have flocks of poultry. Why in the name of common sense is it necessary to declare a business of that kind to be "a work for the general advantage of Canada"? For the life of me I cannot say. I could give other illustrations. As a consequence of progressive developments in agriculture a large number of these feed mills have been established. The district of Portage la Prairie is favourable to the production of peas, and a man named Mac-Allister has a mill there for cleaning peas and preparing seed. Other little businesses have been built up with the use of formulas for high-protein feeds suited to poultry, or calves, or pigs. Why is it necessary to declare these to be works for the general advantage of Canada? If this is so then it definitely interferes with that part of our constitution which places property and civil rights in the provinces. I think this is important because should a test case arise on a matter of this kind the courts might well hold that parliament, acting on the advice of its representatives from all over Canada, knew what it was

doing when it declared a hatchery feed mill at Steinbach, Manitoba, to be a work for the general advantage of Canada.

Hon. Mr. Aseltine: Is that liberalism?

Hon. Mr. Crerar: I thought I had made myself fairly clear on that point.

Hon. Mr. Haig: You did.

Hon. Mr. Crerar: My honourable friend from Rosetown (Hon. Mr. Aseltine) asks if that is liberalism. The criticism implied in my remarks is that a Liberal government saw fit to give sanction to this legislation whereas it opposed similar legislation introduced by a Tory government in 1935. But I should like to know where my honourable friend was in 1946. Apparently he is opposed to this bill now.

Hon. Mr. Aseltine: I opposed this legislation right from the beginning, and my friend knows it.

Hon. Mr. Crerar: My honourable friend's party in the House of Commons held up both hands for it.

Hon. Mr. Haig: We are not bound here by what is done in the House of Commons. I have always opposed this legislation and so have the members of my party in this chamber. Make no mistake about that.

Hon. Mr. Crerar: We are not going to get into an altercation.

Hon. Mr. Haig: No, because the facts are against you. I want to say most emphatically that I opposed this legislation right from the very start, and so has the honourable senator from Rosetown (Hon. Mr. Aseltine) and every other member of my party in this house—

Hon. Mr. Horner: I did not.

Hon. Mr. Haig: —except probably the honourable member from Blaine Lake (Hon. Mr. Horner). I do not know what he did.

Some Hon. Senators: Oh, oh.

Hon. Mr. Crerar: We are in danger of developing a tempest in a teapot. I do not say that either the leader opposite (Hon. Mr. Haig) or his deskmate (Hon. Mr. Aseltine) ever favoured this legislation, but I do say that their party in the other house supported it right down the line and claimed it did not go far enough. Naturally the Socialist party in the other place lent support to the bill, and consequently this coercive, mandatory legislation has been placed on our statute books.

It is not the least bit necessary to give the Canadian Wheat Board these arbitrary powers in order to carry out the terms of the International Wheat Agreement to which we are a party. They have not got such

powers in the United States, and I doubt if they are found, to anything like the same extent, in any of the other exporting countries who are parties to the agreement. This is one of the reasons I am opposing this legislation.

How is the Wheat Board going to operate when the Canada-United Kingdom Wheat Agreement is terminated and the International Wheat Agreement is put into operation? How will the Wheat Board determine the price at which to sell Canadian wheat, because the maximum price is held at \$1.98 a bushel and the minimum at \$1.54. Where is the Wheat Board to get the information upon which it can base an asking price from the countries who want to buy our wheat somewhere within this price range? It may be asked "How has the Wheat Board been able to establish a price on the Class 2 wheat which it has been selling each year outside the British Wheat Agreement?" The answer is that the asking price of the Board was determined on the basis of the prevailing prices of grain on the Chicago and Minneapolis markets. Here we find ourselves in the situation where we have to go to the markets of an outside country to determine the value of the produce we have for sale. The Wheat Board is faced with the same situation as it faced when, under compulsory orders, it was given the marketing of oats and barley. How did they determine the price of these commodities? They left the future markets in Winnipeg open.

Hon. Mr. Haig: You are quite right.

Hon. Mr. Crerar: Honourable senators, I do not want a single word of anything I have said today to be even remotely considered as being a criticism of the Wheat Board. In my opinion we have been fortunate in having the kind of Wheat Board we have had.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: I am sure that anyone who has taken the trouble to read the report of the Wheat Board for the crop year 1948-49 will agree with me that in a frank and full way it gives all the information relevant to the problems of the Wheat Board. My quarrel is not with the Wheat Board. During the past year it handled the marketing of oats and barley in a way that is to be commended. These feeding grains were scarce and, despite what the Ontario and Quebec buyers might have thought, the prices asked were what the market warranted. There is no place, whether it be at an auction or any other place, where the price of any

commodity can be better determined than on a market where open competition flourishes.

Honourable senators, I come now to the conclusion of my remarks. I apologize for speaking at such length, but I do feel strongly about this bill. This is not the kind of legislation under which this country has been developed. It has been the self-reliance and initiative of our individual citizens which in the space of eighty years has developed our vast resources. If our forefathers or even our fathers had been asked in their day to contemplate legislation of this kind I am certain that they would have trampled it into the dust. This is not the way by which Canada has developed, and it is not the way in which its greatness can be preserved.

Some Hon. Senators: Hear, hear.

Hon. G. P. Campbell: Honourable senators, not being from Western Canada, I suppose I should not participate in this debate; but I should like to make a few remarks about certain features of the bill.

First of all I want to congratulate the honourable senator from Churchill (Hon. Mr. Crerar) on the splendid historical sketch he has given us, and to join with him in his strong protest against the manner in which this legislation interferes with the personal and private rights of our people.

I do not profess to know much about the marketing of grain, and I do not know what effect the operations of the Wheat Board have had upon the resources of Western Canadian farmers—this may be a debatable point; but in my opinion the Wheat Board has conscientiously administered the Act in the interests of not only the farmers but all the people of Canada.

Legislation vesting such extraordinary powers in the Wheat Board was probably necessary during the war period and for a few years thereafter. It is my opinion, however, that as the emergency has ended—that is, the war is over, and instead of a shortage of grain we now have a surplus which we are trying to dispose of on world markets—we must consider restrictive measures of this kind very carefully. I am strongly in favour of private trading, and I think it would be beneficial to all our people, including western farmers, if we disregarded this restricted form of trading that is now imposed upon the marketing of our grain. It is interesting to note that this measure goes so far as to vest in a board power to refuse permission to import grain from other countries. In other words, an importer of grain from the Argentine, South Africa, or other countries, must first obtain a permit from the Wheat Board

before he can bring any grain into Canada. That is a most extraordinary power, which is bound to interfere with the normal trade that has always existed between Canada and other nations.

The particular section of the bill upon which I wish to comment is the one that was referred to by the honourable senator from Churchill (Hon. Mr. Crerar), namely, section 8. This section declares that the mills, feed houses and, as the honourable gentleman put it, chicken hatcheries, are works for the general advantage of Canada. I submit that this house should be most careful in considering a proposal of this kind. It is, in my opinion, an attempt to interfere with property and civil rights, a direct invasion of provincial rights. If the Parliament of Canada has control over all flour mills, feed mills and so on, as stated in the section, it is not necessary to have a declaration of this kind in the bill. I suggest that the object of this section is to give to the federal parliament jurisdiction over operations which are matters of property and civil rights, and entirely under the jurisdiction of the provinces.

If in legislative matters the Senate is to protect provincial jurisdiction, and property and civil rights, this section should be examined by us very carefully and minutely. I find it impossible to imagine that the mills and "hatcheries" referred to can honestly be declared to be necessary works for the general advantage of Canada. They are plants which operate exclusively under provincial jurisdiction, and that jurisdiction should not be invaded by legislation of this kind.

I am greatly troubled to discover a reason for such legislation at this time, unless it is that grain is to be bought and sold and entirely controlled by the Wheat Board. But it does not seem necessary to tie up all the facilities for the handling of grain, as proposed by the bill. During all the time that grain has been merchandised by other means in Canada, these same facilities have existed, and they were able to carry on without any drastic legislation vesting complete control over mills and warehouses in a board. I submit that the continuation of control, as provided for in section 8, is unnecessary for the successful handling and merchandising of the grain crops of this country. In the preamble to the amending legislation of 1947 it was stated that the changes there set out were needed by the government to enable it to carry out the wheat agreement with the United Kingdom. Now I think it is important to honourable senators to note that section 9 of the present bill repeals that preamble, although the powers vested in the Wheat Board are to be continued.

I urge that it is the duty of the Senate, as a house of parliament, to examine this bill very carefully and see that it does not contain any provision that is unnecessary or contrary to the facts. As a lawyer, I should say that if in a case that came before the courts there arose a question whether a certain flour mill was within federal or provincial jurisdiction, the matter would be judicially weighed on the evidence; but when the courts are confronted with a declaration such as is contained in section 8 they are inclined to assume that before passing the section parliament took into account all the relevant facts and that in the light of those facts a majority of members of both houses believed the law to be necessary and proper.

Hon. R. B. Horner: Honourable senators, is there a rush to give this bill second reading today?

Hon. Mr. Robertson: As my honourable friend knows, I am always quite willing and happy to accommodate honourable members as far as possible. I had taken the liberty of advising some interested parties that if this bill were given second reading today it would come before the Banking and Commerce Committee tomorrow morning. If it is the desire of the house, I am quite agreeable to have discussion on the bill continue this afternoon and, if necessary, this evening. If that is not the desire, I shall have to change the arrangements made for tomorrow morning's meeting. While I had hoped that the debate would be concluded this afternoon, I am not pressing the point. I am in the hands of the house.

Hon. Mr. Lambert: Honourable senators, I would humbly suggest to the leader (Hon. Mr. Robertson) that he permit the discussion to continue, even though this should make necessary some change in the time set for the committee meeting. I wish to say a word or two on the bill along an entirely different line from what has been said so far. This is an important matter. I think that in our handling of this bill the very existence of the Senate as a legislative body in the constitutional set-up of this country is at stake, and we should make up our minds whether we are or are not going to meet the situation. If we do not do that, we are simply adding one more statute to the record which one day may be used against us.

Hon. R. B. Horner: Honourable senators, with leave of the house I move the adjournment of the debate.

Hon. Mr. Lambert: Why not discuss the matter now?

Hon. Mr. Horner: Very well, I will. I had intended, before speaking, to get some

information from the speeches delivered in opposition to the board in 1935 by the late Dr. Motherwell; however, honourable senators are no doubt familiar with that phase of the question.

At the outset I wish to say that I do not entirely agree with some of the remarks made by the honourable leader on this side (Hon. Mr. Haig), and in many respects I am in agreement with the honourable senator from Churchill (Hon. Mr. Crerar). It does seem that by some means he and I have got into a world different from that which we had pictured and believed in. I well remember a remark made by the Right Honourable Arthur Meighen on one occasion, to the effect that man was given either a scythe or a cradle, and that with either he could earn his livelihood. But the amalgamation of huge capital interests and organizations of various kinds resulted in the setting up of combines the details of which the best detectives cannot search out; and it was in this world that the western farmer felt the need of some form of board or pool to market his product.

I take issue with my leader on this side when he says that farmers sometimes refuse to think. I presume he means that they refuse to concern themselves with the gamble of the grain exchange. I say to him that the farmers who do not think do not stay on the farm; they are forced to go into cities and towns and enter the legal profession.

Some Hon. Senators: Oh, oh.

Hon. Mr. Horner: The honourable senator from Churchill spoke of the United Grain Growers and the old co-operative elevators. I have always been very proud of the record of these organizations. I spent a great deal of time organizing the co-operative elevator in my district. This method of marketing worked very well, and all the elevators made a good return on the capital investment. I sometimes get letters asking me to be loyal to my co-operative elevator. But it was a co-operative in name only, for the man who took his grain to an independent elevator shared in the benefits which the co-operative sale of my wheat helped to produce.

The co-operative elevator was managed by a board, which held an annual meeting of delegates sent from each elevator company. I am very proud of the part I took at the last annual meeting, when I moved a resolution for the sale of the co-operative elevator to the wheat pool. That sale brought about much better conditions for the farmers, and I have never regretted my part in it. Only those who draw wheat and remain loyal to their own company received any benefit from or own any shares in the pool elevator.

The United Grain Growers is operated for profit; its dividends are paid, not on the basis of wheat delivered but on the basis of the money invested in the enterprise.

Hon. Mr. Aseltine: No.

Hon. Mr. Crerar: Will my honourable friend permit me to correct a remark? The United Grain Growers today pay a patronage dividend.

Hon. Mr. Horner: My point is that that scheme was adopted by the line elevators after the pool elevators began to pay a dividend, the reason being that the line elevators were forced to compete with the pool.

The honourable senator from Churchill in his remarks said that wheat reached its lowest price during the thirties. I remember that in the fall of 1907 I bought wheat for ten cents a bushel, and even at that price there was no demand for it. In fact, it was impossible to take out a load of wheat and sell it at any price; the elevators closed their doors.

Hon. Mr. Crerar: I apologize for interrupting my friend again, but if he will permit me, I think it was in 1933 that wheat on the international markets dropped to the lowest point in 300 years.

Hon. Mr. Turgeon: What year was that?

Hon. Mr. Crerar: 1933.

Hon. Mr. Lambert: 1932.

Hon. Mr. Horner: There was a financial crisis in 1907, and the grain markets closed down entirely. I do not know whether that condition extended throughout the world, but I well remember that it existed in my part of the country.

My honourable friend also spoke about grain organizations and the method of reporting crop conditions—adequate rainfall here or drought there; that the farmer was thinking of selling his grain or of holding it, and so on. But at one time, notwithstanding the fact that the farmer puts every thing he has into his wheat crop, there was no organization through which he could sell it. Let me compare the strong organizations behind the manufactured products which the farmer buys with the uncertainty which the farmer formerly faced in the marketing of his produce. For instance, when a farmer goes to a machinery company such as Massey-Harris, John Deere, McCormick, or Oliver, to buy a combine or any other piece of equipment he finds that each company's price is the same. The companies are organized—if you wish, they have a pool—and no one is able to report that a million combines are coming in from another country

at a lower price, thus forcing down the market and enabling the farmer to buy his machine cheap.

How would the members of the legal profession like it if their services were offered on a mart, as it were, where their services could be bargained for? If that were to happen, we might even hear that Haig was in poor shape today and offer him low fees for his services. Would our lawyer friends like to do business in that way?

For thirty years a large percentage of the farmers of Western Canada have, rightly or wrongly, been opposed to the operations of the Winnipeg Grain Exchange as the only medium for the sale of their wheat. I remember that in 1917, 1918 and 1919 the wheat pool provided the most satisfactory marketing method the farmers of Western Canada had ever had. Of course there was the usual complaint that the Tories would not honour the participation tickets, and many foolishly gave them away. The scheme worked quite well, and ever since that time the farmers have been in favour of a board of some kind.

I do not intend to enter into a discussion of how much the farmer may have lost, but I do know about the low prices which he has received. One of the worst years was 1937, before McFarland was dismissed, when the board gave away the wheat.

Hon. Mr. Lambert: That was 1935.

Hon. Mr. Horner: My party was suffering by reason of the poor market, and although the West produced in that year 130 million bushels of wheat, there was no farmer on the board. At that time it was not a political board, as it is today, and the farmers insisted that they be represented.

I come now to coarse grains. Certainly, the western farmer is not satisfied with what is being done in the way of marketing his coarse grains. The authorities today take his products and sell them to the farmers of Ontario for less money than the producer could get for them. It is this sort of procedure that the western farmer objects to.

To understand the severe drought conditions in Western Canada in 1937, all that anyone had to do was travel across the three Prairie Provinces. There was no crop; it was all burned up. At that very time there were about 200 million bushels of wheat on hand, and the board boasted that it had sold some 70 million bushels. In a press interview I protested that this was a crime, because the farmers who held participation certificates thought they still owned the wheat and did not wish to give it away. The understanding was that when there was no crop, wheat should sell at \$1.25 or \$1.50 per bushel; but the board sold some wheat at 70 cents. In six

months the price went up to \$1.54. The farmers could not understand why in less than a year the market went up as much as 75 cents a bushel. The giving away of this wheat in 1937, to which the late Dr. Motherwell objected, was little short of a crime. In my opinion the western Canadian farmers lost a great deal more money through what happened in that year than they did from the operation of the British Wheat agreement.

Not so long ago the British Government wanted the United States to strengthen the position of sterling in relation to dollars by purchasing the great accumulations of rubber which had piled up in Malaya. If need be, it was suggested, the production of synthetic rubber could be reduced. What is the situation today? There is not only no surplus of rubber; there is a great shortage. If honourable senators who are interested in questions of exchange could give a satisfactory explanation of such occurrences, I should feel more content. It is beyond the competence of any man, certainly of the individual farmer, to protect himself from price fluctuations. One farmer, more fortunate or perhaps wiser than his neighbour, could sell his wheat on the Grain Exchange for \$1.50 a bushel; another man, with perhaps the same family obligations, could get no more than a dollar. Under such conditions there is bound to be dissatisfaction. It was experiences of this kind which drove the farmers to the point where they were willing to pool their grain. In 1931 or 1932 the pools operated on a monthly basis. I wanted to pool my wheat on a yearly basis; and I know that for eleven cars of the best wheat I ever grew I got only 32 cents a bushel. For the next crop I received up to 70 cents a bushel. That was the period of low prices of which the honourable senator for Churchill (Hon. Mr. Crerar) has spoken. I should not have pooled my wheat had I realized that the organization was operating on a month-to-month basis.

I do not object to some measure of government support of the pools. May I remind honourable senators that, of all the loans made to the pools by provincial governments, every cent has been repaid. This much can be said for the pools, that they managed to pay their loans and give their farmer members better service than they received from the line elevator companies. I assert that without fear of contradiction from any quarter. I advise any honourable senator who is interested in the subject to get a copy of the late Dr. Motherwell's speeches in opposition to the treatment by the government of the Bennett Wheat Board after the Liberals were returned to power in 1935.

Hon. Norman P. Lambert: I shall not detain the house for more than a few minutes. I should like to draw attention to one outstanding aspect of the consideration of this bill; I refer to the functions of democratic government in this country. I had intended to speak today on another item on this agenda which will be held over until next Monday, and my remarks would have borne directly on the responsibilities of the Senate in the Parliament of Canada.

The bill we are now considering raises very definitely a point of view which might be adequately expressed in the discussion on the resolution submitted by the honourable senator from Ponteix (Hon. Mr. Marcotte), who unfortunately, under most regrettable circumstances, is absent.

As to the present bill, we have had from the honourable senator from Churchill (Hon. Mr. Crerar), as we usually do when he deals with this subject, a very enlightening address. He has described the sequence of events that have affected the marketing of western Canadian wheat during this last forty years, and which have led to the present situation. A good deal of what he said is familiar to me, because I was associated with him intimately some thirty years ago in connection with the development of the co-operative farm movement and in the creation, after the first war, of the Wheat Board. He might have said more about the first Wheat Board and its effect upon the thinking and point of view of the grain growers of middle western Canada, because it was then and there that the seeds of what was to come were sown.

All of us remember the circumstances which surrounded the approval some five years ago of the Canadian Wheat Board Act. I was opposed to it. I thought, and still think, that it gave sanction to a most regrettable transaction, which was simply the selling ahead of time of five successive wheat crops; or, to put it in an old parlance, selling the wheat of Canada five years short,—something that a private institution or group of people engaged in the business would no more think of doing than of cutting off their heads. It was a most improvident and regrettable transaction; and we can now look back on the history of the last five years and estimate just how unbusinesslike it was. The honourable leader of the opposition (Hon. Mr. Haig) in his speech yesterday referred to this chapter of events; but I submit that when one happens to have been involved in a public transaction there is not a great deal of satisfaction, either from a public or a personal point of view, in being in a position to say "I told you so". There may be some political advantage in occupying such a position, but there is

very little that is either gratifying or exalting. The fact of the matter is that this body, the upper chamber which is supposed to represent the sober second thought of parliament, failed to do its duty in connection with that legislation; and I think it will fail to do its duty in connection with this bill.

I come now to the central thought of what I have had in mind. When, five years ago, the scheme embodied in the Wheat Board Act was introduced, the only view that I know of which was expressed here in opposition to the bill was the view of those of us who pointed out the unsoundness of it, the lack of any contractual obligations, and the probability, from a business standpoint, that financially it would not return as satisfactory a result as was expected of it. But the organized farmers of Western Canada and the Canadian Federation of Agriculture wanted to have a long-term contract to enable them to look forward to a stable market and a known income. This point of view prevailed in the end, despite the judgment of more experienced people who based their opinion on the merits of the legislation. Those responsible for introducing the measure said that they were doing so because of the demand of the organized farmers. They said, "We must give them what they want."

Let us consider whether in Canada today a democratic government is justified in giving the grain producers what they want, or whether it should tell them: "You do not know what is good for you. We refuse to do what you want, and we shall adopt other measures which we think will be for the financial benefit of the whole country." Not one person inside or outside parliament, apart from a few members in this chamber, was willing to assume the responsibility of saying such a thing.

Should a democratic government respond to the demands of the public and let the public learn its lessons through bitter experience, or should it do the things which in its wisdom and judgment it feels should be done regardless of the demands of organized groups? It is my opinion that such legislation as this which has been put on our statute books, particularly in the past ten years, has largely been the result of pressure applied on the government by organized groups; and I do not believe any pressure group has been more successful in obtaining results than organized agriculture. Labour has had some success, but certainly the political power of this country has shifted from what we all once recognized as the middle class, or business group, to agriculture and labour. Anybody who cares to study this whole issue will find this to be true.

Honourable senators, the bill before us, like the original Act, is based ostensibly, on an agreement—the International Wheat agreement—and I do not think there is any guarantee that this agreement will work out more successfully than did the British Wheat agreement. Therefore, I ask, are we in the second chamber of parliament going to quietly say that political considerations will be observed here at the expense of convictions? It seems to me that this is the real issue presented to us by this bill, and it is with this thought in mind that I look back on the discussion which took place when the original Wheat Board Bill and the British Wheat Agreement were before us. Fundamentally and basically I think these points are worth considering.

Some Hon. Senators: Hear, hear.

Hon. J. Wesley Stambaugh: Honourable senators, I do not propose to discuss the theory, principles or ancient history of wheat, but I want the members of this chamber to compare the financial position of the western farmer before the inception of the Wheat Board with his position since. I simply want to point out what has actually happened. I maintain that the setting up and functioning of the Wheat Board has produced good results for our farmers. I have not belonged to any farmers' organization since 1921, so it cannot be said of me that I belong to one of those pressure groups which have been mentioned here this afternoon. I am a farmer—and not one who has left farming to take up a law practice or anything else.

Some Hon. Senators: Oh, oh.

Hon. Mr. Stambaugh: I am just a plain, ordinary farmer. So let me say that at no time in the history of Canada has the Western farmer been as happy and prosperous as he is today. That is a pretty good state of affairs; and I think that one of the reasons why we are here is to perpetuate legislation which will keep our farmers in a happy frame of mind. There is not even one farmers' organization in my district, and yet nine out of ten of my neighbours and farmer friends with whom I have associated for the last thirty years are, like myself, in favour of the Wheat Board. They have definitely told me so, and have passed resolutions to this effect at their conventions. It is for this reason that I propose to back this legislation. On a question of this kind I prefer to accept the advice of organized or unorganized farmers rather than that of any person from Winnipeg, Toronto or Ottawa. Therefore I am strongly in favour of this bill.

Some Hon. Senators: Hear, hear.

Hon. W. M. Aseltine: Honourable senators, I do not intend to delay the house, but I have never missed an opportunity to speak about legislation of this kind. I would first congratulate the honourable senator from Churchill (Hon. Mr. Crerar) on making a very fine speech. I enjoyed every word he spoke, and I really think it was the best speech he ever made in this chamber.

Some Hon. Senators: Hear, hear.

Hon. Mr. Aseltine: No person is more capable of discussing wheat problems than is the honourable gentleman, because for many years he was president of the Grain Growers Grain Company and later of the United Grain Growers Limited. Although he has not been so active in the marketing of wheat in the past few years, he is still a farmer.

I do not intend to discuss the British Wheat agreement, because I have already dealt with it on two or three occasions. It came to us as an accomplished fact and we could not do much about it. We did not like it, for we were afraid that it would not work out well, and we said so; but in the end we allowed it to go through, hoping that it would turn out to the advantage of the farmer.

The honourable senator from Churchill (Hon. Mr. Crerar) stated that the money which our farmers lost by virtue of the British wheat agreement should not be refunded to them by the Canadian government. I asked him why not, and he said he would give his reasons, or that he was coming to that. Perhaps he is like me, in that when I am interrupted and asked a question I say "I am coming to that," but I seldom do come to it.

Some Hon. Senators: Oh, oh.

Hon. Mr. Aseltine: I want to make my position in this matter as clear as I can. I agree with a great deal of what was said by my leader (Hon. Mr. Haig), and the honourable senators from Churchill (Hon. Mr. Crerar) and Bruce (Hon. Mr. Stambaugh). Coming as I do from a farming district, I am vitally interested in the growing of wheat. I wish to inform the house that 80 per cent of the farmers in the territory where I live, and I think throughout the whole West, are in favour of a wheat board of some sort.

The other 20 per cent are opposed to any kind of a wheat board, as they wish to be free to market their grain on the open market. Of the 80 per cent who are in favour of a wheat board, 60 per cent would prefer a board with compulsory powers for the handling of coarse grains as well as wheat. The remaining 40 per cent of the 80 per cent would like a wheat board of a voluntary

type—that is, one to which they could sell or not, as they pleased—and, operating along with that, an open market. And all who are in favour of a wheat board want one that is non-political and on which farmers are represented. They are of opinion that if the government had not interfered by making the British wheat agreement the Wheat Board would never have made one of its own accord. I too am quite satisfied that if there had been no agreement, the board would have sold the wheat on the open market and obtained for the farmers much more money than they received. That is the situation as I see it.

I do not think the International Wheat Agreement has much to do with the question. At any rate, it runs for only one year at a time, so we shall not be selling five years short as we did in the past. However, we may be selling one year short; and, as my leader (Hon. Mr. Haig) has stated, we may be dependent on the open market in the United States to fix a price for the wheat that we do sell. I am not going to take any definite stand on that, except to say that I am doubtful that the International Wheat Agreement will work out any better than the British agreement did. The only thing I can say in favour of the international agreement is that it is to run for only a year at a time instead of for a longer period.

Hon. Mr. Lambert: Before my honourable friend sits down, would he indicate the source of his definite and specific percentages as to the preferences of farmers?

Hon. Mr. Lacasse: He has been "Galluping" around.

Hon. Mr. Aseltine: I imagine that would be—

Hon. Mr. Lambert:—an estimate?

Hon. Mr. McKeen: He is "coming to that."

Hon. Mr. Aseltine: I get around quite a bit among farmers' organizations in the community where I live, and these percentages are based on my own observation. Information of that kind is not obtainable from the Bureau of Statistics.

Hon. Mr. Campbell: Is the honourable gentleman speaking as a farmer or as a lawyer?

Hon. Mr. Aseltine: As both. I am satisfied that these percentages are approximately correct; that the average farmer prefers a wheat board of some kind, but does not want a political board.

Hon. Thomas Reid: Honourable senators, while for some twenty years it has been my privilege to listen—mostly in the house of Commons—to speeches on wheat and its

marketing, this is the first time that I have risen to take part in debate on a bill dealing with the subject. There is a very good reason for that. In the House of Commons when a bill like the present one is being considered it is usual to leave the discussion to members from the wheat growing provinces. In fact, so strong has this custom become in that house, that if a member from other than one of the Prairie Provinces ventured to say anything about a wheat bill, he would be thought to have something wrong with his head. However, as I come from a province that buys wheat, I make no apology for speaking on the bill now before us.

The other day I asked the leader of the government (Hon. Mr. Robertson) if this bill was intended to apply to the whole ten provinces, and he said it was. I wonder how many honourable senators have read the bill carefully and realize its full implications. To my way of thinking this is a case where, as usually happens, power is being granted more power. A similar thing is happening to the Labour government of Britain, and I doubt if it can turn back in the direction of less power. Generally speaking, once a government starts on the road towards depriving people of their rights, there is no turning back, and in my view this bill provides a striking proof of that statement. Look at section 8, honourable senators. Read it carefully. The board is given control over flour mills and other establishments in every province. Listen to what the section says:

. . . it is hereby declared that all flour mills, feed mills, feed warehouses and seed cleaning mills, whether heretofore constructed or hereafter to be constructed, are and each of them is hereby declared to be works or a work for the general advantage of Canada . . .

If this bill passes, in one fell swoop every flour mill, feed warehouse and grain elevator in Canada will come under the control of the Wheat Board. I ask you honourable senators, is that what you want?

It is because I believe the powers given under this bill will have a bad effect upon all the provinces—not merely the wheat growing provinces alone—that I rise up in protest. As if it were not enough for the Wheat Board to have authority over all grain elevators and mills in the country, it is given besides control over the importation of grain. Thus, anybody in British Columbia who may wish to bring in grain from the United States or any other country will not be allowed to do so unless he first gets a permit from the Wheat Board, which is situated many miles from our province. I say, honourable senators, that the powers which it is proposed

to give to the board are altogether too sweeping, and I am delighted to see this honourable senator devoting so much time to the consideration of this important measure.

I would remind my honourable friend from Bruce (Hon. Mr. Stambaugh) that people who attend meetings of organizations are often easily carried away by spellbinders and soap-box orators. I well remember when it was first proposed to place the control of coarse grains under the Wheat Board. I was then a member of the House of Commons, and I received a communication on behalf of farmers in my district. They had been told that they were being robbed, through transactions on the exchange which were described as gambling, and that this resulted in their having to pay excessive prices for oats and barley. I was notified that if I did not support the placing of coarse grains under the Wheat Board two thousand members of their organization would campaign against me and help to defeat me at the next election. Like the honourable senator from Ottawa (Hon. Mr. Lambert), I tried to point out the path they were following; but they went along with the Wheat Board. Today the British Columbia farmers, without the gamble which they said was the cause of their distress, are paying 40 per cent more for the coarse grains than they did before. So I say to my honourable friend from Bruce (Hon. Mr. Stambaugh) that I know something about organizations, and I know that a man with a glib tongue can lead a group of people up the wrong path. I sometimes think that is what has happened in many organizations in the Prairie Provinces.

I say emphatically that I cannot accept the proposed provisions of this bill.

Hon. A. L. Beaubien: Honourable senators, I do not wish to let this measure pass without expressing my views on it. I am not very enamoured of the compulsory feature of the Canadian Wheat Board Act; in fact, some two years ago, when oats and barley were brought under the provisions of the board, I stood in my place and voted against the proposal. Nevertheless, we must examine the facts and be practical in what we think and say.

I live among and am very intimate with the wheat producers of Western Canada, and I know that they have come to believe, and I think rightly so, in stability. When the farmer sows his wheat in the spring he wants a reasonable guarantee that when his crop is harvested he will receive a certain price for it. The British Wheat Agreement has brought about such stability. I do not say that without the wheat agreement the farmer

would not have got more for his grain, but I know that the stability resulting from the agreement enabled the farmer to meet and liquidate his obligations. In my opinion the farmers of Western Canada are in a better financial position today than ever before in history. I do not say that the British Wheat Agreement deserves all the credit for this, but it certainly has helped.

To learn how well off the farmers of Western Canada are today one only has to inquire of the mortgage companies how many farms were mortgaged prior to the war and how many are today free of debt, or to visit the Land Titles Office and see how many farmers have clear titles to their properties.

Hon. Mrs. Fallis: Would the honourable member permit a question?

Hon. Mr. Beaubien: Yes, of course.

Hon. Mrs. Fallis: Does my friend wish to imply that if it had not been for the British Wheat Agreement today's prosperous conditions would not prevail? I find it hard to believe that the agreement is the sole reason.

Hon. Mr. Beaubien: The farmer knows when he plants his crop that he is going to get a certain price when he harvests it, and he plans accordingly.

The honourable member from Rosetown (Hon. Mr. Aseltine) made the statement that 80 per cent of western farmers were in favour of the Wheat Board.

Hon. Mr. Aseltine: In favour of some kind of board.

Hon. Mr. Beaubien: I would say that if a census were taken today amongst the western farmers—and in my district they are as independent as any other class of people—it would be found that 90 per cent prefer the compulsory Wheat Board to trading on the Grain Exchange.

I am not in favour of compulsory marketing, but the facts speak for themselves. The farmers, like the labouring classes who are looking for pensions and medical protection, want security—in other words, a stable marketing system. Notwithstanding the losses mentioned by the leader opposite and the honourable member from Churchill, the operations of the Wheat Board have made the farmers more contented and happier. I say that with all its shortcomings the Wheat Agreement has been a success.

Coming now to the question of the payment back to the farmers of \$450 million or \$500 million—the leader opposite certainly does not know the right figure, and neither do I—I may say in the first place that the

final payment has not been made, and my honourable friend can only guess at how much it is going to be.

Hon. Mr. Haig: Well, how much do you think the last payment will be?

Hon. Mr. Beaubien: I have no idea.

Hon. Mr. Haig: I predict that it will not be more than five cents a bushel.

Hon. Mr. Beaubien: Well, I do not know, and I am sure my friend does not.

Hon. Mr. Haig: The report shows it.

Hon. Mr. Beaubien: The amount of \$450 million to compensate the farmers for what they have lost—

Hon. Mr. Lambert: It is \$357 million.

Hon. Mr. Beaubien: I thought my friend said \$450 million

Hon. Mr. Haig: I said \$488 million.

Hon. Mr. Beaubien: Anyway, the farmer through the wheat pool and the Federation of Agriculture asked for this contract. Those were the only two organizations which made representations to the government to put the contract through. But there was no guarantee to the farmer that, if the wheat was sold at less than the world price, he would be compensated for the loss. There was no contractual obligation.

Hon. Mr. Aseltine: Then what does the phrase "have regard to" mean?

Hon. Mr. Beaubien: Well, what does it mean?

Hon. Mr. Haig: We are talking about price.

Hon. Mr. Aseltine: It means the losses would be made up.

Hon. Mr. Beaubien: As far as I am concerned, I would of course be pleased to accept a cheque from the government for anything I may have lost through the selling of my wheat under the British Wheat Agreement; but there was certainly no contractual obligation to compensate the farmer if he suffered a loss. The organizations which represented the farmer were satisfied with the contract in the form in which it was signed, and in practice it has worked very well.

Hon. Mr. Howard: Hear, hear.

Hon. Mr. Beaubien: If we could get away from the compulsory feature of marketing I would favour it; but we are living in unusual times when every other country in the world is doing considerable buying through government agencies.

Hon. Mr. Haig: My friend says that he wants to get away from the compulsory feature. May I ask him what there is to

prevent the board from buying wheat on the open market to fill an international agreement?

Hon. Mr. Beaubien: I do not know that there is anything to prevent that procedure, but I say to my honourable friend that if the Wheat Board was to use the option market—

Hon. Mr. Haig: Not the option market.

Hon. Mr. Beaubien: If the board wanted to buy, it would have to do so in the option market on future deliveries.

Hon. Mr. Haig: No, no.

Hon. Mr. Beaubien: If that was done, the wheat growers of western Canada would be up in arms and protest that they did not want any transaction carried on in the Grain Exchange. Mark you, I admit that many farmers cannot give any reason for their attitude—

Hon. Mr. Lambert: Not a satisfactory reason.

Hon. Mr. Beaubien:—nevertheless that is the frame of mind of the western Canadian farmers.

Hon. Mr. Haig: Let me ask another question. In 1946 and 1947 the board sold about 80 million bushels in the open market. Why can it not buy wheat the same way it sells it?

Hon. Mr. Beaubien: The Wheat Board got delivery from the farmers because they were compelled to deliver it to the board.

Hon. Mr. Haig: How did the board fix the price at which it sold the grain?

Hon. Mr. Beaubien: It sold through the Grain Exchange to the various countries that wanted wheat.

Hon. Mr. Haig: No, it did not sell any through the Grain Exchange.

Hon. Mr. Beaubien: It got its prices from a grain exchange, either in Chicago or Minneapolis.

Hon. Mr. Haig: That is right.

Hon. Mr. Beaubien: And today it is using the Grain Exchange for transactions in oats and barley. I repeat, that in practice the stabilization of wheat prices has created contented farming communities all over Western Canada, and after all, if you have got the farmers contented you have accomplished something.

Hon. Arthur Roebuck: Honourable senators, I shall take but a few moments to express my position.

Like the honourable the senior senator from Toronto (Hon. Mr. Campbell) and the honourable senator from New Westminster

(Hon. Mr. Reid), I speak with some diffidence on the matter of wheat. Like them, I am not in the grain business and it is many years since I took part in the sale of a bushel of wheat. Nevertheless, I am very much interested. I listened to the speeches made by honourable senators who do know something about the wheat business, and I see no reason to change from the position that I have held for many years on this type of legislation, and, since I have been a member of the Senate, on this particular legislation. What we see demonstrated by it here and elsewhere, may be said to flow from the philosophy of Karl Marx. When, as a boy, I took part in the growing and selling of wheat, I often heard it said "You can buy wheat from the Liverpool Corn Exchange at a lower price than you can buy it in Winnipeg." The reason was that a number of skilled business men ransacked the markets of the world to buy the best wheat at the lowest price. That sort of individual enterprise was successful: it handled the problem of supplying the United Kingdom more efficiently, in all probability, than it has been handled since.

With the advent of the Socialist government now in power in Great Britain, the Liverpool Corn Exchange was abolished, and a government official was appointed to do all the buying. With many millions of people depending on his judgment, and with all the power of the government behind him, the acts of individuals conferring behind green baize doors became international incidents. As I see the picture, as a result of that action by the British Government we in Canada followed suit: we, too, abolished the free methods of carrying on business and substituted the selling of wheat by government.

In my view, it is as objectionable for a government to go into the business of selling as it is for it to go into the business of buying, and I am opposed to this measure not because I know the details of wheat trading, but as a matter of principle. While I personally have not grown wheat in recent years, and while the constituency I represented in the House of Commons is not engaged in the production of wheat, the portion of the province that I now represent, as well as the rural communities of Ontario, are interested in this measure. If you want an illustration of why we are interested, observe the demand which is now being made that the general body of Canadian taxpayers shall repay to the farmers of the West a supposed loss of \$488 million.

Hon. Mr. Aseltine: Pay it up!

Hon. Mr. Roebuck: Pay it up, yes. As a consequence of this government flyer in

wheat, the general taxpayers are to pay \$488 million to the western farmers. If the people of the city and of the province from which I come are not concerned when suggestions of that kind are made, I do not know what we are interested in. What is involved is not solely the techniques of growing, buying and selling wheat, but general business; and all of us are interested in the general business of Canada. I think I can say fairly definitely, on behalf of the informed people in the province and the city from which I come, that we are opposed to this kind of legislation. I am, at all events.

The honourable senator from Ottawa (Hon. Mr. Lambert) has said that we have failed in our duty. I think he is right. He has also charged that we have allowed political considerations to take precedence over principles. That is not so in my case. I have opposed this type of legislation on every occasion that it has arisen; and I shall oppose it on this occasion. If there are only two or three who agree with me that does not matter; we shall still oppose it.

I propose to vote against this bill.

Hon. Wishart McL. Robertson: Before the question is put, I should like to say a word or two with respect to the discussion which has taken place.

At the opening of his remarks, the honourable leader of the opposition (Hon. Mr. Haig) said he regretted the fact that there were so few in the chamber who have an intimate knowledge of the grain trade and who would be able to participate in the discussion; and I noted a look of utter amazement on the face of the honourable senator from Blaine Lake (Hon. Mr. Horner) that I should venture for a moment to say a word about a business of which I have but a very limited knowledge. To the leader of the opposition (Hon. Mr. Haig) and the honourable senator from Churchill (Hon. Mr. Crerar), who contributed at great length, but not at too great length, to a most illuminating discussion, I would say that theirs is no case of a sudden conversion. Consistently, year in and year out, they have opposed this type of legislation, and they could find no merit at all in the British Wheat Agreement. So with whatever else I might charge them, I could not accuse them of inconsistency.

I was particularly interested—and this I say with no thought of reflecting on the address of the leader of the opposition—in the excellent and informative speech of the honourable senator from Churchill. In the conflict of opinions expressed on both sides of the house, it presents the views of those

who are convinced that the interests of agriculture would be better served by a reversion to the business era which preceded 1929, and which was characterized by entire absence of control or regulation or support of the marketing system: the days of what is popularly referred to as the "boom or bust" policy, the times of \$3 wheat or 30-cent wheat, as fortune might dictate. I suppose, if we were living in a world of free trade such as is envisaged in the resolution introduced by the honourable member from Kitchener (Hon. Mr. Euler), there might be such a reversion; but I am convinced that no Canadian government will ever again throw agriculture to the wolves of uncertainty and wide fluctuations. The tragic circumstances which followed the adoption of the type of policy advocated this afternoon are so vivid in the memories of Westerners that something different has got to be done.

I am not prepared to say whether the British Wheat Agreement or certain regulations which were put into effect to control prices in this country were the essence of wisdom, but I do not think anybody will deny that the economic affairs of Canada during the last World War and immediately thereafter were better handled than they were during the corresponding period in relation to the first World War. And if there should be another war—God forbid it—I would hope that the progress of knowledge of the Canadian people would enable them to handle their affairs at that time even better than we have handled ours. In any event, I am convinced that no future government will ever put agriculture out on the limb again and place the farmers in the position in which they found themselves in the 1930's.

My honourable friend is constantly advocating the lifting of all restrictions on wheat, but I have never heard him clamouring for the removal of tariff protection from this country's secondary industries, so as to leave them to the mercy of open competition. My honourable friends must be fair. They cannot have full protection for their particular interests and argue that agriculture must be exposed to a sort of simon-pure Liberalism, and subjected to the whims and chances of uncontrolled private enterprise, no matter how bitter the consequences. No future government will consent to this. It may be that improvements can be applied to the present method of maintaining a fair market price and keep a floor under it, not only as regards the immediate future but in the event of uncertainties yet to be encountered. But I believe that neither this nor any other government faced with similar conditions, will leave the

basic industries of this country open to fluctuations, no matter how much some of our friends make obeisance to the god of private enterprise, particularly while the industries which supply our farmers with goods enjoy a sort of protection to keep their prices up.

Some Hon. Senators: Hear, hear.

Hon. Mr. Robertson: My honourable friend from Churchill knows that, and indeed my earliest recollection is that his was one of the most eloquent voices I ever heard expounding the theory that we should not protect some industries to the detriment of others.

Hon. Mr. Crerar: I believe the honourable leader is under a misapprehension. I do not object to the Wheat Board, but I object to the compulsory features involved in the carrying out of the International Wheat Agreement. I do not like a number of persons arbitrarily and coercively saying to me that I must do thus and so when it is not necessary in the carrying out of the agreement.

Hon. Mr. Robertson: That is a pertinent statement which I am not in a position to answer. My point is that I would be departing from my traditional Liberalism if I were to support anything that would protect one industry to the detriment of another. Let me repeat: No matter what government may come into power, it will not act differently. As a matter of fact we now have a peacetime regulation—the Agricultural Prices Support Act—which contemplates that prices of agricultural products will not fall below a certain level, and the government is committed to this undertaking. That statute cannot be made workable unless in some way or other a relationship in maintained between prices and the total quantity of commodities produced. So unless we are prepared to remove every obstacle to the free flow of trade and to allow agriculture to take its chances in open competition with the secondary industries, there will have to be some form of regulation or control.

I was interested in the most ingenious argument of the honourable leader opposite (Hon. Mr. Haig) that the wheat producers have suffered a heavy loss. My honourable friend from Churchill (Hon. Mr. Crerar) and another honourable gentleman seemed to be willing to accept this premise. In the historical outline that my honourable friend from Churchill gave us this afternoon he mentioned that when price controls were first established, in 1941, wheat was exempted out of consideration for the producers who had been forced to sell at disastrously low prices in the thirties. He said that control was not placed on the price of wheat until it had risen to I think \$1.23, which was considered to approximate parity

with other commodity prices that were frozen at the time. In the intervening period varying prices have been received by the producers from their sales on the domestic market and for export; and, looked at in the light of the prices fixed for other products, the net return from wheat would seem to have been a pretty fair one. If I am wrong in this assumption, I cannot understand how it happens that our agricultural economy is in such excellent shape, as everyone admits. My honourable friend opposite (Hon Mr. Haig) says that he does business with farmers in Manitoba. I do not suppose he has ever known the agricultural economy in his province to be on a sounder basis than it is at the present time. I think that is a fair statement to make. The apparent advantages arising from a wheat price of \$3 or \$3.50 might for a while have brought about a boom in which prices in general would pyramid and there would seem to be great prosperity; but, as my honourable friend knows better than I do, the uncontrolled market had in it seeds of economic collapse which virtually ruined the economy of the West.

Whatever the price that was fixed, whether by direct control or in consequence of the British Wheat Agreement, the prosperity that the West has enjoyed would indicate that the price must have been fairly reasonable in relation to the cost of production. My friend contends that the farmers could have obtained \$488 million more than they did. This is the extra amount that he estimates they would have received if there had been no British Wheat Agreement, or other form of price control, and if for the portion of their wheat that was sold under the agreement they had been able to realize, not the top-notch Argentine price, but a price higher than was obtained under the agreement, and if Canada and the United States had continued to provide money to enable purchasers to pay the higher price, and if legislation had been passed to exempt farmers from taxation on the \$488 million. And he now says that parliament should vote \$488 million to be paid to the farmers over a period of years.

Hon. Mr. Haig: Would my honourable friend allow me to interrupt, so that I may prevent a misunderstanding? I referred only to the \$488 million that the farmers lost on the wheat sold under the British Wheat Agreement. They sold wheat to Canadian consumers at the same price, but I did not include that in my estimate.

Hon. Mr. Robertson: Yes, my honourable friend says that if account were taken of

the wheat sold to Canadian consumers his estimate of the amount lost by the farmers would have to be increased.

Here is another reason why I cannot understand my honourable friend's argument. Wheat was not the only product subjected to price control when sold either for domestic consumption or for export. Take steel, for instance. Suppose steel producers were to base a claim for compensation on the extra amount they could have obtained during the war period if there had been no price control on their domestic and export business, and if they had been exempted from the payment of excess profits taxes. I venture to say that their claim, though perhaps it might not run to \$488 million, would at least be in the hundreds of millions of dollars.

Hon. Mr. Hugessen: The same could be said about lumber.

Hon. Mr. Robertson: Yes. The lumber industry also was controlled as to its domestic and export business.

Hon. Mr. Haig: May I interrupt my honourable friend again? Did we refuse to sell all the wheat that was needed for the production of flour and bread in Canada? No, we met the full demand.

Hon. Mr. Robertson: I suppose the lumber dealers met the full demand in Canada too.

Hon. Mr. Haig: No, they did not.

Hon. Mr. Robertson: That is not an important point. The truth is that for the benefit of the people as a whole the price of everything produced in Canada was controlled to some degree. All producers could, if they wish, build up a hypothetical bill against the government for the additional money they would have received had no controls been exercised.

I would point out to my honourable friend that the higher prices which he claims the farmers could have got on a free market would have been conditional upon the ability of purchasers abroad to pay. It is one thing to sell goods to foreign purchasers and another thing to get paid for those goods. I suppose that every bushel of wheat that has been sold abroad by this country in recent years has been financed by either the Canadian or the American treasury.

I admit that the wheat industry is a very important one, and my candid opinion is, as I have said before, that under the International Wheat Agreement governments are going to adopt measures in some form or other which in certain circumstances may seem to result in lower prices than otherwise would have been obtained. But I would take it that

from the farmer's point of view, the inestimable advantage of any such agreement is that it creates a floor under which the wheat price cannot fall.

And let me here remind wheat producers of the West that not all primary industries are in as favourable a position as theirs. By way of illustration I will mention two of the major products which my province of Nova Scotia has been accustomed to supply to the United Kingdom market, apples and lumber. It is fortunate for the economy of Canada that at the moment Britain is willing to buy our wheat and the Americans are willing to finance the purchase. Make no mistake about that. Britain does not want our apples just now, and a long-established trade that we have enjoyed with the United Kingdom is in consequence gone. And Nova Scotia's British lumber trade, which existed long before anybody knew that wheat could be grown north of the forty-ninth parallel, has shrunk to relatively small proportions. It has not entirely disappeared, although a few weeks ago most lumbermen in the province feared that it had. And the United Kingdom demand for pit-props has ceased entirely. Well, honourable senators, wheat producers have not been up against anything like that. Partly I take it, because the English are able to buy wheat here cheaper than anywhere else, and partly because the Americans are willing to finance the business, our sale of wheat has continued without interruption. And apparently it is going to continue indefinitely.

I have great admiration for our Prairie Provinces, and I am desirous of doing my part to see that they are never again faced with the terrible conditions which the much-praised free market brought about. I seriously doubt if anyone could show that the British Wheat Agreement, and the stabilized market that Canada continues to hold, have not directly and indirectly resulted in very great advantages to the economy of this country. I need hardly say to my honourable friend that when the price of wheat goes to \$3.00 or \$3.50

a bushel the inevitable consequence will be that the buyers will start growing the product themselves or looking for another source of supply. Though I am not prepared to say that the British Wheat Agreement is in every respect the perfect answer to the marketing problem, it is infinitely better than the alternative of an unstable market, and it promises to be still better in the future.

Many of my honourable friends know much more about the question of wheat marketing than I do, but it is my belief that the system of controlled prices during and after the war has served Canada well. Certainly she is a great deal more prosperous today than she was in the aftermath of the earlier war when there was no price control.

Some Hon. Senators: Hear, hear.

The Hon. the Speaker: The question, honourable senators, is on the motion of Honourable Senator Robertson for the second reading of Bill 252, an Act to amend the Canadian Wheat Board Act, 1935.

Those in favour of the motion will please say "content".

Some Hon. Senators: Content.

The Hon. the Speaker: Those opposed to the motion, please say "Non Content".

Some Hon. Senators: Non Content.

The Hon. the Speaker: In my opinion, the Contents have it.

Hon. Mr. Haig: Carried on division.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 14, 1950

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

Prayers and routine proceedings.

WAR VETERANS' ALLOWANCE BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 180, an Act to amend the War Veterans' Allowance Act, 1946.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 1, 1950, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: Tomorrow.

CANADIAN WHEAT BOARD BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 252, an Act to amend the Canadian Wheat Board Act, 1935.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 13, 1950, examined the said bill, and now beg leave to report the same without any amendment.

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: Tomorrow.

CANADA GRAIN BILL

REPORT OF COMMITTEE

Hon. W. D. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 249, an Act to amend the Canada Grain Act.

The report was read by the Clerk Assistant, as follows:

The Standing Committee on Banking and Commerce, to whom was referred Bill 249, from the House of Commons, an Act to amend the Canada Grain Act, have in obedience to the order of reference of June 5, 1950, examined the said bill and now beg leave to report the same with the following amendment:

Page 3, lines 1 to 5: Delete lines 1 to 5, both inclusive, and substitute the following:

"(1A) The board may require any operator of a terminal elevator or an eastern elevator to refuse to receive for storage in the public space of such elevator any grain grown outside Canada in transit for shipment out of Canada."

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

Hon. Mr. Robertson: Tomorrow.

WORLD METEOROLOGICAL ORGANIZATION CONVENTION

MOTION FOR APPROVAL

Hon. Wishart McL. Robertson moved:

That it is expedient that the Houses of Parliament do approve the Convention of the World Meteorological Organization signed at Washington on October 11, 1947, and that this house do approve the same.

He said: Honourable senators, because of the rapid progress of aviation and the universal interest in meteorology, it has become increasingly important to achieve world co-ordination of weather services, and towards this end two international conferences were held, one at Toronto and the other at Washington. They recommended the establishment of a world meteorological organization as a specialized agency of the United Nations. The convention necessary for the setting up of this organization was signed by representatives of the forty participating countries at Washington on October 11, 1947. Under its terms, the convention is to take effect as soon as it has been ratified by thirty of the signing nations. This condition has been complied with, and the convention is now in effect. Included among the nations that have already ratified the convention are the United States, the United Kingdom, the U.S.S.R., France, and the Union of South Africa.

The objects of the organization are:

- (1) To facilitate world wide co-operation in the establishment of networks of stations for making meteorological observations;
- (2) to promote the establishment of systems for the rapid exchange of information;
- (3) to promote the standardization of meteorological observations;
- (4) to further the application of meteorology to aviation, shipping and agriculture; and finally, to encourage research.

At present Canada has an excellent network of weather stations throughout the various regions of the country, and in co-operation with the United States we operate joint weather stations in the north. These efforts are limited to the study and prediction of weather conditions on this continent. In a country of this size, however, many of the factors that influence the weather originate in far-distant areas, and it is of primary importance that we have extensive and up-to-date information on such factors. It seems apparent, therefore, that an organization of this kind would be of especial benefit to

Canada. The annual cost of Canada's participation would be between \$3,000 and \$4,000.

Hon. Thomas Reid: Honourable senators, it is not my intention at this time to oppose the motion, but I wish to call the attention of the house to the large number of organizations to which Canada now belongs. I have made inquiries, and I am amazed at the number and variety of the organizations to which our government subscribes. I realize that Canada is now taking part in world affairs, but it would be interesting to know how much it is costing Canada to send delegates to these numerous conventions.

With the permission of honourable senators, I will place on record a list of the organizations, some of which have names that, to me, are amusing, and functions which are obscure. The larger organizations are:

Atomic Energy Commission;
Headquarters Advisory Committee of the United Nations;
International Childrens Emergency Fund;
Economic and Social Council.

Canada also is a party to and sends delegates to the following organizations:

The Social Commission;
Economic and Employment Commission;
Narcotic Drugs Commission;
Fiscal Commission.

Just what that is I could not guess.

In addition, we belong to the following specialized agencies:

Food and Agriculture Organization;
International Labour Organization;
United Nations Educational, Scientific and Cultural Organization;
International Civil Aviation Organization;
International Bank for Reconstruction and Development;
International Monetary Fund;
World Health Organization;
Universal Postal Union;
International Telecommunications Union;
International Refugee Organization;
International Maritime Consultative Commission;
International Trade Organization;

—and the body to which we are asked to subscribe today,

World Meteorological Organization.

I come now to the Commonwealth organizations. It would be interesting to know what, if anything, we get out of them. They are:

Commonwealth Telecommunications Board;
Commonwealth Economic Committee;
Commonwealth Shipping Committee;
Commonwealth Agricultural Bureaux;
Commonwealth Air Transport Council;
E.R.P. Commonwealth Committee;
Imperial War Graves Commission;
Commonwealth Conference of Meteorologists;
Commonwealth Survey Officers Conference;
Canada-U.K. Continuing Committee, Trade; and Economic Affairs;
British Commonwealth Forestry Conference.

Coming now to the Inter-American organizations, there are:

Inter-American Radio Office;
Inter-American Statistical Institute;
Pan-American Institute of Geography and History;
Inter-American Committee on Social Security;
Postal Union of Spain and the Americas.

Under the heading "Canada-United States organizations" there are:

Canada-United States Permanent Joint Board on Defence;
International Joint Commission;
International Fisheries Commission;
International Pacific Salmon Fisheries Commission;
International Ice Observation and Ice Patrol Service in the North Atlantic Ocean;
Joint U.S.-Canadian Industrial Mobilization Planning Committee;
International Boundary Commission.

The North Atlantic Treaty organizations are:

North Atlantic Council;
North Atlantic Defence Committee;
North Atlantic Military Committee;
North Atlantic Military Production and Supply Board;
North Atlantic Ocean and Regional Planning Group;
Canadian-United States Regional Planning Group;
North Atlantic Planning Board for Ocean Shipping.

Other intergovernmental organizations:

Central Bureau, International One Million Map of the World;

Just what that means, or what organization that is, I have never been able to find out.

International Bureau of Weights and Measures;
International Union for the Protection of the Rights of Authors and their Literary and Artistic Works;

International Customs Tariffs Bureau;
International Union for the Protection of Industrial Property;

International Cotton Advisory Committee;
International Rubber Study Group;
Combined Tin Committee;

International Tin Study Group;
International Wool Study Group;
International Wheat Council;
Far Eastern Commission;

Inter-Allied Reparation Agency;
International Commission of Military Medicine and Pharmacy;

International Criminal Police Commission;
Inter-Allied Trade Board for Japan.
Reparations Technical Advisory Committee (Tokyo);

International Geographical Union;
International Central Office for the Control of the Liquor Traffic in Africa;

Hon. Mr. Haig: Hear, hear. There is a good one!

Hon. Mr. Reid: Also—

South Pacific Air Transport Council (Commonwealth);
International Institute of Refrigeration.

Hon. Mr. Euler: That is for the "cold war"!

Hon. Mr. Reid: I thought it would be enlightening to honourable senators and the country generally to know to what organizations Canada is now a party. I believe they are costing us a considerable amount of money, and even though they may not involve the setting up of separate delegations and the assignment of specific personnel, I have no doubt that there have been a lot of "joy-rides" from the city of Ottawa to attend conferences of these organizations.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. McKeen: Is the honourable senator himself a member of any board?

Hon. Mr. Reid: Yes, but the board to which I belong is producing tangible results.

Hon. Mr. Robertson: The honourable senator has read a very imposing list of organizations. As to their desirability or otherwise I do not feel qualified to express an opinion. I was about to comment, before the very timely interjection which we have just heard, that the honourable senator from New Westminster (Hon. Mr. Reid) is the only member of the house, as far as I know, who has succeeded in getting on any of these "joy-rides".

Hon. Mr. Reid: Yes, and the meeting was one of the very few that have resulted in practical, monetary benefits.

Hon. Mr. Euler: Which one is that?

Hon. Mr. Reid: The International Pacific Salmon Fisheries Commission.

Hon. Mr. McKeen: I do not think the honourable senator was a member of this chamber when he received that appointment.

Hon. Mr. Robertson: Anyway, he holds the position today.

RED RIVER FLOODS

RELIEF CONTRIBUTION FROM NORMANDY

Hon. Thomas Vien: Honourable senators, the great catastrophe that has befallen citizens of Winnipeg and of a large part of Manitoba has aroused deep sympathy not only in Canada but outside as well.

During the war and the post-war period, in my capacity of National Executive Vice-Chairman of the Canadian United Allied Relief Fund, I had occasion to send relief goods of all kinds to France, Belgium, Holland, Greece and elsewhere; and some to Normandy which had been extensively devastated by the military operations during the invasion, the occupation and the liberation.

I have received from the Marquis of Clermont-Tonnerre, Director of the French Red Cross Society, District of Calvados, Normandy,

a letter which I have much pleasure in reading to this house. This is a translation: the original will appear in our French edition of Debates.

CROIX ROUGE FRANCAISE

Délégation Départementale du Calvados
8 rue Elie de Beaumont, Caen

Villers-Bocage, June 2, 1950

Mr. Senator,

We are always deeply concerned with happy and unhappy events affecting your country. You will, therefore, understand our profound emotion in learning of the awful catastrophe which has befallen the city of Winnipeg and its environs, and with what anxiety we have followed the sinister development of the flood.

I hasten to express to you our deepest sympathy and also to assure you that our most grateful and affectionate thoughts have gone out to your people who are so severely tried.

The Calvados Red Cross gratefully remembers Canada's extraordinary generosity in our distressful periods. We would have been most happy to be in a position to contribute materially to the relief of the hardships caused by the recent flood but, alas, our resources are too limited. Nevertheless, I have collected donations from our various committees and am forwarding the amount to Madame Vanier, modest as it is.

Kindly be pleased to accept, Mr. Senator, the assurance of my very high consideration.

Marquis de Clermont-Tonnerre

I answered the Marquis de Clermont-Tonnerre as follows:

June 6, 1950

Marquis de Clermont-Tonnerre,
Administrator-Delegate,
French Red Cross,
Villers-Bocage,
(Department of Calvados-Normandy)
France.

My dear Marquis,

I was deeply moved by your letter of the 2nd instant, which expressed in so touching a manner your sympathy on the occasion of the catastrophe which has befallen our city of Winnipeg and its environs.

We are most grateful for the concern you are so kindly taking in this disaster, which affects our people in Manitoba and has caused material havoc to the extent of nearly \$100,000,000.

I will deem it an agreeable duty to convey your generous contribution to the Prime Minister of Manitoba and to the Mayor of Winnipeg. This token of sympathy from the beautiful Province of Normandy, which has itself been so severely tried by the war, goes to our hearts. We appreciate the high value of the gesture, knowing that the offerings of the donors come not from their own abundance but rather from their actual want, to relieve the distress of their Canadian brothers. We prize much more the quality than the amount of such a donation, for we know it is heartfelt.

I thank you most sincerely, and pray you to express our profound gratitude to all those who have so generously responded to your appeal on behalf of our Canadian sufferers.

Please accept, my dear Marquis, the assurance of my high consideration, and the expression of my kindest regards.

Thomas Vien, Senator
President,
Canada-France Committee of Montreal

Honourable senators, this is evidence of the deep gratitude towards Canada of the peoples that we have aided, and of that human brotherhood which exists between the nations of the western and democratic world, and which is growing stronger every day.

I hope I have adequately and properly expressed the feeling of honourable senators in my reply to the Marquis de Clermont-Tonnerre.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: As a senator from Manitoba, I want to thank our distinguished colleague from De Lorimier (Hon. Mr. Vien) for the sentiments of appreciation he has expressed to the people of Normandy for their fine gesture of sympathy for the people of Manitoba. On behalf of our people, and especially those of the Red River Valley, I can assure my honourable friend that we are extremely grateful for this contribution. I can say quite candidly that all contributions are sorely needed. The tokens of sympathy which have been extended to us from peoples everywhere have made the people of Manitoba realize what a small place the world really is.

Some Hon. Senators: Hear, hear.

DEFENCE SERVICES PENSION BILL

SECOND READING

Hon. Thomas Reid moved the second reading of Bill 134, an Act to amend the Militia Pension Act and change the title thereof.

He said: Honourable senators, before explaining the amendments contained in this bill, may I first give a brief outline of the Militia Pension Act, which it is proposed to amend? In effect, the object of the bill is to widen and make more liberal the provisions under which the men in the active services may qualify for pension or retirement allowances.

The Militia Pension Act, like Topsy, has just grown up over the years, and now consists of five parts. The first part, which was enacted in 1901, applied only to those who served in the army. In 1928 Parts II and III were added for the purpose of including those who served in the Royal Canadian Navy and the Royal Canadian Air Force. In 1937 Part IV was added, and this provided that pensions paid under Parts I, II and III

should be paid on a monthly basis. Part V of the Act was added in 1945, when a committee of the House of Commons, upon the advice of Mr. G. D. Finlayson, recommended that, for pension purposes, principles similar to those which apply to civil servants under the Civil Service Superannuation Act be made applicable to members of the armed forces.

The first amendment proposed by the bill would change the title of the Militia Pension Act to the Defence Services Pension Act.

Under sections 4 to 12 of the bill all officers pensioned under Parts I to IV, and who are employed in the public service of Canada, are to be dealt with in the same manner, in so far as remuneration and so on is concerned, as are those who come under the Civil Service Act. Under the Act, officers and warrant officers contribute 5 per cent of their pay to the pension fund, and provision is made for their widows and dependents. However, no contribution is made by those below the rank of warrant officer, so when they pass on their widows and dependents are not taken care of.

I believe that the scale of pensions for our armed forces is more liberal than that of any other nation. The following figures will give a few illustrations of the pay and of the pensions payable to married men with thirty-five years of service:

	Pay	Pension
Sergeant	\$2,532.00	\$1,772.40
Warrant officer, class 1		
Tradesman class group 4 ..	3,468.00	2,427.60
Major	5,232.00	3,662.40

I will now deal briefly with some of the other amendments. Contributors under Parts I-IV of the Act who wished to become contributors under Part V were required to make application before March 31, 1948. In the process of reorganization of the forces after the war a number of members of the forces were in some way or other not given a proper opportunity to elect to come under Part V. Section 9 of the bill, therefore, extends to December 31 of this year the period within which anyone may elect to become a contributor under that Part.

The present section 45 of the Act provides that a serviceman may, within one year after he has become a contributor, elect to contribute for the whole or any part of his prior service. This section is repealed, and the new section 45 extends the time within which a serviceman may elect to count prior non-contributory service to six months after the coming into force of the amendment.

Pensions were formerly applied for and granted on the authority of the government and the recommendation of the Treasury

Board. Section 50 of the bill sets up a Service Pension Board, with power to grant pensions.

There are certain other minor changes, and corrections of anomalies, to which I need not refer.

Finally, I may point out that the government intends to introduce within two or three years a completely new Defence Services Pension Act in a consolidated and, it is hoped, simpler form than the present statute.

The motion was agreed to, and the bill was read the second time.

THIRD READING

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

Hon. Mr. Robertson: What is the wish of the house? Is it the desire to have the bill sent to committee?

Some Hon. Senators: No.

Hon. Mr. Robertson: If it meets with the wishes of the house, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRAIRIE FARM ASSISTANCE BILL

SECOND READING

Hon. F. W. Gershaw moved the second reading of Bill 209, an Act to amend the Prairie Farm Assistance Act, 1939.

He said: Honourable senators, I wish to thank the honourable leader (Hon. Mr. Robertson) for asking me to move the second reading of this bill and explain the few amendments it contains.

Prairie farm assistance, commonly known as the dry bonus, has been in operation since 1939. In general the scheme provides that where there is a crop failure and the yield is less than four bushels per acre, a farmer may secure a bonus of \$2.50 an acre, up to a certain acreage. If the yield is from four to eight bushels an acre, the bonus is \$1.50. That scheme has proved rather costly. A bonus has been paid in ten of the eleven years since the Act has been in force. Contributions are made by farmers at the rate of 1 per cent of the value of all grain marketed, and these have brought in a total amount of about \$45 million. Bonuses paid out total about \$124 million, the difference having come from the treasury.

Hon. Mr. Haig: Can the honourable gentleman tell me how much was contributed by and paid out to farmers of each of the three Prairie Provinces?

Hon. Mr. Gershaw: Manitoba has paid about \$7½ million and received about \$2½ million; Saskatchewan has paid about \$24½ million and received about \$94 million; Alberta has paid about \$13 million and received about \$26 million.

Hon. Mr. Haig: I thought that Manitoba had paid more than its share.

Hon. Mr. Gershaw: During the early years of this century homesteaders crowded on to the free range land that the federal government opened up for settlement. I can remember seeing long lines of men standing in front of the land office, all day and all night, awaiting their turn to file on land. In 1915 and 1916 the crops were good; but in general, partly because of poor prices but chiefly as a result of drought, the settlers suffered great hardship, and indeed often were on the verge of starvation. In some years almost every small town had its own relief office, to which farmers applied for food or seed or fodder for their cattle.

Gradually it came to be felt that these people should be encouraged to put in crops and to help themselves as much as possible, and in 1939, with this end in view, the Prairie Farm Assistance Act was passed. The only people who received assistance under the Act were those whose principal occupation was farming and who lived on the land or close to it from May to November of each year. No payments could be made out to land companies or speculators.

The first amendment adds a paragraph (c) to subsection 3 of section 3 of the Act. Paragraph (a) provides that the bonus shall be paid only on half the cultivated acreage, and (b) limits the acreage on which bonus may be paid to not more than 200 acres. The new paragraph (c) narrows the application of the Act to the extent that the bonus shall not be paid on certain lands leased from the government.

In ten of the eleven years in which the Act has been in force the bonus has been paid; eighty-five townships have qualified for the bonus in each of the ten years, and some 339 townships have qualified in nine out of the ten years. The bill proposes to exempt certain lands from these benefits.

Other benefits have been extended to the farmers in dry areas. For instance, some 1,400 persons have been assisted to move to a more productive area. Under the Prairie Farm Rehabilitation Act, 44,000 reservoirs for irrigation and the watering of stock have been constructed. It may have nothing to do with this amendment, but I should perhaps say that 1,750,000 acres of dry land have been taken out of cultivation to be used as community pastures.

To sum up: The first amendment provides that if certain government lands were so poor that they were not taken up before December 31, 1940, they would not now be eligible for the bonus if a crop was scratched in.

Hon. Mr. Aseltine: Before the honourable senator leaves the first amendment, may I ask him if the ineligible farmers are obliged to pay the 1 per cent when they market their grain, with no hope of benefiting from it?

Hon. Mr. Gershaw: That is quite true. Like the honourable senator from Rosetown (Hon. Mr. Aseltine), who perhaps will never benefit under this Act, the farmers in the area to which I refer pay a levy of 1 per cent on all their marketed grain. While it may be considered unfair, it must be remembered that the levy, which covers only about one-third of the cost of the administration of the Act, is made on persons engaged in the industry and is paid back to the industry. There are a few exceptions by which some lands leased from a government may qualify for the bonus.

Government-owned lands which are under the Soldiers' Settlement and Veterans' Land Act are not affected by this amendment. In each district there is a Veterans' Land Act board which is very careful to see that dry lands are not sold to veterans. It does, however, happen occasionally that some returned man wants to settle near his childhood home, or for some other reason acquires a piece of dry land. In those circumstances he is entitled to the benefit of the bonus, if the board has approved his purchase of this land.

In the province of Alberta the government mapped out certain special areas, where the farmers have received a cultivation lease and a grazing lease. These areas are entitled to the bonus.

In the province of Saskatchewan certain land has only become available since December 31, 1940. For instance, the Matador ranch has been taken over by a co-operative organization, and that land is still under the bonus. Some lands which were set aside for school purposes were not sold before 1940, and the purchaser of those lands will be entitled to the bonus if his crop fails. Under the Prairie Farm Rehabilitation Act community pastures were established. In order to accomplish this, some of the settlers were moved from the dry area to irrigated or cleared land. These people still come under the benefits of the Act.

The Minister has said that the amendment which excludes certain land not taken up prior to 1940 is more or less an experiment, and that if it works any hardships the legislation may be reviewed at the next session and, if necessary, revised.

The second amendment in the bill does away with the requirement that, in order to benefit by the bonus, areas not in an eligible township must be of rectangular shape. When the Act was first passed it confined the benefits strictly within township lines. In the yield in a township was below eight bushels per acre the township became eligible for the bonus, but if the average yield was above that figure the township was ineligible. This arrangement led to a good deal of trouble for one farmer would become eligible for the bonus, and his neighbour across the road, but in another township, might be ineligible. Unfortunately, the rain did not stop or start on township lines.

The Act was later amended to provide that rectangular areas adjoining a dry township were entitled to the benefits. Section 2 of the bill removes that limitation, and provides that an area adjoining a dry township need not be rectangular in shape to benefit by the bonus. This amendment entitles the man with a poor crop to get the bonus, whether he is in an eligible township or not, provided that he is in a block of more than six sections contiguous to an eligible township.

The amendment under section 3 of the bill proposes to exempt from the 1 per cent levy certain mills, or feed dealers, who during the war manufactured flour. As they do not now manufacture flour, and are only feed dealers, they should not be required to make the 1 per cent deduction.

To sum up, honourable senators, the first amendment in the bill removes certain leased lands from the benefits of the Act; the second removes the limitation that dry lands adjoining an eligible township must be of rectangular shape; and the third relieves the feed dealer from the responsibility of deducting the 1 per cent levy.

Hon. Mr. Aseltine: May I ask the honourable senator another question? Although I do not come from Manitoba, I am interested in the situation in that province. This year many areas which were flooded will not be put in crop. Will those who farm that land, but will not get any crop, be eligible for awards under the provisions of this bill?

Hon. Mr. Gershaw: That question has come up, but no decision has been reached. The bonus is paid for loss from drought, and destruction by hail and frost, and almost any other cause which reduces the yield. But the direct effect of the flood to which the honourable senator has referred is something new, and, as I have said, the question has yet to be decided.

Hon. Mr. Aseltine: Before the bill is read the second time I want to make a very few

remarks with respect to it. In my opinion the Prairie Farm Assistance Act has been of great value to farmers in dried-out areas. Though personally I have never received any part of the bonuses mentioned by my honourable friend, other farmers in the district from which I come have had considerable sums of money from this source, and, when the crops were poor, for several years in succession.

I have previously mentioned the chief objection I had to the Prairie Farm Assistance Act. A farmer who lived in one of these rectangular areas and harvested forty bushels to the acre might receive a bonus on two hundred acres; that is, just as much money as some farmer a mile or two away who had no crop at all. In some of our districts there are great variations of yield. For example, on a few sections of heavy Regina clay a good crop is assured practically every year; but a mile or two away you may run into sand or some type of light land where crop failures are frequent. But the man on the good land will collect as much as the man on the light land. Of course, the farmer who has a good crop pays income tax on the money he receives; but the existing situation is not satisfactory. To a certain extent that condition is remedied by section 2 of this bill. I think that is quite an improvement.

Hon. R. B. Horner: Honourable senators, I rise to congratulate the honourable senator from Medicine Hat (Hon. Mr. Gershaw) upon the fine job he made of explaining the amendments, and to say to the honourable senator from Winnipeg (Hon. Mr. Haig), who put a question about payments to provinces, that the answer only emphasizes what I have already pointed out,—the great importance of Saskatchewan. It will be noticed that, in spite of crop failures in many parts of that province, no less than \$24 million was paid into the fund by our farmers. That amount is five times as large as Manitoba's contribution.

Hon. Mr. Haig: And what did Saskatchewan farmers get out of it?

Hon. Mr. Horner: Also it is almost five times what Alberta paid. I admit that we received a larger share than they did; but the figures indicate the pre-eminence of Saskatchewan in agriculture. It is our wish and hope that the time will come when the proceeds of the 1 per cent paid in will equal the amount which is necessarily paid out.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Robertson: Do honourable senators wish to have this bill sent to a committee?

Some Hon. Senators: No.

Hon. Mr. Aseltine: There is no object in referring it to a committee.

Hon. Mr. Robertson: With leave, I move that the bill be given third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

PRIME MINISTER'S RESIDENCE BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 266, an Act to Provide for the Operation and Maintenance of a Residence for the Prime Minister of Canada.

He said: Honourable senators, this bill provides for the maintenance and operation of a residence for the Prime Minister. Before the bill was drafted, the government examined methods by which the residence of the Prime Minister in England and the White House in the United States were financed. The Prime Minister of Great Britain is supplied with two residences, one at No. 10 Downing street, the other at Chequers. Both of these are wholly maintained by the government. In the United States the government maintains the White House and supplies a skeleton staff. The President pays for the remainder of the staff and provides for the running expenses of the house. He is given a sum of \$75,000 annually, against which he can draw for these expenses.

In the case of Canada the circumstances were modified by the insistence of the Prime Minister that he should not be any better off as a result of occupying this proposed residence, and his determination to make some payment. This bill would provide that the government shall pay the full cost of maintenance of the residence, but that the Prime Minister shall pay \$5,000 per annum for food and lodging for himself and his family.

By section 3 of the bill, the Department of Public Works will be responsible for the repairs and heating of the residence, and the Federal District Commission will maintain the grounds, and under section 4, the Governor in Council is empowered to appoint, maintain and fix the remuneration of the staff to be employed for the management of the residence. The steward or house-keeper may engage casual help on the advice

of the Prime Minister, and the Prime Minister's chauffeur can be provided with free lodging. Section 5 provides for the annual payment of \$5,000 by the Prime Minister. Section 6 provides for payment of the staff of the residence, for the purchase of food, for cleaning, laundering, and for official entertainment.

Hon. John T. Haig: Honourable members, my stand in relation to this bill is materially different from any that has been taken in the other place. I think a serious mistake has been made. I fully concur with the idea that the Prime Minister should have an official residence. I wholly agree that the people of Canada should buy it and pay for it. I am quite willing that the people of Canada should maintain it, and that the Prime Minister, during his occupancy, should not be charged anything for it; but I cannot understand why we should turn this residence into a castle and make it a place of entertainment for visiting diplomats and other people.

It is my opinion that the Prime Minister has the most difficult job in the country. Much depends on his leadership, and he has a tremendous responsibility to meet not only when parliament is in session but when directing his cabinet the year round; he also has to do a certain amount of public speaking. I sometimes feel that the present Prime Minister is trying to do too much. But that is his own business.

I think Canada should have asked the Prime Minister and his wife to indicate to appropriate officials the type of residence they would have liked as a home; and whether it had cost \$50,000 or \$100,000 it would have been all right with Canadians.

Hon. Mr. Euler: Yes, but it might not have suited the next Prime Minister.

Hon. Mr. Haig: I think it would have. I do not imagine a castle-like home will ever suit any Prime Minister—

Hon. Mr. Euler: I agree.

Hon. Mr. Haig:—as long as he has the interests of his country at heart. There are recognized places for entertaining people; we have fine hotels and splendid country clubs—and do not forget that Canada has been able to get along quite well for eighty-three years without an official residence for its Prime Ministers. We have had our Macdonald and Laurier, our Borden and our King—all distinguished Prime Ministers—and they never had an official residence. I hold that under our system of government it is not necessary for our Prime Ministers to have a residence in which they may receive distinguished guests from at home and abroad.

I never will be Prime Minister; but if I were, I would want a place where I could get away from all the turmoil of public affairs, and I would want my wife to have a peaceful spot in which she could escape the constant glare of publicity. I realize that no Prime Minister can hold his job unless he mixes with the people to a certain extent, but I am old enough to know what my wife and I both like. We would want a place where we could get away from public affairs.

Hon. Mr. Quinn: A place to call home.

Hon. Mr. Haig: Yes. Even though this old structure is now in the process of being remodelled, the Prime Minister has seen fit to buy a quiet place somewhere in the country. I cannot understand why the government—quite apart from the Prime Minister—ever agreed to this stipulation of \$5,000 a year.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: Under our system of taxation it means that \$8,000 or \$9,000 will be paid annually for this accommodation. This may prove useful in bringing home to the Prime Minister the fact that we have heavy taxation; but really, honourable senators, we should not ask him to pay \$5,000 a year for his official residence. He already has to pay income tax on \$21,000 of the \$23,000 yearly income that this country pays him, and I think his services are worth more than that.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: Perhaps the members of the House of Commons cannot say these things for fear they might be open to criticism from their own constituents; but this is one place where a person can speak frankly and openly. I make the prophecy that within three or four years the Parliament of Canada will come to the conclusion that my statement is correct, and that the Prime Minister should not have to pay \$5,000 a year for his official residence. I am sure this prophecy will come true, and that the people of Canada will say: "It does not matter what the conditions, the Prime Minister is worth his hire."

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: My honourable friend from Blaine Lake (Hon. Mr. Horner) chooses to refer to me as a lawyer. Well, I am a lawyer, and just an ordinary one at that. But I am also a businessman, and as such I want to say that if I owned this country and wanted to hire a man to run it I would not dare to pay him less than \$100,000 a year. And I would be getting him cheap at that.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: As one whose country has been exceedingly good to him, and who has enjoyed a happy and successful life in the raising of a family and so on, I do not believe I can look the Prime Minister straight in the eye and say to him, "We are paying you \$23,000 a year, and you have got to pay for your keep". That is not a good thing at all, and I want to say so most emphatically.

Some Hon. Senators: Hear, hear.

Hon. R. B. Horner: Honourable senators, since last year I have apparently gained some support in opposing the establishment of an official residence where the Prime Minister may undertake large-scale entertaining. My quarrel is with the method that the government adopted in going about this business, because it led the Prime Minister to the position where he insisted upon paying this annual boarding-house keep of \$5,000. This property, which had been serving the Australian High Commissioner quite handsomely, was purchased by the government at a cost of \$140,000, and estimates as to the cost of repairs to the building itself vary anywhere from \$150,000 to \$250,000. This means that when the residence is finally remodelled the total cost may be as much as \$500,000. What will the people of Canada think about this?

I want to repeat what I said in this chamber on one previous occasion. It is not the duty of the Prime Minister and his wife to entertain the public in their home. I agree with what the honourable leader on this side (Hon. Mr. Haig) has said on that point. The White House is the only official residence of the United States where diplomatic people visiting that country may be entertained, but in Canada we have the residence of the Governor General for that purpose. Here we are spending thousands of dollars for an official residence for our Prime Minister, but what will happen to the staff—the cooks and butlers and so on—when the Prime Minister and his family go to their summer home? Will the members of the staff just stay on and cook their own meals? I think this elaborate place is entirely out of line. It is a monstrous business and represents one of the greatest pieces of bungling of which any government of Canada has ever been guilty. It will be proclaimed all across the country that, in this time of housing shortage, an Ottawa house which was providing necessary accommodation is being converted into a home for the Prime Minister, and at a total cost which no one seems able to estimate closely. It may be anywhere from \$200,000 to \$500,000. As I understand it, no tenders were called for, nor is there a contract for a specified amount.

The work is probably being done on a cost-plus arrangement, and we know what that means.

Hon. Mr. Aseltine: The total cost will be \$500,000.

Hon. Mr. Horner: It will be \$500,000, and perhaps more. But for \$40,000 we could have built a residence that would have been entirely suitable. How many people will be required to staff this palace? Let me say again that what has been done so far towards providing a home for the Prime Minister is the greatest piece of bungling I ever heard of. Certainly, after a fiasco like this, the federal government has no right to suggest economies to any provincial government.

Hon. Thomas Reid: Honourable senators, with most of the remarks made about this bill I personally am in accord, as I think most senators are. I am one of those who think that we are far too close to the event to form a proper judgment on its historical significance. Many are withholding their criticism, so as not to embarrass the present Prime Minister. I know of nothing that would be more likely to embarrass the Prime Minister than criticism of this bill, with its clause requiring him to pay \$5,000 yearly for food and lodging for himself and family. That is one of the cheapest things I have ever seen in any bill, and it causes me to hang my head in shame.

Hon. Mr. Aseltine: Why not have the clause taken out?

Hon. Mr. Reid: Just a minute; I had that in mind. I do not know whether it would be in order for me to move that the clause be deleted.

I agree that there has been bungling in this matter. In the other chamber it was explained that the reason for not building a new residence was that the Edwards house, which is being remodelled, was too large and too valuable to be torn down. Well, during the twenty sessions that I have spent in Ottawa I have witnessed the demolition of more valuable properties than this. I remember, for example, that a large building which would have lasted for another one hundred years and was worth more than the Edwards property, was destroyed to make way for the Confederation Square.

As I say, we are too close to the event to get a good perspective. In considering the bill, many of us are thinking of the present Prime Minister; but we should look at it in the light of the fact that the residence is being provided for all future Prime Ministers as well.

It has been openly stated that the Edwards house, when renovated, will cost \$500,000. As I see it, the income tax may provide one reason for the requirement, in section 5 of the bill, that the Prime Minister shall pay \$5,000 yearly for food and lodging. If he had to include in his income return the full annual value of the lodging provided him in that house, he would have nothing left out of his sessional indemnity and official salary. Though it may not be in order for me to move for the deletion of section 5, I will at least suggest that the bill be referred to a committee where we can discuss the whole matter thoroughly. Members of the House of Commons felt, as I do, that criticism of the bill would be highly embarrassing to the Prime Minister. But, after all, we are providing a home for Canada's Prime Ministers for a long time to come, and I for one should like to be able to feel sure that we are doing the right thing.

I realize that we in the Senate cannot raise the Prime Minister's salary, but at least we can call attention to its inadequacy. We seem to be very niggardly indeed in our treatment of the head of our country. He is the chief officer of a corporation doing an annual business of \$2½ billion; yet he is paid only about half as much as is the Governor of the Bank of Canada, or about one-third what we give to the President of the Canadian National Railways.

The Prime Minister of this great country should have an official residence in keeping with his position, and not a place such as the old Edwards home. It has been stated that this house has an historical interest. Well, for people in Ottawa it may have; but no one outside of this city ever heard of it. I challenge honourable senators to tell me of anyone in the east or west of Canada, for instance, to whom the Edwards home means anything at all.

I should like to see inserted in the bill a clause giving a name to the residence. The White House, No. 10 Downing street and Chequers are names known all over the world. It will take a long time before the one we choose for our Prime Minister's residence becomes as widely familiar as any of these, and we should not postpone our choice indefinitely. I do not propose to suggest a name, for I know how much controversy would be aroused if I did.

I agree that a modern and suitable home could have been built for the Prime Minister at a cost of not more than \$75,000. What we are providing is an establishment appropriate for a millionaire, and some of our

Prime Ministers may not have the financial means to enable them to keep up the style expected there.

I consider that the provision for payment of \$5,000 yearly by the Prime Minister for food and lodging cheapens the whole bill, and I am going to protest against it as strongly as I can. I sincerely regret it if my criticism will cause any embarrassment to the Prime Minister, for whom I have great respect, realizing as I do that although we pay him a mere pittance he has renounced a large professional income in order to carry on in his high office in response to the wishes of the people. I certainly hope that the bill will be referred to committee, in order that we may amend it and place on the statute books an Act of which we can feel justly proud.

Hon. T. A. Crerar: Honourable senators, in some respects this bill is a difficult one to deal with, for it touches matters that even to a Prime Minister are of more or less personal concern. I warmly support the proposal that the Prime Minister of this country, whoever he may be, should have an official residence. Whether good judgment has been used in the selection and renovation of the building referred to in this bill, is a matter of opinion. It is certainly not a matter in which the Prime Minister himself should be in any way involved, for the man who holds that office is not only the leader of his party, but in a peculiar sense is much more than that—he is the leader of his country.

Hon. Mr. Quinn: Hear, hear.

Hon. Mr. Crerar: The provision of an official residence for the leader of our country is only the meed of respect due him, and an evidence of public recognition of the financial obligations always associated with his high office. If I were to offer criticism of this bill, it would be as to the manner in which the whole thing is being proceeded with.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Crerar: Section 3 of the bill places the duty of looking after the furnishing, maintenance and the heating of the residence upon the Minister of Public Works.

I do not know that a great deal of exception can be taken to that.

I very much fear, however, that the provisions of section 4 of the bill may in the future lead to embarrassment and possibly unpleasantness. It may be that in our political battles in this country we are becoming a little more understanding, shall I say a little more civilized, than we have been in the past.

Hon. Mr. Roebuck: We are growing up.

Hon. Mr. Crerar: Section 4 of the bill provides that:

(1) The Governor in Council—

That is the body which is presided over by the Prime Minister.

—may appoint a steward or housekeeper and such other employees as he deems necessary for the management of the residence, and may fix their rate of remuneration and conditions of employment.

(2) The steward or housekeeper may from time to time, with the approval of the Prime Minister, engage casual employees to assist the regular staff appointed under subsection one.

(3) The Prime Minister's chauffeur may be provided with lodging without charge.

Is it not possible, honourable senators, that some future Prime Minister—and perhaps even our present Prime Minister—may suffer because of some criticism of the expense of running his establishment? Contentions may arise, not only in parliament but in the press, and speakers at public meetings throughout the country may berate the expenditures made for the maintenance of this official residence. Such difficulties are not beyond imagination, and for that reason we should think carefully before we place the Prime Minister of this country in a position of being exposed to such criticism.

Honourable senators may ask: "What better arrangement can you suggest?" I suggest that parliament provide the Prime Minister with an allowance ample to discharge the responsibilities of his office. My present thought is that it should certainly not be less than \$15,000. I would remind honourable senators that we provide our foreign ambassadors and our high commissioners with allowances out of which they maintain their establishments and do the entertaining that is required of them. It may be that the Prime Minister's allowance should be even \$25,000, because I understand that some of our ambassadors receive that much. In any event, it must be sufficient to permit him and his lady, if he has one, to run their own establishment adequately without going to the Governor in Council or to the Minister of Public Works to seek permission to hire a chef or a housemaid.

Hon. Mr. Euler: Should that amount be tax exempt?

Hon. Mr. Crerar: It is an expense allowance, and certainly should be exempt.

It does seem to me that such an arrangement would be a more dignified way of handling the problem than that provided by section 4.

I am strongly of the opinion that section 5 should be deleted before the bill is passed by this house.

Some Hon. Senators: Hear, hear.

Hon. Mr. Crerar: It is an affront to good taste that we should put in the statutes of Canada a provision requiring the Prime Minister to pay \$5,000 a year in return for food and lodging for himself and his family. I ask you, honourable senators, what are we setting up—a glorified boarding house for the Prime Minister?

Hon. Mr. David: May I ask my honourable friend if he has any figures as to how much of the Prime Minister's salary is left after payment of income tax?

Hon. Mr. Aseltine: We do not know his total income.

Hon. Mr. Crerar: A rough calculation could be made, taking into consideration that \$4,000 is now tax exempt. But he is entitled to his salary, which for many years has been grossly inadequate for the responsibilities which the Prime Minister of Canada carries. The same criticism might well apply to the remuneration of cabinet ministers, but we will not consider that at the moment.

My suggestion, honourable senators, may bear scrutiny, and it may not; certainly I do not wish to see the household affairs of the Prime Minister become a matter of public contention, and under this bill that danger exists. I cannot understand how anyone could have drafted section 5 of this bill?

Hon. Mr. Euler: That is the way the Prime Minister wanted it.

Hon. Mr. Crerar: I repeat: we are not running a glorified boarding house for the Prime Minister, and certainly that section should come out.

Hon. Mr. Gladstone: May I ask the honourable gentleman if he observed that by section 4 of the bill the chauffeur is entitled to lodging but not to food?

Hon. Mr. Crerar: My honourable friend will have to answer that point.

Hon. Mr. Hugessen: Maybe he lives on gas.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Reid: Honourable senators, I move, seconded by the honourable senator from Wellington South (Hon. Mr. Gladstone), that the bill be referred to a committee.

Hon. Mr. Robertson: Would my honourable friend please give me an opportunity to handle this matter? I have always consulted the house as to its pleasure in these matters, and I would ask my honourable friend to restrain his impatience for a moment.

Is it the pleasure of the house that the bill be referred to committee?

Some Hon. Senators: Yes.

Hon. Mr. Robertson: Honourable senators, I move then that the bill be referred to the Standing Committee on Banking and Commerce.

Hon. Mr. Reid: I am sorry, but the leader of the government does not need to lecture me on procedure. When I made my motion I was looking at His Honour the Speaker; perhaps I should have been looking at the leader.

Hon. Mr. Robertson: I was handling this bill, and my friend should let me continue to do so. I know of no reason why he should think that I was not going to consult the pleasure of the house in the matter.

Hon. Mr. Reid: I did not intend any discourtesy, but I object to any lecture from the leader.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Some Hon. Senators: Carried.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

...the bill was referred to the committee...

THE SENATE

Thursday, June 15, 1950

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

Prayers and routine proceedings.

NATIONAL DEFENCE BILL

REPORT OF COMMITTEE

Hon. W. D. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 133, an Act respecting National Defence.

He said: Honourable senators, the committee have in obedience to the order of reference of June 13, 1950, examined the said bill, and now beg leave to report the same without any amendment.

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

Hon. Mr. Robertson: With leave of the Senate, I would move the third reading now.

Hon. Mr. Roebuck: If there is no hurry, I should like to have the motion for third reading stand until the next sitting.

Hon. Mr. Robertson: Then I suggest that it stand until Monday next.

Hon. Mr. Roebuck: I may not be able to be here until Tuesday.

Hon. Mr. Robertson: Very well, I would ask that the order stand until the honourable gentleman is present again.

The order stands.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented the report of the Standing Committee on Miscellaneous Private Bills on Bill X-7, an Act to incorporate the Association of Kinsmen Clubs.

He said: Honourable senators, the committee have, in obedience to the order of reference of May 23, 1950, examined the said bill, and now beg leave to report the same with certain amendments:

The report was read by the Clerk Assistant, as follows:

1. Page 4 lines 1 to 5 both inclusive: delete clause 10.
2. Page 4 line 6: renumber clause 11 as clause 10.
3. Page 4 line 8: delete "designing" and substitute therefor "design".
4. Page 4 line 11: delete "designing" and substitute therefor "design."
5. Page 4 line 11: delete "words or phrases" and substitute therefor "and title".

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

Hon. Mr. Taylor: With the consent of the house, I move concurrence in the amendments.

Hon. Mr. Haig: Will the honourable gentleman please explain the effect of the amendments?

Hon. Mr. Taylor: Section 10 of the original bill gave to those clubs which belong to the association the exclusive right to use the name "Kinsmen Club". That section has now been deleted.

As to section 11, the Law Clerk was of the opinion that it should be amended in two places by deleting the word "designing" and substituting therefore the word "design", and that the words "and title" should be substituted for "words or phrases".

Hon. Mr. Haig: In view of the explanation which has been given, I have no objection to the motion.

The motion was agreed to.

THIRD READING

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

Hon. Mr. Taylor: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA-UNITED STATES OF AMERICA TAX CONVENTIONS BILL

FIRST READING

Hon. Mr. Robertson presented Bill K-10, an Act to amend the Canada-United States of America Tax Convention Act, 1943, and the Canada-United States of America Tax Convention Act, 1944.

The bill was read the first time.

RED RIVER FLOODS

MANITOBA FLOOD RELIEF FUND

On the Orders of the Day:

Hon. A. L. Beaubien: Honourable senators, on May 23 last the Senate was kind enough to allow me to make a statement to the effect that a committee of both houses of parliament had been organized to receive contributions for the Flood Relief Fund of Manitoba.

I take this opportunity to report the progress. The total receipts to date from the members and the staffs of both houses are \$6,168. I may add that many members of the Senate and of the House of Commons, and of

the respective staffs, had already made contributions in the localities where they reside.

On behalf of the flood relief authorities I want to express sincere thanks to the Clerk of the Senate for his co-operation. I wish also to tender my sincere thanks to all, in parliament and out, who have contributed, and to assure them that the people of the Province of Manitoba are very grateful.

Some Hon. Senators: Hear, hear.

COLUMBIA RIVER INVESTIGATIONS

INQUIRY

On the inquiry by Hon. Senator Reid:

1. What amounts of money have been expended by the International Joint Commission on Columbia River investigations since 1940 and up to the end of 1949?

2. Of the amounts of money expended in connection with Columbia River investigations what proportion of the amounts so expended have been in connection with investigations on the Columbia River in the United States?

Hon. Mr. Robertson: As I have already personally advised the honourable senator, the information for which he asks will not be available until some time next week. I ask that the inquiry stand until June 21.

The inquiry stands.

WAR VETERANS' ALLOWANCE BILL

THIRD READING

Hon. Wishart McL. Robertson moved the third reading of Bill 180, an Act to amend the War Veterans' Allowance Act, 1946.

Hon. W. M. Aseltine: I had intended to make a few remarks on this bill yesterday, when the report of the Standing Committee on Banking and Commerce was presented; but I did not hear the motion for adoption of the report, and before I knew it the report had been adopted. So I am obliged to make my remarks now.

When this bill was before the standing committee, I made a more or less strenuous objection to the decentralization proposals provided for in part V, and it is in connection with those proposals that I wish to speak today.

Part V is entirely new. The first clause, subsection (1) of section 31, is as follows:

The Minister may establish regional districts of the Department and, with the approval of the Governor in Council, for each district establish a District Authority consisting of such number of persons employed in the department as the Minister may prescribe.

Before dealing with that clause I should like to make a few statements with regard to the whole matter of veterans' allowance.

In 1930, by the War Veterans' Allowance Act passed in that year, provision was made for the setting up of a board empowered to make allowances to what are generally known as "burnt-out veterans"—people who had served in an actual theatre of war and who from one cause or another, bad health, or pensions that were not large enough—were unable to provide for themselves. That board was composed of five commissioners, and during the twenty years that the Act has been in force it has done, in my opinion, wonderful work.

Hon. Mr. King: I should like to correct the honourable senator's statement that the class of veterans comprised in the Act included those with small pensions. The Act did not deal with pensions.

Hon. Mr. Aseltine: What I meant was that the board had power to make allowances to veterans who had no pension at all, or whose pensions were insufficient, so that they and their families would not suffer. As I have said, the board has done excellent work.

At the present time 33,000 veterans and their dependents receive assistance by way of allowances under the Act, and if the first part of this bill goes into effect, approximately 3,000 more will be added, increasing the total to 35,000 or 36,000.

The usual amount set aside each year for distribution by the War Veterans Allowance Board is \$25 million, and it is expected that another \$3 million will be added, making a total for this year, and perhaps subsequent years, of about \$28 million.

The present board, which is absolutely free from politics, enjoys the confidence of the veterans, and I do not know of any criticism that has been made of it in the twenty years it has been in existence. That is quite a record. It is one of the boards to which you can freely go if you are making representations on behalf of a veteran: you sit down at a table with the five commissioners, read over the file and frankly discuss the case in hand, and then go away fully satisfied that the whole matter has been dealt with in a fair and proper manner. I am afraid that if Part V goes into force this kind of thing will be at an end, because we have been told that it is proposed to set up sixteen provisional district boards for the whole of Canada. I know of no demand for any such thing. No representation has been made for this from our local organization, of which I happen to be honorary president. I am absolutely opposed to the establishment of these district boards. The minister has stated that they would tend to speed up the handling of veterans' applications for assistance, but I do not agree.

My chief objection to the setting up of these district boards is that for the most part the men in charge will be inexperienced. The present board in Ottawa consists of five commissioners, and there is a trained staff of sixty, who are kept busy checking applications and so on. I ask, honourable senators, do you think that a regional board in Toronto could handle an application for veteran's allowance more expeditiously and capably than the central board which sits in Ottawa, where all the military and other pertinent records are readily available? Do you suppose that a board in Winnipeg or any other city could speed things up? It is more than likely that these district boards across Canada would be obliged to keep referring to the central board in Ottawa for information before they could render a proper decision. I am afraid also that we shall have sixteen different kinds of decisions.

As I said before, in my opinion the present board is absolutely free of politics. But can anyone suggest that these district boards will not have a lot of pressure brought to bear upon them in the making of decisions? I think they will; I should be surprised if it were otherwise. And their decisions will be final. Of course, an applicant who is dissatisfied with the decision of a district board will be able to appeal to the central board at Ottawa, which is to continue in existence. But suppose an applicant in Vancouver is granted say \$50 a month, and the local board's finding is forwarded to the central board. Can anyone imagine that the central board will of its own volition reduce that allowance, or rule that no allowance at all should have been granted? I do not think that will happen at all. I think the central board will be placed in an unfortunate position, for politics are bound to enter into the decisions of the district boards.

Instead of saving expense the new procedure will, I submit, be more costly—for a long time, at any rate—because the district boards, being composed of members inexperienced in these matters, will be obliged to write back and forth to the central board at Ottawa for information and direction.

Those are the chief reasons for my objection to the bill.

I will indicate now what I hope will happen. Honourable members will have noticed that the first line of Part V reads:

The minister may establish regional districts . . .

My hope is that, even though the bill does become law, the minister will consider what I have said and take time to go into the whole matter carefully before deciding whether this Part should be put into effect.

Hon. J. H. King: Honourable senators, I did not know this matter was coming up today,

and I regret that I was not present at the committee when Part V was being discussed. I am inclined to concur entirely in what has just been said by the honourable gentleman from Rosetown (Hon. Mr. Aseltine).

The War Veterans' Allowance Board has been in existence for twenty-odd years and has built up a good record throughout Canada. When the original legislation was introduced I was minister of the department, and together with the deputy minister and General Lafleche—then Colonel Lafleche, who was at that time president of the Canadian Legion—I went to Montreal, where we consulted Sir Arthur Currie, who had been the head of the Canadian forces overseas in the First War. He told us that if the government adopted that measure the veterans should be well satisfied for years; and there is no doubt from what has been said here today that it has served a very useful purpose.

Without having any knowledge of what the minister said in committee or what his intentions are, I too hope that he will thoroughly consider the matter before making up his mind whether to establish the proposed regional boards. I cannot see the need for them, unless the present department is to be absorbed entirely into another. I trust that the minister will study the question most thoughtfully before he disturbs the existing system, which has served well the veterans of the First and Second World Wars and the people of Canada as a whole.

Hon. Thomas Reid: Honourable senators, when this bill first came before the Senate I rose in my place and asked certain questions. I was informed that the bill would be sent to committee, where I would have an opportunity of getting the information I desired. There was a reference to the Banking and Commerce Committee, and at the first meeting when the bill was under discussion someone in the committee was good enough to notify me in my room by messenger. As I am not a member of the committee, that was a nice courtesy to me. I then went to the meeting and asked a number of questions of officials present there, and I think I can say without fear of successful contradiction that the questions I had asked were not answered. Before the committee adjourned it was intimated that the officials could not give the information I requested, and that the minister would be appearing at a later meeting. Now, I know that I had the right to be present at that later meeting, but I was not aware when it was held. I presume that in my absence another senator asked my questions which had been left unanswered. If this was not done I consider the committee was wrong in allowing the bill to go through without giving me some notice, because at

the first meeting I appeared not only as a senator, for the purpose of asking certain questions of the officials, but also, in a sense, as a witness.

I am a little perturbed to find this new Part V in the bill, and I join with those who have preceded me in protesting against it. I wish to say here that I think a great deal of credit is due to the senator from Kootenay East (Hon. Mr. King), who introduced the original War Veterans' Allowance Act—one of the finest pieces of legislation that parliament has ever passed on behalf of returned men. I pay tribute to the honourable gentleman for the wonderful work he did while minister of the Department of Soldiers' Civil Re-establishment. I can quite understand his dislike of the proposed change in the present system, for, so far as I know, the War Veterans' Allowance Board has given complete satisfaction. I have never heard a word of complaint against it. This board has at Ottawa a staff of, I think, thirty-eight.

Hon. Mr. Aseltine: It is sixty now.

Hon. Mr. Reid: That may be so.

Hon. Mr. Haig: That is what we were told in committee, in answer to a question.

Hon. Mr. Reid: Then, there has been an increase in the staff—and the number of employees will be much larger if this new proposal for regional boards is adopted. I am not against decentralization as such, for I feel that many things now being done in Ottawa could perhaps be done better in the provinces. But the War Veterans' Allowance Board is one body whose work has been entirely satisfactory, and I am wondering what is behind the move for decentralization in this instance.

Besides the staff at headquarters of the War Veterans' Allowance Board, there are in each province officials whose duty it is to receive applications from returned men seeking an allowance. A veteran may apply directly to the local officials or he may obtain an application form and fill it out himself. An unemployed veteran of sixty years or more has a better chance than a younger man of receiving an allowance, and anyone under sixty must furnish a medical certificate to show that he is incapable of working. In every application the local officials clear the decks, as it were, before the application is sent to Ottawa. That is, they see to it that all information required under the Act is set forth. And when the board at Ottawa receives the information, it follows the simple procedure of checking it over and thereupon deciding whether an allowance should be granted or not.

When I was present at the committee I asked what benefit would accrue from the

new set-up, and I was told that the handling of applications by regional boards would make for speedier decisions. I believe that in many instances this will not be so. Let me point out to the house what is a fairly frequent procedure under the present system. If the application of a veteran to the Canadian Pension Commission is rejected, on the ground that he is ineligible for a pension, all information accompanying the application is then turned over to the War Veterans' Allowance Board. If the veteran then applies for an allowance under the War Veterans' Allowance Act, this system expedites the handling of the application. Many men whom I have assisted in making application for pension have been granted benefits under the War Veterans' Allowance Act instead.

Subsection 2 of the new section 31 would give to the district authorities all the powers, duties and functions of the board under Parts I, II, III and IV of the Act. I quite agree with the honourable senator from Rosetown (Hon. Mr. Aseltine), that the appointment of sixteen boards will result in sixteen different interpretations of the Act.

My first complaint against the passage of the bill is that the questions which were asked in committee have not been, so far as I am concerned, satisfactorily answered. The Minister may have answered them—I do not know.

Hon. Mr. Aseltine: Not to my satisfaction.

Hon. Mr. Reid: I think a satisfactory answer should be forthcoming. The specific question regarding men who served in the Italian forces, and are now resident in Canada, has not been answered. For instance, a man may have served around Milan or Leghorn, or some other place hundreds of miles from the combat area; yet, after twenty years residence in Canada, he becomes eligible for the war veterans' allowance. I asked the question: would a man who served in the local Italian forces—not in a combat zone—and who has been resident in Canada for twenty years, be eligible for the war veterans' allowance? The answer was: "In most cases, yes".

I vigorously oppose the principle of this bill for the reason that many Canadian lads who volunteered for service in World War I, and who through no fault of their own never got out of England, would not benefit under this measure. To be entitled to benefits, a man in this category must have a disability pension of at least 5 per cent from the first war or be a veteran of the second war, whereas the man who served in the local forces of the Italian army and who has been resident in Canada for twenty-five years, becomes eligible for veterans' allowances.

In most circumstances I am in favour of a policy of decentralization, but in this case I am very much against it. Where did the complaints come from which brought about the recommendation that the government set up sixteen regional boards to do work that is now being done by a central board in Ottawa? I am sure that the additional boards will mean more staff, with no improvement in the administration of the Act. On these grounds I strongly object to the bill.

Hon. A. K. Hugessen: I do not think the criticisms which have been voiced on third reading of this bill should appear unchallenged in *Hansard*. Having attended all the meetings of the committee at which this measure was considered, I must say that I derived an impression very different from that of the honourable senator from Rosetown (Hon. Mr. Aseltine) and the honourable member from New Westminster (Hon. Mr. Reid).

May I deal first with the last point raised by the honourable senator from New Westminster? Apparently he believes that under this legislation a veteran of World War I who served with our allies—that is, either a French or an Italian soldier—in a garrison at say Naples, in Italy, or Dijon in France, and who has been resident in Canada for twenty years, would be entitled to relief under this legislation. The honourable member could not have been at the meeting of the committee when the minister was in attendance and gave, in my view, very satisfactory answers. The minister told us that section 2 of the bill requires any such veteran to have served in an actual theatre of war, which, in World War I, was specifically defined as a place where fighting occurred. Therefore, an Italian veteran of that war who served only in a garrison in Naples, and did not see actual combat, would not be eligible under this bill. That point was made abundantly clear to the committee, and in fact it follows from the wording of the measure.

Now may I deal for a few minutes with the criticisms of the honourable senator from Rosetown (Hon. Mr. Aseltine)? He objected to the power which Part V of the bill gives to the minister, and pointed out, quite properly, that it is a power which the minister may or may not exercise, according to his discretion.

The honourable senator objected to decentralizing the operations of the board which are now carried on in Ottawa, and to the establishment of sixteen regional boards. It was explained in committee that the local offices throughout the country have been dealing with applications in the first instance, and that, as one honourable senator has said, they take all particulars of the

case. At the present time every applicant's file has to be sent to Ottawa, where a final decision is made by the central board. The only purpose of this amendment is to permit the local offices to render the final decision, and thus avoid the delay of submitting the case to the central board. The minister gave committee positive assurance that the change did not involve any additional expense to the public, as the officers who will constitute the local boards are the same persons who now deal with the applications in the first instance.

Hon. Mr. Reid: May I be permitted to ask a question?

Hon. Mr. Hugessen: Certainly.

Hon. Mr. Reid: Has my friend any information as to the present staff at the head office in Ottawa, and whether or not it will be reduced when the sixteen boards are set up?

Hon. Mr. Hugessen: We were informed that the probable result of the passage of Part V of the bill would be a reduction in the staff at the head office, and perhaps an increase in the personnel in the regional offices; but the minister was very specific in saying that he did not contemplate any additional expense. The sole purpose of the amendment, as I have said, is to permit regional boards to deal with cases locally, without referring them to Ottawa.

Hon. Mr. King: May I suggest to my honourable friend that if we adopt that principle in relation to war veterans' allowances, it must also apply to the whole pension administration in Canada. I do not think that the minister would like to go that far.

Hon. Mr. Hugessen: I have no information on that point.

Hon. Mr. King: Perhaps not, but I think I should draw it to your attention.

Hon. Mr. Hugessen: It may be that the minister is considering devolving the pension administration as well.

Hon. Mr. Aseltine: In many cases the veterans' allowance is much larger than a pension would be.

Hon. Mr. Hugessen: I should like to deal rather specifically with the four objections which my honourable friend has raised to this measure.

He complained that the cases would be dealt with by inexperienced local boards that would not have the benefit of the experience and judgment possessed by the central board at Ottawa. The answer to that point is perhaps twofold. As I have

already said, the men who will constitute these local boards are the very men to whom the applications are at the present time being made, and who must therefore be expected to have some experience.

My honourable friend also suggested that the setting up of local boards throughout the country would result in varying decisions. But the legislation is careful to provide that the central board shall have the power of control over the local boards, and that it can, if it so wishes, vary a ruling given by any local board.

Hon. Mr. Aseltine: But for political reasons that will not be done.

Hon. Mr. Hugessen: My honourable friend's third objection was that if local boards of this kind are set up, they are not likely to be free from local politics. Well, if the men who are to constitute these local boards are the men who are already in the employ of the department, and who took the original applications and forwarded them to Ottawa, there is very little likelihood, it seems to me, that any political implications will arise merely because, instead of having them collect the information and send it to Ottawa, you give them the primary right to decide the matter for themselves.

My honourable friend's fourth objection was that this devolution would entail additional expense. I think I have already answered that, in so far as it is possible for me or any honourable senator to answer it, by saying that the minister told us most emphatically that this devolution would involve as far as he knew, no additional personnel and no additional expense.

So, though I am glad that honourable senators have expressed their views before the house, I believe that those of us, or at least a majority of us who attended the meetings of the committee at which these matters were explained, derived a very different impression of the effect of this legislation from my honourable friend from Rosetown (Hon. Mr. Aseltine).

Hon. Mr. Reid: If a man's application is rejected by the local board, where will his appeal lie? To a local board, or to Ottawa?

Hon. Mr. Hugessen: Under section 32, his appeal would be to the central board. That section provides also that the central board can of its own motion review any decision made by a local board.

Hon. John T. Haig: With reference to the absence of the honourable senator from New Westminster (Hon. Mr. Reid) from the second session of the committee, I wish to explain

that I sent him word about the first meeting, and thought he would probably know about the next one.

Hon. Mr. Reid: The fault is mine.

Hon. Mr. Haig: I am very much impressed by the remarks of the honourable senator from Kootenay East (Hon. Mr. King), because he is the man who initiated all this veterans' allowance legislation. I attended every meeting of the committee, and one thing that is as plain as the nose on anyone's face is that there will be sixteen boards; and from my experience it rarely happens that the type of official who is employed to get local information or to receive applications and send them to Ottawa, is as competent as a central board to deal with problems of this kind. That is one reason why I object to the bill.

I object also to decentralization. Who has asked that these boards be set up? Apparently the only person who thought of it was the minister himself. I have never had such a request, and none was made before the committee. I did not hear any representations in favour of it either from the central board or any of the veterans' organizations in my province; and I may say that all of them know me.

Hon. Mr. Aseltine: The minister said it was his idea.

Hon. Mr. Haig: The minister admitted it was his idea. Like the honourable senator from Kootenay East (Hon. Mr. King), I know of no demand for the new set-up, nor of any reason for it. The honourable gentleman who promoted the original act felt, as I think all of us did, that veterans who fell within the categories named were in a difficult position, and that they should be protected, especially when they reached the age of sixty. In that respect the legislation is all to the good.

But, though I hope the honourable senator from Inkerman (Hon. Mr. Hugessen) will be justified in his expectations, I venture to suggest that two years hence, if these boards are established, the cost to the country will be much greater than it is now. There will be sixteen boards; and no doubt each board will find that it must have secretaries and stenographers, and the whole paraphernalia of administration. That is how these things always develop.

When my honourable friend from Rosetown (Hon. Mr. Aseltine) spoke of "political pressure", he did not mean pressure inspired from CCF, Conservative or Liberal sources but local pressure on a local organization. Central boards are free from such influences. People who apply for pensions under the War Veterans' Allowance Act cannot afford to send

representatives to Ottawa to present or support their claims; and this fact relieves a body located at the capital from a great deal of embarrassment. I had the honour, or the burden, during the first World War of being one of a committee set up under the Military Service Act to decide, in a certain district of Manitoba, whether this or that young man should be required to serve. It was a very difficult thing to do.

Hon. Mr. Aseltine: You were lobbied?

Hon. Mr. Haig: No, we were not lobbied; I will not say that. The late Mr. Stovel, I remember, was one of my colleagues on this committee, which served in the eastern half of Manitoba; and we found that to give a decision was much more difficult when some young man came in person to present his case than when the representations were made in writing. We all know that if, as members of some committee, we meet applicants face to face, we do not like to turn them down; usually we postpone consideration until a subsequent meeting, and we may decide against them then. That is human nature.

Under this bill personal applications will be made to sixteen tribunals. I admit that this arrangement is more convenient to applicants. But remember, awards in their favour are a matter of grace. Their legal entitlement to allowances would be under the Pension Act, but their rights have been exhausted. Both my honourable friend from Rosetown and myself questioned the minister quite closely on the matter of delays, and what he had to say about the advantage which would result from this bill was not very convincing. In none of these cases is a delay of a week or two a life-or-death matter. There is, in any event, no claim in law. I agree with the honourable senator from New Westminster that in a matter of this kind centralization makes for uniformity clear across the country.

I shall not vote against the bill, because if I did it might be misunderstood by the veterans, and we do not want to hurt anybody's feelings. But I honestly believe that the minister's policy as embodied in this bill is wrong. Holding the views he does, he should first have reviewed the history of the department and the dealings with veterans over the past twenty years, and then have shown the existence of a real demand from all over the country for the establishment of these boards. He has done neither of these things.

If we vote for this bill we shall be voting to set up these boards. It is quite clear to me that such is the minister's intention, and that it is his idea: apparently no one else evolved or contributed to it. I could understand how a minister, acting under pressure, might put

on the statute books legislation of a permissive nature, allowing himself plenty of time to put it into effect.

Hon. Mr. Farquhar: May I at this point ask the honourable senator a question? He said that he has had no complaints about the Act and no requests for boards of this kind. Has he not had any complaints about delay in the hearing of applications? I have had many complaints about delays encountered in dealing with applications once they have reached Ottawa.

Hon. Mr. Haig: I have been in this city only fifteen years, but it has been my experience that whenever I made inquiries on these matters I always received satisfactory replies. I remember, for instance, inquiring as to whether or not a man had been legally married, and on another occasion my question was directed to whether a certain applicant for allowance had served in a bona fide theatre of war. Those questions had to be answered, and I must say that as a member of the opposition I certainly would have raised an issue had I received any real complaint. I remember one complaint being made, but it did not reach the Board. A certain individual was seeking a pension—it was not an allowance—and I placed the facts before the minister, who gave the matter careful consideration. He even had the young man placed in the Deer Lodge Hospital in Winnipeg for two weeks, where he was examined by competent medical authorities. I was pleased with the manner in which the minister dealt with this case, and when he refused the application I felt that he was quite justified in doing so. I knew the parents of this boy, and I was able to explain to them why their son's application had been refused. That was the only case where any real question was raised, and to my mind it was answered just as satisfactorily as the routine inquiries I had made about marriage certificates and so on.

Hon. Mr. Aseltine: In some cases the inquiry has to do with domicile?

Hon. Mr. Haig: Yes. When the question came up about increasing pensions, the parents of many boys who had served in the war came to me with requests of various kinds; but I have never heard any demand or seen anything in the press about setting up these regional boards. I told the minister this, and he admitted that it was his own idea. I think my honourable friend opposite (Hon. Mr. Hugessen) will agree on that.

I hope the minister will not put this part of the Act into effect until he looks into the matter more carefully. Perhaps some of the things we have said today will help him in

making a final decision. The honourable senator from Inkerman (Hon. Mr. Hugessen) will agree that the minister was fearful about the amount of work that would be involved in taking in an additional 3,000 people under the Act. This may give him grounds for not putting this Part of the bill into effect; but whatever he does we shall have to abide by his decision.

Hon. Mr. Hugessen: May I, with the indulgence of the house, be permitted to make one further observation? It seems to me that in suggesting the idea of setting up regional boards, the minister is probably following a successful precedent established in the early part of the war. Honourable members may recall the Dependents Board of Trustees, which was established to adjudge claims made by the dependents of servicemen for special allowances in cases of hardship, such as illness, fire and so on. I happened to be chairman of the Dependents Board of Trustees for Military District No. 4, and I should imagine that throughout the country the organization was set up on a regional basis much in the same way in which the minister proposes to set up the district boards to handle applications for veterans' allowances. In the case of the Dependents Board of Trustees, regional boards were set up in each military district, and had the power to adjudge claims for special allowances that were made to them from within the respective military districts. A central board operated in Ottawa. It had the power to revise the decisions of the regional boards and to give directives every now and then as to the basis on which the regional boards should make their decisions.

Hon. Mr. Aseltine: Were those boards not operating on a temporary basis?

Hon. Mr. Hugessen: They were in effect for five years.

Hon. Mr. Aseltine: That is what I mean. This is going to be something permanent.

Hon. Mr. Hugessen: The point is that the Dependents Board of Trustees functioned on a regional basis and enabled dependents in each district to apply directly to the board in their own particular district. A person living in Vancouver, for instance, did not have to apply to a board in Ottawa. In the result, the individual regional committees were able to reach almost identical conclusions and to award approximately the same allowances for the same types of claims. It was only on the rarest occasion that the central board had to alter a decision made by a regional board. I just wanted to point out to the house that this type of organization—with regional boards making local decisions, and a central board having the power to revise all cases—has already been found to be extremely satisfactory.

The motion was agreed to, and the bill was read the third time, on division, and passed.

CANADIAN WHEAT BOARD BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 252, an Act to amend the Canadian Wheat Board Act, 1935.

Hon. Mr. Reid: Honourable senators, I am quite aware that any remarks I may make at this stage will not prevent the passage of this bill, and I realize that in years to come there may be little satisfaction in being able to say "I warned you". Nevertheless, I want to go on record as being opposed to the principle of this bill. The Wheat Board is taking more power unto itself, and when it takes powers that affect provinces such as British Columbia, which do not grow grains for export, then I most seriously protest.

The motion was agreed to and the bill was read the third time, and passed.

The Senate adjourned until Monday, June 19, at 8 p.m.

THE SENATE

Monday, June 19, 1950

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

Prayers and routine proceedings.

DEFENCE SUPPLIES BILL

FIRST READING

A message was received from the House of Commons with Bill 302, an Act respecting Defence Supplies and Projects.

The bill was read the first time.

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

Hon. Mr. Robertson: With leave of the Senate, tomorrow.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 310, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1950, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

The bill was read the first time.

The Hon. the Speaker: When shall the bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting.

CANADIAN CITIZENSHIP BILL

FIRST READING

Hon. Mr. Robertson presented Bill L-10, an Act to amend the Canadian Citizenship Act.

The bill was read the first time.

SECOND READING

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

Hon. Mr. Robertson: Honourable senators, with the indulgence of the house, I would move second reading now. I am free to admit that copies have not been distributed to all members, but if, notwithstanding this circumstance, the house is willing to proceed at this time, my honourable friend the deputy leader (Hon. Mr. Hugessen) will give an explanation of the bill. It can then be referred to committee; and the details

may be discussed at any time thereafter, either when the committee's report is presented or on the motion for third reading. My only object is to economize time as much as possible. The bill is being introduced in this chamber; and perhaps under the circumstances honourable senators will facilitate the consideration of it.

Hon. Mr. Haig: Fortunately I have had an opportunity of reading the bill, which is for the most part a consolidation of the present law. One major exception is the provision which deals with the position of a person who by reason of marriage or some other circumstance, is deemed to be a national of two countries. The bill is not, I confess, easy to understand, and I think it should be referred to committee, where questions could be asked and a full explanation made. It is a lengthy bill and will take up a lot of time in committee. Personally I should like to see the bill given second reading tonight so that it may go to committee tomorrow.

Hon. Mr. Aseltine: When will the bill be distributed?

Hon. Mr. Robertson: I hope that it may be distributed tomorrow.

Hon. Mr. Haig: It could not be dealt with in committee unless it were distributed.

Hon. Mr. Robertson: Following the explanation of the bill by the honourable senator from Inkerman (Hon. Mr. Hugessen), I intend to move that the bill be referred to committee.

Hon. Mr. Aseltine: I should like to have an opportunity of reading the bill before it goes to committee.

Hon. Mr. Haig: If the bill were given second reading, it would not be dealt with in committee until copies of it were distributed.

Hon. Mr. Robertson: That is so.

The Hon. the Speaker: It has been moved by the Honourable Senator Robertson that with leave of the Senate the bill be now read a second time.

Hon. A. K. Hugessen: Honourable senators, as the leader has explained, this is a bill to amend the Canadian Citizenship Act. As members of the house will recall, this Act was passed by parliament in the session of 1946, and came into effect by proclamation on January 1, 1947. It has therefore been in effect now for slightly over three years, and, as is so frequently the case with long and complicated measures of this kind, it has been found in practice that a number of minor amendments would be advisable, particularly as to rewording, and to redrafting or rearranging the sections. This bill includes a number of changes which fall within these categories.

I do not propose to detain the house with the consideration of these minor changes, but there are a few additional amendments importing new matter into the legislation, and I think it would be well for honourable senators to have them under their consideration. To some extent these are changes in substance, and the first relates to section 5 of the present Act which provides that a person is a natural-born Canadian citizen if he is born in Canada or on a Canadian ship.

In view of the change in methods of transportation that have taken place in the last few years, one alteration which has been made to section 5 is to widen the definition of a Canadian ship so as to include a Canadian airplane. I do not know whether it is likely that many people will be born in Canadian airplanes; but if they are, by this amendment they will automatically become Canadian citizens.

The second change in section 5 has been brought in to deal with the cases of families of diplomats and of ambassadors accredited to this country to whom happy events occur while they are in Canada. I do not know how extensive the birth rate is in the ambassadorial corps, but I think honourable senators will appreciate that if the wife of the Ruritanian ambassador to Canada, for instance, should happen to give birth here to a child where her husband is occupying the position of ambassador to this country, it is not right that that child should automatically become a Canadian citizen. Section 5 has been accordingly amended by exempting from the general provision those children born in Canada to persons who are here in the diplomatic service of foreign countries.

The next change was referred to by the honourable leader of the other side (Hon. Mr. Haig) a moment or two ago. It is a widening and enabling provision dealing with the case of any married woman who has lost her Canadian citizenship either by marrying a national of another country or because her husband, though originally a Canadian, has become a citizen of another country. This amendment, which is to be found in subsection 3 of section 10, provides that any such woman may apply to the minister for permission to resume her Canadian citizenship, and the minister may grant a certificate of Canadian citizenship in those circumstances. Cases of this kind are not infrequent. A Canadian woman marries a citizen of the United States, for instance. He may spend the whole of his life in Canada without becoming a Canadian citizen, but upon his death his widow may wish to resume her status as a Canadian citizen.

A further provision is for the assistance of people who happen to have lost their

Canadian nationality under circumstances other than marriage. Suppose, for instance, a child is born to a Canadian father and mother who subsequently go to the United States, where the father becomes naturalized. Should the child later return to live in Canada and wish to resume the nationality which he originally had at birth, he may, upon submitting proper proof, obtain a certificate of Canadian citizenship from the minister.

A provision which will be found in section 6 of the bill is designed for the benefit of children who are not Canadian citizens but are adopted by Canadian citizens. The provision, which is an addition to the present Act, is that the minister, in his discretion may grant a certificate of citizenship to a child who has been lawfully admitted to Canada and who has been adopted in the Canadian courts by a citizen of Canada. The same applies to a child who has been legitimized, if the father of the child is a Canadian citizen.

On page 11 of the bill honourable senators will find a change dealing with citizens of the Republic of Ireland whose status has been a matter of some doubt since Ireland formally left the confines of the British Commonwealth. Subsection 3 of section 23 of the Act, as it is now proposed to be amended, provides that for purposes of Canadian law citizens of the Republic of Ireland shall be considered as being British subjects.

Two other points in connection with section 23 I think deserve consideration. The first is that subsection 1 declares that every person who is a citizen of one of the countries listed in the schedule to the bill has in Canada the status of a British subject. The countries listed are Australia, Canada, Ceylon, India, New Zealand, Pakistan, Southern Rhodesia, the Union of South Africa and the United Kingdom.

Subsection 2 of section 23 of the bill contains the new term "commonwealth citizen", which apparently is used instead of "British subject" by some of the member countries of the commonwealth. This section states that anyone in Canada who has the status of a British subject may be called a "British subject" or a "commonwealth citizen", and that the terms shall have the same meaning.

The only other proposed amendment to which I should draw the attention of honourable senators is a procedural matter. It is section 19 of the bill, which would amend section 46 of the Act. In effect it states that naturalization proceedings begun, but not completed prior to January 1, 1947, under the old Naturalization Act—which was repealed and replaced by the Canadian Citizenship Act, shall be allowed to continue as if they had been commenced under this Act. The

apparent reason for this change is that after the lapse of some time a number of people who had started proceedings under the Naturalization Act had obtained their naturalization papers under this Act, that the Department of Justice gave the opinion that that procedure was not correct, and that in the Canadian Citizenship Act there was no machinery by which proceedings under the Naturalization Act could be continued. In fact, I understand that the courts in one of the western provinces gave a judgment to that effect. This would result in considerable hardship on, for instance, a man who in the middle of 1946 filed his declaration of intention to apply for Canadian citizenship under the Act then in force, and a year later was informed that his notice of intention was ineffective and that he would have to begin all over again. This amendment, which declares that naturalization proceedings commenced under the Naturalization Act can be continued and completed under the Canadian Citizenship Act, is designed to be of benefit in cases of that kind. It is also provided that subsection 3 of this section shall be deemed to have come into force on January 1, 1947. In that way the new section covers all cases about which there might be any doubt if this provision had not been included.

I think, honourable senators, that I have covered all the principal changes provided for by the bill. As the honourable leader opposite (Hon. Mr. Haig) has said, it is a fairly substantial bill and involves a good deal of redrafting of some of the provisions of the present Act. I am quite certain that if the bill is referred to a standing committee honourable senators will consider the proposed amendments with the care, which this house always shows in dealing with legislation of this character.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

NIAGARA DIVERSION TREATY

MOTION FOR APPROVAL

Hon. Wishart McL. Robertson moved:

That it is expedient that the Houses of Parliament do approve the ratification, without reservation, of the Niagara Diversion Treaty between Canada and the United States of America, signed at Washington on February 27, 1950, and do approve an agreement between the Government of Canada and the Government of the Province of Ontario with respect to

the said Niagara Diversion Treaty, signed at Toronto on March 27, 1950, and that this House do approve same.

He said: Honourable senators, the purpose of the treaty which this resolution would approve is to provide for the permanent regulation of the diversion of water from the Niagara river, and also to guarantee a sufficient flow of water to protect the scenic beauty of the river and the falls.

The diversion of water from the Niagara river was first regulated in 1909 by Article V of the Boundary Waters Treaty. This provision permitted the United States to divert 20,000 cubic feet of water per second, and Canada 36,000 cubic feet per second. Although Canada was permitted to use more water than the United States, she exported to that country much of the resulting electric power. In this way the use of diverted waters from the Niagara river made approximately the same amount of additional electric power, available to both countries.

The Second World War caused a very heavy demand for additional electricity. After negotiations, the United States was authorized to divert an additional 12,500 cubic feet of water per second, and Canada 13,000 cubic feet per second. These authorizations were made on a temporary basis only. The end of the war saw the demand for electric power still increasing, and it became evident that there was great need for a permanent agreement on the diversion of water from the Niagara river. In consequence, discussions were held in Washington last December, and this treaty was signed on February 27, 1950.

The previous agreements as to the use of Niagara water specified the amount of water each country could use. The remaining water would flow over the falls. In this treaty the procedure is reversed: Article IV reserves definite quantities of water that will flow over the falls, and Article V authorizes the use of all remaining water for power purposes. It is considered that this method of diversion will provide the most effective use of available power resources.

Article VI of the treaty provides that there will be an equal division of diverted waters between the two countries. As this is the first time that the water has been divided equally, the United States has been informed that as soon as she has constructed facilities to make use of the additional water at her disposal, the Canadian export licenses for electric power will not be renewed, unless conditions at that time make such a course advisable.

The treaty further provides for certain works to maintain the scenic beauty of the falls. In 1929 the International Niagara Board

recommended that works be carried out which would so distribute the water as to produce an unbroken crestline on the falls.

Article II is to provide for these works when plans have been drawn up by the International Joint Commission and approved by both governments.

This treaty is of primary interest to the Province of Ontario. For this reason representatives of that province were present in an advisory capacity at the negotiations in Washington; and the treaty has the approval of the Ontario Government.

On the Canadian side, the object of the treaty is to provide more power for Ontario, and that province has recognized that it should assume any financial commitments which result from it. Accordingly, on May 27 last, an agreement was signed at Toronto between the federal and the provincial governments. This agreement provides that Ontario will pay the cost of all work which may be necessary under Article II. For its part, the Canadian Government undertakes to consult the Government of Ontario before it approves any plans of the International Joint Commission which have to do with the nature of such works.

It is hoped that the United States will ratify this treaty as soon as possible; but I wish to emphasize that this redevelopment at Niagara will in no respect take the place of the power development which this country so urgently needs and which it expects to obtain from the development of the St. Lawrence.

The motion was agreed to.

CANADA—UNITED STATES OF AMERICA TAX CONVENTIONS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill K-10, an Act to amend the Canada-United States of America Tax Convention Act, 1943, and the Canada-United States of America Tax Convention Act, 1944.

He said: Honourable senators, the purpose of this bill is to approve certain amendments of the existing tax conventions between Canada and the United States. These amendments have reference only to the income tax and succession duty fields. They have been approved by both the Canadian and the United States governments.

The basic principles of the tax conventions are in no way altered by these proposed changes. In many cases the present principles are extended to give greater relief to the taxpayer; in other cases the changes are designed to clarify the existing conventions. In no case is it anticipated that the amendments will result in an increased burden to any taxpayer.

I do not propose to deal in detail with the many technical changes; but in order to indicate the general principles that are involved, I shall make some reference to the chief amendments.

One of these seeks to broaden the exemptions applicable to persons of one country temporarily performing services in the other country. This provision has worked very satisfactorily since the convention was signed, and it has been decided to go further in the same direction. Both countries agree to abolish taxation at the source on literary royalties paid to residents in the other country. Another provision will permit professors and teachers from either country to work temporarily—up to two years—in the other, without being taxed by the country in which they are visitors. Provision is made to remove hardship in cases where employers in both countries simultaneously levy a tax on the same salary.

These are examples of changes affecting the income tax field and which further simplify the existing problems of double taxation between the two countries.

The main proposed amendment to the Succession Duty Convention is the insertion of a codification of the rules of *situs* of property. This codification follows generally the pattern worked out between Canada and the United Kingdom, and represents a step towards greater uniformity in the provisions of our tax conventions in this field. The rules of *situs* of property generally conform to the common law, although certain departures have been made in the interest of administrative convenience and simplicity.

I have no doubt that the bill contains other matters in respect of which honourable senators will desire information, and if the house sees fit to give it second reading I shall be quite willing to have it referred to committee.

Hon. Mr. Haig: I have no comment to make on the bill, which I have read. I should like to have it sent to committee, not in order to ensure its passage, but so that we may the better understand its provisions.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

DOMINION ELECTIONS BILL

FIRST READING

A message was received from the House of Commons with Bill 311, an Act to amend The Dominion Elections Act, 1938.

The bill was read the first time.

The Hon. the Speaker: When shall the bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, next sitting.

CONSTITUTIONAL AMENDMENTS— CONSENT OF PROVINCES

MOTION

The Senate resumed from Thursday, June 8, the adjourned debate on the motion of Hon. Mr. Marcotte:

That in the opinion of the Senate, whenever an amendment to the constitution of Canada is made, or is to be made, requiring the consent of one or more of the provinces, the said consent can only be expressed by act or by resolution of the legislature or legislatures of the provinces concerned.

Hon. Norman P. Lamberg: Honourable senators, I am sure that we are all very grateful to the honourable senator from Ponteix (Hon. Mr. Marcotte) for the obvious care and thought which were reflected in the speech he delivered here some ten days ago in support of the resolution that is now before us. I should like to express to him my appreciation of the very fine record of loyalty to this chamber which he revealed during the course of his remarks, and the hope that he may be spared many years to sit in this chamber and give us the continued benefit of his presence.

Some Hon. Senators: Hear, hear.

Hon. Mr. Lambert: I also desire to acknowledge the contribution made in this debate by my good friend and colleague the senator from De Salaberry (Hon. Mr. Gouin). I shall have occasion to refer to certain statements of his later on. In dealing with the legal rights as distinguished from the broad point of view of interest, which I intend to emphasize, he approached the matter from a point of view entirely different from my own. I must say, however, that his speech, replete with a wealth of documentation and full of erudition, will be a valuable source of historical information for those of us who wish to pursue this subject in the future.

As I listened to the remarks of my honourable friend from Ponteix (Hon. Mr. Marcotte) and upon having read them later, I found very little difference between us. As a matter of fact I came to the conclusion that his resolution represented a peg upon which a good many hats can be hung; but in view of

the pending discussions between federal and provincial authorities it seemed to me that this resolution might be regarded as a hypothetical one. It suggests that when the time comes for any amendment to the constitution of Canada requiring the consent of a province or provinces, thorough-going democratic procedure should be followed and such amendments should be embodied in an Act of the legislature of the province affected. The honourable senator did not say so in his speech or in the resolution to which he addressed himself, but I assume that he would not be averse to having the same procedure followed in the Parliament of Canada. In that way there would at no time be any chance of constitutional changes being made without full representative action being taken by all parties concerned.

In his speech supporting his resolution the senator from Ponteix indicated that such procedure should have been followed in the past, and certainly should be followed in the future. He held that the Senate is responsible for insisting upon such practice. He said:

The Senate is the protector of the rights of the provinces . . . The Senate represents the provinces . . . The Senate is important not only for what it does, but for what it prevents others from doing.

My honourable friend referred particularly to the Family Allowances Bill of 1944-45, and to the Redistribution Bill passed in the session of 1946, claiming that these measures should have been the subject of consultation with the provinces before being made law. While I do not agree with some of the statements made by my honourable friend during the course of his speech, I simply wish at this time to point out that anything I may have said or written outside about the Senate and the Parliament of Canada is not contradicted by anything contained in the honourable senator's resolution or speech. As a matter of fact, had it not been for the very friendly references the honourable gentleman made to myself, I doubt if I should have risen to speak on this resolution; but his courteous allusions to the statements I made elsewhere certainly demanded from me the corresponding courtesy of making a reply.

The point that I have endeavoured to make in any remarks of mine is that whatever may have been expected to happen in this chamber following confederation is very different from what has happened. The honourable senator from Ponteix says that the Senate represents the provinces and is the protector of the rights of the provinces. In contrast to these claims, I maintain that the record since confederation does not show any such thing. If the honourable gentleman is right in his claims, then, I ask, "Why has not the Senate

fulfilled its duties?" If I may answer this question at once, I would say that the historical reasons for the beginnings of our confederation have been overshadowed by the realities of political growth. That, I take it, is the real reason why an attempt is now being made to overhaul the constitutional machinery of this country.

Nobody can possibly dispute the importance of the Senate as a factor in making confederation possible. We are all familiar with what was involved in the principle of equal territorial representation in our second chamber. The Honourable George Brown, as the honourable senator from De Salaberry (Hon. Mr. Gouin) pointed out in his learned speech, made this quite clear during the confederation debates of 1865 in the Parliament of Upper and Lower Canada. But the working out and development of our federal system, with its emphasis upon strong central government, has now made necessary a clarification and re-definition of constitutional relations between the provinces and the dominion. As to the Honourable George Brown's statement, which was absolutely correct and true in 1865, I should like to mention that he spoke after the discussions in Quebec in 1864, when the famous Quebec resolutions were adopted. Those discussions were the basis of the declaration by the Parliament of Upper and Lower Canada in 1865; but that declaration was made and put on record without having had the benefit of the discussions which took place in London in 1866, when the resolutions which were agreed upon, with the support and participation of the representatives of the Maritime Provinces, formed the real basis of the British North America Act.

I think that when we refer to the theory of compact which Brown supported we should remember that he was speaking only on behalf of those representing Upper and Lower Canada. It is true they represented the vast majority of the people in the country at that time, but they did not speak for the final act of agreement on the part of all the parties to confederation.

In dealing with this question and in considering the broad political situation in this country, both domestic and international, I think it is important to avoid any suggestion that "dominion" and "provinces" are mutually exclusive terms. The dominion and the provinces are complementary to each other; indeed they are more essential to each other today than ever before.

My good friend the senator from De Salaberry said that the plan of his address was to describe the nature of the rights of the provinces as defined by the Privy Council.

I shall not attempt to discuss this question from the point of view of legal rights. I shall try to emphasize broad political and social interests as distinct from rights. My thesis here is the encouragement of national unity in this country, and the more effective use of the Senate to that end. Every Canadian has his or her well-defined threefold citizenship—municipal, provincial and federal—and a fourth dimension is taking the form of an international citizenship, the approach to which obviously lies across the federal field.

When the senator for De Salaberry (Hon. Mr. Gouin) declared, "We must always remember that federalism was the cradle of our Canadian nation", I was in entire agreement with him; but when a moment or two later he said, "In my opinion, independence in financial matters is essential, but nothing exceeds in importance the status of minorities", I could not agree.

I find myself asking: What does financial independence in provincial matters mean? What about the rights of majorities? What about the parts being greater than the whole?

I am inclined to believe that financial independence in provincial matters in this country means, in the long run, the independence of the two principal beneficiaries of confederation, namely, Ontario and Quebec; and the dependence of all the other provinces on something else—something outside themselves, something more equitable in the distribution of material welfare than was the machinery that functioned prior to 1940.

My object here, however, is to connect the Senate with these federal and provincial problems in a more vital way than has been evident in the past. In support of anything that I may have said or written outside this chamber about the position of the Senate as a guardian of provincial rights and interests, I wish to quote briefly a few extracts from a book which doubtless is well known to members of this chamber, *The Unreformed Senate of Canada*, by Robert A. Mackay. Even though published in 1926, it is still, I think, the best source of reference on the Senate. To senators particularly interested in reading a little more widely on this subject, I would commend especially pages 74 to 77, 81 to 96 and 118 to 145. In those sections of the book may be found not only a long list of examples of legislation in which the Senate has exercised considerable influence, but some very interesting comments as well. I shall quote some of these comments briefly, first from page 138:

The career of the Senate as the protector of provincial and sectional rights, the role it was ostensibly created to play, has been a varied one. In part this is due to the fact that the Senate is only incidentally the protector of the provinces or of the sections, and performs such duties only

through its functions as a secondary branch of the legislature . . . The Senate, therefore, has rarely been appealed to as the champion of provincial rights, and, as the following instances will show, even when appealed to it has not consistently supported the claims of the provinces.

There follows a quite extensive list of instances where the Senate has exercised its influence in relation to measures that affect provinces, particularly with reference to the franchise; and, I should say, in more cases than not, the Senate has exercised its influence in deciding against the province. For example:

In 1874 the Mackenzie government brought in a bill to accept the provincial franchise in every province, except Prince Edward Island where manhood suffrage existed. The Senate amended the bill so as to accept the island's franchise as it stood, and, despite the opposition of the government, carried its point. Similarly, in 1898, when the Laurier government passed through the Commons a bill to re-adopt the provincial franchise, the Senate again compelled the Commons to accept an amendment protecting that of Prince Edward Island. On the other hand, in 1885, when a federal franchise was established, the Senate acquiesced on a strict party vote. Again in 1918, on the Woman Suffrage Bill, the majority of the Senate refused to accept amendments offered in the interests of the provinces which had not yet adopted woman suffrage.

In some cases, indeed, the Senate has declared flatly against the policy of a province. Thus in the bill of 1882 the Senate inserted an amendment to enfranchise government railway employees in Nova Scotia who had been disenfranchised by the provincial government. On the Franchise Bill of 1898 it insisted on amendments requiring the allowance of appeal to the courts in New Brunswick, Nova Scotia, and Manitoba, where there were property qualifications for the suffrage, and where the assessor's estimate of property determined the right of the citizen to vote . . .

On several occasions the Senate has refused requests of provincial governments for legislation.

For example, in 1879 the Government of British Columbia asked for an additional judge for the Supreme Court of the province, and in 1900 the Government of Quebec asked to have three new judgeships created in the province; but the Senate refused each of these requests, on the ground that it was made on the eve of an election and that the Senate should not do anything which might affect the course of the election. I wish to refer to this expression of view later, when I come to some more modern measures to which my honourable friend referred.

Another instance mentioned in the book is the stand taken by the Senate as to the Lake of the Woods Control Board. I am reading from the bottom of page 139:

In 1919 the Government of Ontario and the federal government agreed to set up a joint control board over the Lake of the Woods watershed. The Ontario Government, failing to carry out its part of the bargain, requested that dominion legislation providing for the board should be repealed. The Dominion Government brought in a repeal bill in 1922 and 1923, but on each occasion the Senate rejected the bill on the ground that the general interest of the

dominion was involved, since the watershed included dominion lands within the Province of Manitoba and extended across the international boundary line . . .

And on page 140:

On the dangerous questions of language and education the Senate has consistently followed the lead of the House of Commons.

Instances cited are the Manitoba Act of 1875, the Northwest Territories Amendment Bill of 1890, and, in 1905, the bills creating the provinces of Alberta and Saskatchewan. The author adds:

Although from time to time resolutions on the rights of racial and religious minorities have been introduced and debated at length, the Senate has rarely added fuel to the fire of racial and religious strife.

There is one marked exception in which the Senate can take credit for having definitely intervened on behalf of the provinces. I refer to the introduction by the government in 1903 of legislation to set up a railway commission and to consolidate various railway Acts. At that time the Senate refused to allow the control of the provinces and municipalities over local railways to be disturbed, and the point of view of this house prevailed. In dealing with that question in 1919, when the Crow's Nest Pass agreement between the Canadian Pacific Railway and the provinces of Manitoba and British Columbia was at stake, this chamber, under the leadership of Sir James Lougheed, refused to pass the House of Commons bill that had been submitted to it asking for the cancellation of the contract. I think tribute should be paid, especially by the western members, to the stand taken by Sir James Lougheed and the members of the Senate at that time.

The author goes on to say:

Such instances throw much doubt on the value of the Senate as a guardian of provincial or sectional rights. Party loyalty has always been stronger in the Senate than sectional or provincial loyalty. The only important case in which the Senate withstood the government of the day on the grounds of provincial rights, when the same party was in the majority in both Houses, was the Railway Acts Consolidation Bill of 1903 already mentioned.

At page 144 of the text I find this paragraph:

In addition to party ties there are other reasons why the Senate is not a mirror of provincial or sectional opinion. The majority of its members have had long apprenticeship in public life or in business or professional life. The horizon of the political world for such members is wider than the province or section. Indeed, the Commons, because it reflects in its membership the opinions of the electorate, is much more likely to represent provincial and sectional opinion than the Senate is. In addition, the prospect of the next election is constantly before a member of the Commons. His ear, therefore, is nearer to the ground, and his eyes more closely upon the Press Gallery than are those of a senator.

The paragraph which I shall now read is particularly appropriate and seems to support my thesis. It says:

The desire for an upper house which will protect the provinces or the sections is a relic of pre-federation particularism, a theoretical consideration rather than a practical necessity of the present. The protection of legal rights afforded by the courts, the federal nature of the party and of the cabinet, the representation afforded each province or section in the Commons, are surer bulwarks than any upper house could be.

I conclude my quotations with this final paragraph:

Even if the Senate represented nothing but party loyalty it would be of greater utility to the dominion than an upper house constructed strictly on provincial or sectional lines, for the very reason that the party in Canada is a nationalizing force which tends to adjust conflicting sectional and provincial interests, and to subordinate them to the national welfare.

I come now to the Senate as we have it today. First may I point out that since 1926, when the book to which I have referred was published, we have seen examples of legislation which I think go to prove my argument that the Senate has not particularly represented the provinces. I would point to the Family Allowances bill and to the Redistribution bill of 1946, both of which were passed by this house and the other house without any insistence on provincial rights, except my honourable friend's suggestion that the provinces should be consulted. I may also mention the private bill having to do with oleomargarine, which was introduced by the honourable senator from Waterloo (Hon. Mr. Euler). I did not hear anyone but my honourable friend argue that the Dairy Industry Act was *ultra vires* of the federal parliament and should be considered as within the provincial jurisdiction. It remained for the court to arrive at a decision in that matter, and results were achieved which apparently were not possible in the Parliament of Canada. It seems to me that such instances affect the entire function of the Senate in its relation to provincial rights.

The method of making appointments to the Senate is still pre-eminently a matter of party consideration; but I believe that for the past ten years the Senate, in its devotion to legislation and special issues of the day that came before it, has been more independent than at any other time since confederation. One could cite examples to support that contention, but time does not permit.

There is, however, a reason for the trend towards a greater degree of independence. The changes that have taken place in political party interests in Canada have had their effect, particularly in the attitude towards measures which come before this house. Canada now has four parties, whereas she

formerly had two. We may conclude that in connection with party policies we have seen a marked trend away from fundamental and historical principles, distinguishing one from the other, to a basis of expediency and opportunism. In the use of those words one is conscious that the whole organized business life is more or less on the same basis today. An institution having in its charge business considerations must adjust itself to the principles of the day. It is impossible to lay down long-term plans and fundamental ideas for the operation of any business. It is natural enough in face of the course of world affairs since and before the last war, that governments and parties have felt compelled to resort to what may be described as expediency and opportunism. But that development should make it easier for members of this second chamber, who are supposed to be actuated by motives of non-partisanship and of justice, to consider in the light of those principles the work which comes before them.

I refer here to the point of view which was forcibly expressed in 1932 by our venerable senator from North York (Hon. Sir Allen Aylesworth). He maintained that the standpoint of the Senate and its members should be essentially non-partisan and judicial. He added that he would even favour the introduction and adoption of legislation to disfranchise the members of this house so that they could the more consistently take an impartial attitude when legislation came before them; in other words, they would be in the same position as the members of the Bench. I doubt that we are yet ready to adopt this suggestion, but I believe that the changes in connection with party policy which have taken place, the difficulty of identifying party policies with traditional principles and fundamentals, have released members of parliament from conventions to which in the past they felt duty bound to adhere. Therefore, it seems to me, the effect of party influence on the deliberations of the Senate is declining, in favour of a more detached and judicial point of view.

I was going to refer to exceptions to that trend as indicated in the case of the Family Allowances Bill of 1945 and the Redistribution Bill of 1946. My honourable friend from Ponteix alluded to the Family Allowances Bill from the point of view of consultation with the provinces. Although I do not share this view, I have thought that the Senate would have been justified in refusing to pass the bill at that time because it was presented to us on the eve of an election and without any appreciable demand for it from any part of the country. I think that, had the Senate taken the same position that it adopted in

years gone by when it refused to appoint certain judges in British Columbia and Quebec, it might have been on stronger ground in relation to this whole question now before us. It would have been on stronger ground than if it had sought to prevent the bill from going through on the basis that the provinces should have been consulted. In connection with the Redistribution Bill of 1946 in view of the fact that, by the British North America Act, Quebec was given a fixed representation of sixty-five members, and the representation of all other parts of Canada was based on that allocation, I believe there was strong ground for maintaining that the amendment of this British North America Act at that time should have been subject to consultation and conference.

So far as the future is concerned, one can only hope that the position of the Senate may be strengthened by making it more selective and less partisan in method of appointment. As a step in this direction, I should like to see the provinces given a measure of direct contact with the Senate, thereby developing its influence into a great balancing power in a consolidation of this country's national interest.

We have discussed the question of whether the Senate has been and is intended to be a guardian of provincial rights. I have tried to show that it has not exercised that guardianship in any particular way. I hold that it is necessary that the provinces shall have a

greater stake in the federal interests of this country, because, as I emphasized earlier, the complementary relationship between the provinces and the dominion must be developed, increased and improved, if Canada is to achieve the destiny which the Fathers of Confederation foresaw in 1867.

In conclusion, may I suggest that senators must remember that they are members of an integral part of the federal parliament. We cannot approach any of our duties apart from the standpoint of what is in the broad federal or national interest. This does not imply the exclusion of provincial interests. The provinces have a vital federal interest: it exists in the common ground of mutual relations in trade and commerce, in taxation, in defence, in social standards and security. In short, it exists in the sphere of all-round national welfare. Our duty is to see that matters of concern to the provinces are clearly and definitely presented here, free from the partisan considerations which in the past may have stood in the way. Our duty is to see that emphasis is put in the right place, and that unity of democratic purpose shall be promoted throughout this land, regardless of language, race or creed.

Some Hon. Senators: Hear, hear.

On motion of Hon. Mr. Dupuis the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Tuesday, June 20, 1950

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

Prayers and routine proceedings.

CANADA-UNITED STATES OF AMERICA
TAX CONVENTIONS BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill K-10, an Act to amend The Canada-United States of America Tax Convention Act, 1943, and the Canada-United States of America Tax Convention Act, 1944.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 19, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: When shall the bill be read the third time?

Hon. Mr. Robertson: Now, with leave.

The motion was agreed to, and the bill was read the third time, and passed.

CANADIAN CITIZENSHIP BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill L-10, an Act to amend The Canadian Citizenship Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 19, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, now.

The motion was agreed to, and the bill was read the third time, and passed.

THE ESTIMATES

REPORT OF COMMITTEE ON NATURAL
RESOURCES

Hon. J. A. McDonald presented the report of the Standing Committee on Natural Resources, to whom were referred certain estimates laid before parliament for the fiscal year ending March 31, 1951.

The report was read by the Clerk Assistant, as follows:

Your committee held eight meetings, with good attendance and sustained interest.

Your committee wishes to express appreciation to the deputies and departmental heads who gave free and open statements of the facts and without exception showed their willingness to assist the committee in its study of the estimates.

Your committee recommends that the policy of referring estimates to the standing committees of the Senate for study, initiated at the present session, be continued at the next session of parliament. This policy, it is felt, serves to

(a) promote economy and efficiency in the public service;

(b) familiarize honourable senators with the estimates generally, and

(c) contributes to a better understanding of the work being carried on by the various departments of government.

Your committee recommends that at the next session of parliament authority be granted for the printing of its day to day proceedings on the estimates.

Although effective co-ordination and co-operation between the services of federal and provincial governments generally exists, your committee recommends that the federal and provincial ministers, their deputies and heads of departments, again meet for the purpose of eliminating any duplication of services that may have developed.

Your committee recommends that architectural and engineering staffs be centralized, as far as practical, in the Department of Public Works. Several instances of duplication in this respect were noted.

Your committee recommends that each department of government estimate for its own funds for its works, building and equipment.

Your committee recommends that publicity for all departments be centralized.

Your committee recommends that each department of government be responsible for its own postage.

Your committee suggests that courses in the principles of civil government, federal, provincial and municipal, be more generally taught in high schools, and that the public be made aware of the relationship between the burden of taxation they carry and the social and other services they demand.

We wish to thank the Right Honourable J. G. Gardiner, Minister of Agriculture, the Honourable R. W. Mayhew, Minister of Fisheries, and the Honourable R. H. Winters, Minister of Resources and Development for releasing their deputies and officials for this important investigation.

Your committee suggests a most determined effort be made by all departments of government to reduce their estimates next year wherever possible and where not inconsistent with the public welfare.

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. McDonald: Next sitting.

SUSPENSION OF RULES

NOTICE OF MOTION

Hon. Mr. Robertson: Honourable senators, I beg to give notice that on Thursday next I shall move:

That for the balance of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

Hon. Mr. Haig: We must be getting near the end of the session.

Hon. Mr. Robertson: I share the optimism of my honourable friend.

NATIONAL DEFENCE BILL

THIRD READING

Hon. Mr. Robertson moved the third reading of Bill 133, an Act respecting National Defence.

Hon. Arthur W. Roebuck: Honourable senators, before the motion for third reading is carried, I wish to make a few comments. I should like them on record, because while the bill has received a great deal of study and attention, both in this house and in the Commons, the fact remains that it is a long, difficult and important measure. It is the consolidation of what might be called the Criminal Code of all three of the armed forces of Canada. It presents the criminal law of the services in a uniform way and makes certain many things which in the past, because of varying provisions applicable to the separate forces, have been a bit hazy. Thanks to this consolidation, many more people will from now on understand what the law is, as applied to the armed forces. I think the bill will do a great deal of good. Its general purpose is an excellent one, and I am entirely in accord with it.

This is not the last that will be heard of this legislation. The Criminal Code of Canada, which was adopted shortly after confederation, codified what prior to that time had been the general law, the common law. Prior to the first enactment of the Code the whole general law was thoroughly studied by a commission in Britain, and afterwards there was an intense study of it here. Yet, year after year we have been amending the Code; and I understand that at present the Department of Justice is engaged in a broad examination of its provisions and general structure, with a view to its substantial reorganization. So it will not be surprising if this National Defence Act, despite the thorough study given to it in both houses, comes back for amendment year after year. And when I mention some difficulties as to certain clauses, I am, I think, only anticipating amendments which will be presented in years to come.

The first clause of the bill to which I should like to call attention is 240. I shall refer to clauses in numerical order, rather than in order of merit or importance. Clause 240 reads:

240. (1) Every person who

(a) procures, persuades, aids, assists or counsels an officer or man to desert or absent himself without leave; or

(b) in an emergency, aids, assists, harbours or conceals an officer or man who is a deserter or an absentee without leave and who does not satisfy the court that he did not know that such officer or man was a deserter or an absentee without leave,

is guilty of an offence and is liable on summary conviction to a fine not exceeding one thousand dollars and not less than one hundred dollars or to imprisonment for any term not exceeding twelve months or to both fine and imprisonment.

In my opinion that clause is aimed at the relatives—the father and mother, brothers and sisters—and the civil acquaintances—perhaps only chance acquaintances—of the soldier who is absent without leave. I think it is a bad policy to extend military offences to persons in civil life, and to give the military authorities power to lay charges against the relatives, neighbours or friends of a soldier who is absent without leave—or is even a deserter, which is much the same thing.

The army authorities should have to do with preferring charges against service personnel, and not against members of the public who may be guilty of such an offence as this section mentions. As honourable senators know in our statutes we already have laws covering such an offence. Section 84 of the Criminal Code reads:

Every one is guilty of an offence and liable, on summary conviction, to six months' imprisonment with or without hard labour, who

(a) persuades any man who has been enlisted . . . or

(b) knowing that any such man is about to desert, aids or assists him in deserting.

The difference between section 240 of the bill and section 84 of the Criminal Code is that under the Code the Crown must establish that the accused knew that the soldier was a deserter, whereas, under the bill the obligation or burden of proof to show that he did not know that the man was a deserter is placed on the accused. In my opinion it would have been much wiser to have continued to rely on the law as provided by the Criminal Code.

The next point to which I should like to turn—and which, as I have said, is not in order of merit—has to do with appeals. I most heartily approve of section 196 of the bill which, for the first time, makes provision for appeals from military tribunals to the Supreme Court of Canada. Though the procedure outlined here is highly commendable I do not like the provision that appeals are to be restricted to cases in which there has been dissent in the military board.

Subsection 1 of section 196 reads:

A person whose appeal has been wholly or partially dismissed by the Court Martial Appeal Board may, where there has been dissent in the board, appeal to the Supreme Court of Canada with leave of the Attorney General of Canada.

That is to say, a person who considers himself aggrieved in some way by a decision of the military board can take an appeal from that decision, provided that there is dissent on the military board and also that he gets the consent of the Attorney General of Canada.

Honourable senators well know that the fact that a tribunal is unanimous in its decision is no complete guarantee of justice, or that because a tribunal is not unanimous is no sure indication of injustice, and I fail to see any reason for providing that one of the requisites of the right of appeal must be dissent in the board. It would seem to me that the consent of the Attorney General is all that should be required. This section looks all right, but in practice it is quite illusory; and I predict that it will be used very infrequently, because it will rarely happen that an accused will get both a dissent in the board and the consent of the Attorney General. The measure could be of considerable value, but, as I say, it is now purely illusory.

Another clause to which I would draw attention is section 121, subsection (6):

A person upon whom a punishment of dismissal with disgrace from His Majesty's service has been carried out shall not, except in an emergency or unless that punishment is subsequently set aside or altered, be eligible to serve His Majesty again in any military or civil capacity.

Paragraph (d) of subsection (4) of this section states:

Where a service tribunal imposes a punishment of imprisonment for two years or more upon a man, the service tribunal may in addition, notwithstanding any other provision of this part, impose a punishment of dismissal with disgrace from His Majesty's service.

So in both of these subclauses it is provided that to the penalty of two years' imprisonment there may be added—by a military board—dismissal with disgrace. Of course the offences for which this punishment can be imposed are fairly numerous.

One of the sections in which dismissal with disgrace is specifically mentioned is 95:

Every person who wilfully or negligently or through other default loses, strands or hazards, or suffers to be lost, stranded or hazarded any of His Majesty's Canadian ships or other vessels of the Canadian forces is guilty of an offence and on conviction is liable to dismissal with disgrace from His Majesty's service or to less punishment.

That is but one of many clauses to which my objection applies. Some captain of a ship who does not exercise what is held to be due caution, and thereby hazards—merely hazards—his ship, or perhaps actually strands it—as was done quite recently by an officer of one of the United States capital ships—is subject to dismissal with disgrace.

Hon. Mr. Duff: It happened to one of our own ships, too, only last year.

Hon. Mr. Roebuck: It will happen in the ordinary course of events, beyond peradventure, from time to time.

Hon. Mr. Haig: The American admitted he was guilty.

Hon. Mr. Roebuck: Exactly. Yet he was not dismissed with disgrace; at least I do not think so. But I am sure that, had he been dismissed with disgrace, the consequence of which I speak, and to which I object in connection with these particular clauses, would not have followed. Of course punishment must be handed out, but in my view the events of military life should be kept separate from those of civil life. The military should handle the affairs strictly within its own jurisdiction and pertaining to military life; but a person who is dismissed with disgrace, under such conditions as I have mentioned—the loss, or stranding, or the mere hazarding of a vessel, or any offence which under the Code carries a punishment of more than two years—should not be debarred for the rest of his life from serving His Majesty in any military or civil capacity. What this means is that an individual, who because of some event which took place in connection with and during his military service is so unfortunate as to incur this penalty, is de-citizenized from that time henceforth. He can hold no position in the civil service. I do not suppose he could be a member of parliament or of the Senate—it is not likely that he would be either—nor could he hold any office in the service of His Majesty. I submit that that provision is unjust. I am horrified at the potentialities of such a penalty. I think that when a man is kicked out with disgrace, that should end it.

Hon. Mr. Roebuck: If a sentence is imposed he should serve it; but when, having done so, he leaves the Army, he should be on the same basis in civil life as other people are.

I am assured that this penalty is seldom inflicted, and then only for the most serious of offences. But that, to my mind, is not a complete answer. The penalty can be imposed for any of the things I have indicated. Moreover, in civil life, when a man has been sent to jail and has served his term, we do everything possible to terminate the penalty with the completion of the term of imprisonment. To use a common phrase, he has then paid his debt to society. A man convicted of manslaughter, and in some circumstances even of murder, may serve a term and be discharged, and he is then not debarred from all service in civil life which may be in the interests of His Majesty. I do not see why, in connection with military matters, it is necessary to treat an offender with this extreme harshness.

I might go on to comment on a good many other sections. The bill is a well-studied piece of legislation. It was subjected last session to scrutiny by a committee of this house of which I had the honour to be a member, and which held many meetings. In general, I like the bill. I wish, however, it did not contain the two or three flaws—for such I deem them to be—that I have felt it my duty to point out. But it is not to be supposed that I am condemning the bill. I am not; and I hope that in due season amendments will be introduced to cover the points I have mentioned.

May I, in conclusion, express my appreciation to the leader for having allowed the bill to stand until I was able to attend.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA GRAIN BILL

CONSIDERATION OF AMENDMENTS POSTPONED

On the Order:

Consideration of the amendments made by the Standing Committee on Banking and Commerce to Bill 249, an Act to amend The Canada Grain Act.

Hon. Mr. Robertson: Honourable senators will recall that twice previously I have asked that this bill be allowed to stand. I did so yesterday because I knew that some honourable senators who are interested in it were not present, and I expected that they would be here today, when I intended to make certain statements with regard to the attitude of the government towards the amendments. However, they are not here, so again I will ask that the bill be not proceeded with today, but I do so on the definite understanding that the house will be invited to deal with it tomorrow.

The Hon. the Speaker: The order stands.

DEFENCE SUPPLIES BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 302, an Act respecting Defence Supplies and Projects.

He said: Honourable senators, this bill would replace the present Department of Munitions and Supply Act, which was originally passed in 1939 to meet the immediate emergency that arose from the declaration of war. The Act served its purpose well, both during the war and after; but it was designed to deal with a state of war and the immediate aftermath of war. It is now considered advisable to replace it with legislation which will be more nearly suited to the conditions of today.

Although we are presently at peace, we are by no means free from the threat of aggression. Indeed, much of our national energy must be devoted to meeting that threat, and clearly this is no time to take any action which would hamper the defence of this country. With these considerations in mind, this legislation was framed to safeguard the interests of defence in the field of procurement of supplies.

The bill would grant the Minister of Trade and Commerce the general authority to procure defence supplies, to stockpile strategic materials, to construct defence projects, and to let contracts for government shipbuilding and ship repairing. It would also give to the minister the power which may be necessary to obtain the completion of defence contracts.

This government has always received the closest co-operation from the industrial suppliers. Nevertheless, even with the best co-operation, because of other commitments, conditions may arise which will make it impossible for suppliers to fulfil government requests for materials. For this reason the bill gives the minister power to obtain for defence contracts priority over other contracts, and power to ensure delivery of materials essential to the production of defence supplies or the completion of defence projects. If the minister exercises this authority to demand completion or fulfilment of defence requirements, he must make payment at the fair market price. If the supplier concerned does not believe payment has been made in accordance with this condition, he may appeal to the Exchequer Court. In case the minister's order makes it impossible for the supplier to fulfil his obligations under any other agreement, such failure will not be a cause for action before the courts.

Before the minister enters into a contract the approval of the Governor in Council must be obtained, except: (a) where in the minister's opinion the contract must be executed immediately in the interests of defence; (b) where the estimated expenditure does not exceed \$15,000, and (c) where the estimated expenditure does not exceed \$50,000 in cases where competitive tenders have been obtained and the lowest tender accepted. The minister, however, will report to the Governor in Council contracts involving more than \$5,000 which have been entered into without the approval of the Governor in Council.

The minister is granted authority to enter into contracts without calling for tenders, as required under section 36 of the Public Works Act, in four cases:

(1) Where the disclosure of the specifications would, in the opinion of the Minister

of Trade and Commerce or the Minister of National Defence, be prejudicial to the interests of defence.

(2) Where the supplies are to be acquired from, or the project executed by, a Crown company. This provision is intended to extend to Crown companies an exception already contained in the Public Works Act for works to be executed by government employees.

(3) Where the contracts cover ships or ship repairs.

As I have already mentioned, the minister would have the power to let contracts for shipbuilding or ship repairs for all departments and agencies of the government. The purpose of these provisions is to ensure the continuance in Canada of shipbuilding facilities adequate to our defence needs. As everyone knows, the shipyards made tremendous contributions to our war effort, but since then they have been passing through trying times. If the minister does not have to call for tenders, he can allocate our shipbuilding requirements so as to maintain the maximum shipyard facilities.

I come now to the fourth case in which the Public Works Act would not apply:

(4) When in the opinion of the Governor in Council, the contracts should be exempt from the Act in the public interest.

This is designed to cover the situation that can arise in relation to our defence works in remote areas. As an example, let us say that a contract is let for work in the far North, and that before it is completed our defence needs have changed and there is need for more works than were originally anticipated. The practical course is to come to terms with the contractor already on location. Again, there may be need for highly technical work where there is only one contractor available. In this event the government obviously would be in a difficult position if it had to call for tenders.

There is one further provision that I believe I should mention. Where at the present time contracts have been let or are being performed under the provisions of the Department of Munitions and Supply Act, the pertinent provisions of that Act will continue to apply until such contracts are completed.

The mandatory powers proposed in this bill are a considerable curtailment of those presently found in the Munitions and Supply Act. Only those are to be continued which are felt to be absolutely necessary for our present-day national defence needs.

The bill would continue the centralization of defence purchasing in civilian hands. During the war we developed through a civilian agency one of the best methods of procure-

ment of any allied nation, and it is the opinion of the government that this method should be maintained.

Hon. John T. Haig: Honourable senators, I do not intend to speak at length, but I must say that I am opposed to this legislation. I am aware that certain members in another place, who in the last war served as generals and in other high ranks, are in favour of this bill; but I still have great faith in democracy.

It must be remembered that we did not know the war of 1914-18 was going to break out until about forty-eight hours beforehand. But the government of that day proceeded to act. War again broke out in 1939. It is true that we then may have suspected that war was coming. In any event, the government of that day also acted. I believe that parliament was called on September 7, and war was declared on September 9. Parliament laid down our policy. The War Measures Act passed at that session gave the government practically unlimited power, and as that legislation has never been repealed it is still in effect.

The other day in committee my honourable friend from Blaine Lake (Hon. Mr. Horner) asked the Minister of National Defence how it was intended to enlist people in our armed services if we got into a war, and the minister replied that in the event of war the government of the day would decide the issue. Now, I may be terribly wrong, but I honestly believe it is far more important that the government should have a policy for the raising of armed forces than that a minister should have this authority to purchase supplies and erect a lot of buildings. I think that now, in time of peace, we should know how we are going to enlist soldiers, sailors and airmen if war comes. That question is harder to decide in Canada than in most other countries, because we are divided on the issue, some people believing in one policy and some in another.

What amazes me is that we are so undemocratic as even to consider passing legislation making one man all-powerful. I may be told that we are threatened with an emergency. Well, we have always been threatened with an emergency, so there is nothing new in that. And do not forget that we are spending a huge sum on our defence departments this year. The newspapers put the figure at \$425 million, but if you go through the estimates carefully you will find the total for defence and war preparation is nearer \$650 million. That is a very large sum for a country of some thirteen or fourteen million people.

I repeat that I am amazed at this proposal to give so much power to one man. And what particularly puzzles me—I say this quite candidly—is that the proposal is made in cold blood, by a Liberal administration, when there is no war and when the best prophets say there will be none. There is no more likelihood of war today than there was in 1930. As a Westerner I was suspicious in 1929 that we were going to have war with Germany, and I will tell you why. It did not take much brains to form the opinion. In that year Germany placed a tax of about \$1.85 a bushel on the importation of wheat. It was an outrageous tax, and it prevented the entry of any wheat into that country from abroad. What was the purpose behind it? The German government wanted its own people to grow grain so that when war came they would not be starved out, as they had been in the first war. That was before Hitler, remember, but it was plain enough to anybody then that Germany was getting ready.

But, as I say, the best prophets today predict that there will be no war. I do not think that there is any doubt that Russia is getting ready; but whether there will be a war or not is another question. Many things will enter into the decision on that point. Here in Canada we are a long distance away from a possible enemy. We are told that he could come down over the northern country, over the Arctic Ocean and Alaska, and bomb us. Well, Operation Sweetbrier, which was held up in that country, did not amount to very much: airplanes ran into all kinds of trouble and could not contend against the cold. It is to be remembered further that we live alongside a nation which is preparing for war, as we are.

I do not object to the \$650 million that we are spending on defence preparations this year, because money is of no importance in comparison with the lives of the men and women who would have to take an active part in hostilities. But I cannot understand why the government brings down a bill like this. I have already pointed out that when my honourable friend from Blaine Lake (Hon. Mr. Horner) asked the Minister of National Defence how it was intended to raise the army, air force and navy if war came, the reply was that the government of the day would decide that issue. All right; well and good. But here is a bill, sponsored by another minister, asking parliament to make one man a dictator. Only a few of the powers given to him are conditional upon his obtaining the consent of the Governor in Council, whereas everything he does under this measure should have required that consent. In any event, should it suddenly appear necessary

to give one man all this power to build up stockpiles of materials, why could parliament not be called together and asked for the authority? War is not going to come so soon as to make it impossible to do that—it could not come so soon as that. Besides, the government already has power to buy all the defence materials it wishes, and there is no need for this measure. The minister can purchase copper, zinc, raw rubber and so on, wherever the goods are available, and build up stockpiles.

I repeat that I am utterly unable to understand how a government supported by Liberals can bring in legislation of this kind and ask parliament to pass it. If a Tory government was in office, and I, as leader of the Senate, moved the second reading of a bill like this, my Liberal friends here would get up and say, "The old Tory party is conspiring to give one man power to run the country." But the Tory party, far from forming the government of the day, has only a small number of members in the House of Commons. Of the 262 members of that house, about 186 are Liberals. Yet this bill was passed there and sent over for the approval of the Senate, where Liberals outnumber Conservatives about 6 to 1, and I presume that Liberal members here will vote for it. How can a Liberal who votes to give one man the dictatorial powers provided for in this bill face public opinion?

Hon. Mr. Horner: It is not Liberalism we have now, it is National Socialism.

Hon. Mr. Haig: It is National Socialism with a bang.

Hon. Mr. Euler: Is my honourable friend intimating that dictatorial powers reside in the Tory party?

Hon. Mr. Haig: No, but that is what you would say if the Tory party were in power and brought down a bill like this. My honourable friend from Waterloo (Hon. Mr. Euler) would be one of the gentleman who would get up and say, "The Tory party is placing dictatorial power in one man's hands."

Hon. Mr. Euler: Do you mean that that is to be expected from the Conservative party?

Hon. Mr. Haig: No, but you would say that it was only what you expected from that party. But for forty or fifty years I have listened to talk—or perhaps it was twaddle—about Liberals being free traders and believers in democracy, and I never thought I should hear it stated in a legislative hall that they supported legislation of this kind. Even yet I cannot believe that in the secret recesses of their minds the honourable gentlemen

from Churchill and Waterloo (Hon. Mr. Crerar and Hon. Mr. Euler), for whose judgment I have a high regard, are not opposed to this measure. I am unable to picture these two gentlemen of long parliamentary experience—and others whom I could name—as voting for the bill. I really do not know what could get into such men to make them do anything like that.

In my objection to the bill I have nothing personal against anyone. Some people have, but not I. I am opposed to it because its underlying principle is inconsistent with parliamentary government. The parliamentary system is being challenged today in Britain, the United States and Canada. We in this country are drifting away from parliamentary control of the government. I think that we are heading towards a development such as they have in Britain, by which the Prime Minister becomes too powerful. He controls his cabinet, for he appoints the members, and anyone who happens to incur his dislike must get out. And all the time the tendency is for more and more power to accrue to the government.

The other day I read a newspaper account of the by-election campaign in a Nova Scotia constituency, and it was said that the people were told, "You ought to elect the government supporter, because you may need something; and the government, being in power, can give it to you." That is the kind of thing which goes on. And this very bill before us seeks to add to the power of a minister. If the bill is passed, he will not need to call for tenders before making purchases or ordering the erection of buildings. There will be no restriction at all on anything that he may do within the limits of the bill; he will not even need to submit his ideas to the cabinet for approval.

I am opposed to this kind of legislation. There may be some demand for it, but I doubt it. Some may say that we were not properly prepared for the second World War, though we had the experience of the previous war of 1914-18.

Hon. Mr. Fogo: We do not want a repetition of our experiences.

Hon. Mr. Haig: Following the first World War the Liberal party was in power almost continuously from 1921 to 1930, and in all those years they never proposed legislation of this character; and the Conservative government, which was in power from 1930 to 1935, did not choose to propose this kind of legislation, although it must have known that the threat of war then was just as great as it is now, perhaps greater. I think there was much more likelihood of Germany—and I do not

mean the German people—going to war under the dictator Hitler in the years before 1939, than there is of Russia declaring war today.

After observing the representatives of the Soviet at the United Nations for a period of two and a half months, I came to the conclusion that I could not believe a word they said and that they could not be trusted at all. The Russians have, however, a native ability to know their own limitations, and I say that they will never go to war unless they believe, beyond a shadow of doubt, that they can win. The experience of Germany, first in the war of 1914-18 and later in war of 1939-45, has had a sobering effect on the Russian powers that be. They have seen how free men and women can rise up, prepare for and fight a war. I wish to say no more on that phase of the subject.

I am personally shocked at the government introducing this kind of legislation in this day and age, when parliament can be called together and, within a week, pass whatever legislation is necessary. In asking for the power to vote war supplies, we must not forget that in the future we will need a system under which men and women can be raised in the event of war. That is a more difficult problem. After all, though our equipment may be the most efficient and modern that money can provide, it is still the aviator, the gunner, the sailor and the tank driver—the man behind the gun—who will give us strength to win a war.

Such legislation as this leads to dictatorship. Certainly it is bad in principle for a democracy. This bill does not provide for the calling of tenders on any project, but gives the minister full power to go ahead on his own. I am therefore opposed to the bill. In my opinion the passage of this legislation by parliament will be a backward step.

Hon. T. A. Crerar: By any process of reasoning, honourable senators, this bill is an extraordinary measure to ask a peace-time parliament to pass. The Munitions and Supply Act, which was passed in a war crisis, quite properly gave to the appropriate minister extraordinary powers for the purpose of enabling him to procure the instruments of war.

It may be, as the leader said in his opening remarks, that this bill does not give to the minister the powers which the Munitions and Supply Act gave. I have read the bill rather hurriedly, but at the moment I do not know what power, if any, it fails to give. I repeat that the Munitions and Supply Act was passed in the heat of war, and conferred extraordinary—even dictatorial—powers on a minister to procure the necessary munitions of war.

We are now in times of peace. If there was a likelihood that we would face war within a few months, I could understand the advisability of placing in the hands of the Minister of Trade and Commerce such extraordinary powers. If everything pointed to an outbreak of war in the near future, there would be good reason for preparation and for such a measure as this. But from what we read in the press and hear from public men in our own country and abroad, we are led to believe that the danger of war with the only possible aggressor, Russia, is less today than it was a year ago.

Any person who reads and analyses section 3 of the bill can only reach the conclusion that it places extraordinary powers in the hands of the Minister of Trade and Commerce. Now, he is an old friend and a former colleague of mine; we marched together in the bitter days of the war, and no one knows better than I do his capacity for efficiently handling wartime tasks, notwithstanding the criticisms that were from time to time directed at his administration. But I come back to the position that in peacetime I am opposed to the concentration of power in the hands of any individual. If parliament fails to criticise and restrain legislation of this character, undoubtedly the institution of parliament will fall into disrepute. Parliament is composed of representatives of the people of Canada from the Atlantic to the Pacific, and in these halls we use our collective judgment on behalf of the people to consider legislation, to protect their liberties and to perform the functions of government in the way that they would perform them if they were here to do it for themselves. I feel, therefore, that the responsibilities resting upon the shoulders of the men who compose our parliament are very great indeed.

I would repeat, that no one dislikes more than I to offer criticism of a measure of this kind. But my view is that to grant extraordinary powers to a minister of the Crown in peacetime may have the effect of causing us to slip further towards the position in which delegated power is paramount. This is the problem of every country with a democratic form of government today. As a result of increased power being placed in the hands of the executive there is a decline of confidence, not only in the legislation that parliament enacts but in the position it occupies in the estimation of the people who elect representatives to it. Frankly, I cannot look on these trends without some apprehension. I wish, therefore, to register my objection to this legislation and to the results that may, in future years, flow from it.

Hon. Arthur W. Roebuck: Honourable senators, I stand second to no one in this chamber or anywhere else in matters of liberalism and

democracy or in my respect for parliament and my desire that the business of this country be carried on in a democratic and reasonable way. And yet I do not feel shocked by this bill in the way that it shocks the leader of the opposition (Hon. Mr. Haig), or my honourable friend from Churchill (Hon. Mr. Crerar). Like most of the other members of this house, I have been through at least two great wars, in which the ordinary rights of the citizen were overridden in the roughest manner. I have seen powers of government exercised over the individual. I have seen boys taken from their schools and their homes and put in the army and sent overseas where many lost their lives. The leader of the opposition says that money is nothing compared with life. I do not quote him verbatim, but I think he will agree that that is the substance of his statement. In other words, that considerations which affect life are vastly more important than those which apply to money; the two are not to be counted in the same class.

My friend says that the government should announce how we are going to get men for our armies in the next war; that as a matter of democracy the government should tell us what they are going to do. I assume that he means that the government should now declare whether, if another war should occur, we shall have conscription. It seems to me that the proper and democratic course is the one taken by the government when it says that this question will be decided by those who are in authority at that time; that we, not knowing the situation we shall then have to meet, should not bind their hands in advance. Speaking neither as a prophet nor with any special knowledge, I suppose the probabilities are that if we go into a third world war there will be no voluntary enlistment; it will be conscription from the drop of the hat.

Hon. Mr. Robertson: Of everything.

Hon. Mr. Roebuck: And everybody.

Hon. Mr. Robertson: And everything.

Hon. Mr. Roebuck: Probably everything as well. In the last war the leader of the opposition was, I believe, an enthusiastic advocate of conscription. I never was. I always disliked it; and in the earlier stage of its application I felt that we were sacrificing the principles of the British army, which had always depended on voluntary enlistment, to adopt the evil traditions of continental Europe with its conscript armies. But as time went on and the necessity presented itself, I could not but come to the conclusion that we, too, must be more orderly in the matter of enlistments: and I have no doubt at all that our participation in a third war will be on the basis of conscripting our young men, whether

you or I like it or not. With that proposal, I fancy the leader of the opposition would be in entire accord. He will be in favour of conscription.

Hon. Mr. Haig: I never said that.

Hon. Mr. Roebuck: I think he will be.

Hon. Mr. Haig: No, you have no right to say that. I never said so.

Hon. Mr. Roebuck: Very well; then I withdraw the statement. I thought in that regard he was like the rest of his party.

Mr. Haig: I did not say so.

Hon. Mr. Roebuck: I sat in the House of Commons week after week, month after month, and heard them proclaiming there the virtues of conscription and attacking voluntary enlistment, and doing everything possible to make voluntary enlistment unsuccessful.

Hon. Mr. Horner: That is going a little too far.

Hon. Mr. Roebuck: Well, that is my opinion.

Hon. Mr. Horner: Well, it is only your opinion.

Hon. Mr. Roebuck: I have the right to express it, and I do express it.

Hon. Mrs. Fallis: On a point of order: I do not think that any honourable senator has the right to impute motives.

Hon. Mr. Roebuck: I am not imputing motives to anybody in this house, and what I have said is not subject to the rule. I say that the Conservative party did everything in its power during the last war—and I might add, during the first World War—to make voluntary enlistment unsuccessful.

Hon. Mr. Horner: I must object. The honourable senator has no right to say any such thing.

Hon. Mrs. Fallis: It is not true.

Hon. Mr. Horner: It is not true. There is not a particle of truth in that statement. As a Conservative, I did my best in every way for voluntary recruitment.

Some Hon. Senators: Order!

The Hon. the Speaker: I do not think that the imputation of motives to a political party is reasonable ground for a point of order. I did not hear the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) attribute any motive to a particular member of this house.

Hon. Mr. Roebuck: Thank you. My only purpose in referring to conscription at all in relation to the remarks of the leader of the

opposition, was to make a comparison which occurs to me at this time between human life on the one hand, and money on the other.

Hon. Mr. Horner: But—

Hon. Mr. Roebuck: "But" nothing. The senator can make a speech when I am through.

Hon. Mr. Horner: Your Honour, I ask you to rule that the honourable senator, before he continues his speech, must withdraw the remarks and the insinuation he made.

Hon. Mr. Duff: Take it outside!

Hon. Mr. Roebuck: I think my friend is unduly nervous.

Hon. Mr. Horner: I am not nervous.

Hon. Mr. Roebuck: And rather thin-skinned.

Hon. Mr. Aseltine: Stick to the subject. You are not talking about this bill.

Hon. Mr. Roebuck: I have no desire to offend my friends across the house.

Hon. Mr. Aseltine: You are trying to.

Hon. Mr. Roebuck: Nor did I plan such a thing. I am trying to make clear the distinction between human rights on the one hand and money on the other. My friend says that what counts in winning a war is the man behind the gun—and he enumerated, I believe, some other things, like tanks and ships. It is true that without the man behind the gun the war is lost. But though it is important to get the man behind the gun, do not forget that it is also important to equip him, to provide him with the gun. That is the purpose of this bill. Its object is to place in the hands of a responsible officer of the government the power to requisition the materials which are seen to be needed should a prospective emergency arise. It might be that, for a considerable period at least, the usual peacetime methods of government—calling for tenders, and all the rest of it—would enable us to get along. But who knows whether the crisis we now face will intensify in the years to come, or even in the months to come.

Hon. Mr. Dupuis: Or the days.

Hon. Mr. Roebuck: My friend says he does not expect that Russia will wage war unless she is quite sure of winning. I agree with him, and I think it is our job to show Russia that she cannot win. One way of doing that is to be prepared on every hand. If those who are charged with the responsibility think that to advance the cause of our security they should be allowed to requisition supplies, to require those who have already contracted for supplies to deliver them, to give contracts here and there without calling for tenders, so that our shipyards may be kept

open, active and ready, and other such purposes as the leader has mentioned can be achieved at the cost only of money, and of money which when spent must be accounted for, I fail to be shocked at this. I yield to nobody in my desire for the democratic handling of our business, in my love of liberalism in its broadest sense; but I believe that if democracy is to succeed it must demonstrate its ability to meet a crisis and prove that it is as efficient as, and even more efficient than, other forms of government.

In order for democracy to function effectively, it must have good officials who can be trusted to carry out their duties honestly and successfully. We were very fortunate in the last war. The Department of Munitions and Supply was given much wider powers than are contained in this bill, and the officials who will head the department under this legislation will be the same as those who during the last war effectively spent millions upon millions of dollars—I shall not say without a dollar being purloined, but practically without corruption. One of the real factors in the winning of that war was the rapid conversion of our industries to war production; and if these officials I have mentioned require authority to enable them to be better prepared for the next war than we were for the last, I cannot be shocked by their request. Thus it is that I propose to vote for this bill.

Hon. Iva C. Fallis: Honourable senators, I had not intended to enter into this debate, but I wish to point out that the discussion has strayed far from the subject of the bill and from the point which my leader (Hon. Mr. Haig) endeavoured to make as to our attitude towards the legislation.

In time of war or in time of emergency we on this side would be the last ones to oppose the government in taking necessary powers. We supported the government during the last war when it had to adopt emergency measures; we did not quibble about it. But what we are objecting to now is the placing of full power in the hands of one man in peacetime. While honourable senators were speaking about dictatorship I was reminded of a verse which is familiar to us all from our schooldays. It runs like this:

Vice is a monster of so frightful mien,
As to be hated needs but to be seen;
Yet seen too oft, familiar with her face,
We first endure, then pity, then embrace.

I think that if the word dictatorship were substituted for the word vice we would have a perfect illustration of what is happening in our parliament today. A few years ago it would have been unthinkable to have introduced a bill such as this, entrusting all these powers to the hands of one man when there is no

emergency. But gradually, step by step, the powers of parliament have been given into the hands of the government, into the hands of the cabinet, and now, apparently, into the hands of one man. As reported in the press when the debate on this question was in progress in the other house, somebody mentioned dictatorship and a very ardent supporter of the present government and of the Minister of Trade and Commerce said, "Well, after all, it is good dictatorship".

It seems, honourable senators, that "We first endure, then pity, then embrace". How much further down the road shall we go until we embrace dictatorship? It seems to me that the lines are pretty finely drawn when a supporter of the present government when referring to this bill admits that it practically involves dictatorship, but claims that it is good dictatorship.

Honourable senators, I am opposed to dictatorship, whether it is so-called good dictatorship; or not; and so I am opposed to this bill.

Some Hon. Senators: Hear, hear.

Hon. J. Gordon Fogo: Honourable senators, I should like to make it clear that the right to dislike dictatorship is not confined to any side of this or any other house. I regret that those responsible for preparing this bill did not see fit to print along with it the provisions of the existing legislation, the Munitions and Supply Act. Had I a copy of this Act at hand, I would read some excerpts from it to illustrate to the house that its provisions are far more drastic and all-embracing than those of the present legislation, and that the Act which is now on the statute books does not contain the provisions which appear in this bill.

There may be vast differences of opinion as to whether or not there will be another war and as to how one should best prepare for it. But apart altogether from this, we are dealing with something different. We are dealing with a reduction rather than an increase in power, and we should keep this fact in mind when considering the bill now before us.

Hon. Vincent Dupuis: Honourable senators, the house may be astonished, if not astounded, to see a member of the group to which I belong rising to support this bill. We have the reputation of disliking any law which encourages war and any legislation which is undemocratic and which invests power in a small group or an individual rather than in the majority. This is especially so if the person rising to speak is of Liberal allegiance.

I am doubtful of the accuracy of the assertion of the honourable member from Peterborough (Hon. Mrs. Fallis), that since the end of the second World War we in this country have been at peace. I am not sure that we are not still at war. At any rate we are certainly war-minded, and so much so that the honourable leader opposite (Hon. Mr. Haig) finds it logical that Canada should spend \$600,000 millions—

Hon. Mr. Haig: \$650 million.

Hon. Mr. Dupuis: Yes, \$650 million on defence. He finds that quite natural, and I do not blame him.

Hon. Mr. Fafard: God bless you!

Hon. Mr. Dupuis: Some honourable member has said "God bless you." I hope that our God will bless those people of the world who want peace, and help the warmongers to become peaceful people so that the threat of war will not hang over our heads. But as I say, honourable senators, we are at war, in theory at least. It is now a "cold" war.

My honourable friend the distinguished leader of the opposition (Hon. Mr. Haig) says that if the Tories were in power and brought in a bill like this the Liberals would rise up and denounce it. I suppose he recalls the days of the first Great War, when his party was in office. May I say to him, "Other times, other means." The war of 1914-1918 was in many respects fought as wars had been fought for centuries. It was a war of guns against guns, of soldiers beating back other soldiers from one trench to another. In comparison with what will happen if there is another war, that was a kind of sporting event. In former days countries began hostilities only after declaring war. But surely everybody knows that the next war will not be preceded by any declaration. No time will be given to any parliament to assemble and pass laws for national defence.

Hon. Mr. Horner: Hear, hear.

Hon. Mr. Dupuis: The outbreak of the next war may be announced to Canadians by the dropping of an atomic bomb on these parliament buildings.

The honourable leader opposite said he did not place any reliance upon the people whom many suspect will be our next enemies. I do not blame him at all, for one cannot rely upon what they say. Although they talk peace, although they contend that only the capitalist powers are preparing for war, we know very well in our hearts and souls which side is preparing for war and in the meantime is doing its utmost to stir up prejudice and misunderstanding among the nations. One has only to listen to the

radio or read the papers to discover, if he does not know already, that Russia is doing her best to incite the democratic countries into declaring war against her. She is ready, and she will probably begin her attack, as the Japanese did against Pearl Harbor in 1941, without a declaration of war.

So although I stand for liberty, although I am a humble member of a group in this country who dislike war, yet because I love my children and my country, and because as a member of this chamber I have a duty to help Canada to survive, I am ready to surrender all my right to freedom and democratic procedure and even to place great power in the hands of only one man, especially when I know that that man is able so to serve Canada effectively. If war should ever be declared—which God forbid—by the dropping of a bomb upon these buildings, or elsewhere in this country, we shall be ready; we shall not be bound to wait for parliament to be called to legislate for our defence.

Hon. R. B. Horner: Honourable senators, I would not rise to take part in this debate had it not been that a great part of the speech by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) had nothing at all to do with the bill, and had he not gone out of his way to make the untrue and foul statement that in the last war the Conservative party had done its best to prevent volunteer enlistment. No baser lie was ever uttered anywhere. And certainly no one could give greater comfort to the enemy than by making an accusation of that kind. While he has said some things with which I have agreed, he is one of the most impractical speakers in this chamber. But I thought that at least he was a gentleman and would withdraw the remark he made, for it is untrue and can be proven so.

It has already been stated by the leader on this side (Hon. Mr. Haig) that in committee on the National Defence Bill I asked the minister how members of the forces would be enlisted in the event of war. In my opinion the method which the government intends to adopt should have been one of the first matters provided for in that bill. I complained of the so-called volunteer method that was used in this country. If a young fellow's parents had a home where he could reside, and were able to find employment for him, he was fortunate; but I pitied others. If of military age and unable to produce a certificate of unfitness for military service, they could not obtain employment, and the schools and universities were closed

to them. I think that a call-up system as used by other members of the Atlantic Pact countries is fairer.

The honourable member from Toronto Trinity (Hon. Mr. Roebuck) has slandered the Conservative party. Although I belong to that party I spoke on many occasions during the last war on behalf of the Liberal party. I remember that at one meeting in northern Saskatchewan the local Liberal member refused to appear on the platform, and when someone in the audience asked a question about the government's policy and what the Liberal party was doing, the chairman said, "Senator Horner is defending the Liberal party and will answer your question." Because I did what I could to assist the government in every way during the war, I personally resent the honourable gentleman's remarks about my party; and now that I find he is not gentleman enough to withdraw his slander against the party, I will never listen to another speech that he makes in this chamber.

Some Hon. Senators: Order.

The Hon. the Speaker: I would ask the honourable senator to withdraw his remark insinuating that the honourable senator from Toronto Trinity (Hon. Mr. Roebuck) is not a gentleman.

Hon. Mr. Horner: I will withdraw it if he withdraws the slander he made against my party, but not until then.

The Hon. the Speaker: What was said by the honourable gentleman from Toronto Trinity (Hon. Mr. Roebuck) was said about a party, but the remarks of the honourable gentleman from Blaine Lake (Hon. Mr. Horner) was directed against another senator. That is the difference between the two statements.

Hon. Mr. Horner: I did not catch Your Honour's last remark.

The Hon. the Speaker: Is the Senate ready for the question?

The question is on the motion of the Honourable Senator Robertson for the second reading of Bill 302, an Act respecting defence supplies and projects. Is it your pleasure, honourable senators, to pass this motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

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

Hon. Mr. Robertson: Honourable senators, as usual, I am in the hands of the house. I do not know whether anyone wishes to have the bill referred to a standing committee.

Hon. Mr. Duff: Move the third reading now.

Hon. Mr. Haig: I have no objection to the motion for third reading being made now.

Hon. Mr. Robertson: Then, with leave of the Senate, I move that the bill be read the third time now.

The Hon. the Speaker: Honourable senators, the question is on the motion of the Honourable Senator Robertson for the third reading of this bill. Is it your pleasure to pass the motion?

Hon. Mr. Haig: On division.

The motion was agreed to, and the bill was read the third time, and passed, on division.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 310, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1950, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, this is a bill to provide capital funds for the Canadian National Railways for the current year, in the total net amount of \$24,582,489. The bill is in the same form as one which parliament has passed annually for a considerable time, and I do not think it is necessary for me to go into great detail in explaining the measure. It permits of the issue by the Canadian National Railways, and the guarantee by the government, of securities to the amount that I mentioned. It also authorizes the Minister of Finance, pending the issue and sale of such securities to the public, temporarily to advance moneys to the Canadian National Railways for the purpose of meeting capital expenditures. The details with respect to capital expenditure are itemized in section 2 of the bill.

Sections 9 and 10 deal with the annual deficits which may result from the current operations of the National Railways System and the Trans-Canada Airlines. These sections permit the Minister of Finance to advance to the Canadian National Railways and to the Trans-Canada Airlines respectively, on a temporary basis, such sums as

may be needed to meet those deficits, pending the voting by parliament of the moneys in the ordinary way.

I do not think any further explanation of the bill is necessary. With respect to its further progress through the house, it may well be that some honourable senators may wish to have it referred to a standing committee. Our practice in past years has been to refer similar bills to committee, where the officials of the Canadian National Railways have appeared to give detailed information of proposed capital expenditures, and to answer any questions which honourable senators wished to ask with reference to the operation of the railway system. If it is the desire of honourable senators to follow that procedure, when the bill has been given second reading I shall be glad to move that it be referred to the appropriate standing committee.

Hon. Mr. Haig: I do not intend to speak on the bill, provided the honourable member will assure me that it will be referred to a committee.

Hon. Mr. Hugessen: I certainly will give that assurance.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hugessen: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

BANKING AND COMMERCE COMMITTEE

On motion to adjourn:

Hon. Mr. Robertson: Before moving the adjournment of the house, I wish to remind honourable senators that after the Senate rises the Standing Committee on Banking and Commerce will meet to continue its consideration of the business before it.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Wednesday, June 21, 1950

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

Prayers and routine proceedings.

STATUTE LAW BILL

FIRST READING

A message was received from the House of Commons with Bill 313, an Act to amend the Statute Law.

The bill was read the first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: With leave of the Senate, tomorrow.

PRIME MINISTER'S RESIDENCE BILL

REPORT OF COMMITTEE

Hon. Mr. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 266, an Act to Provide for the Operation and Maintenance of a Residence for the Prime Minister of Canada.

He said: The committee have, in obedience to the order of reference of June 14, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: With leave, I move that the bill be read the third time now.

The motion was agreed to, and the bill was read the third time, and passed.

THE ESTIMATES

REPORT OF COMMITTEE ON CANADIAN TRADE RELATIONS

Hon. W. D. Euler presented the report of the Standing Committee on Canadian Trade Relations, to whom were referred certain estimates laid before parliament for the fiscal year ending March 31, 1951.

He said: Honourable senators, may I suggest, if it is in order to do so, that it would help members to understand this report and others that will be presented—there are quite a number of them—if they were printed in *Hansard* as well as in the *Minutes of Proceedings*.

Hon. Mr. Haig: Honourable senators, it occurs to me that instead of printing the report in today's *Hansard* it would be better

to postpone the printing until the day when the report is to be debated. Then the debate could begin with the report. I think it would be better to have the report printed in our *Debates*. It would of course be automatically printed in the *Minutes of Proceedings*; but if it appeared in the *Debates*, preceding the report, anyone reading *Hansard* would get the whole picture.

Hon. Mr. Euler: But it would be of no assistance unless it appeared tomorrow.

Hon. Mr. Haig: It will be printed in the *Minutes of Proceedings*.

Hon. Mr. Euler: That may be so, but that publication is not read as closely as *Hansard*.

Hon. Mr. Haig: I am agreeable to either procedure.

The report was read by the Clerk Assistant, as follows:

Wednesday, June 21, 1950

The Standing Committee on Canadian Trade Relations, to whom was referred certain Estimates laid before Parliament for the fiscal year ending March 31, 1951, beg leave to report as follows:

(1) That in order to get an overall picture of the cost of defence items like that of Canadian Arsenals Limited, \$2,900,000, special item 447, \$900,000, should be in the estimates of the Department of National Defence.

(2) That if an estimate for arsenals remains in those of the Department of Trade and Commerce, offsetting items should be shown together with the estimate.

(3) That the item of \$1,600,000, for development of jet engines and aircraft should be listed with the estimates of the National Research Council.

(4) That services producing revenue, such as the operation of the Grain Act, inspection and weighing of grain, as well as those of the Wheat Board Act, should be made as nearly self-sustaining as possible and that the estimates be made to show the respective amounts of income in connection with these services.

(5) That in the payment of various subsidies from the federal treasury every effort should be made to continue the policy of reducing such subsidies, both in amount and number and that they be discontinued entirely, except in cases of great urgency.

(6) That every item in the estimates part of which deals with matters of National Defence in any of its branches, should be in the estimates of the Department of National Defence, so that the total cost of defence be clearly shown in National Defence estimates.

(7) That wherever the amount included in any estimate is for assistance to aerial navigation the footnote should state whether Trans-Canada Air Lines is to receive full benefit, or whether private air lines will share in them. It should also indicate the nature of aid allotted to air line companies, that is whether such aid will be solely to better means of navigation, or will provide methods to lower general costs of operation.

(8) When attached to estimates covering salaries and expenses of trade representatives in foreign countries, there should be a footnote giving the names of the countries in which our trade representatives whose salaries and expenses are paid entirely by the Department of Trade and Commerce.

(9) That since trade with the West Indies has for many years been of major importance to the economy of the Maritime Provinces, especially with regard to the fisheries and Merchant Marine and since the salt and canned fish market in the British West Indies is much impaired by arbitrary and prohibitory measures and non-convertible currency every effort should be made to remove these difficulties and to restore this trade, as well as to promote trade in manufactured goods; and further that efforts should be made to effect reciprocal trade with Cuba, the Dominican Republic, Venezuela and other South and Central American countries.

The committee records its appreciation of the willing and valuable assistance given it by the executives of the Department of Trade and Commerce in our examination of the estimates.

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

Hon. Mr. Euler: Next sitting.

REPORT OF COMMITTEE ON FINANCE

Hon. T. A. Crerar presented the report on the Standing Committee on Finance, on the estimates.

He said: Honourable senators, I would suggest that this lengthy report be printed either in the *Minutes of the Proceedings* or in *Hansard*, and be taken into consideration on Friday next.

The Hon. the Speaker: No special motion is necessary to have the report printed in the *Minutes of the Proceedings*.

Hon. Mr. Haig: Mr. Speaker, if I may be excused for speaking again on the question, I would say that this report is perhaps more important than some of the other reports on the estimates, as it contains four schedules which are of more value than the main body of the report. If at the next session this house again adopts the policy of examining the estimates, the information in these schedules will be available to us at an early date, and we will know what is required. I believe that in order for any honourable senator who is not a member of the committee to understand the report, he must have the schedules before him.

The Hon. the Speaker: Does the honourable gentleman suggest that these schedules be printed at the same time as the report?

Hon. Mr. Haig. Yes.

The Hon. the Speaker: It is moved by Honourable Senator Crerar that this report be printed as an appendix to *Hansard*.

The motion was agreed to.

(See appendix at end of today's report.)

COLUMBIA RIVER INVESTIGATIONS

ANSWER TO INQUIRY

Hon. Mr. Reid inquired of the government:

1. What amounts of money have been expended by the International Joint Commission on Columbia River investigations since 1940 and up to the end of 1949?

2. Of the amounts of money expended in connection with Columbia River investigations what proportion of the amounts so expended have been in connection with investigations on the Columbia River in the United States?

Hon. Mr. Robertson: The answer is as follows:

1. \$6,555.83. This amount represents the expenses of the Canadian section of the International Joint Commission in connection with the Columbia River reference which was submitted to the commission by the two governments in 1944. The actual cost of the engineering investigations were borne during the fiscal years 1944-45 and 1945-46 by the Department of External Affairs, and more recently they have been borne by the Department of Resources and Development. All expenditures were made on behalf of investigations in Canada. The following is a list of expenditures by fiscal years:

1944-45	.....\$	10,509.25
1945-46	.....	89,163.63
1946-47	.....	219,676.06
1947-48	.....	245,692.84
1948-49	.....	309,139.68
1949-50	.....	302,362.99

A total of\$1,176,544.45

2. The amounts spent by the United States Section of the International Joint Commission and by the United States Government are not available to the Canadian Government.

CANADA GRAIN BILL

COMMITTEE AMENDMENT NEGATIVED

The Senate proceeded to the consideration of the amendment made by the Standing Committee on Banking and Commerce to Bill 249, an Act to amend the Canadian Grain Act.

Hon. Mr. Euler moved concurrence in the amendment.

Hon. Wishart McL. Robertson: Honourable senators, I have asked that the consideration of this order stand until today so that the minister and his officials might have time to consider the effect of the amendment and the kind of regulatory action that would have to be taken under it by the Board of Grain Commissioners. I am advised that the amendment puts the Board of Grain Commissioners in a difficult position, in that it

would force the board to take action early in the crop year to protect the market for western Canada grain, and that any action requiring the operators of eastern and terminal elevators to reserve storage capacity that ultimately might not be necessary, might prove to be unfair. Under the clause in the bill as drawn, grain would be admitted to such elevators on condition that the elevators would be cleared by the date when they were required to handle the Canadian crop, and by a more flexible regulation of the trade, both Canadian shippers of wheat and the elevator operators would be protected. In view of the advice which I have obtained from the government, I on their behalf must ask the Senate not to adopt the report of the Standing Committee on Banking and Commerce.

Hon. John T. Haig: Honourable members, the amendment before us is not mine, nor the consequence of some proposal of mine; but as I have often spoken here on subjects connected with grain I may be expected to say something now. With respect, as a matter of information to those who are not westerners, may I outline the issue that is involved? We define as "terminal" elevators those elevators located at Vancouver, Port Arthur and Fort William, and Churchill. On the eastern side of the lakes and along the St. Lawrence are what are known as "Bay Port" elevators, which are used to store grain received from the West and hold it for shipment abroad. A considerable amount of grain is also received from the United States and held here for a time before it is moved to the eastern seaboard. The storage business so received is very profitable. Figures presented to the committee show that in good years western Canadian wheat accounts for about 60 per cent of the storage occupied, and the balance is used for American wheat or corn.

I turn now to the question of the bill before us, and the amendment suggested by the committee. Under the new section 133, subsection (1a) as proposed by the bill the owner of a bay elevator at, say, Collingwood, or elsewhere, is not permitted to take in any grain of United States origin without a permit from the Board of Grain Commissioners. The bill provides that at the beginning of the season the board shall decide how much space in these elevators is required for the storage of Canadian grain, and that without the board's permission none of that space can be occupied by American grain. As between the bill and the amendment the difference is hardly more than that between tweedledum and tweedledee. Under the terms of the bill, the elevator owner must apply to the Board of Grain Commissioners and advise them that storage

space is required for, say, a million bushels of corn or wheat originating in the United States. The commissioners, after deliberation, may notify him that he can take in this million bushels, but he must get it out by the first of October, or November, or some other date which they specify. Such a condition would probably prevent the storage of any large amount of grain from the United States. If, however, the committee's amendment were adopted what would happen. is this. Let us say that at the beginning of the season the estimate of Western Canada's wheat crop is 300 million bushels. Western grain which is not used for local consumption or milling purposes is sent to the terminals at Fort William and Vancouver, and they endeavour to ship as much of it as possible to the Bay ports before the winter freeze-up. The advantage of this is that if, say, Rumania or Italy wish to buy a million bushels of our surplus wheat, it can quickly be sent to the seaboard to be shipped overseas. On the other hand, if the grain were kept in storage at Fort William, much time and expense would be involved in transporting it by rail to the ocean-going vessels during the winter months.

At the start of the season the grain commissioners will inform each elevator operator how much grain he will have to store for Canadian purposes. Then, once he has reserved this space he will be at liberty to rent the rest of it as he sees fit.

In my opinion the members of the Board of Grain Commissioners have a better opportunity than anybody else to judge what the grain crop will be. For instance, if it is to be 500 million bushels, we shall need practically all the storage space available in the Bay port elevators; but if the crop is to be only 300 million bushels, we shall probably require only 50 per cent of the space, and the elevators will be free to rent the rest of their accommodation.

Whichever amendment is adopted, the matter will be dealt with by the Board of Grain Commissioners which is made up of independent men appointed by the government to make rules and regulations for the handling of grain. Heretofore this question has been under the control of the Wheat Board, and the only trouble has been that this body itself was a dealer in grain, and there was a possibility of conflict of interest. I am in favour of putting this matter under the control of the Grain Act, because I think it represents a fairer arrangement to everyone concerned.

Honourable senators, when this amendment was being discussed in committee the Minister of Agriculture did not say anything, and the majority of members present voted in favour of the amendment. I do not think it will make any difference at all to the western grain producers, because I am confident that

the Board of Grain Commissioners will act fairly towards them. The members of the Board are nearly all westerners anyway, and they will be careful in handling this legislation. Our elevators cannot operate on a paying basis if they have to take chances and are not able to handle this extra grain.

My honourable friends from Blaine Lake (Hon. Mr. Horner), Rosetown (Hon. Mr. Asetline), and Churchill (Hon. Mr. Crerar) are farmers, and are just as well or better acquainted with the crop situation in Western Canada than I am, but it is my understanding that crop conditions are only fair. Manitoba is wet and Alberta is dry; southern Saskatchewan will have a reasonably good crop while some places in northern Saskatchewan will also have a good yield. All in all there will not be a surplus crop, and I think that 300 million bushels will be the top mark. This will certainly not use up all our storage facilities.

Honourable senators, I think we might try the amendment for one year. If it does not work, we will change it, because the people of the West are more interested in grain than in anything else. I do not think we will be doing the administration of the Act any harm by adopting this amendment.

Hon. A. K. Hugessen: Honourable senators, in one sense at least I do not think there is a great deal of difference between the amendment suggested by the Standing Committee on Banking and Commerce and the original amendment proposed in the bill. I was one of a fairly substantial majority in committee who voted in favour of the amendment contained in the report. I still adhere to that position, and regret that I differ from my honourable leader (Hon. Mr. Robertson) in this respect.

May I give the house my view as to just exactly what is involved in this controversy? For many years, as was explained in committee, these bay elevators have been accepting American grain for storage when the space was not needed for the Canadian crop. At no time has there ever been a shortage of accommodation in these elevators for Canadian grain shipped from the head of the lakes. Last year, however, a rather special circumstance arose because of an enormous American crop and a considerable shortage of storage space in that country. Early last season, before the Canadian crop was ready, these bay port elevators began to fill up with American grain, which of course was earning valuable American dollars for this country. The Board of Grain Commissioners were afraid that if this practice continued there would not be enough space for the Canadian grain when it came down from the head of

the lakes, so, although they had no statutory authority to do so, they prevailed upon operators of these grain elevators to stop accepting the American grain and to reserve sufficient space for the anticipated Canadian crop.

Hon. Mr. Lambert: They prevailed on these people through the Customs Department.

Hon. Mr. Hugessen: Yes. The purpose of the present bill is to ensure that the Board of Grain Commissioners, should this condition ever arise again, will have the statutory authority to do what they did last year without authority. I think we are all agreed that in case of a shortage of storage capacity in these elevators, our law should provide that our own grain be given preference over that from the United States.

The question here is really one of form, and I should like to ask the Senate how the average man, faced with this problem, would go about changing the present Act in order to give the Board of Grain Commissioners the power which it seeks. The amendment adopted by the Banking and Commerce Committee did that thing in, it seems to me, the ordinary business way. This is the amendment which the committee approved:

The Board—

That is, the Board of Grain Commissioners.—may require any operator of a terminal elevator or an eastern elevator to refuse to receive for storage in the public space of such elevator any grain grown outside Canada in transit for shipment out of Canada.

We were advised by our counsel, and I do not think it was disputed by the minister or by anyone else, that that clause would give the Board of Grain Commissioners ample power to do what it did in the exceptional circumstances of last year, if they should ever occur again.

But the original clause which we were asked to approve was something very different. This is how it reads in the bill:

No operator of a terminal elevator or an eastern elevator shall receive into such elevator for storage in transit for reshipment out of Canada any grain grown outside Canada unless he is first authorized to do so by a regulation or order of the Board.

Hon. Mr. Turgeon: What section is that, please?

Hon. Mr. Hugessen: That is at the top of page 3 of the bill. It is the proposed new subsection (1a) of Section 133 of the Act.

It seems to me, honourable senators, that a mandatory provision of that kind is not only totally unnecessary but is, as it were, a steam shovel being used to crack a nut. Unless it can be shown to be absolutely necessary, I strongly object to the insertion

in our law of a positive prohibition, such as this, of an act of commerce which has taken place time and again in the last fifty years.

As I say, I think the question is one of form rather than of substance. When there can be inserted in a bill a good provision empowering the board to deal with exceptional circumstances of the kind that occurred last year, I can see no reason for the absolute prohibition contained in the bill. I think a prohibition of that kind is a relic of the mentality which so many of our civil servants and boards developed during the war, and which led them to recommend that statutes be amended to prevent anyone from doing this, that or the other thing, without their permission. To my mind that is really the only point of substance in the amendment. I think that in practice it will not make a great deal of difference whether we adopt the original clause in the bill or the one proposed by the committee. In either case the Board of Grain Commissioners will have statutory power to deal with an unusual condition of affairs such as arose last year. But in my opinion we should not, unless really necessary, insert in the Act a clause absolutely prohibiting elevator operators from continuing a well-established practice of the grain trade.

Hon. Mr. McGuire: And there is no provision for compensation to the elevator operators.

Hon. G. P. Campbell: Honourable senators, as I moved the amendment in the Committee on Banking and Commerce, I should like to say a few words about it here. First I wish to thank the honourable leader (Hon. Mr. Robertson) for permitting this order to stand until today, so that I might be present.

The honourable gentleman from Inkerman (Hon. Mr. Hugessen) has made a very clear and concise analysis of the effect of the proposed new section. In moving the amendment I was not seeking to have anything taken away from the substance of that section. Having had some experience and knowledge of the workings of the Board of Grain Commissioners, I can say that the board has functioned extremely well; that its administration in connection with elevators and the transportation and handling of grain in Canada has been most efficient at all times. Never in the past has the board had to resort to a directive such as authorized in the bill. Co-operation between the board and the elevators has always been on the highest level.

The board has always had jurisdiction over elevators. The Grain Act, which constitutes the board, empowers it to license elevators annually, and in licensing them it has been the Board's practice to set aside in particular

locations, such as in the Bay ports—that is on Georgian Bay and Lake Huron—a percentage of the elevator space for private use and a percentage for public use. That has been done for the purpose of assuring at all times sufficient space for the handling of grain coming from Western Canada. In the past fifty years there never has been any difficulty, and I cannot see that there will be any in the future.

Many of these elevators located at the Bay ports have always had to depend to a large extent for their earnings on the movement of grain from the United States, from Lake Michigan ports to the Bay ports and then through the New England States. That movement often takes place earlier in the year than the movement of Western grain. It is true that occasionally grain comes in for storage from American ports as well as from Canadian ports, but the evidence submitted by the trade when this matter was under discussion indicated quite clearly that there was always space available in these elevators.

I should like to draw the attention of the Senate to the general scheme of legislation contained in the Canada Grain Act. In effect it constitutes the board of Grain Commissioners and vests that board with jurisdiction to pass regulations from time to time affecting the storage and handling of grain. This Bill 249 would extend the board's powers, by authorizing it to pass regulations on a new subject-matter. Permit me to read section 1, which sets out this new subject-matter:

Governing the receipt at eastern elevators and at terminal elevators, for storage in transit for reshipment out of Canada, of grain grown outside Canada, in order to ensure priority of storage for grain grown in Canada, and specifying the period of time that such grain grown outside Canada may remain in storage at such elevators.

I submit, honourable senators, that that power is in itself broad enough to enable the board to make any regulations necessary to ensure priority of adequate storage space for Canadian grain in these elevators. Admittedly, judging from the experience of the past, that wide power and authority—if the government thinks that the Board of Grain Commissioners should have it—will be exercised in a proper way. But by subsection (1a) of section 133(1) of the Act, as contained in clause 6 of the bill, the government has proposed a prohibitory measure. It reads:

No operator of a terminal elevator or an eastern elevator shall receive into such elevator for storage in transit for reshipment out of Canada any grain grown outside Canada unless he is first authorized to do so by a regulation or order of the board.

In effect, that clause seems to say that even if these elevators were empty, and no one was paying for that space, that the operators can never use it as they have in the past until they go to the Board of Grain Commissioners

and get a permit or an order entitling them to do so. I submit that in the circumstances this type of legislation is not necessary and should not be put on our statute books.

I do not for a moment suggest that in the event of an emergency the board should not have the authority to request or require the elevators to keep certain space available. I proposed the amendment because it seemed to me to improve the language of the clause and bring it more within the general scheme of the Canada Grain Act.

At the risk of repetition I, should like to read again the amendment proposed by the committee:

The board may require any operator of a terminal elevator or an eastern elevator to refuse to receive for storage in the public space of such elevator any grain grown outside Canada in transit for shipment out of Canada.

In other words, the Board of Grain Commissioners may at any time issue an order to elevator operators to the effect that without a permit they may not accept any more grain. The trade is quite satisfied that such an order will not be issued unless an emergency arises. But there is considerable difference between the board having authority to take positive action, and the passage of a statute providing that no operator may accept grain without the authority of the board.

The honourable leader has said that there is some fear on the part of the government that elevator owners and operators might be subjected to rigid orders under the proposed amendment. The representatives of the trade who were heard before the committee strongly supported the amendment, and gave their reasons for so doing.

It seems to me that this honourable body has performed a great service to the country in setting up committees—particularly the Banking and Commerce committee—which provide interested parties with an opportunity to present their views on proposed legislation. Those who have appeared before the committee of this house have been pleased with the reception they received, and impressed with the efforts of members of committees to give effect to the purpose of the legislation and so far as possible, comply with the reasonable requests of interested persons. I believe that one of the functions of the Senate is to provide—as well as a place for sober second thought—committees where informed and interested persons may come and state their views.

I heartily support the amendment, because I feel that it does not in any way affect the subject matter of the bill as introduced;

in fact, I believe it is an improvement in form and carries through the general scheme of the Act.

Hon. J. W. Stambaugh: Honourable senators, I was not in the committee when this bill was discussed, but as I understand the proposed amendment it asks the board to declare at the beginning of the season the amount of space that may be required.

Hon. Mr. Haig: No.

Hon. Mr. Campbell: Not just at the beginning of the season, but at any time.

Hon. Mr. Stambaugh: Suppose an elevator company made a contract with the United States, or any other foreign country, to fill all available space with foreign grain. Under those circumstances the Board of Grain Commissioners could not do anything about it, and in any event it would be difficult to go back on the contract.

Hon. Mr. Lambert: There has never been a crisis in this country such as my friend suggests, and there is not likely to be.

Hon. Mr. Stambaugh: That may be true, but the United States is experiencing something near to a crisis now, with millions of bushels of grain in storage and no more space available. I understand that they will soon be looking to Canada for storage facilities. I would prefer that the board be given authority as originally provided, for the bill; therefore I must oppose the amendment.

Hon. T. A. Crerar: My honourable friend from Bruce (Hon. Mr. Stambaugh) has evidently overlooked the fact that the amendment does not bar the Board of Grain Commissioners from acting in an emergency of the kind he suggests.

In earlier, and I am bound to say somewhat happier days, before we became involved with regulations—

Hon. Mr. Lambert: And wheat boards.

Hon. Mr. Crerar:—and wheat boards, American grain moved freely through our Bay ports, and as a result about a dozen companies built elevators to a capacity of 32 million bushels for the receiving and handling of Canadian grain and some American grain. At least one of those elevators was built with American capital for the purpose of handling American grains.

Under the old dispensation the grain moved freely, and an elevator at Port Colborne for instance, could arrange by letter, telegraph, or even by telephone, to accept American corn from Chicago or perhaps coarse grains from Duluth. The grain was taken into the elevator, held for the order of the consignor, and the elevator company collected its storage and handling charges.

A few years ago a change was made in that procedure by reason of the fact that the Wheat Board was given the power to prohibit the importation of the grains it was dealing in from the United States. I believe I am correct—and the honourable senator from Toronto (Hon. Mr. Campbell) will correct me if I am wrong—that that prohibition did not include corn. Consequently some corn came in from the United States and occupied space in these elevators.

Now, as regards this proposal. In earlier years grain moved freely. The amendment of the Canada Grain Act, which the committee considered definitely prohibited eastern elevator owners from taking in grain from outside of Canada, unless the approval of the Board of Grain Commissioners had been first obtained. As I understand the committee's amendment, operators would be permitted to accept grain from abroad unless an emergency should arise, or in the judgment of the Board of Grain Commissioners an emergency might arise, whereby this space would be needed for Canadian grain: in that event the board could veto the acceptance of American grain.

The difference between the amendment and what is proposed in the bill is one of degree; it is a difference of form. I agree largely with what the honourable senator from Inkerman (Hon. Mr. Hugessen) said. Under the amendment in the bill, the Board of Grain Commissioners, if they saw fit, could issue a decree that no American grain should be taken into these elevators, say in the crop year beginning August 1, 1950. Much depends on the manner in which the board administers this new responsibility. But I object in principle to requiring citizens of Canada, the owners of these eastern elevators, to go hat in hand to get a permit before they can do the business which they were organized to do. I therefore support the committee's amendment. Only in the event of an emergency should the board have the power to act; and the necessary protection to the public interest would be contained in that power. While I am willing to clothe the board with the necessary discretionary powers, I do not approve of conceding them, to begin with, absolute powers, and requiring the operator of an eastern elevator to go to them in order to receive permission to do something which he has always been able to do.

Hon. Thomas Vien: Since I entered parliament, some thirty-three years ago, I have received many shocks, and on various occasions I have been so scandalized by legislation introduced in parliament that such sensitiveness as I had at the beginning has been dulled or has largely disappeared. Yet I cannot say that the bill before us does not

scandalize me: it does indeed to a great degree. At our last party convention we clamoured against bureaucratic systems of government and boards, such as have been created in the last few decades. On that score we are at one with the opposition; at their last national convention, the leaders of the Conservative party spoke as eloquently as ours, on the same subject and to the same effect.

I address myself to this issue not as a Liberal or a Conservative, but as a democrat. I have the highest regard for the Board of Grain Commissioners collectively and for its individual members. I believe that they discharge with great conscientiousness what they deem to be their duty to the public. But they are human beings, and officials invested with totalitarian power will use it; they will naturally assume that if parliament gave it to them it is to be used.

The bill before us concerns private institutions, Bay port elevators, created with private capital. It is a fundamental principle of law, public, civil or private law, that when, in the public interest, something privately owned is required, it shall be requisitioned and the owner compensated. What are we doing here? We are telling private institutions that no longer shall they be masters in their own house, that they may no longer use their property as they please.

I do not suggest that the board should be deprived of the right to requisition, in the public interest, space in these eastern or other elevators so as to give priority to Canadian-grown grain over foreign grain. But such space, if and when required, should be paid for. Evidence has been adduced before our standing committee to the effect that the board has sometimes reserved space which it neither used nor paid for. That is scandalous, a violation of that fundamental principle that nobody should be compelled to give up his private property without due and prior compensation, and then only when public interest so requires.

The amendment, in my opinion, is extremely mild. Had I been instructed to draw it up, I should have gone much further. In this case I cannot accept the proposed legislation. I am in favour of the committee's amendment, and my only regret is that it does not go further. The operators of the eastern elevators could very well say to the Board, "If and when you require space we shall make it available to you, but you shall pay for it". That would be in keeping with the fundamental principles of law and democracy. I am therefore strongly in favour of the amendment and shall vote for it.

Some Hon. Senators: Hear, hear.

Hon. Arthur W. Roebuck: Honourable senators, I was not present in committee when this amendment was discussed, and as I am not engaged in the grain trade I am merely an onlooker in this battle, and as such I must confess that I am mystified.

Apparently the question before the house has to do with phraseology of two clauses, one which is already incorporated in the bill, and the other having been suggested by the Banking and Commerce Committee. While my feelings about government officials interfering in private business are the same as those of the honourable senator from De Lorimier (Hon. Mr. Vien) I must say that this is not the issue before the house. We are debating the merits of one method of government control as compared to another; and apparently whichever way we vote there will be government supervision of the storage space in these grain elevators.

What troubles me is all the boiling that seems to be going on in the tea pot. So far as I can ascertain—and I wish the senior senator from Toronto (Hon. Mr. Campbell) would correct me if I am wrong—the question is whether the elevator operators shall go to the officials of the board and ask permission to store American grain, or whether the officials of the board shall go to the elevator operators and tell them what they must do. That is the question, is it not? What I cannot understand is why those who ostensibly are on the side of the elevator operators object to going to the board for permission. As I have said, I am not interested in this problem either as a member of the committee or one who is engaged in the grain trade; but is it not possible that when the board wakes up to the fact that there is a crisis the elevators will be full?

Hon. Mr. Haig: It is possible.

Hon. Mr. Lambert: Not full, but partly so.

Hon. Mr. Roebuck: I should like to be sure about this point. I should really like to hear again from the government leader (Hon. Mr. Robertson) why the department deems it necessary that the elevator operators should seek permission from government officials in order to store American grain.

We in this house are apparently agreed that government supervision is required to ensure the preserving of space for Canadian grain in the Bay port elevators. This being so, why is it that the elevator operators object to asking in advance whether they can accept American grain, or why is it necessary for them to wait until their space is practically all utilized before they are told that they must not take American grain? At the present

moment I am inclined to agree with the leader of the government (Hon. Mr. Robertson) that the operators should get permission in advance, so that storage will be guaranteed when space is required for Canadian grain. I should like more information about this.

Hon. Norman P. Lambert: Honourable senators, I should like to refer to the questions raised by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck), but before doing so I want to emphasize that this bill, although it deals with the Grain Board, is not essentially a western bill. I happen to know something about the western end of this question from the point of view of the suppliers and storers of grain, and I may say that this subject is of more concern to the consumers of Eastern Canada than it is to the producers of Western Canada. As a representative of Ontario, I am interested in the consumer point of view, and I would point out that the problem raised here has a direct bearing on the vast number of Ontario farmers who feed mixed grains to their poultry and livestock.

The Bay port elevators are storage houses, just the same as are the terminal elevators at Port Arthur, Sarnia, Toronto, and so on down the Great Lakes highway. The Bay port elevators, however, fill up as fast as they possibly can with whatever grain they can get—usually barley, oats, and corn from the United States—and subsequently supply this grain to mills and feed dealers throughout Eastern Canada.

The point I should like to make clear to the honourable member from Toronto-Trinity (Hon. Mr. Roebuck) is that American crops are harvested earlier than are ours, and so the Bay port elevators have to prepare at the beginning of the season for the storage of these crops. As a matter of fact, a great deal of the American grain crop is now appearing on the market. Corn will soon follow and requests from the other side for the storage of these crops may soon be coming to the Bay port elevators. The size of the Canadian crop will be unknown until August, so at least two more months will pass before the operators of these storage warehouses will know their future operations. The new clause proposed in the bill provides that no operator of any of these elevators shall receive for storage any cargo of grain from, say, the United States or the Argentine, unless first authorized to do so by the board. The Argentine also sends corn in here, and there has been a great deal of business done in this commodity. But under the bill no elevator in these strategic positions that I have mentioned could handle

anything like that without first getting a permit from the board. The amendment is not so arbitrary.

Hon. Mr. Roebuck: It is not so arbitrary, nor so efficient, either.

Hon. Mr. Lambert: Well, under the committee's amendment the operators of elevators at the Bay ports, say—they are the strategic points that we have to consider in this matter—would be free to make arrangements to utilize as much space as they thought it was advisable to use, in taking care of foreign corn before our own product comes on the market.

The elevators were not filled up to the exclusion of Canadian grain last year. In fact, there has never been a storage crisis in this country, simply because for many years now the grain crop has not been large enough to create a carry-over of any great amount. The grain has been shipped straight down the highway and marketed, so there has been no storage difficulty whatever. Last year there happened to be an abnormal production in the United States of both wheat and corn, and a good deal of the corn came into storage at the Bay port elevators and elsewhere in this country. But the use of space for that storage did not prejudice Canadian interests in the slightest degree.

In the committee we tried to get information on why this mandatory and rather drastic provision should be embodied in the Act, and why the amendment which would enable the operators to continue their practice as in the past should not be adopted. We received no definite information on either head. And I would point out that the message in which the honourable leader (Hon. Mr. Robertson) today conveyed to the house the government's view on the matter gave no substantial reason why the amendment would not meet the situation and should not be adopted. I am as willing as any other member to support the original clause in the bill if it can be shown to be in the national interest; but unless we are given good ground for forming an intelligent opinion to the contrary, I think it is only fair to assume that the principles outlined by those who have already spoken are worth preserving. I am speaking now from the practical point of view, in light of the fact that there never has been a situation such as the original clause seems to envisage.

Hon. Mr. Roebuck: Why should we have the legislation at all then?

Hon. Mr. Lambert: The grain business is strictly and rigorously regulated, but in the economic sense a grain elevator is a business unit, precisely the same as is a cold storage

warehouse that houses meat, poultry, eggs, butter or any other food product. My fear is that if the amendment is rejected there may be no importation of the miscellaneous grains that otherwise would come in from the United States and South America during the two months before our own products are ready for the market. In that event eastern consumers will be injuriously affected; and besides, elevator operators will be deprived of a source of revenue upon which they depend. Unless there is a possible emergency or crisis that would justify this mandatory provision in the bill, I can see no reason why we should not adopt the amendment.

Hon. Mr. Dupuis: May I ask the honourable gentleman a question? Suppose that again this year it becomes necessary to store American grains and that space is available for them, does he contend that if the amendment is rejected the board would refuse a permit for the storage? The board granted a permit last year. Why should it not do so again?

Hon. Mr. Lambert: The answer to my honourable friend's question is that the proposed new subsection in the bill is mandatory, and any of the operators of elevators which have been in the habit of handling grain from outside would be absolutely prohibited from making a move to handle it again without first getting a permit from the Board of Grain Commissioners. In every application for space the board would be the arbiter, and it might conclude that the government has in mind the possibility of some kind of emergency, with insufficient space to store more than the Canadian crop, and that no grain should be allowed to come in from outside until the size of our own crop is definitely known. What I fear is that the application of this new subsection will absolutely prohibit the importation from the United States or the Argentine of any grain—and of corn particularly—in the months before our own crop is harvested.

Hon. Mr. Vien: And I would point out that it was stated in evidence before the committee that the grain board actually requested space which it never used.

Hon. R. B. Horner: Honourable senators, there is one thing that I think has been lost sight of. All Western senators know that in the last few years we have had a quota system of deliveries to elevators. So if there is a large crop throughout the West a 5-bushel quota will be imposed.

Hon. Mr. Lambert: To keep the wheat on the farms.

Hon. Mr. Horner: Yes. The quota is authorized by regulation and is a very fine thing, because without it there would simply be a rush by farmers living near the market—

close to Regina or Winnipeg, for instance—to get every last bushel of their grain sold, and the producers farther away would not be able to sell enough to pay expenses. To all western grain producers let me say that it will pay them to store their grain on their own farms until it is ready to be shipped for processing into flour or wheat, or to be exported. Any farmer who thinks that he escapes storage charges by sending his wheat to an elevator at Fort William or Vancouver is suffering from a delusion. The cost of storage is added to the cost of marketing the grain.

Hon. Mr. Aseltine: It is taken out by the Wheat Board.

Hon. Mr. Horner: Yes. The wheat pools were endeavouring to send the wheat forward in an orderly fashion. The honourable gentleman from Churchill (Hon. Mr. Crerar) does not think very highly of those words "in an orderly fashion" when used in connection with marketing by the pools. It occurred to me that what the eastern elevator men were asking for at the committee was only fair and reasonable. The question is, what should be declared a public space. The eastern operators wish to hold some reserve space to take advantage of part of the business which they had in the past. Someone has said that the greater part of the stored grain was sold, and according to the senator from Ottawa (Hon. Mr. Lambert) some of it went to feeders in Ontario. Though grain has frequently come to the eastern elevators from the Argentine, it has also come from South Africa and other commonwealth countries, after which it was mixed with Canadian grain and then sold.

Any one who is in business knows that it is necessary at times to make quick decisions and to answer telegrams promptly. Such action would not be possible if an elevator operator had to get in touch with and secure a permit from the Board of Grain Commissioners. For that reason I support the amendment.

Hon. W. M. Aseltine: Honourable senators, the reason I voted for this amendment in committee has just been stated, in effect, by the honourable senator from Blaine Lake (Hon. Mr. Horner). The bill originally provided that before any foreign grain could be taken into an elevator, the operator must apply for and get a permit to accept it. We all know that when a permit is requested from a board a certain amount of investigation is made before the permit is granted. That all takes time, and before it is granted the business may be lost. It is necessary

that an elevator operator get permission immediately and act quickly in order to take advantage of the trade offered.

Hon. Wishart McL. Robertson: Honourable senators, I have little to add to what I have already said in this debate, except, perhaps, by way of reply to the fair question asked by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I make no pretence of being an authority on the grain trade, and I hope that honourable senators in this chamber who have an intimate knowledge of the subject will correct me if I seem to make a misstatement of fact.

The conclusion which my honourable friend reached is much the same as my own. My understanding when the bill was first introduced was that such control of elevator space as there had been was exercised by the Wheat Board which, as honourable senators know, is the owner, so to speak, of the western wheat crop. As the primary party using the elevators, the board was charged with the responsibility of determining what elevator space would be retained.

Hon. Mr. Roebuck: That was under the War Measures Act.

Hon. Mr. Lambert: Under the Canadian Wheat Board Act.

Hon. Mr. Robertson: Apparently the prohibition of the importation of wheat has been in existence for some time. I believe I am right when I say that there was no control of corn, and that the problem of elevator space arose by reason of the amount of corn which was being stored.

Hon. Mr. Euler: Last year?

Hon. Mr. Robertson: Last year, yes. In the past there has been authority to prohibit the importation of wheat, but it has become necessary to evoke the provisions of the Customs Act to control the importation of corn.

In introducing this bill, the minister said that he did not think the administration of that part of the Act having to do with elevator space should continue in the hands of the Wheat Board, which was in the business of selling wheat, and that it should be placed in the hands of the Board of Grain Commissioners. The bill contemplates, therefore, that the Board of Grain Commissioners will be responsible for determining the elevator space required for the Canadian wheat crop.

While there was some suggestion that storage space last year was insufficient, my information is that some of the wheat was not in a place where it could be sold—it was back on the farm. In other words, it

was more a question of transportation than of storage space. Regardless of the efficiency with which the Wheat Board has administered the Act, the minister is of opinion that the administration should now be placed in the hands of the Board of Grain Commissioners, and that the prohibition should extend to corn as well as to wheat. I presume that the regulations prohibiting the importation of wheat have been carried out by means of permits issued to the elevator operators.

The bill as drafted provided that the Board of Grain Commissioners shall determine the space to be retained for the requirements of the Wheat Board on the one hand and those of the elevator operators on the other, with a view to keeping the elevators as completely occupied as possible. I believe everyone is now agreed that it is advantageous to hand over this power to the Board of Grain Commissioners.

I come now to the proposed amendment. My honourable friend has said, in effect that the power remains in the hands of the Wheat Board. I am quite willing to accept that statement. It is then a question as to the proper machinery for handling the prohibition. Regardless of what body administers the regulations, it is a matter of public policy to make absolutely certain that an adequate amount of elevator space is available for the storage of Canadian wheat. It would seem to me that by the amendment the Wheat Board has power to arbitrarily cut off the sale of wheat. In any event, if a crisis should arise, I presume that an order in council could be passed under which the entire elevator space in Canada could be taken over, and then everybody would have to make application to the government for space. It is a case, as my friend suggests, of who acts first.

My instructions are that the Board of Grain Commissioners—not the Wheat Board—will be required to make absolutely certain that adequate space is available for our requirements, and that the regulations, as contemplated in the original bill, are to be as flexible as possible.

In the course of the discussion the honourable senator from Ottawa (Hon. Mr. Lambert) has pointed out something which had not occurred to me. The American wheat crop is harvested much earlier than ours. I do not know how much storage outside of the United States will be required for it, but evidently a certain amount is needed from time to time, and from my limited knowledge I assume that, in the absence of any control by the Board of Grain Commissioners, it would be open to the operator of any Canadian elevator

to contract for not only transient but long-term storage of United States wheat—for perhaps one, two or three years. It seems to me that a procedure whereby the operators must apply to the Board of Grain Commissioners for authority to store American wheat, and the board must give consideration to Canadian needs, will enable the board to keep abreast of the current situation, and be less likely to result in arbitrary action on their part than the committee's amendment would be. I think this point of view is a reasonable one; and it accords with the instructions I have received.

It is difficult for me to follow the argument of my honourable friend from Ottawa (Hon. Mr. Lambert) that upon the passing of this legislation, terminal or eastern elevator operators will throw up their hands and decline to take any grain for storage in transit.

The honourable senator from Toronto (Hon. Mr. Campbell), who is probably as well posted as any of us on these matters, said in committee—and, I think, repeated here—that the administration of the Wheat Board, which was interested primarily in the selling of wheat, was never otherwise than co-operative. It can be assumed, I think, that the disposition of the Board of Grain Commissioners will be to go even further in this direction, and it is difficult for me to believe that, except by a grave error of judgment, the commissioners would tie up elevator storage to an extent which would make it impossible for operators to take in wheat.

Hon. Mr. Roebuck: They can do it in either event.

Hon. Mr. Robertson: Yes, in either event. To suggest otherwise is, I think, hardly fair to the Board of Grain Commissioners.

Hon. Mr. Lambert: May I point out to my leader that the power exercised under the Wheat Board Act last year was expressed more in the terms of this amendment than in those of the proposed clause in the Grain Act. The Wheat Board never had the powers conferred on it that are contained in the present bill. Their powers are more truly defined in the terms of the amendment.

Hon. Mr. Campbell: May I ask a question with reference to the obtaining of the permits which will be necessary if the bill should pass in its original form? Can the leader say whether the government realizes how keen is the competition between American elevator operators at Buffalo and Canadian elevator operators to procure these cargoes for storage and handling, and that action in respect of permits must be taken almost immediately?

Hon. Mr. Robertson: I cannot say that I appreciated that consideration; but I come

back to this point. My honourable friend said that the utmost co-operation was maintained even under the administration of the Wheat Board. I understand that this principle runs all through the system. Permits, of course, must be obtained, and the greatest co-operation is desirable. But if any difference in respect of convenience exists between the two proposals, I believe it is easier to anticipate future needs through the method proposed by the government, than in the manner suggested in the amendment.

The Senate divided on the amendment proposed by the Standing Committee on Banking and Commerce.

The amendment was negated on the following division:

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THIRD READING

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

Hon. Mr. Robertson: With leave of the Senate, I move the third reading of the bill now.

The motion was agreed to, and the bill was read the third time, and passed, on division.

COMMITTEE MEETINGS

Hon. Mr. Robertson: Before moving the adjournment of the house, I wish to remind honourable senators that after the Senate rises the Standing Committee on Tourist Traffic and the Standing Committee on Immigration and Labour will meet to consider the business before them.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

OTTAWA, June 16, 1950.

The Standing Committee on Finance begs leave to report as follows:

In the order of reference of March 16, 1950, your committee was instructed to examine into the following estimates laid before parliament for the fiscal year ending March 31, 1951:—

- A—National Revenue, being votes 259 and 268 inclusive,
- B—Public Works, being votes 288 to 357 inclusive,
- C—Loans and Investments, being vote 562 (Central Mortgage and Housing Corporation),
- D—Public Printing and Stationery, being votes 282 to 287 inclusive,
- E—Defence.

On May 8 the House adopted a report from the Committee that added the following additional reference:

Total revenues from taxation collected by the Federal, Provincial and Municipal Governments in Canada, and the expenditures by such Governments, showing sources of income and expenditures of same under appropriate headings, for the year 1939 and for the latest year for which the information is available.

In accordance with the Order of the House, your committee inquired into the estimates referred to it and into the further reference of May 8, and desires to report as follows:

Following the reference of March 19, your committee asked the Acting Secretary of Treasury Board to prepare a summary by main objects of expenditure and special categories, of the main estimates in the Blue Book, totalling \$2,308,000,000. This analysis is appended to this Report as "Exhibit 1".

The Acting Secretary of Treasury Board appeared before your committee and gave further explanation of the matters mentioned in the report.

Your committee also secured from the Public Finance Division of the Bureau of Statistics total revenues received by all governments (municipal, provincial and federal), for the year 1939, with the main sources of these revenues and the total expenditures of these governments for the same year with the main purposes for which the money was expended.

This information was also secured for 1947, the latest year for which it was available, and a comparison made. In addition the amounts of revenues and expenditures by these governing authorities without details, which we were advised were not readily available, for the year 1948 were also secured. This information will be found appended to this Report as "Exhibit 2".

A statement of gross national product and net national income for the years 1939 to 1949 is appended to this Report as "Exhibit 3".

There is also included in this report a statement received from the Acting Secretary of Treasury Board of the total number of employees, permanent and temporary, in the government service as at March 31, 1939, 1948, 1949 and 1950, set out to show the increase in the respective departments of government. This is appended to this report as "Exhibit 4".

Through circumstances beyond your committee's control, it was unable to enquire into the estimates of the C.B.C. and Defence Departments referred to it. The decision to leave these aside was unanimous.

Coming more directly to the order of reference, your committee suggests that consideration be given to the following recommendations:—

(1) Your committee is concerned with the increase in government publications and the amount spent by the government as a whole under this heading. Free distribution through the mails has an important bearing upon this. Your

committee recommends, therefore, that each department of government should pay ordinary rates of postage on all government letters and publications and should estimate each year for their needs in this respect.

(2) Your committee recommends that each department of government provide a foot-note in its estimates of expenditures submitted to parliament for the amount it will require for rentals, new buildings and repair and maintenance of existing offices. This could be made available by the Department of Public Works, whose responsibility it is under the law to provide for new buildings, rentals and repair and maintenance of existing offices, and also to get from parliament the necessary money for these purposes. In this way a true picture of what the department's administration is costing would be had at a glance.

(3) Since there should be a true picture of the spending of each department and also the revenue each department receives, your committee recommends that each department of government furnish a statement with its estimates showing its revenues in the preceding fiscal year, and under appropriate headings the sources from which these revenues came. The following example indicates what is meant:

In vote 562 (Central Mortgage and Housing) by far the larger part of its estimate is to provide housing for Defence personnel. The amount required for this should be regarded as part of our Defence expenditure and should be so indicated.

(4) The estimates as submitted in the current year's Estimate Blue Book (which applies to previous years also) makes it difficult to get a clear picture of each departmental expenditure. Your committee sees no advantage in having scores of pages giving detail of departmental employees. Your committee recommends that each department give a summary of its expenditures approximately in the form of the analysis appended to this report as Exhibit 1, using expenditures in the last fiscal year prior to the late war as an index and including also the current year's estimates and the previous year's estimates as a comparison to the index year. This is the principle employed in measuring cost of living and national income indices. We recommend further that Treasury Board append to the book of estimates a summary of all expenditures asked for, similar to that given in Exhibit 1 to this report.

(5) We recommend that the Department of Finance, through Treasury Board, be given more direct authority in dealing with the expansion of government services in each department, and that no new service be undertaken in any department without the recorded approval of Treasury Board. In the fiscal year ending March 31, 1939, excluding revenue postmasters and casual labour, the number of servants on the government's payroll was slightly over 46,000, and the estimates required to meet total civil payrolls, including casuals, were approximately \$77,000,000. In 1950, this 46,000 had grown to 127,000 and the amount required to meet total civil payrolls had grown to \$313,000,000. As stated, this 127,000 servants excludes certain categories which, if included for 1950, would increase the total personnel to almost 156,000. For example, there is included in the latter figure over 14,000 employees of revenue post offices who are paid through the Finance branch of the Post Office Department, and whose remuneration is not provided in the estimates of the post office. This is not a criticism of this method of employing revenue postmasters. What we wish is merely to make clear that they are paid from public revenues. Exclusive of revenue postmasters and casual labour, the total number of civil servants at the end of March, 1948, was 118,000; at the end of March, 1949, almost 124,000; and at the end of March, 1950, slightly over 127,000. It should be noted, however, that this latter number includes about 3,000 added to civil service personnel through the entry of Newfoundland into Confederation. Your committee is of the opinion that the increase in personnel as compared with

eleven years ago is a matter for concern, for the charges of government do not end with the salaries of civil servants, since rental space and other items of government expenditure follow the increase in personnel and add to the sum total of the government's budget.

(6) Your committee recommends careful supervision in the future of the cost of government permanent works. Your committee is concerned as to the growth of all government capital expenditure (municipal, provincial and federal). It believes that the estimates of each department should be divided into two parts—one that would concern the ordinary expenditures and the other showing separately the capital expenditures, so as to avoid confusion. This method would lead to a clearer understanding of the nature of the expenditures. All governments in future should provide for the retiring or amortizing of moneys borrowed for such capital expenditures over a period of years.

(7) Since the total cost of government (federal, provincial and municipal) in Canada, is the important thing for the individual taxpayer, your committee feels that it would be useful and helpful if information touching this could be provided for parliament. It is easily available in that mine of information, the Bureau of Statistics. Your committee recommends, therefore, that there be appended to the estimates submitted to parliament a statement showing revenues and expenditures of all governments (federal, provincial and municipal) for the latest year for which such information is available, measured again against 1939 as an index year. Such a statement would include inter-governmental transfers and show the main sources from which all government revenues are secured, and on the other side expenditures of all governments with the main purposes for expenditures. To this should be added a statement showing the net national income of Canada as a whole, for it is out of such net national income that Canadian people pay their taxes, all their living expenses, and accumulate their savings. To this should be added the movement of the cost of living index, which is now at the highest point it has reached. Your committee feels that if this information were available, members of parliament, legislatures and municipal councils—and the public generally—could get a clearer understanding of the working of the whole Canadian economy.

Your committee makes the following general observations:

One of the most important matters that democratic government anywhere has to deal with is the amount of revenue it takes from the people in the various taxes it imposes, and the sources from which the revenue is derived; and equally important that the revenue thus secured be expended efficiently and with due regard to economy. In the different appendices to this report 1939, the last pre-war year, is taken as a base for measurement. Your committee considers it very important that not only those charged with the duty of governing in all our fields of government, but citizens generally have a clear understanding of the relationship of taxation to net national income. Thus, if an increase in total expenditures by all governments is kept in step with an increase in national income, the weight of taxation relatively is not increased, though it may vary as between individual groups; but if expenditures increase at a more rapid rate than national income it follows that an increasing burden of taxation must be imposed upon the people if governments are to pay their way. It should be added that if a decline in national income should ensue through the loss of markets, lower prices, or a substantial rise in unemployment and if at the same time a reduction in total Government expenditures cannot be brought about to match the decline in national income, then only one or two results follows—either increases in taxation or unbalanced budgets. During the three years following the war substantial reductions in total public debt took place. This was all to the good. Since then this trend appears to be changing and to be headed in the other direction. Your committee feels that

in this important field of our nation's business the storm signals are flying, and it ventures to suggest that all governments (municipal, provincial and federal) should give serious thought to this matter; for all, though operating in independent spheres of government, have a joint responsibility. The important thing for the individual citizen is not the amount of taxes he pays to each of these independent governing authorities, but the total amount in taxes that they take out of his income every year. Moreover, he must learn that the idea of free government service in any field is an illusion. No government service anywhere, at any time, is free. It must be paid for by taxation or borrowing, and both these hold dangers if carried beyond fair and reasonable bounds.

Since this is the first occasion upon which Senate committees have examined into Estimates in recent years, your committee in its work had no precedent to assist it in the discharge of its duties. Should the practice be continued in future years of inquiry into estimates by Senate committees, we think this procedure could be improved.

Your committee desires also to express its appreciation of the frank manner in which the witnesses called before it gave information covering expenditures in their respective departments.

Your committee has made the observations in this report in the hope that it will make some contribution to the vexing problems all governments in Canada face today.

All of which is respectfully submitted.

T. A. CRERAR,
Chairman.

ESTIMATES

SUMMARY BY MAIN OBJECTS OF EXPENDITURE AND SPECIAL CATEGORIES

	1950-51	1949-50	1938-39
1. Civil Salaries and Wages.....	\$ 313,203,874	\$ 315,158,026	\$ 77,101,774
2. Allowances—Civilian	5,237,133	5,101,205	1,181,090
3. Pay and Allowance—Defence Forces and R.C.M.P.	131,689,714	121,086,698	15,355,455
4. Professional and Special Services....	17,258,201	17,408,997	2,599,223
5. Travelling and Transportation Expenses	22,744,354	23,052,346	4,742,206
6. Materials and Supplies	76,510,901	58,891,570	6,586,105
7. Publications, Films, Broadcasting and Advertising	6,826,301	6,828,957	624,420
8. Freight, Express and Cartage	6,746,457	8,800,686	639,825
9. Telephones, Telegrams and Postage..	8,595,943	8,972,069	960,248
10. Printing, Stationery and Office Equip- ment—			
(a) Printing and Stationery.....	13,090,442	12,693,896	2,582,901
(b) Office Equipment	1,635,130	1,589,126	.....
11. Buildings, Works and Structures—			
(a) Acquisition or Construction, including Purchase of Land.	168,575,705	197,784,348	35,830,565
(b) Maintenance and Repairs.....	33,551,248	28,708,688	3,664,294
12. Equipment—			
(a) Acquisition or Construction..	147,676,028	141,943,207	14,797,962
(b) Maintenance and Repairs	26,637,289	30,375,131	1,796,803
13. Rentals of Property.....	8,805,260	7,663,144	1,719,639
14. Interest on Public Debt and Other Debt Charges	433,045,843	451,441,239	132,580,312
15. Subsidies and Special Payments to the Provinces	106,335,000	127,364,682	21,210,196
16. Other Subsidies, Grants, Contribu- tions, etc.	52,016,784	88,520,225	9,698,280

ESTIMATES—(Concluded)

SUMMARY BY MAIN OBJECTS OF EXPENDITURE AND SPECIAL CATEGORIES—(Concluded)

	1950-51	1949-50	1938-39
17. Family Allowances Payments	307,000,000	284,880,000	.....
18. Old Age Pensions, including Pensions to the Blind	103,626,000	74,242,000	30,540,800
19. Veterans Disability Pensions and Other Payments under the Pensions Act..	99,739,000	101,589,000	40,920,000
20. Other Payments to Veterans and De- pendents	57,094,500	83,364,000	9,445,000
21. Militia Pensions Act Payments	15,799,600	14,046,347	1,500,000
22. Other Pensions and Superannuation..	9,128,006	7,369,247	3,690,430
23. Governments Contribution to Un- employment Insurance Fund	23,000,000	21,500,000	.....
24. General Health Grants	25,000,000	33,200,477	.....
25. Trans-Canada Highway Contributions	20,000,000	.....	.....
26. Movement of Mail by Land, Air and Water	32,910,747	34,103,821	15,574,515
27. Maritime Freight Rates Act	7,319,000	7,093,771	3,138,000
28. Direct Relief and Relief Projects ...	1,500,000	3,700,000	35,908,000
29. Deficits—Government Owned Enter- prises	2,713,134	49,056,888	57,184,788
30. All other Expenditures	82,468,884	103,349,815	17,646,217
	<u>2,367,480,478</u>	<u>2,470,879,606</u>	<u>549,219,048</u>
31. Less Estimated Savings and Recover- able Items	<u>58,648,878</u>	<u>70,830,623</u>	<u>304,300</u>
Net Amount included in Estimates of Expenditure	\$2,308,831,600	\$2,400,048,983	\$548,914,748

Explanatory Notes covering the Main Objects of Expenditure and Special Categories detailed in the Attached Summary.

1. Civil Salaries and Wages

Includes salaries and wages of all civilian full time, part time and seasonal personnel generally considered as "Government Employees"—but does not include employees of Crown Companies, and such Agencies—whether paid at hourly, daily, weekly, monthly or annual rates of pay and includes overtime or any other special pay. It also includes Judges salaries, those of the Governor General and Lieutenant Governors and the indemnities to Members of both Houses of Parliament but does not include Film Board Production and Distribution Staffs and certain seasonal employees on survey parties and possibly others not identifiable in Estimates supporting details.

2. Allowances—Civilian

Includes Living Allowances, Special Stenographic Allowances, Living and Representation Allowances Abroad, Special Service Allowances, Mileage Allowances to Railway Mail Service Staffs, Isolation Allowances, Board and Subsistence Allowances and other such allowances payable to civilian Government Employees. Also includes Ministers' Motor Car Allowances and the Expense Allowances to Senators and Members of the House of Commons.

3. Pay and Allowances—Defence Forces and R.C.M. Police

Includes Pay and all types of allowances payable to members of the Defence Forces and the Royal Canadian Mounted Police, including Subsistence Allowances and other perquisites common to such Services.

4. Professional and Special Services

Includes Outside Medical and Legal Services, Corps of Commissionaires Services, Accountants, Outside Reporting Services, Outside Doctors and Nurses

for Veterans Treatment and Examination of Pension Applicants and Other Outside Technical, Professional and Other Expert Assistance, Outside Hospital Treatment and Care, Annuities and Other Agents paid on a fee or commission basis.

5. *Travelling and Transportation Expenses*

Includes Travelling, Transportation and Removal Expenses of Government Employees, Members of the Defence Forces and the Royal Canadian Mounted Police. It includes living and other expenses of such persons on travel status, Judges travelling expenses and travelling expenses and allowances payable to Senators and Members of the House of Commons. Minor amounts for smaller services which would not materially affect this total may be included under other general headings.

6. *Materials and Supplies*

Includes fuel for ships, planes, transport, heating, etc.; feed for livestock; food and other supplies for ships and other establishments; seed for farming operations; food, clothing and other supplies for sick and indigent Indians; coining and refining supplies for the Mint; laboratory and scientific supplies; supplies for surveys, investigations, etc.; chemicals; Hospital, Surgical and Medical Supplies; building materials and supplies; mail bags for transportation of the mails; char service supplies, lumber and other materials required in the ordinary minor repair, maintenance and upkeep of Public Buildings and Works (as distinct from more or less capital improvement and repair projects specifically provided for); coal, wood and electrical supplies, etc.

7. *Publicity, Films, Broadcasting and Advertising*

Includes informational and educational bulletins, pamphlets and other publications respecting matters of a National interest, Marketing information, Publicity and information abroad, Tourist publicity, Advertising and publicity respecting changes in services and legislation affecting the public, publications on scientific and technical matters, information respecting natural resources, statistics and other such material, Production and Distribution of Films and Other Visual Materials by the Film Board and the International Broadcasting Service of the Canadian Broadcasting Corporation. It does not include the printing of Departmental Annual Reports or the Printing of Parliamentary Papers.

8. *Freight, Express and Cartage*

Includes cost of transporting all types of supplies, materials and equipment, etc., from the movement of mails from city Post Offices to the various Government Departments to the movement of heavy equipment between camps and other establishments of the Defence Services. Minor amounts for smaller services which would not materially affect this total may be included under other general headings. Movements of material and supplies for works projects would normally be included in the cost of the project.

9. *Telephones, Telegrams and Postage*

Includes all costs of normal communication services by telephone, telegram, cable, teletype, and postage, other than franked mail originating in Ottawa. Larger items—\$875,000 in 1950-51 for postage on Family Allowance cheques, an amount of \$415,000 shown under Finance for the Cost of Telephone Service at Ottawa for all Government Departments, and the sum of \$625,000 for Teletype Service for the Meteorological Services of the Department of Transport.

10(a) *Printing and Stationery*

Includes cost of printing Departmental Annual Reports and other Parliamentary Papers, Cheques, Accounting and Other Forms, purchase of stationery, envelopes and other office supplies such as pens, pencils, erasers and many

other items of the above nature. Minor amounts for the smaller services which would not materially affect this total may be included under other general headings.

10(b) Office Equipment

Includes acquisition of office machines and other equipment such as typewriters, bookkeeping and statistical machines, adding and calculating machines and that type of office equipment, including inspections, repairs and upkeep of such equipment, also includes small pieces such as pencil sharpeners, bostitch machines, etc.

11(a) Acquisition or Construction of Buildings, Works and Structures

Includes provision for all expenditures on new construction of buildings, roads, irrigation works, canals, airports, wharfs, bridges or other type of fixed asset. It includes major improvements and renovations involving changes of a structural nature and also the installed cost of fixed equipment which is essentially a part of the structure such as elevators, heating and ventilating equipment, etc.

11(b) Maintenance and Repairs of Buildings, Works and Structures

Includes materials and other costs entering directly into the cost of major or extraordinary repair and upkeep of the type of durable physical assets indicated under 11(a) above (as distinct from ordinary minor repair and upkeep works undertaken by a Department with its own staff in the normal course of its functions).

12(a) Acquisition or Construction of Equipment

Includes all new items of machinery and equipment, other than office equipment, and includes motor vehicles, tractors, road equipment, laboratory and other scientific equipment, vessels, icebreakers, and other aids to navigation and all other types of light and heavy equipment and includes various types of such equipment for National Defence.

12(b) Maintenance and Repairs of Equipment

Includes all materials, repair parts and other costs entering directly into the cost of repair and upkeep of the equipment indicated in 12(a) above.

13. Rentals of Properties

Includes provision for rentals of properties required for special purposes by the various departments, such as the Experimental Farms; External Affairs, Immigration and the Trade Commissioner Service Abroad; National Defence Services, Unemployment Insurance Commission, The Royal Canadian Mounted Police and for accommodation of Government Offices and Services by the Department of Public Works. The larger provisions are shown under the following Departments:

	1950-51	1949-50	1938-39
Agriculture	\$ 149,733	\$ 122,272	\$ 49,229
Citizenship and Immigration	113,820	126,700	13,250
External Affairs	290,650	335,400	—
Labour—Unemployment Insurance Commission	1,383,000	1,160,000	—
National Defence	975,260	840,602	—
Public Works	5,243,000	4,400,000	1,484,860
Royal Canadian Mounted Police	305,250	247,400	—
Trade and Commerce	197,000	192,768	147,000
Other	147,547	238,002	25,300
	<hr/>	<hr/>	<hr/>
	\$8,805,260	\$7,663,144	\$1,719,639

14. *Interest on Public Debt and Other Debt Charges*

Includes interest on the Funded Debt of Canada (including Treasury Bills) and on other liabilities such as Trust and Other Special Funds. It also includes costs of issuing new loans, Annual Amortization of Bond Discount, Premiums and Commissions, and other costs of servicing the Public Debt.

15. *Subsidies and Special Payments to the Provinces*

Includes Provincial Subsidies payable under the British North America Act and subsequent arrangements; Special Compensation to the Provinces in lieu of certain taxes as provided in the Dominion-Provincial Tax-Rental Agreements. It also includes, for 1950-51 and 1949-50, certain payments to Newfoundland under the Terms of Union and in respect of certain matters supplementary to those Terms.

16. *Other Subsidies, Grants, Contributions, etc.*

The larger items included under this category are:

	1950-51	1949-50	1938-39
Assistance to encourage the improvement of Cheese and Cheese Factories	\$ 1,400,000	\$ 1,700,000	—
Deficits under the Agricultural Products Act	4,350,000	450,000	—
Freight Assistance on Western Feed Grains	5,000,000	17,000,000	—
Quality Premiums on A and B1 Grade Hog Carcasses	5,854,633	5,877,133	—
Grants to Agricultural Fairs and Exhibitions	536,400	475,900	384,350
Subsidies for Cold Storage Warehouses .	644,159	1,439,237	232,015
Participation in International or Commonwealth Organizations (External Affairs)	4,352,453	9,739,652	—
Commodity Prices Stabilization Corporation	500,000	5,000,000	—
Advances to the Canadian Wheat Board in respect to Flour or Food containing Wheat	—	6,000,000	—
Payments to Municipalities in lieu of Taxes	1,655,000	850,000	100,000
Emergency Gold Mining Act	8,000,000	13,000,000	—
Grants to Indian Residential Schools	2,426,730	2,527,877	1,295,988
Movements of Coal and Other Coal Subsidies	4,850,000	4,900,000	2,505,000
Subsidies on Iron and Steel	2,000,000	7,750,000	—
Mail Subsidies and Steamship Subsidies	3,317,000	2,401,800	2,055,417
Assistance to Canadian Flag Ocean Shipping Industry	3,000,000	—	—
Agricultural Prices Support Account—To recoup losses	—	3,473,295	—
Other	4,130,409	5,935,331	3,125,510
	<u>\$52,016,784</u>	<u>\$88,520,225</u>	<u>\$9,698,280</u>

17. *Family Allowances*

Payments of monthly allowances authorized by the Family Allowances Act of 1944.

18. *Old Age Pensions and Pensions to the Blind*

Payments of the Dominion's 75 per cent share of pensions payable under authority of the Old Age Pensions Act.

19. Veterans Disability Pensions

Includes pensions and other payments authorized under the Pensions Act, the Civilian War Pensions and Allowances Act and the Civilian Government Employees (War) Compensation Order. This covers both Wars 1 and 2 and includes a small amount in respect of the Northwest Rebellion of 1885. Details on page 320, Main Estimates of 1950-51.

20. Other Payments to Veterans and Dependents

Includes:

	1950-51	1949-50	1938-39
War Veterans Allowances, including Assistance Fund	\$22,465,000	\$20,620,000	\$ 5,900,000
Hospital and Other Allowances	3,720,000	4,400,000	1,075,000
Unemployment Assistance	50,000	75,000	2,350,000
Post Discharge Rehabilitation Benefits	14,045,500	29,000,000	—
War Service Gratuities	250,000	1,000,000	—
Re-establishment Credits	16,500,000	26,000,000	—
Sundry Items	64,000	243,000	120,000
Campaign Stars and Medals	—	2,026,000	—
	<u>\$57,094,500</u>	<u>\$83,364,000</u>	<u>\$ 9,445,000</u>

21. Militia Pensions Act Payments

Includes:

	1950-51	1949-50	1938-39
Pensions under Parts 1-4 of the Act to retired members of the Forces	5,000,000	5,000,000	1,500,000
Government's Contribution to the Permanent Forces Pension Fund	10,799,600	9,046,347	—
	<u>\$15,799,600</u>	<u>\$14,046,347</u>	<u>\$ 1,500,000</u>

22. Other Pensions and Superannuation

Includes:

	1950-51	1949-50	1938-39
Government's Contribution to the Superannuation Fund	\$ 7,100,000	\$ 5,463,000	\$ 2,230,000
Pensions in respect of Judges	468,317	408,318	289,133
Payments under earlier Superannuation Acts	165,000	178,000	718,000
Royal Canadian Mounted Police Pensions	1,188,411	1,106,169	286,486
Gratuities to families of deceased employees	100,000	100,000	60,000
Sundry Pensions in respect of Government Employees	106,278	113,760	106,811
	<u>\$ 9,128,006</u>	<u>\$ 7,369,247</u>	<u>\$ 3,690,430</u>

23. Government's Contribution to the Unemployment Insurance Fund

Provides the Government's Contribution to the Unemployment Insurance Fund and represents one-fifth of the net amount contributed by employers and employees combined.

24. General Health Grants

Provides for general health grants to the Provinces under terms and conditions approved by the Governor in Council to assist in Health Surveys, Hospital Construction, strengthening general public health services, eradication of Tuberculosis, prevention of mental illness, control of Venereal Diseases,

prevention and correction of crippling conditions in children, training of public health and hospital personnel, Public Health Research, programs for cancer control. Details for 1950-51 are set out on page 187 of the Main Estimates for that year.

25. *Trans-Canada Highway*

Provides initial contributions to the Provinces under the terms of the Trans-Canada Highway Act.

26. *Movement of Mail by Land, Air and Water*

Includes provision for the following services by the Post Office Department.

	1950-51	1949-50	1938-39
Mail Service by Railway	\$ 9,005,000	\$ 8,805,000	\$ 7,150,000
Mail Service by Steamboat	2,270,000	2,750,000	312,000
Mail Service by Air	8,335,747	8,228,821	1,731,435
Mail Service by Ordinary Land Conveyance, including Rural Mail Delivery	13,300,000	14,320,000	6,381,080
	<u>\$32,910,747</u>	<u>\$34,103,821</u>	<u>\$15,574,515</u>

27. *Maritime Freight Rates Act*

Provides for payments resulting from the application of the special rates provided under the Maritime Freight Rates Act to:

Canadian National Railways	\$ 5,869,000	\$ 5,693,771	\$ 2,278,000
Other Railways	1,450,000	1,400,000	861,000
	<u>\$ 7,319,000</u>	<u>\$ 7,093,771</u>	<u>\$ 3,138,000</u>

28. *Direct Relief and Relief Projects*

The amounts included in this category for 1950-51 and 1949-50 are the amounts provided under Labour-Unemployment Insurance for the payment of unemployment assistance to certain residents of Newfoundland to give effect to the Terms of Union of Newfoundland with Canada.

The amount shown for 1938-39 includes:

Direct Relief, Material Aid and for the purchase and distribution of food stuffs and of feed and fodder for live stock in the drought areas of Western Canada and assistance in the removal of stock and resettlement	\$ 9,030,000
Special works in connection with Federal contributions to Provincial and Municipal relief projects	2,075,000
Contributions to Farm Employment and Supplementary Plans	1,870,000
Development and Training Projects for Unemployed Young People ...	1,750,000
Co-operation with the Provinces for rehabilitation of unemployed persons	500,000
Grants-in-Aid to the Provinces	17,500,000
Provision of transportation facilities into Mining areas	1,310,000
Contribution to cost of railway projects	850,000
Other items and contingencies	1,023,000
	<u>\$35,908,000</u>

29. *Deficits—Government Owned Enterprises*

Includes Deficits in respect of the operations of the following:

	1950-51	1949-50	1938-39
Hudson Bay Railway	\$ 400,000	\$ 500,000	\$ 370,000
Northwest Communication System	231,034	343,016	—
Prince Edward Island Car Ferry and Terminals	1,159,000	1,221,230	387,644
Canadian National (West Indies) Steamships, Limited	720,000	460,498	—
Churchill Harbour	203,100	111,435	126,747
Jacques Cartier Bridge	—	60,087	386,967
Canadian National Railway Company	—	42,043,028	55,000,000
Trans-Canada Air Lines	—	4,317,594	830,000
National Harbours Board	—	—	83,430
	<u>\$ 2,713,134</u>	<u>\$49,056,888</u>	<u>\$57,184,788</u>

30. *All Other Expenditures*

The larger items under this head are:

	1950-51	1949-50	1938-39
Compensation for Animals Slaughtered	\$ 1,091,292	\$ 2,267,500	\$ 410,000
Representation Abroad—Undis- tributed Items	1,277,263	1,713,458	107,348
Government's Contribution as an Employer to the Unemploy- ment Insurance Fund	1,050,000	1,050,000	—
Miscellaneous and Unforeseen— Subject to Allocation by the Treasury Board	1,000,000	1,080,000	80,000
Penitentiaries—Undistributed Items including Maintenance, Discharge and Other Expenses in respect of Convicts	2,558,330	2,477,275	841,575
Vocational Training Payments— Labour	5,633,000	7,321,100	50,000
Costs of Survey Field Parties	2,050,707	1,933,285	221,411
Air Photography—Mines and Technical Surveys	1,340,000	1,340,000	—
National Defence—Undistri- buted Items	23,060,529	27,033,147	1,303,769
Federal District Commission including the National Capital Fund	3,104,500	3,104,500	488,072
Public Works—Light, Power and Water Rates	1,649,000	1,764,000	708,000
Fraser Valley Dyking Board	—	4,125,000	—
Research and Development— Civil Jet Planes	1,600,000	1,500,000	—
Canadian Arsenals—Adminis- tration, Operation and Replacement of Plant	2,900,000	4,200,000	—
Atomic Energy Control Board— Operation and Maintenance	6,263,530	5,013,670	—
Reimbursement of the Canadian Wheat Board—Administration and deficits in respect to Rapeseed and Flax Accounts	—	4,570,076	—
Grants to Veterans settling on Provincial Lands	2,200,000	3,600,000	—

	1950-51	1949-50	1938-39
Balance made up of smaller items detailed throughout the Estimates in amounts varying from a few thousands to not more than the smallest items detailed above	25,690,733	29,256,804	13,436,042
Total of "All Other Expenditures"	\$82,468,884	\$103,349,815	\$17,646,217

EXHIBIT 2

COMBINED REVENUES AND EXPENDITURES—ALL GOVERNMENTS IN CANADA

Fiscal Years ended nearest to December 31, 1939 and 1947

STATEMENTS ATTACHED

Source:

1939—"Comparative Statistics of Public Finance", prepared for the Dominion-Provincial Conference on Reconstruction, 1945.

1947—Based on compilations of the Dominion Bureau of Statistics and Bank of Canada, for comparative purposes.

Explanatory Note:

The totals appearing on line 23 of the revenue table and line 18 of the expenditure table do not include inter-governmental transfers in the form of general subsidy payments, which are set out separately at the foot of each table. For instance, the Dominion B.N.A. Act and Tax Agreement Subsidies to the provinces are excluded from expenditures of the Dominion and correspondingly omitted from the revenues of the provinces. However, grants-in-aid for specific services, such as for health or old age pensions, are included as expenditures of the government making the grant but deducted from the gross expenses of the other level of government which received the grant.

These procedures are followed to avoid duplication in order to produce additive totals of both revenue and expenditure for all levels of government.

COMBINED REVENUES—ALL GOVERNMENTS IN CANADA FOR 1939 AND 1947

SUMMARY BY SOURCES

Fiscal Years Ended Nearest December 31
(Thousands of Dollars)

	TOTAL		DOMINION		PROVINCIAL		MUNICIPAL	
	1939	1947	1939	1947	1939	1947	1939	1947
TAXES								
Income and Corporation Taxes—								
Personal Income Tax.....	60,678	659,932	45,407	659,828	12,113	104	3,158	.....
Corporate Income Taxes.....	89,452	660,603	77,920	591,161	11,082	69,442	450	.....
Other Corporation Taxes.....	23,153	10,064	1,875	3,192	21,278	6,872		.....
Withholding Tax.....	11,122	35,889	11,122	35,889				.....
Sub-Total (Items 1 to 4).....	184,405	1,366,488	136,324	1,290,070	44,473	76,418	3,608	.....

FOOTNOTES—

¹ Consists of Chartered Banks' Note Circulation Tax, and Insurance Companies Tax on Net Premiums.

² Chiefly on Non-Residents.

COMBINED REVENUES—ALL GOVERNMENTS IN CANADA FOR 1939 AND 1947—Continued

SUMMARY BY SOURCES—Concluded

Fiscal Years Ended Nearest December 31—Concluded
(Thousands of Dollars)—Concluded

	TOTAL		DOMINION		PROVINCIAL		MUNICIPAL	
	1939	1947	1939	1947	1939	1947	1939	1947
TAXES—Con.								
Succession Duties.....	27,850	61,802		30,828	27,850	30,974		
Real and Personal Property.....	248,922	302,481			5,504	4,252	243,418	298,229
Customs Duties and Other Import Taxes.....	106,819	295,737	106,819	295,737				
Excise Duties and Sales Taxes—								
Gasoline Tax.....	53,069	113,195		2,208	53,069	110,987		
Liquor Including Liquor Control.....	54,423	222,637	21,014	97,470	33,409	125,167		
Tobacco.....	42,447	183,977	42,447	176,691		7,286		
General Sales Tax.....	144,861	416,786	137,446	372,329	2,717	31,002	4,698	13,455
Sundry (Amusement Tax).....	2,615	25,781		17,887	2,615	7,894		
Other Commodities and Services.....	49,722	208,108	\$24,175	\$168,855	2,624	6,478	22,923	32,775
Total Taxes (Items 5 to 14).....	915,133	3,196,992	468,225	2,452,075	172,261	400,458	274,647	344,459
Licenses, Permits and Fees—								
Motor Vehicle.....	28,092	46,512			28,092	46,512		
Other.....	18,498	28,422	2,542	4,210	8,975	14,116	6,981	10,096
Sub-Total (Items 16 and 17).....	46,590	74,934	2,542	4,210	37,067	60,628	6,981	10,096
Public Domain.....	24,754	56,033	736	2,255	24,018	53,778		
C.N.R. Income Surplus.....								
Municipal Public Utility Contributions.....	10,181	19,378					10,181	19,378
Other Revenue.....	36,556	523,103	8,524	\$204,770	2,877	16,347	25,155	31,986
Total Revenue.....	1,033,214	3,600,440	480,027	2,663,310	236,223	531,211	316,964	405,919
INTER-GOVERNMENT TRANSFERS NOT INCLUDED IN ABOVE SUMMARY								
Dominion Subsidies to Provinces.....	19,184	17,256			19,184	\$17,256		
Provincial Subsidies to Municipalities.....	4,507	3,388					4,507	3,388
Tax Suspension Agreements.....		131,062				\$128,922		2,140
Interest on Common School Fund and School Lands Fund Debentures.....	1,585	1,646			1,585	1,646		
Gasoline Tax Guarantee.....								
Nova Scotia Highway Tax.....	452	445			452	445		
Manitoba Municipal Commissioner.....	828	980			828	980		
TOTAL ⁷	26,556	154,777			22,049	149,249	4,507	5,528

FOOTNOTES—

³ The 3% Tax on Imports is Excluded here and Included in Item 8.

⁴ Includes 131,442 being Excess of Refunds over Expenditure re: Expansion of Industry.

⁵ Excludes 16,062 Special Payments Applied against Treasury Bill Indebtedness, Saskatchewan and Alberta.

⁶ Includes 64,760 Hold-Backs under Tax Agreements.

⁷ Discrepancies between the Amounts shown on this Table and on the Expenditure Table as Inter-Governmental Transfers are Due to Variations in the Fiscal Year Ends and Accounting Practices of Governments.

COMBINED EXPENDITURES—ALL GOVERNMENTS IN CANADA FOR 1939 AND 1947

CURRENT AND CAPITAL ACCOUNTS

SUMMARY BY SERVICES

Fiscal Years Ended Nearest December 31

(Thousands of Dollars)

	TOTAL		DOMINION		PROVINCIAL		MUNICIPAL	
	1939	1947	1939	1947	1939	1947	1939	1947
Debt Charges, Net, Excluding Debt Retirement.....	264,300	495,148	151,653	415,463	60,719	49,707	51,928	29,978
Public Welfare—								
Health and Hospital Care.....	47,145	100,691	1,153	2,999	30,432	72,075	15,560	25,617
Labour and Unemployment Insurance.....	3,272	41,469	1,282	38,487	1,990	2,982		
Relief.....	82,629	9,876	23,620	13	42,811	6,381	16,198	3,482
Old Age Pensions.....	39,587	82,234	29,121	59,139	10,279	22,751	187	344
Family Allowances.....		264,780		264,780				
Other.....	35,613	76,411	4,433	9,350	12,371	23,422	18,809	43,639
Sub-Total (Items 2 to 7).....	208,246	575,461	59,609	374,768	97,883	127,611	50,754	73,082
Education.....	128,682	286,627	3,543	30,978	38,004	120,371	87,135	135,278
Transportation, Highways, Bridges, Airways, Railways, Waterways, etc.....	163,159	360,372	146,041	180,097	89,103	207,943	28,015	72,332
Agriculture.....	60,498	129,012	53,151	109,805	7,347	19,207		
Public Domain.....	37,648	70,198	14,577	28,772	23,071	41,426		
National Defence.....	126,915	154,263	126,915	154,263				
Veterans' Pensions and Aftercare.....	55,267	311,856	55,267	311,856				
Mutual Aid.....								
Expansion of Industry.....	247		247	²				
Price Control and Rationing.....	55	59,011	55	59,011				
Other Expenditures.....	185,644	404,973	60,140	¹ 197,459	38,756	70,741	86,748	136,773
Total Expenditure.....	1,230,661	2,846,921	571,198	1,762,472	354,883	637,006	304,580	447,443
INTER-GOVERNMENT TRANSFERS NOT INCLUDED IN THE ABOVE SUMMARY								
Dominion Subsidies to Provinces.....	19,244	17,332	19,244	¹ 17,332				
Provincial Subsidies to Municipalities.....	4,511	4,290			4,511	4,290		
Tax Suspension Agreements.....		122,497		122,497				
Gasoline Tax Guarantee.....								
Interest on Common School Fund and School Lands Fund Debentures.....	1,585	1,466	1,585	1,466				
Nova Scotia Highway Tax.....	455	448					455	448
Manitoba Municipal Commissioner.....	763	980					763	980
Total ³	26,558	147,013	20,829	141,295	4,511	4,290	1,218	1,428

FOOTNOTES—

¹ Includes Deficits (Net after Deducting Profits) of Miscellaneous Government-Owned Transportation Enterprises—Prince Edward Island Car Ferry, Hudson Bay Railway, Canadian National Railways, Trans-Canada Airlines, and Quebec and Churchill Harbours.

² Refunds of Expenditure re: Expansion of Industry Exceeded Expenditure. See Note 4—Revenue.

³ Includes 16,927 Post UNRRA Relief.

⁴ Excludes 16,062 Special Payments Applied Against Treasury Bill Indebtedness, Saskatchewan and Alberta.

⁵ Discrepancies between the Amounts shown on this Table and on the Revenue Table as Inter-Governmental Transfers are Due to Variations in the Fiscal Years Ends and Accounting Practices of Governments.

REVENUES AND EXPENDITURES FOR ALL GOVERNMENTS, WITHOUT DETAILS
FOR 1947, 1948 AND 1949

REVENUES ¹	Fiscal Year Ended Nearest to December 31st (Millions of Dollars)		
	1947	1948	1949
Total	\$ 3,600	\$ 3,585	(³)
Federal	\$ 2,663	\$ 2,510	\$ 2,350
Provincial ²	531	616	609
Municipal ²	406	460	(³)
 EXPENDITURES ¹			
Total	\$ 2,847	\$ 3,015	(³)
Federal	\$ 1,762	\$ 1,734	\$ 2,057 ⁴
Provincial ²	637	770	791
Municipal ²	447	511	(³)

¹ Exclusive of Inter-governmental Transfers

² Exclusive of Newfoundland

³ Municipal data for 1949 not available

⁴ Includes \$62 millions debt assumed from Newfoundland.

NOTE: The foregoing figures for 1948 and 1949 should be viewed as approximations only as they are subject to revision and adjustment when final accounts for the fiscal periods concerned may be available.

CANADA

TABLE 1
NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1939-1949
(millions of dollars)

	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	Prelim. 1949
Salaries, Wages and Supplementary Labour Income.....	2,583	2,944	3,586	4,251	4,746	4,908	4,915	5,322	6,212	7,113	7,630
Military Pay and Allowances.....	32	193	386	641	910	1,068	1,117	340	83	82	115
Investment Income.....	783	1,127	1,487	1,737	1,778	1,774	1,905	1,978	2,307	2,348	2,373
Net Income of Agriculture and Other Unincorporated Business—											
Farm Operations from Farm Production.....	461	508	548	1,089	969	1,312	959	1,130	1,210	1,660	1,587
Other Unincorporated Business.....	430	483	587	664	690	749	851	1,026	1,126	1,252	7,272
 NET NATIONAL INCOME AT FACTOR COST.....	4,289	5,255	6,594	8,382	9,093	9,712	9,747	9,796	10,938	12,455	12,977
Indirect Taxes less Subsidies.....	737	837	1,056	1,087	1,117	1,113	1,007	1,269	1,604	1,767	1,782
Depreciation Allowances and Similar Business Costs.....	582	655	751	883	912	863	785	846	1,009	1,141	1,277
Residual Error of Estimate.....	-10	25	33	172	176	209	220	25	40	108	-93
 GROSS NATIONAL PRODUCT AT MARKET PRICES.....	5,598	6,772	8,434	10,524	11,298	11,897	11,759	11,936	13,591	15,471	15,943

CANADA

TABLE II

GROSS NATIONAL EXPENDITURE, 1939-1949
(millions of dollars)

	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	Prelim. 1949
Personal Expenditure on Consumer Goods and Services.....	3,861	4,379	5,014	5,565	5,869	6,330	6,999	7,952	9,126	10,083	10,750
Government Expenditure on Goods and Services.....	724	1,156	1,750	3,817	4,271	5,075	3,710	1,848	1,551	1,787	2,108
Gross Home Investment—											
Housing.....	145	153	163	128	131	157	210	338	492	647	753
Plant and Equipment.....	409	560	832	803	697	599	672	1,024	1,565	2,016	2,076
Inventories.....	327	371	217	335	-40	-82	-300	467	879	646	12
Exports of Goods and Services.....	1,451	1,805	2,458	2,322	3,403	3,566	3,580	3,203	3,629	4,044	3,974
Deduct Imports of Goods and Services.....	-1,328	-1,626	-1,967	-2,275	-2,858	-3,539	-2,893	-2,871	-3,612	-3,645	-3,824
Residual Error of Estimate.....	9	-26	-33	-171	-175	-209	-219	-25	-39	-107	94
GROSS NATIONAL EXPENDITURES AT MARKET PRICES.....	5,598	6,772	8,434	10,524	11,298	11,897	11,759	11,936	13,591	15,471	15,943

OTTAWA, June 12, 1950

MEMORANDUM TO PUBLIC ACCOUNTS COMMITTEE

In response to a request made by the Committee asking for the estimated numbers of employees of the Government of Canada, I am transmitting the attached table showing the number of these employees reported by the Dominion Bureau of Statistics as of March 31, 1939, 1948 and 1949, together with the numbers that the Bureau of Statistics expects now to report for March 31, 1950. In addition, we have put in for March 31, 1950, the total numbers including casual employees on construction and other work, together with Post Office employees paid from revenue which are not included in the Bureau of Statistics totals but which appear to be covered in the numbers requested by the Committee. I have also added a total for the Crown Corporations and corporate agencies of the Government other than the Canadian National Railways and its subsidiaries and certain joint Dominion-Provincial bodies which has been obtained in part from the employment statistics of the Bureau of Statistics.

It should be noted that the difference between the preliminary Bureau of Statistics figures for March, 1950, and the larger total reported by the Department of Finance is due almost entirely to the inclusion of 14,065 employees of Revenue Post Offices paid through the Financial Branch of the Post Office Department from Revenue funds rather than appropriations, and the inclusion of roughly the same number of casual employees. There are other minor differences in the coverage of the figures by departments which are mainly explained by the footnotes. Certain other small differences in the figures are due to the manner in which they have been compiled. For example, some of the figures available appear to us to be the maximum number employed during the month rather than the month-end figures which we have asked for specifically in the reports made to the Department of Finance.

It should be noted that a considerable portion of the increase in the number of Civil Servants between March, 1949 and March, 1950 is due to the taking over of Dominion-type services in Newfoundland. It is not possible to give an exact figure on this comparable to the figures in this report, but we understand that the increase due to Newfoundland is approximately of the order of 3,000 employees.

An examination of the figures given for previous years in the Dominion Bureau of Statistics' latest published memorandum shows that the post-war peak, apart from the increase due to Newfoundland, was reached at March, 1947. There was a moderate decline subsequent to March, 1947, which was then reversed, and the expansion in numbers due to the entry of Newfoundland into Canada has now carried the total slightly above that of 1947.

R. B. BRYCE.

REPORTED NUMBERS OF EMPLOYEES OF THE GOVERNMENT OF CANADA

(Excluding Members of the Armed Services and R.C.M.P.) as at March 31, 1939, 1948, 1949 and 1950

Departments	Numbers Reported by Dominion Bureau of Statistics ¹				Numbers reported by Departments to Department of Finance for the purpose of this report 1950
	1939	1948	1949	1950	
Agriculture.....	3,122	5,381	5,914	6,667	6,495
Auditor General.....	231	173	173	169	169
Chief Electoral Officer.....	15	10	19	13	214
Citizenship and Immigration.....	*	*	*	2,657	2,799
Civil Service Commission.....	235	532	572	580	583
External Affairs.....	193	1,054	1,234	1,301	1,302
Finance.....	213	677	698	645	636
Comptroller of the Treasury.....	1,073	4,653	4,524	4,300	4,344
Royal Canadian Mint.....	126	288	402	222	222
Tariff Board.....	20	11	11	17	17
Wartime Prices and Trade Board.....		1,145	1,029	690	687
Fisheries.....	325	533	569	925	41,178
Governor General's Secretary.....	14	12	10	10	10
House of Commons.....	516	541	636	656	656
Insurance.....	53	59	63	72	72
International Joint Commission.....	6	4	4	10	10
Justice.....	106	152	179	192	{1,557
Commissioner of Penitentiaries.....	985	1,174	1,255	1,364	{
Labour.....	244	620	620	645	726
Unemployment Insurance Commission.....		7,140	6,957	7,148	8,347
Library of Parliament.....	27	31	34	31	31
Mines and Technical Surveys.....	*	*	*	1,661	1,778
National Defence—					
Army Services.....	1,142	8,741	10,045	9,118	13,217
Naval Services.....	178	2,984	3,451	4,022	6,731
Air Services.....	104	3,314	3,408	3,707	4,628
National Film Board.....		598	547	596	603
National Health and Welfare—					
Departmental Administration.....		223	236	268	264
Health.....		725	794	847	841
Welfare.....		752	743	755	779
Indian Health Services.....		646	812	931	1,031
National Research Council.....	226	1,543	1,524	1,694	62,991
Atomic Energy Control Board.....		7	7	7	7
National Revenue—					
Customs and Excise.....	4,415	5,552	5,776	6,086	6,086
Income Tax.....	1,291	10,478	11,704	10,629	10,629
Post Office.....	12,518	17,105	18,049	18,899	733,029
Prime Minister's Office ⁹				34	34
Privy Council.....	19	68	72	53	863
Public Archives.....	67	54	55	61	61
Public Printing and Stationery.....	652	786	856	991	991
Public Works.....	4,124	6,574	6,547	6,954	107,628
Resources and Development.....	*	*	*	1,570	2,277
Royal Canadian Mounted Police.....	86	463	490	568	668
Secretary of State ¹¹	346	528	557	608	608
Senate.....	145	148	152	156	5156
Trade and Commerce (Including D.B.S.).....	1,024	2,562	2,470	2,801	2,798
Board of Grain Commissioners.....	642	781	791	813	806
Canadian Government Elevators.....	128	157	140	137	137

REPORTED NUMBERS OF EMPLOYEES OF THE GOVERNMENT OF CANADA—*Concluded*
 (Excluding Members of the Armed Services and R.C.M.P.) as at March 31, 1939, 1948, 1949 and 1950

Departments	Numbers Reported by Dominion Bureau of Statistics ¹				Numbers reported by Departments to Department of Finance for the purpose of this report 1950
	1939	1948	1949	1950	
Transport.....	5,613	7,828	¹²⁸ 535	¹²⁹ 479	¹²¹¹ 979
Air Transport Board.....		36	42	48	48
Board of Transport Commissioners.....	97	136	144	155	155
Veterans Affairs.....		¹³¹⁵ 173	¹³¹⁴ 011	¹³¹³ 748	¹³¹³ 748
Soldier Settlement and Veterans' Land Act.....		1,678	1,468	1,334	1,334
Mines and Resources—					
Departmental Administration.....	70	108	127		
Immigration.....	595	1,079	1,281		
Indian Affairs.....	1,038	771	877		
Lands and Development.....	558	683	789		
Mines, Forests and Scientific Services.....	437	1,562	2,107		
Special Projects.....	449	8	6		
Pensions and National Health.....	2,638				
Reconstruction and Supply.....		329	408		
Totals.....	46,106	118,370	123,924	127,044	155,960
Crowns Corporations, and Corporate Agencies, other than C.N.R. and its subsidiaries ¹⁴					13,189

* Staff reported under preceding Departments.

¹ The Dominion Bureau of Statistics publishes annually summary statistics of the Civil Service of Canada, and the figures for 1939, 1948 and 1949 were obtained from these publications. The figures for 1950 have not yet been published, and were obtained directly from Dominion Bureau of Statistics for the purposes of this report.

² Includes the Chief Electoral Officer.

³ Includes 3 Commissions.

⁴ Includes 276 employees of the Fisheries Research Board.

⁵ Includes sessional employees.

⁶ Includes 1,211 employees of the Atomic Energy Project, Chalk River, Ontario.

⁷ Includes 14,065 employees of revenue post offices who are paid through the Finance Branch of the Post Office Department.

⁸ Includes 10 employees on the staff of the Royal Commission on Arts, Letters and Sciences.

⁹ Prior to 1950, the staff of the Prime Minister's Office was carried on other establishments.

¹⁰ Does not include 240 revenue postmasters who are also employed part time by the Department of Public Works.

¹¹ Includes staff of the Custodian of Enemy Property.

¹² Includes staff of the Canadian Maritime Commission and the Royal Commission on Transportation.

¹³ Includes staff of Canadian Pension Commission and War Veterans Allowance Board.

¹⁴ The following crown corporations and corporate agencies are included: Bank of Canada; Canadian Arsenals Ltd.; Canadian Broadcasting Corporation; Canadian Commercial Corporation; Canadian Farm Loan Board; Canadian Sugar Stabilization Corporation Ltd.; Canadian Wheat Board; Central Mortgage and Housing Corporation; Commodity Prices Stabilization Corporation; Eldorado Mining and Refining (1944) Ltd.; Export Credit Insurance Corporation; Federal District Commission; Industrial Development Bank; National Battlefields Commission; National Harbours Board; Northwest Territories Power Commission; Northwest Transportation Company Ltd.; Park Steamship Company Ltd.; Polymer Corporation Ltd.; Surplus Crown Assets.

DOMINION BUREAU OF STATISTICS PRICES SECTION

Dominion Cost-of-Living Bonus
(1935-39=100)

<i>Year</i>		<i>Index</i>
1945	.....	119.5
1946	.....	123.6
1947	.....	135.5
1948	.....	155.0
1949	.....	160.8
1950	— January	161.0
	February	161.6
	March	163.7
	April	164.0
	May	164.0
	January—May average	162.9

THE SENATE

Thursday, June 22, 1950

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

Prayers and routine proceedings.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented the report of the Standing Committee on Banking and Commerce on Bill 310, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1950, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 20, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: With leave, I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

THE ESTIMATES

REPORT OF COMMITTEE ON TOURIST TRAFFIC

Hon. W. A. Buchanan presented the report of the Standing Committee on Tourist Traffic, to whom were referred certain estimates laid before parliament for the fiscal year ending March 31, 1951.

The report was read by the Clerk Assistant, as follows:

Your committee confined its consideration of the Estimates entirely to those effecting tourist traffic.

Your committee examined the expenditures proposed by Vote 399 respecting the estimates of the Canadian Travel Bureau. The Director of the Canadian Travel Bureau explained in detail the efforts made by the Bureau to attract American tourists to Canada. Your committee was impressed with the efficiency of the Canadian Travel Bureau and was pleased to note that the cost of advertising and other forms of promotion in the past year did not exceed one per cent of the American dollars spent in Canada by American tourists. Your committee notes an increase in the proposed expenditures of \$175,000 on advertising and publicity. This is considered justified due to the anticipated increase in the number of American tourists it is expected to attract to Canada.

Your committee examined the expenditures proposed by Votes 370 to 398 both inclusive. The Director of the National Parks Service, Department of Resources and Development was heard with respect to the above mentioned votes. Your committee noted a decrease in the amount to be voted for resources and development.

The Director of Special Projects, Department of Resources and Development, informed your committee that Vote 389 and the statutory item covering the capital expenditures in conformity with section 8 (1) of the Eastern Rocky Mountain Forest Conservation Act has added considerably to the tourist attraction of the 8,585 square miles under the jurisdiction of the Eastern Rockies Forest Conservation Board. These expenses are shared by the federal government and the Government of Alberta. The federal government providing \$6,300,000 for capital expenditures and the sum of \$175,000 annually for maintenance, while the provincial government provides \$125,000 annually for maintenance. Your committee was informed that if the provincial government received revenue from grazing, timber, etc., from the property under the jurisdiction of the board, of a sum over \$125,000 it would be deducted from the \$175,000 paid by the federal government.

Permits are required from the board before any timber may be cut or any domestic animals permitted to graze on the land controlled by the board. This is closely controlled in order to provide ample grazing for wild game and to preserve the natural habitat for large game animals which are a great source of attraction to tourists.

Your committee recommends that the policy of referring the Estimates to the various standing committees of the Senate be continued at the next session of parliament and the practice of laying them before parliament early in the session be continued.

Your committee recommends that at the next session of parliament, if the policy of referring Estimates to committees be continued, authority be granted for the printing of its day to day proceedings.

Your committee desires to express an appreciation to the officials who appeared before it and to thank them for the enlightening information they placed before the committee.

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

Hon. Mr. Buchanan: Next sitting.

REPORT OF COMMITTEE ON TRANSPORT AND COMMUNICATIONS

Hon. A. K. Hugessen presented the report of the Standing Committee on Transport and Communications, to whom were referred certain estimates laid before parliament for the fiscal year ending March 31, 1951.

The report was read by the Clerk Assistant, as follows:

Your committee held three sittings. The first sitting was devoted to the Post Office votes, and there were present at that meeting the Deputy Postmaster General, Mr. W. J. Turnbull, and certain of his senior officials. At the second and third meetings the votes of the Transport Department were considered, and at either or both there were in attendance Mr. J. C. Lessard, Deputy Minister Administrative, Marine and Canal Services, and Mr. C. P. Edwards, Deputy Minister for Air, accompanied by certain of their officials; the third meeting was also attended by Mr. J. V. Clyne, Chairman of the Canadian Maritime Commission.

A large number of questions were asked by members of your committee in relation to the various items of these estimates for which the respective Departmental officials were responsible, and in all instances these questions were answered to the satisfaction of your committee and a good deal of interesting and valuable information obtained with regard to various of the departmental activities which came under review.

Speaking in a general way, and as a result of the experience which it has gained, your committee thinks that this system of examining departmental estimates has a good deal to recommend it, from the point of view both of the senators who are members of the committee and of the senior officials of the department concerned.

The members of your committee gained much knowledge of the workings of the departments in the various fields in which they are called upon to serve the people of Canada; while the departmental officials have the opportunity, which is sometimes not easily available in other ways, of explaining the reasons for, and the scope of, their different activities and of justifying the expenditures of public funds needed for the purpose of carrying on these activities.

In no case did your committee find any evidence of extravagance or waste; any increases asked for over the estimates for the preceding fiscal year appeared, when examined into, to be justified; and in general, your committee was impressed with the care that had been taken in preparing the estimates for the consideration of parliament and in confining such estimates strictly within the limits of what is essential in order to carry on the work for which the departments concerned are respectively responsible.

At the present time the Post Office Department carries free all official mail originating from other government departments. Your committee recommends that studies be made with a view to determining whether it would not be a better system for each department to pay for its own postage; this might have the result of limiting any tendency which may now exist in the departments to make excessive or unnecessary use of the mails; and would in any event more accurately reflect in the revenues of the Post Office Department the value of the services which that department performs.

Your committee believes that in certain instances the language descriptive of items of expense appearing in the estimates or in the details of services could be improved so as to give a clearer idea of what the expenditure is actually intended to cover. For example, an item appears in the expenditures of every department which is shown under the standard heading of "Telegrams, Telephones and Postage" in the great majority of cases this is no doubt sufficiently descriptive. But in Vote 503 of the Department of Transport, Civil Aviation Division, Airway and Airport Traffic Control, the details appearing on page 302 show for the current year, under this heading "Telegrams, Telephones and Postage," a contemplated expenditure of no less than \$430,000.00. When questioned on this item, the Deputy Minister of Transport for Air explained that it includes the entire system of telegraphic and telephonic control at and between airports of all commercial airplanes from one end of the country to the other. Your committee suggests that, to avoid misunderstanding, this item should in future be more accurately described and, if necessary, broken down under separate headings, so as to show clearly the sort of service that it is intended to cover.

Your committee expresses the opinion that the system of examination of the estimates of departments by standing committees has demonstrated its value and should be continued in future sessions.

Your committee recommends that in future years the evidence given before such standing committees be taken down in shorthand and printed.

The Hon. the Speaker: When shall this report be taken into consideration?

Hon. Mr. Hugessen: Monday next.

REPORT OF COMMITTEE ON IMMIGRATION AND LABOUR

Hon. Cairine Wilson presented the report of the Standing Committee on Immigration and Labour, to whom were referred certain estimates laid before parliament for the fiscal year ending March 31, 1951.

The report was read by the Clerk Assistant as follows:

Your committee has held six meetings. At the first meeting officers of the Department of Citizenship and Immigration appeared before the committee, when the deputy minister, Colonel Laval Fortier, gave a general review of the work of the three branches of the department, viz., Citizenship, Immigration, and Indian Affairs. The overall estimate of \$14,993,716 for the year 1950-51 would be sufficient for the present staff, but an increase might be anticipated for 1951-52, due to the fact that this is a new department and the establishment has not yet been completed.

In addition to Colonel Fortier, the following officers from the department were heard and questioned:

Mr. George Benoit, Administrative Officer,
Dr. Frank Foulds, Director, Citizenship Branch,
Mr. J. E. Duggan, Registrar, Canadian Citizens,
Major D. M. MacKay, Director of Indian Affairs.

Immigration Branch

	1950-51	1949-50	Increase
Vote 51—			
Administration of the Immigration Act ..	750,425	667,775	82,650
Vote 52—			
Field and Inspectional Service, Canada ...	3,732,561	3,523,852	208,709
Vote 53—			
Field and Inspectional Service, abroad ...	881,792	1,307,416	425,624
			Decrease
	5,364,778	5,499,043	134,265

The Immigration Division is responsible for all immigration to Canada and maintains officers abroad as well as in Canada in order to assure that those who come to this country fulfil the requirements of the Immigration Act.

Your committee notes the decrease in the estimates for these two services and also that there has been a substantial decrease in immigration to Canada during the past year. Your committee feels that increased immigration to Canada, both from the United Kingdom and the continent of Europe, is desirable.

Citizenship Branch

The committee was informed that the increase of approximately \$38,000 in the cost of educational and informational materials was a result of the increase in the requests from the provinces for information and material of this type. It was also stated that before any material was forwarded to societies or individuals it was first concurred in by the provinces. The committee was informed that the federal government did not in any way contribute to the

salary of teachers in the provinces, but did help in administrative matters, when requested by the provinces to do so.

Indian Affairs Branch

In reply to a question by the committee, it was stated that the increase in travelling expenses in the Indian Affairs Branch for Indian Agencies of some \$70,000 represented new work being done by the Indian Affairs Branch, which was formerly done by the Department of Mines and Resources.

Major D. M. MacKay was questioned regarding a possible duplication of personnel with the engineering branch, Department of Public Works of Canada. He explained that the engineers on the staff of the Indian Affairs Branch had been transferred from the Department of Mines and Resources. The reservations are so widely scattered, and in order to carry out recommendations of the Parliamentary Committee on Indian Affairs it has been necessary to construct many additional one-room schools and add to those now being used, as well as to furnish more and better equipped hospitals. The Education Division has expanded and modernized. Approximately 22,000 Indian children are carrying on studies this year in 72 residential schools and 432 day-school classrooms.

Labour Department

From the Department of Labour the Deputy Minister, Mr. MacNamara submitted a report which covered the many branches under his administration.

The Department of Labour proper for the fiscal year 1950-51 is asking a total appropriation of \$10,055,133—a decrease of \$2,033,549 from the previous year 1949-50.

The Labour Department administers dominion-provincial farm agreements. Vote 157 provides \$320,000 for the effective organization and use of agricultural manpower.

The Labour Department is also responsible in co-operation with the Department of Immigration for the bulk movement of displaced persons. When the workers arrive in Canada and are cleared by the Immigration Department they are taken in charge by the Department of Labour, and placements are made.

The Department of Labour is responsible for the administration of the Annuities Act. Last year the price of annuities was increased. This was necessary for two reasons

(a) the mortality tables had to be adjusted because people are living to a greater age, and

(b) the 4 per cent rate which was being allowed on money paid in was reduced to 3 per cent.

This increase in cost has reduced the number of sales by about 50 per cent in the last fiscal year, as compared with the previous year.

Your committee asks that a careful study be made of the Annuities Branch in order to learn if it can be satisfactorily maintained at the present rate.

The Vocational Training Branch administers the Vocational Training Co-ordination Act of 1942, which provides in co-operation with the provinces for quite a broad field of training. It includes youth training, apprenticeship training, vocational school assistance, foremanship and supervisory training, training of persons to fit them for gainful employment, training of persons to fit them for the armed forces, as well as vocational correspondence courses.

Your committee feels that it might be possible to bring about some co-ordination of this service with the Educational Branch of the Department of Citizenship, as both branches work in co-operation with the provinces.

Unemployment Insurance Commission

Of the total moneys for the Unemployment Insurance Commission, \$23 million is for the government's

contribution to the Unemployment Insurance Fund as provided in the Unemployment Insurance Act, and this amount is not controllable. The sum of \$1,500,000 has been set up to provide for unemployment assistance to certain residents of Newfoundland. The remainder—approximately \$22 million—is for administrative costs in connection with unemployment insurance, employment services, payment of supplementary benefits of unemployment insurance, payment of unemployment assistance in Newfoundland, placement, employment, and follow-up services for D.P.'s and collection of statistical information regarding the labour force. This amount is \$1,700,000 greater than last year. An increase in the amount for salaries and wages of \$1,200,000 is the principal reason, and this was necessary owing to the general salary revision. The remainder was necessary owing to increases in rents, travel expenses, equipment, stationery, etc.

Your committee is of the opinion that through this scrutiny of the estimates the members have now a much better understanding of the administration of the Department of Labour and of the Department of Citizenship and Immigration, which will be of great advantage in subsequent sessions.

The members of the committee would like to express their appreciation to the Ministers, Deputy Ministers, and officials, who have shown such willingness to assist your committee in every way possible.

The Hon. the Speaker: When shall the report be taken into consideration?

Hon. Mrs. Wilson: Next sitting

SUSPENSION OF RULES

MOTION

Hon. Wishart McL. Robertson moved:

That for the balance of the present session Rules 23, 24 and 63 be suspended in so far as they relate to public bills.

He said: I would remind honourable senators that this motion is customary at this stage of the session. Honourable members may still object to the variation of the rules in this regard, but of course the wishes of the majority of the house will carry. I am always a little hesitant about making this motion because I invariably receive unanimous consent to do anything that seems reasonable. But as I say, this procedure is customary.

Hon. Mr. Haig: I am quite in favour of the motion, though I really do not think the leader needs it, because I am leaving the city tomorrow night.

The motion was agreed to.

DOMINION ELECTIONS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 311, an Act to amend The Dominion Elections Act, 1938.

He said: Honourable senators, the main purpose of this bill is to extend the franchise in federal elections to all Eskimos and to additional classes of Indians. At the present

time no reservations are allotted to Eskimos, and although they are as subject to federal taxation as any other citizen they are not permitted to vote. In view of this circumstance, the government can see no reason why they should be denied the franchise any longer.

At present, all Indians who are not living on reservations have the franchise. Those Indians who are on reservations cannot vote unless they are veterans of World War I or II or the wives of such veterans. One of the chief reasons for denying the franchise to reservation Indians has been that they were exempted from personal property tax and in that respect were in a privileged position in comparison with other citizens. This bill would permit any reservation Indian who waived his exemption from personal property tax to vote at federal elections.

The bill contains two other provisions. The first provides that in federal elections nomination day for certain constituencies is to be the twenty-eighth day before polling day. At the present time the date for the close of nominations is fourteen days before polling day in all constituencies except Yukon-Mackenzie, where it is twenty-eight days. The reason that the period in Yukon-Mackenzie is longer is to give the returning officer ample time to distribute the balloting machinery in that area, where distances are great and travelling conditions very difficult. It is felt that certain other constituencies are in a similar position, and for this reason it has been deemed advisable to extend the provisions now solely applicable to Yukon-Mackenzie to the constituencies listed in schedule four, in section 4 of this bill.

The other amendment relates to appeals to Supreme Court judges in actions taken under the Dominion Elections Act. At the present time there is a right of appeal to such judges in all provinces other than Newfoundland. By section 3 this right of appeal is extended to Newfoundland.

Hon. John T. Haig: I do not object to the bill. I am glad that, under schedule four, a number of constituencies will have the benefit of the longer period that now applies only to Yukon-Mackenzie. There are, of course, Eskimos in my province. All of them do not live in Winnipeg; some are located in and around Churchill and other northern parts of Manitoba; and I support the extension of the franchise to them.

The only question this bill raises in my mind is whether it was wise to include the section about Indians until the bill to amend the Indian Act has been passed. I raise the point as a legal, not a political objection. The

object of the Indian bill is to make these people citizens, and of course if they become citizens they will have to pay income tax. I am not certain that they will want to do that. I am sure that a great number of us would exchange the right to vote for the right to be on the Indian list!

Hon. Mr. Euler: Hear, hear.

Hon. Mr. Haig: I would be quite happy if I did not have to pay income tax for at least one or two years. It is my opinion that Indians should not come under this measure until the bill to amend the Indian Act is passed, but I will not go so far as to say that this bill should only receive second reading on division. As there is little principle involved, I do not think it is necessary to have the bill referred to committee, and if necessary the Dominion Elections Act could be amended next year.

Hon. Mr. Robertson: The question which has been raised by the honourable leader opposite (Hon. Mr. Haig) is important. As a matter of fact, when I originally asked that this order stand, I anticipated that the bill to amend the Indian Act might have been dealt with during this session.

Hon. Mr. Haig: It has been announced in the other place that it has been withdrawn.

Hon. Mr. Robertson: Yes. I had thought that it would be wise to hold this bill in case anything might arise in connection with the Indian Act which would necessitate the amending of this bill; but I think it advisable that we give the bill second reading now, because it has already been approved by the House of Commons.

Hon. Mr. Haig: All right.

Hon. Mr. DuTremblay: I understand that a certain clause in this bill provides that once an Indian decides to be naturalized he cannot change his mind. I doubt whether that is a fair clause, because many Indians are not in a position to decide for themselves just what is in their own interests.

Hon. Mr. Robertson: I doubt if such a provision is to be found in this bill; but if the bill is given second reading I should be quite happy to have it referred to committee, where any questions could be answered. I rather gather, however, that my honourable friend is referring to a clause in the Indian Act.

Hon. Mr. Haig: That is right. I do not think it is in this bill at all.

Hon. T. A. Crerar: Honourable senators, I have not before me a copy of the bill, but if I correctly understood the explanation given by the leader (Hon. Mr. Robertson), the bill confers the franchise on Indians—

Hon. Mr. Hugessen: Eskimos.

Hon. Mr. Crerar: What about Indians on reserves?

Hon. Mr. Hugessen: The bill confers the right to vote upon wives of Indians who served in the armed forces.

Hon. Mr. Crerar: Well, heretofore, Indians who served in the armed forces have had the right to vote.

Hon. Mr. Robertson: My honourable friend the deputy leader (Hon. Mr. Hugessen) is right in saying that the bill confers on the wives of Indian veterans the right to vote. The bill would also permit any reservation Indian who waived his exemption from personal property tax to vote in federal elections.

Hon. Mr. Crerar: That was the point I had in mind. I am not clear as to how that could be done, but probably the information could be obtained in committee. Today most Indians in Canada live on reservations, which are their property. Any Indian can become a Canadian citizen in the full sense of the word if he desires to do so. During the war it was held by the courts that Indians were liable for military service, and that fact in itself would appear to confer on them certain rights of citizenship. However, at the moment the whole matter is in the region of uncertainty. Obviously, one test of citizenship is whether a person is enfranchised. Another test is whether he has the right to go into a liquor store and buy liquor, or to enter a tavern and drink beer. Under the present law Indians can do neither of these things.

Just how an Indian on a reservation could accept taxation on his property in order that he might be qualified to vote is not at all clear. In the past if an Indian became a full citizen he had all the rights of the white man.

Hon. Mr. Euler: Could he stay on the reservation then?

Hon. Mr. Crerar: No, in the past he would not have been allowed to stay on the reservation. I cannot see just how this amendment would work out, and I have raised the point because I think it is important. Doubtless an explanation can be given if the bill goes to committee.

Hon. Thomas Reid: Honourable senators, I think most members of the Senate will be strongly in favour of the provisions of this bill. Now that the government is recognizing that Indians are full citizens of this country by giving them the vote, I hope that the more laudable step of providing them with old age pensions will be taken. If we wish to make our Indians true citizens we should give them all the rights of citizenship. Anyone who sat on the Indian Affairs Committee for three years, as I did, must have come to the conclusion that the charity doled out in many

forms—and, by the way, it differs in different provinces—is not very becoming to a nation like Canada. This charity is costing the country some money, and surely it is not too much to hope that the present practice can be discontinued and pensions made available to Indians of seventy years and over.

I do not know whether the bill is going to committee or not, but I think one section should be carefully considered, namely, the one providing that the giving of the right to vote to an Indian is conditional upon his waiving exemption from taxation on personal property in the reservation where he lives.

My principal purpose in rising was to commend the bill in general to the house. In closing, let me repeat the hope that the government will make Indians eligible for old age pensions on the same terms as are applicable to other Canadians.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

THE ESTIMATES

REPORT OF COMMITTEE ON NATURAL RESOURCES CONCURRED IN

The Senate proceeded to consideration of the report of the Standing Committee on Natural Resources, to whom were referred certain estimates.

Hon. John A. McDonald moved concurrence in the report.

He said: Honourable senators, I do not think you would wish me to speak at length on this report. I find that when acting as Chairman of a committee I easily form the habit of talking too much. However, the house would doubtless be interested to hear other senators, whether members of the committee or not, express their views in approval of or against the report.

On behalf of the members of the committee I wish to thank the deputy ministers and heads of departmental divisions who co-operated with us so well in the study of agricultural, fisheries, mining and technical service estimates. We did not have to postpone a meeting even once because of inability of a deputy minister or head of division or other officer to attend and answer questions. The ministers of the departments concerned were also very co-operative in every way, and only too glad to have their officers give us all assistance possible.

I feel that I am but voicing the sentiment of all members of the committee when I say that we found the study of these estimates very interesting and highly instructive. And it certainly can be truly said that when the time comes to vote supply to cover these estimates, members of the committee will understand, as never before, what the money is to be spent for.

Your committee recommends that the policy initiated at this session of referring estimates to the standing committees be continued at the next session. We believe that this policy serves to promote economy and efficiency in the public service. Your committee further recommends that if the policy is continued next session a stenographic record of the committee's proceedings be taken and printed from day to day. We felt it was perhaps a mistake not to have asked for authority to obtain a verbatim report this year, for such a report would be very helpful to members of the committee, to members of parliament in general, to the public, and perhaps most of all to ministers and departmental officers.

The members of your committee are greatly concerned over the ever-increasing expenditure of public moneys, not only by the dominion government but by provincial and municipal authorities as well. It is for this reason we are suggesting that a determined effort be made by all departments of government to reduce their estimates next year wherever possible and where not inconsistent with the public welfare. Increased expenditures for various social services are now being considered. In order to meet these expenditures we must either increase taxation or reduce other expenditures. I hope that the people of Canada realize that the government's only source of revenue, directly or indirectly, is the pockets of the people.

Though your committee found co-operation between the services of federal and provincial governments, it realized the danger that over a term of years a duplication of services might develop. We suggest therefore that the federal and provincial ministers, their deputies and heads of divisions, meet again for the purpose of eliminating any possible duplication.

When I took over office in my native province, a meeting was arranged between the federal minister and the leading officers of his department in Ottawa, on the one hand, and the provincial minister and the heads of his divisions, on the other, to review the agricultural services of both governments. We attempted at that time to draw a clear line of demarcation between the federal field and the provincial field. In my opinion, the meeting was well worth while, and avoided much duplication of services.

The committee found several instances of duplication between the architectural and engineering staffs, particularly in the departments of Agriculture and Fisheries. We felt that these services should be centralized in the Department of Public Works, and that each department should make the estimates for its own public works, buildings and equipment. It came to our attention that the agricultural estimates contained an item of \$3,200,000 for the acquisition or construction of buildings and public works, and also that there was in the public works estimates an item of \$500,000 for experimental farms and science laboratories and for replacements, repairs and improvements to buildings.

The committee was concerned about the large sums of money being spent on publicity, and offers the suggestion that federal publicity be administered, as is done by some provincial governments, by one department. I am sure that every honourable senator receives daily, as I do, a great deal of material which is never read and is consigned to the waste paper basket. This condition may be due to a lack of interest on our part; nevertheless it results in a waste of government money.

We are suggesting as another measure of economy that each department of government should be required to pay its own postage. This would result in both direct and indirect savings by each department. The Post Office Department has estimated that its loss of revenue through the franking privilege is about \$4 million a year. It is not felt, however, that our recommendation should affect the franking privileges of members of parliament, at least until a system such as that used in the United States is put into operation here. My understanding is that the representatives of the people in that country are allowed a certain amount of money for postage in lieu of the franking privilege.

Honourable senators, I wish to express my appreciation to the honourable leader and others who had to do with my being selected chairman of the Natural Resources Committee. Though I thoroughly enjoyed the work, I should like to suggest that next session the Committee on Selection should nominate as chairman one of the many capable members of the committee this year.

Hon. Gray Turgeon: Honourable senators, I take this opportunity to express my appreciation of the courteous and efficient manner in which the honourable senator from Kings (Hon. Mr. McDonald) performed the duties of

chairman of the Natural Resources Committee. My sentiment in this regard applies in equal measure to the chairmen of all committees of which I was a member.

I should like to draw the attention of the house to the fact that throughout their deliberations the meetings of all committees were absolutely free from political bias or party prejudice. The desire of each member seemed to be to get for himself, the senators generally and for the public all possible information on the estimates, with a view to reducing the cost of government to the Canadian people.

Credit is due to all committees which considered the estimates this session, and I trust that the practice of appointing committees to consider the estimates will be continued in future sessions.

(Translation):

Hon. Cyrille Vaillancourt: Being a member of the committee, I should like to see efforts made in order to show civil servants that they will find in their midst people who are ready to co-operate, who try to fathom, in all their details, our country's administrative problems. I should also like civil servants to realize that, in both houses, there are individuals who want to collaborate with them. They must likewise understand they cannot be dictators, forcing senators and members to come under their yoke. Now, upon examining what goes on in each department, as well as the work assigned to each employee, I feel the best procedure in organizing our economics, namely our political and social economics, is to obtain the aforesaid co-operation.

When a government official appears before a committee and he is asked to explain a certain matter, it is not merely to find out whether a pin has or has not been purchased as set out in the estimates, and whether this official has actually used this pin to fasten some papers. What we are after are practical and fundamental facts.

Let us remember this. In the application of our laws, as in the output of each factory worker, when trying to build something worthwhile, whether it be for the benefit of the nation or for that of private enterprise, all must work in unison if the undertaking is to meet with success.

Another point which I should like to stress is the duplication found in certain federal and provincial departments. Autonomy must be saved, is the by-word. However it is only by working shoulder to shoulder, hand in hand, that an organization may bring about the prosperity and welfare of all our citizens.

In final analysis as the chairman of the committee mentioned a moment ago, when something is very expensive the money to pay for it comes out of every taxpayer's pocket.

Thirdly, let us come back to civil servants, and to the recommendation whereby better training should be given in our institutions so that our employees may show greater efficiency in the performance of their assigned tasks. Unfortunately, some employees are not sufficiently trained for their job. Some have studied to become lawyers, notaries or physicians. After having failed in all their attempts they try an examination and become civil servants.

Courses should be given generally to develop the science of public administration, as today the training of a competent official has become a problem. It is also a problem to enact laws and to see that such laws are applied to the needs of men, instead of adapting the latter to our laws. It is an unfortunate fact that those who are poorly prepared do not understand such things. Some people live between four walls and do not know how the other half of the world lives. They expect to live in this world and lay down in absolutely arbitrary fashion the application of laws and principles. They should not be blamed too much as they do not know any better. Therefore the clause just mentioned should be taken in good part. Let the science of political economics be further developed, not only in theory but in practice. I feel that in the near future, with the help of members of parliament, senators and other leaders, and of those who are responsible for the application of our laws, Canada may, finally achieve an economic status that will be better balanced, less costly and more beneficial.

(Text):

Hon. W. A. Buchanan: One recommendation in the report with which I am in sympathy is that relating to the need for centralization of publicity. At some time, possibly at the next session of parliament, a special committee of the Senate should examine the growth of and expenditure on publicity, which of course includes printing and other related costs. I believe considerable waste and much overlapping could be overcome if a thorough study were made of outlays on these services, and it might be well for a committee of the Senate to confine itself during the next session to an inquiry of that nature. The work of the Joint

Committee on the Printing of Parliament, is limited to that subject, and I believe that to investigate publicity expenditures a special committee would be needed.

In my business as the publisher of a newspaper I find that more and more waste-paper baskets are required in the office to accommodate the material which comes to us from Ottawa and is at once cast aside. I do not say that all that material is useless, but I think the supply could be curtailed if people were consulted as to whether they wanted it or wanted it all. There are some who require these departmental publications; a great many others do not; but everybody, particularly newspapers, are being loaded up with publicity from various branches of government, and most of it, in my experience, is discarded at once. I know that is our practice.

There is a good deal of criticism of the publicity expenditures made by nearly all the departments. If the Senate were to make a study of these outlays and ascertain whether or not any economies could be effected—for instance through the consolidation of this type of expenditure under one control—we could render good service to the taxpayers of Canada.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: I intend to call attention to only one recommendation of this committee; but before I do so, allow me to tell the chairman that if in that capacity he has one fault, it is that he leans backward a little too far; he is so loath to offend anybody. I advise him to give some of the members a "poke in the eye" once in a while; it will do them good.

The recommendation that these committee proceedings be printed from day to day is most important. The officials of one of the departments, for whose minister I have great respect, were called before this committee and examined very thoroughly. They gave us straightforward and, in my judgment, honest answers. But the minister offered this criticism. He said: "My dear Haig, I have no record of the questions you asked my officials. I have no desire to criticize them for whatever replies they made, and they know that they need expect no criticism from me, for presumably they answered according to their best judgment. But I should like to know what were the departmental matters they were questioned about." I said: "There is no use asking me, because I know nothing about fisheries. Our chairman might remember what happened, but in the absence of a record only

those who understand the problem would recall what was said." I plead sincerely that when this work is resumed next year, the proceedings be reported—not primarily for our own information but for the benefit of the government, the House of Commons and the officials. It may be that the witnesses, if they had the opportunity to read in cold print the questions they were asked and the answers they gave, would resolve so to improve their service that the following year their evidence would be more reassuring.

A further suggestion which occurs to me is this: that the next time the house is about to set up committees, a small committee composed, perhaps, of chairmen, be formed with the object of advising how the work can best be distributed. The work of some of the committees is interrelated; others carry on more independently. I think it would be useful to make a systematic examination.

If the investigation of estimates is to be effective, those estimates must be tabled in the House of Commons early in the session. This year they arrived here, I think, on the 18th or 19th of March, but if we do not get them until after the Easter recess, we have little time to study them before they are taken up by the committees. Had I been serving on the Standing Committee of Natural Resources, as was the honourable senator from Kings (Hon. Mr. McDonald), I should like to have been able to study the departmental estimates so that I could formulate the questions I wanted to ask. We ought to urge the government to bring down the estimates early in the session, as it did this year; and a steering committee should be appointed to help allocate the members among the various committees dealing with the estimates.

Honourable senators, to my knowledge this report is the only one which contains a recommendation dealing with the education of high school students. This recommendation reads:

Your committee suggests that courses in the principles of civil government, federal, provincial and municipal, be more generally taught in high schools, and that the public be made aware of the relationship between the burden of taxation they carry and the social and other services they demand.

It is shocking that our high school students—at least those in my city—know so little about these matters. Quite often different men will call me up and ask me how many senators there are from Manitoba, and when I tell them there are six, they want to know their names. They say to me: "I know you are a senator, but who else is one?" I have many inquiries from people asking me to name the various members of the Senate

and of the House of Commons. Sometimes, in a moment of weakness, I listen to radio quiz programs, I remember one occasion on which the question was asked: "Who is the federal Minister of Trade and Commerce?" and believe it or not, the person who was asked did not know. I should have thought that this minister would be known to everyone. I only offer these examples to illustrate the need for giving our children—the future fathers and mothers of the nation—a broader education in parliamentary affairs. We frequently hear glib criticism of our federal parliament, our provincial legislatures and our municipal bodies; but for the most part the very persons who make the criticisms know nothing about the affairs of the country.

I believe that this recommendation is an important one and should be called to the attention of the provincial departments of education. It does not interfere with the autonomy of the provinces in dealing with educational matters, but merely suggests to them that courses in the principles of civil government, federal, provincial and municipal, should be made available, through our high schools to the future citizens of Canada.

Some Hon. Senators: Hear, hear.

The motion was agreed to.

REPORT OF COMMITTEE ON CANADIAN TRADE RELATIONS CONCURRED IN

The Senate proceeded to consideration of the report of the Standing Committee on Canadian Trade Relations, to whom were referred certain estimates.

Hon. W. D. Euler moved concurrence in the report.

He said: honourable senators, this report really speaks for itself, but I might just refer to one or two points because honourable members may not have had an opportunity of reading the report.

Perhaps one of the best reasons for having these estimates dealt with by our various standing committees is that it gives the members an opportunity of securing information which they apparently would not otherwise acquire. I particularly have in mind the information we obtained about the functions of the National Research Council when Dr. C. J. Mackenzie appeared before us. That was one of the most profitable sessions we held. We also heard Mr. M. W. Mackenzie, Deputy Minister of Trade and Commerce, and Mr. Sim, the Comptroller-Secretary. As set out in the last paragraph of our report, these witnesses provided the committee with will-

ing and valuable assistance. They gave an impression of efficiency and a desire to advance all the information they had.

There are a few recommendations in our report to which I should like to briefly refer. As to the fourth recommendation, it was the feeling of the committee that any services producing revenue, such as the operation of the Grain Board and the Wheat Board, should be made pretty well self-sustaining.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Euler: The fifth recommendation is another in which I am particularly interested. It has to do with the payment of various subsidies from the federal treasury. Speaking for myself, I believe that the principle of subsidies is absolutely wrong, and the recommendation of the committee is to the effect that every effort should be made to continue the policy of reducing such subsidies. I am not entirely satisfied that any policy as to the reducing of subsidies actually exists; and if there is not, I think the government should devote itself to the examination of the subsidies we now have—I am not just alluding to the subsidies under the Department of Trade and Commerce. I had some knowledge of subsidies some ten years ago, and I believe that the principle behind the payment of subsidies is unsound. The committee was agreed that the policy of reducing subsidies both in amount and number should be continued, and that payments under them should be made only in cases of extreme urgency.

The sixth recommendation in the report has to do with national defence. My honourable friend, the leader of the opposition (Hon. Mr. Haig), said yesterday or the day before—

Hon. Mr. Haig: It was the day before.

Hon. Mr. Euler:—that whereas the newspapers report that we are spending \$450 million on our defence departments this year, the estimates indicate that the actual figure is nearer \$650 million. I think perhaps he is exaggerating a little, because I doubt whether another \$200 million for defence purposes are hidden in the estimates of other departments. But those estimates covering such things as arsenals and certain activities of the Research Council should be made clear to the public. They have the right to know precisely what our total expenditure is for defence and war preparation. If it is \$650 million rather than \$450 million, then it is in the interests of our people that they should be so informed.

The only other item to which I will refer deals with our trade with the West Indies. Attention is called to the fact that much

difficulty has been encountered in the development and maintenance of our trade with these colonies. As they belong to Great Britain, perhaps we know where to lay the blame; but certainly prohibitory measures are put into force in the West Indies to prevent Canadian goods from going there. This situation should be corrected. The greatest obstacle in the way of better trading conditions with West Indies and certain other countries is that we have not got much control over non-convertible currency.

I might agree with the leader opposite (Hon. Mr. Haig) that a record should be kept of the proceedings of the various committees which deal with estimates; but I doubt that a verbatim record is necessary, because some of the matters dealt with in committee are relatively unimportant. I should think that if the proceedings of every one of these committees are to be stenographically reported, the *Hansard* staff will have to be considerably increased.

Hon. W. A. Fraser: Honourable senators, I cannot refrain at this time from adding a word or two to the remarks of the honourable gentleman from Waterloo (Hon. Mr. Euler) who mentioned two members of the Civil Service.

Hon. Mr. Euler: Three.

Hon. Mr. Fraser: I believe it is incumbent upon this honourable body to recognize the fact that in this dominion we have the highest type of senior civil servants to be found in the commonwealth.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Fraser: It has been my privilege for twenty-five or thirty years to know intimately and to work with many deputy ministers and other members of the Civil Service of Canada, and at this time I wish to take advantage of the opportunity to express my appreciation to them. Many of these gentlemen could obtain far higher salaries in the employ of large corporations, but they have chosen to dedicate their ability and education to the service of the people. I feel that it is a good thing to place on the records of this honourable body our appreciation of the efficiency and integrity of our senior civil servants, to whom we owe so much for the proper administration of public affairs in this country.

Also, I heartily endorse the sentiments expressed by the honourable senator from Waterloo as to the Senate. I agree that the people of Canada are not aware of the responsibility and the function of this house in exercising a check and double check upon the legislation passed by parliament.

However, my principal reason for interrupting the debate on the committee's report—for which I trust I shall be forgiven—was to say a few words in recognition of the important part played by our senior civil servants in the national and international affairs of this nation.

Hon. A. K. Hugessen: Honourable senators, this afternoon we have had for the first time the privilege of considering the reports of two of the standing committees to which certain estimates were referred for consideration, and I think that perhaps this would not be an inappropriate time to make a brief review of what the committees have done. Every honourable senator present this afternoon will have recognized the care which the committees have given to the examination of these estimates. That is evident from the interesting recommendations and the other matter contained in the valuable reports that the committee chairmen have presented to us.

I fully agree with the honourable leader on the other side (Hon. Mr. Haig) as to the need for greater public knowledge of the operation of our parliamentary system. It occurs to me now, as it occurred to me when the estimates were referred to standing committees, that this method of examining into public expenditures may have its effect in making clearer to the people the way in which the business of the country is carried on. Certainly, if it has done nothing else, it has had the effect of giving us in the Senate a much better idea of how our public affairs are conducted and the manner in which our money is spent.

I think that it has also had an extremely good effect upon senior civil servants themselves. I believe they welcome the opportunity to appear—informally, if you like—before any committee of this house and to tell that committee—and through it the public—about the duties with which they are charged and their methods of expending the moneys that parliament has entrusted to their care. That in itself, it seems to me, is justification for the setting up of these committees, and I hope that the practice will be continued in future years. Of course, what we did this year was to some degree an experiment. We all live and learn, and very likely as time goes on the committees will improve upon even their good work of this session.

Several speakers this afternoon have recommended, as does at least one of the reports before us—and I understand that the reports of other committees will do the same—that the day to day proceedings of the committees be stenographically reported and printed. That is a matter which will have to be considered

next session, but it seems to me that in all probability this chamber in its wisdom will reach the conclusion that the information obtained by the committees is so valuable as to make a verbatim record worth while.

I have only one further word to say, and that is in reference to the remarks made by the honourable senator who immediately preceded me (Hon. Mr. Fraser). I thoroughly agree with what he said about the calibre of the senior members of our federal civil service. May I, by way of example, refer to an experience that I had some years ago as a practising lawyer? I happened to be acting as counsel for a large firm of investment bankers in New York who had purchased a substantial issue of Canadian Government securities, payable in the United States, which they were proposing to market in that country. As honourable senators know, the law of the United States requires that securities offered for public sale there be accompanied by a substantial prospectus giving numerous details about the financial status of the borrower. This particular case required that a number of officials from the banking house come to Ottawa and spend two or three months going through the various government departments collating masses of information to be included in the prospectus for the sale of the securities in the United States. At the conclusion of their stay in Ottawa these gentlemen from New York came to me and said how delighted they were with the co-operation they had received from the senior officials here. They remarked that they had never realized that government officials would put themselves out as they did, giving their time, morning, noon and night, regardless of the inconvenience. Perhaps I should not repeat a further remark they made, but I will do so. They added: "We would never have received that service in Washington". I was very pleased to hear them express these sentiments, because to me it was a practical demonstration of the high quality of senior government officials at Ottawa. I offer that illustration simply for the purpose of emphasizing what my honourable friend said a few moments ago.

Some Hon. Senators: Hear, hear.

Hon. A. N. McLean: Honourable senators, I feel that I must say a word at this time on behalf of government officials in the United States. I have often visited Washington, particularly during the war years, and I have always received wonderful co-operation from the public servants in that capital. Perhaps the service they gave me was no better than I receive here, but it was equally as good. I was taken into the departments I visited, and introduced, and all possible information was placed at my disposal. I therefore wish to commend the government officials of that

country for the complete co-operation they have afforded me on my visits to Washington.

The motion was agreed to.

JUDGES BILL

FIRST READING

A message was received from the House of Commons with Bill 316, an Act to amend the Judges Act, 1946.

The bill was read the first time.

The Hon. the Speaker: When shall this bill be read the second time?

Hon. Mr. Robertson: Tomorrow.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from Wednesday, June 7, the adjourned debate on the motion of Hon. Mr. Euler:

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. John T. Haig: Honourable members, I do not propose to make a lengthy address at this time, but the more I think about this subject the more I am impressed with its importance.

I think it was the honourable senator from Churchill (Hon. Mr. Crerar) who said that we were passing through very difficult times. I do not wish to indulge in an enumeration of our difficulties, but I strongly believe that Russia will never attack other nations of the world so long as they are properly prepared and determined to resist such an attack. But an attack may come because of differences of opinion among the other nations of the world, or because of some unexpected accident that may upset the equilibrium of international affairs.

I was a full-grown man during the war of 1914-18, and I know that while many people felt that that conflict could have been avoided, some regarded it as inevitable.

As to the second World War, I am positive that Hitler's army would never have attacked the democratic countries had they been ready for such an attack. Anyone familiar with the world of 1939 could not but realize that there was only one great army in the world—Hitler's. Much the same situation faces the world of today.

I have always believed that the German people did not go to war for the sake of going to war, and today I do not believe that the Russian people want to go to war for the sake of going to war. But nations get themselves into a position where it is impossible for them to withdraw. As was pointed out by the honourable senator from Inkerman (Hon. Mr. Hugessen), there is always great difficulty in getting men and women to surrender their national rights. For myself, I support the province of Manitoba; in fact, I stick up for Winnipeg, which I know is not the greatest city in the world.

Hon. Mr. Euler: It is very nearly.

Hon. Mr. Haig: And I know that Manitoba is not the greatest province in Canada—

Hon. Mr. Euler: It is the wettest, anyway.

Hon. Mr. Haig:—but I still love it, and it is hard for me to admit that the people of my province can do any wrong. The same principle applies with respect to nations. We all love Canada, especially when we reach the stage of life at which we become members of the Senate of Canada. We regard Canada as we do for two reasons: first, because luck has seemingly been with us and we have lived a good life, and second—and this is the fundamental reason—because we believe that it was our country which gave us the things we enjoy. I would bring the minds of honourable members back to September 9, 1939, when we stood up in this house and voted to go to war. Let no one be under the impression that every senator did not know what he was doing, or that what moved him was not his love of Canada. We all realized that going to war meant sending many young men to their death, or to be crippled or maimed for life. But knowing all that, and knowing that Canada was facing a crisis and that a decision had to be made, we stood up in this house and voted unanimously in favour or going to war.

The honourable senator from Waterloo (Hon. Mr. Euler), who moved this resolution, is a good businessman, and if he were asked whether it was a good business proposition to establish a federal union of the Atlantic nations he might say that it was not. But in matters of war we are not concerned with good business practices. My honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) referred the other day to the human element which enters into the waging of war, and when that is considered nothing else is of any value. I say without fear of contradiction that when one member of a family joins the armed forces, the thoughts of the parents are always with that young man, regardless of the needs of the rest of the family.

If that is true, and I believe it is, we should do everything we can to avoid another war. We are spending large amounts of money on military preparations. Our whole economic life is being geared to meet that eventuality. We are bound to do everything possible to show Russia—I mention that nation openly, because it is the only one from whom aggressive war may be feared—that we ourselves do not want war at all. I do not suppose there is a nation in the world which has a greater abhorrence of war and yet is more ready to spend money, endeavour, and indeed manpower, to defend the principles that it believes to be right, than Canada.

I am in hearty accord with the sentiments of the mover of this resolution. It may not be possible to bring the democracies together; even though they meet, they may not agree; but every Canadian believes that if it is possible to apply the principles of federal union to the democracies, and if that organization might tip the scales against the recurrence of war, we should strive to bring it into being. It is from that point of view that I regard this resolution. I am not an optimist; I do not know whether union can be achieved; but I frankly admit that I did not believe that the project for an Atlantic charter would be successful. I voted for it in this house, but, as the saying is, with my tongue in my cheek. I hoped for its success, but my hard business sense suggested serious doubts; and from a practical standpoint I did not think it was possible. I feel much the same about the motion now before us. In the case of the Atlantic charter I, in common with many other people, was wrong. The seven members of the original organization have added to their number and encouraged us to believe that their efforts will succeed.

I am wholly in favour of having this meeting called by the United States. A distinguished visitor from that country was here the other day, and some of us had a chat with him. I then said that I thought that if Canada were to join in extending this invitation the prospects of acceptance would be improved. By that I meant, not that friendship to the United States or Canada would be increased thereby, but that any sense of constraint might be removed. I am reminded of a personal experience at the meeting of the United Nations in 1946. The meeting had been going on about six weeks when one of the delegates of Iran, an associate on the legal committee, invited me to have lunch with him. I did so. It was a lovely day, and we went out and sat on the terrace. My host said, "I would like

to ask you, as one of the Canadian representatives, a very personal question. Do you people trust the United States?" I said: "My dear sir, we not only trust them, we have always trusted them. We have lived alongside of them for about a hundred and twenty-five years. Our common frontier is some four thousand miles long, and the only people we have to guard it are the officials charged with the prevention of smuggling—though some smuggling does go on now and again. We trust them absolutely; and because there is wholehearted trust between us we are able to tell them what we really think about what they are doing; they know that what we say is exactly what we think; and they speak in the same fashion to us." If a nation of thirteen or fourteen millions can maintain these friendly and confidential relations with a nation having ten times its population and probably twenty times its wealth and power, is there not reason for hoping that others will copy our example?

I shall vote for this resolution and do my best in every way to make it a reality. Whoever has the honour to represent this house at the convention will, I believe, be fortified with the knowledge that the Senate

is wholeheartedly behind the attempt to prevent by this means another crisis in world affairs. The task is a difficult one; there may be failures; but it we do not try, no solution will be possible.

On motion of Hon. Mr. Robertson the debate was adjourned.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Robertson: Before the house adjourns I am going to suggest that we meet at 11 o'clock tomorrow morning. The only committee which is in session tomorrow is Banking and Commerce, which is to consider the Dominion Elections Act. There are two bills to come before us. If we meet at 11 o'clock we can give them first reading and, if the Senate so desires, send them to committee to be disposed of tomorrow.

If it meets with the approval of the house, I move that when we adjourn we stand adjourned until 11 o'clock tomorrow morning.

The motion was agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, June 23, 1950

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

OFFICIAL SECRETS BILL

FIRST READING

A message was received from the House of Commons with Bill 309, an Act to amend the Official Secrets Act.

The bill was read the first time.

THE ESTIMATES

REPORT OF COMMITTEE ON EXTERNAL RELATIONS

Hon. A. K. Hugessen (for Hon. Mr. Gouin) presented the report of the Standing Committee on External Relations, to whom were referred certain estimates laid before parliament for the fiscal year ending March 31, 1951.

The report was read by the Clerk Assistant, as follows:

Your committee held three sittings during the course of which were heard the Under Secretary of State for External Affairs, Mr. A. D. P. Heeneey, the Deputy Under Secretary, Mr. Leon Mayrand, and the Chief Administrative Officer, Mr. G. D. Hemsley. All the questions put by the members of your committee were fully answered, very interesting explanations were given by the witnesses and written statements were also filed to cover various points.

After having duly considered the evidence thus submitted, your committee begs to make the following recommendations:

No. of Vote 64, Departmental Administration; Details of Services 559.

"Publicity and Information—\$103,600."

In addition to amounts thus specifically disbursed, it appears that 51 employees of the department devote their time in whole or in part to publicity and information. By allotting a proportionate part of their salary to this item, the total expenses for publicity and information to be charged to External Affairs would amount to \$226,400.

Your committee is of the opinion that the expenses incurred by the government in general for publicity and information should be reduced to a strict minimum and that this specially applies to External Affairs. A substantial part of such expenses is necessary, some are also really of benefit to Canada, but it would be worth while to scrutinize the possibility of eliminating publicity expenses which have little or no practical value. Considerable savings may possibly be realized through the establishment of a bureau centralizing all publicity undertaken by the government and the study of the advantages and disadvantages resulting from the establishment of such a central publicity bureau is recommended.

No. of Vote 65: Representation abroad
Details of Services 667

"Allowances, \$1,131,637."

Your committee is anxious that the diplomats representing Canada abroad and their staff receive

a remuneration enabling them to do things properly in order to maintain and increase the prestige enjoyed by our country abroad. It must be realized however that Canada is not a big power and that a proper sense of modesty is quite compatible with our external representation. The system of payment of allowances should be studied for the purpose of exercising a proper control over the expenses incurred for the sums thus voted for allowances and for all practical purposes being supplements to the salaries paid.

To Build or Purchase Premises for Offices or Residences for Missions Abroad, etc.—\$165,000.

This item should be considered together with vote 67, which reads as follows:

To authorize the use during the fiscal year 1950-51 in payment for the acquisition, improvement or furnishing of properties for Canadian Government offices and residences in foreign countries of inconvertible foreign currencies from deposits of such currencies which may be used only for governmental or other limited purposes in these countries and which have been received by the Government of Canada from other governments in settlement of claims arising out of military operations or war expenditures (p. 10), \$1.00.

It is obvious that decent premises must be provided for our missions abroad, but a policy of reasonable economy is again compatible with the standing of our country. Care must be taken to avoid any extravagance or lavishness which would be contrary to our well-known national habits and customs.

Few properties have been acquired abroad up to date and your committee favours such a slow and gradual process of acquisition. It is realized however that exceptional opportunities may be offered in Europe under the present post-war conditions. This point forms part of the problem arising out of our above mentioned frozen credits in foreign countries. Now that the extent of such credits is being determined, the amounts to be used out of such inconvertible deposits in foreign currencies should properly be indicated in the estimates. It will thus be possible to eliminate the anomaly created by the system existing under Vote No. 67; a mention of a nominal amount of \$1.00 now enables the department to obtain several hundred thousand dollars at the discretion of the government and of the Treasury Board without any specific previous authorization from Parliament.

Vote No. 70, Canadian Representation at International Conferences—\$225,000.

It is recommended that this item appearing in the estimates for External Affairs be grouped with the substantial amounts also incurred for representation at international conferences and charged to Trade and Commerce, Labour, etc. Thus the total amount incurred for representation at international conferences would be presented in a clear and simple form. At the present time, the amounts disbursed by the various departments for similar purposes are presented only separately, without proper references to the total amounts thus spent for the same object.

Vote No. 73, United Nations Organization, \$1,343,700.

The assessment levied on Canada seems to be out of proportion to the amount now levied on certain other countries, taking into consideration their national income. It is hoped that a readjustment of our assessment may in due time be secured.

Your committee recognizes however that our active support of United Nations is a fundamental basis of our foreign policy. In spite of its deficiencies, it is realized that United Nations is the only international organization now in existence and designed for the prevention of war.

Your committee considers that our diplomatic service is a great credit to our country and that the part played by our representatives at Lake Success and at other international conferences has been sincerely directed to the peace of the world.

The Hon. the Speaker: When shall the report be taken into consideration?

Hon. Mr. Hugessen: Next sitting.

BUSINESS OF THE SENATE

Hon. Wishart McL. Robertson: Before the orders of the day are proceeded with, I would suggest to the house that we adjourn not later than 12 o'clock in order that certain matters before the Banking and Commerce Committee can be considered between noon and the lunch hour, and that we reassemble at 3 o'clock to carry on the business of the house.

Some Hon. Senators: Agreed.

STATUTE LAW BILL

SECOND READING

Hon. A. K. Hugessen moved the second reading of Bill 313, an Act to amend The Statute Law.

He said: As the house is aware and those honourable senators who are members of the legal profession are particularly aware, under the general law of this country at the present time any subject who desires to bring suit against the Crown must, as a prerequisite to such suit, obtain the permission of the Department of Justice through a fiat issued by the Governor General. That principle, unless modified by legislation, applies also to all agencies of the Crown, including those numerous boards, commissions, and other bodies which over the past few years, have been set up and which are apt to continuously increase in number as the operations of the federal government in various branches of the activities of the country continue to expand. In the case of certain of these agencies which have been constituted by statute a provision in varying forms has been inserted which permits a subject to sue the agency without the necessity of obtaining a fiat; and the purpose of this legislation is to standardize that procedure in respect of the corporations where that right has already been granted by statute, and to add a number of corporations in respect of which such right does not now exist.

Hon. Mr. Aseltine: Would the honourable gentleman explain one point? He says that if this bill is passed a suit can be commenced without a fiat against any Crown corporation.*

Hon. Mr. Hugessen: That is right.

Hon. Mr. Aseltine: Is such a suit commenced in the ordinary courts or in the Exchequer Court? I understand that if you obtain a fiat you must sue in the Exchequer Court; is that not correct?

Hon. Mr. Haig: No.

Hon. Mr. Hugessen: I do not think so. I speak subject to correction, but my understanding is that these provisions are intended to protect the subject in respect of suits he may take in any court throughout the land, whether it be a provincial or a federal court.

The bill is comprised of seventeen sections which are phrased more or less in the same language. These sections incorporate a standard form in the following wording:

Actions, suits or other legal proceedings in respect of any right or obligation acquired or incurred by the commission—

or by the director or the board, or whatever it may be,

—on behalf of His Majesty, whether in its name or in the name of His Majesty, may be

(a) brought or taken against the commission, without the Governor General's fiat . . .

Although the bill contains seventeen sections, they are all substantially the same, except that they are applicable to and will be included in seventeen different statutes, each of which sets up one of these Crown organizations or bodies. The first ten sections introduce this clause into various statutory provisions in which at the present time it does not appear at all; the remaining seven sections, from 11 to 17 inclusive, amend provisions which are now contained in the relevant statutes in order to make them conform to the general provision which is contained in every section of this bill.

Hon. Mr. Haig: May I ask a question, which really has something to do with the one asked by the honourable senator from Rosetown (Hon. Mr. Aseltine)? My interpretation of the bill is that a person will no longer need a fiat.

Hon. Mr. Hugessen: In the first ten cases, yes; but in the others it merely changes the existing legislation to bring it into harmony with the general form of the section provided for the purpose.

Hon. Mr. Haig: I agree with your answer; but would that not mean that in cases where you formerly had to sue in the Exchequer Court you still would have to sue in that court, and that in cases where you previously could sue in the ordinary courts you will still sue in those courts, provided you have a fiat? The law is not changed in that respect?

Hon. Mr. Hugessen: No. It does not in any way affect the jurisdiction of the various courts having the right to deal with certain

cases. If a subject wished to sue in the Exchequer Court in, say a shipping matter, he could still do it in that court, and if he desired to sue in the provincial courts he could do so; and in either case without obtaining a fiat.

Hon. Mr. Haig: Yes, that is my understanding from reading the bill.

Hon. Mr. Hugessen: I do not know that there are any other observations I need make to familiarize honourable senators with the bill. Although it is fairly lengthy, it is quite simple, and I think its general purpose will appeal strongly to honourable senators just as it did to members of the other house, where the measure was passed unanimously.

Hon. Mr. Buchanan: I have written down a question so as to be able to clearly express what I have in mind. Under this legislation would it be possible, without a fiat, to sue any of the corporations mentioned in the bill for injury or damage or false arrest resulting from negligence on the part of an officer or employee of the corporation or is the bill limited entirely to property matters?

Hon. Mr. Hugessen: What the bill refers to in every section is, "Actions, suits or other legal proceedings in respect of any right or obligation acquired or incurred by the commission", or by the board or corporation, as the case may be. It seems to me that that would cover any kind of claim, whether for damages, false arrest or anything else.

Hon. Mr. Buchanan: I have been advised that it would not. Suppose an employee of one of these corporations while acting in the course of his duties as driver of a truck or car belonging to the corporation ran down someone on the street, could proceedings be taken without a fiat? I have been led to believe that they could not.

Hon. Mr. Hugessen: I should be very much surprised if my honourable friend was right in that, but I am frank to say that I have not discussed the particular question with officers of the Department of Justice. As there appears to be some doubt on the point, I suggest that it might be advisable to send the bill to a standing committee, in order that we might receive definite information.

Hon. Mr. Crerar: My colleague from Lethbridge (Hon. Mr. Buchanan) has raised the point that was in my mind. Apparently the intention is that a Crown corporation or company—for example, the Wheat Board, which is declared to be an agent of the Crown—could be sued if one of its servants knocked someone over on the street. I think

we ought to be perfectly clear that in such a case the injured person would have a right to sue the Crown company.

Hon. Mr. Hugessen: Without a fiat.

Hon. Mr. Crerar: Without a fiat. My understanding all along has been that that was intended to be the effect of this bill, but subsection (2a) of Section 4 seems to be a bit obscure or involved. That may be because I am not a lawyer, but at any rate I hope the bill will be sent to a committee where we can have the advice of, for instance, the Law Clerk of the Senate, as to the precise meaning of the bill.

Hon. Mr. Hugessen: My honourable leader (Hon. Mr. Robertson) informs me that in anticipation of such questions as these being raised he had intended to request that the bill be sent to a standing committee; and he arranged that, if this were done, officials from the Department of Justice would be present to clarify the proposed changes in the Act.

Hon. Mr. Bouffard: I think that is very important, because the bill makes no change in the law as to the responsibility of the Crown. The only thing the bill does is to permit an aggrieved person to take action against a Crown corporation without a fiat. In the past a fiat has been necessary, but often when application was made for one the Department of Justice took the stand that the Crown was not responsible for the action of an employee of a Crown company, and consequently proceedings could be taken only under section 19C of the Exchequer Court Act. This bill makes no change in the law as to the responsibility of the Crown for anything done by its servants in the course of their duties. I think it would be well to clarify the point as to whether the bill provides a change in the responsibility of the Crown or merely a change in procedure.

Hon. Mr. Lambert: May I ask my honourable friend if in the past the employees of the Crown have enjoyed any immunity in cases of violation of the ordinary rules of safety? I have always assumed that civil servants were subject to the same personal liability as an enlisted soldier in the armed forces, who is answerable to the law for any offence committed, in the same way that a civilian is answerable.

Hon. Mr. Bouffard: The Crown has assumed liability in only two sets of circumstances, and these are set forth in section 19 of the Exchequer Court Act. The first is in the case of what we French call *chantier*, which means a public work; the second is in the case of

negligence committed in the course of duty. It is only within the last year or two that the Crown has assumed this second responsibility.

Hon. Mr. Aseltine: And this bill does not enlarge upon that.

Hon. Mr. Bouffard: It does not enlarge upon it, to my knowledge.

Hon. Mr. Hugessen: I think my honourable friend is quite right, that this bill does not purport to extend in any way the Crown's liability, but merely abolishes the requirement of a fiat, and in this way simplifies the procedure for taking action against the various Crown agencies.

Hon. Mr. Davis: As I understand it, honourable senators, this measure provides that Crown companies may be sued. But what is the position of honourable members of this body who, while attending a session of parliament, are involved in an accident on the grounds around these buildings? Under those circumstances can an honourable senator be sued personally?

Hon. Mr. Aseltine: That is just a tort; he would be liable personally.

Hon. Mr. Davis: I had thought that we were immune from liability in those circumstances.

Hon. Mr. Aseltine: No, no!

Hon. Mr. Hugessen: May I suggest to my honourable friend that if he has any fears in that connection, his proper course would be to consult a solicitor, and pay his fee.

Some Hon. Senators: Oh, oh.

Hon. Mr. Davis: I knew that if I were driving in the province of Manitoba and had no insurance, in the event of civil liability any judgment obtained against me would be satisfied out of a fund set up for that purpose; but I did not know what was my position here.

Hon. Arthur W. Roebuck: Honourable senators, it seems to me that the question which the honourable senator from Lethbridge (Hon. Mr. Buchanan) asked is answered in the words of section 2 of the bill, which reads in part as follows:

Actions, suits or other legal proceedings . . . may be

(a) brought or taken against the board, without the Governor General's fiat, or

(b) brought or taken by the board, in the name of the board in any court that would have jurisdiction if the board were not an agent of His Majesty.

That is to say, the commission or board is an incorporated company and has none of the prerogative rights which the Crown has enjoyed in the past to prevent suit being taken against it. It may be sued therefore,

according to the laws of the land, in the same way as though it were not an agent of His Majesty.

Hon. Mr. Haig: That is quite correct.

Hon. Mr. Roebuck: So far as senators are concerned, it has never been necessary to secure a fiat to sue any one of them. We have no protection, unless it be for some act done while in this chamber. Personally, I am pleased that no such protection is offered us.

I wish to express my hearty approval of and satisfaction in this legislation. At one time in my career I represented the Crown, in the interest of the province, in the granting of fiats, and with one very notable exception I never refused one.

As I say, I thoroughly approve of legislation that requires the Crown to come out of its coward castle and stand up like anybody else and defend itself for its own act. I have always believed that the Crown should be the very last body to take advantage of the power to prevent itself from facing trial and submitting to the judgment of its own judges. The Crown's attitude has been most high handed, and a relic of other days.

I would direct my remarks more to what is not in the bill than to what it contains. Commissions and boards to do the business of the Crown are of relatively recent origin, and have come into existence by reason of the fact that the Crown now is engaged in many more fields of activity than were thought of in the days of our forefathers.

As I understand the bill—and I trust the honourable senator who explained it will correct me if I am wrong—its provisions apply only to the agents of the Crown, and that the Crown may still claim protection for the acts of its servants. For instance, a policeman—to take a lowly example—who is an officer of the Crown, may be sued for the negligent performance of some act. The principle of *respondet superior*—which means responsibility of the employer for the acts of his employee—does not apply; the complainant sues the policeman, not the police commission. This principle applies also to employees of the province and of the dominion. For instance, if a civil servant throws you out instead of politely showing you the door, and in that way commits an assault upon you, your action would be against the official and not against the Crown. A civil servant may personally conduct himself properly, but if in the course of his duty he causes injury, for which his employer is responsible, the Crown cannot be sued except by its own consent. When this bill is passed, that exemption will remain; and I would like

to see the Crown come out of what I call its coward's castle and stand suit in every court as though it were an individual.

Hon. Mr. Duff: Hear, hear.

Hon. Mr. Roebuck: Yes, and no longer stand behind the ancient privileges which flow from the theory that "the King can do no wrong". The King can do no wrong because there is no sanction against the King except with his own consent. That rule is a relic of the old-time "divine right of Kings", and it persists in our time because of an assumption of superiority of the government over the individual. It is time we abolished that as well as the other archaism we are removing by this bill.

I do not want to close my remarks on a note of complaint, because this bill marks a notable step forward. Neither do I want to accept the bill as satisfying all the requirements of the case. I therefore express the greatest satisfaction that the Crown has taken this step, and the hope that very soon the Crown will come right into the open and defend itself when necessary without the requirement that the man who has been wronged, or thinks he has been wronged, must get the consent of the Crown itself to go before one of the Crown's own judges.

Hon. Mr. Gladstone: May I ask the honourable senator whether it is permissible to garnishee the wages of a civil servant?

Hon. Mr. Roebuck: Not without the consent of the Crown. That is another privilege which ought to be abolished. We have made some progress in that direction. I know that in Ontario departmental officials enforce the payment of ordinary debts on the part of their employees. That is to say, if you sue an employee of the province of Ontario for a grocery bill and get judgment, the department will collect the amount of the judgment out of the civil servant's salary and pay it over to you.

Hon. Mr. Aseltine: That is not the practice in Saskatchewan or Manitoba. What we do there is to serve notice of the garnishee on the provincial government. We are precluded by statute from garnisheeing employees of the Dominion Government.

Hon. Mr. Roebuck: In the province of Ontario the Dominion Government employee cannot be garnisheed; but in the case of a provincial government employee, what we do is to register the judgment, of the kind that I have specified, and the Treasury Department collects the debt from the employees wages and pays it over to the judgment creditors—not changing the principle, but very materi-

ally changing the practice. I do not know whether the same thing could not be done by a federal department.

Hon. Mr. Haig: No.

Hon. Mr. Roebuck: You think not? In Ontario I myself have had occasion to do it. But do not forget that even in Ontario this action is applicable only to such debts as I have specified. It does not apply in cases where a provincial employee drives a provincial car—or his own car—negligently on the streets and injures somebody. The department will not collect damages from employees—I know that to be the case, because I have had actual experience—but they will collect a debt. You see the distinction. Apparently we have not gone any distance in the direction of bringing the national employee out into the open and, when he is attacked, letting him stand and fight like everyone else has to do, or towards making the department—that is the Crown—responsible for the negligent acts of its employees, as other employers are. I hope that the next move on the part of the Liberal government will be to abolish these ancient privileges of the Crown and do business in the open, boldly, and with full responsibility for the acts of those who serve it.

Hon. Mr. Hugessen: Honourable senators, the honourable senator for Toronto-Trinity (Hon. Mr. Roebuck) has raised a question of very considerable interest with respect to the possibility of abolishing the necessity for fiats in suits against the Crown itself. That of course is a matter of government policy, upon which I have no authority to speak.

Hon. Mr. Roebuck: But I have!

Hon. Mr. Hugessen: I suggest to him, and in fact he said himself, that this bill is a very important and a very valuable step forward in the general direction which we all favour. As he said, the necessity for obtaining a fiat to sue the Crown arose out of the old doctrine that the King can do no wrong. Originally it was quite impossible, with or without a fiat, to sue the Crown in any way. But once the Crown has admitted that a fiat may be issued against it, what becomes of the doctrine that the King can do no wrong? The mere issue of the fiat is an admission that the King may have done some wrong, and that the subject may have a right to collect against him. However, these are general considerations which are not dealt with in the present bill, and though perhaps in principle we all agree with the honourable senator from Toronto-Trinity, for the moment it might be well to proceed on the basis that half a loaf is better than no bread.

Hon. Mr. Roebuck: Yes.

Hon. Mr. Haig: I agree with the honourable gentleman who has just spoken that this bill is a long march forward. I congratulate the government upon this legislation.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: It is appropriate to present day conditions: but I am not yet convinced, as the honourable member for Toronto-Trinity appears to be, that the trend should be pursued further, though I may change my opinion later on.

In answer to a question raised during the debate, let me point out that the bill in no way extends existing rights as against the Crown; all it does is to make certain corporations Crown agencies, and expose them to suit without fiat in the same manner as if they were private companies.

Hon. Mr. Hugessen: Yes. The change is merely procedural.

Hon. Mr. Haig: There is another matter to which I will allude, because it was raised by the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck). I have always thought that no government official, whether employed with a Crown company or in any other office, should be exempt from attachment proceedings. I would even agree that a senator should be sued just the same as anybody else, and if he gets into debt he should be subject to garnishment. There is no reason why people who draw tax money—and that is what we are doing—should have rights over and above those of other individuals. For instance, a man working for the C.P.R. can be sued and garnisheed, but I do not think employees of the C.N.R. in our province can be garnisheed.

Hon. Mr. Aseltine: Oh, yes.

Hon. Mr. Haig: I doubt it. We have had trouble over this many times in Manitoba. I think this is a matter which should be drawn to the attention of the government.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Hugessen moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

JUDGES BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 316, an Act to amend the Judges Act, 1946.

He said: Honourable senators, this bill would make provision for the appointment of certain additional judges in the provinces

of British Columbia, Ontario and Newfoundland. It would also increase all judges' allowances for travelling expenses.

As honourable senators are aware, the British North America Act provides that provincial legislatures shall create the provincial courts and designate the number of judges that are to sit in such courts. The federal government then has the power of appointing those judges and the responsibility of paying them. The three provinces I have mentioned have passed legislation which requires the appointment of additional judges to the bench. The Superior Court of British Columbia has been amended to increase the number of judges in that province from six to seven, and section 1 of this bill would provide for the salary of the additional judge. Ontario also has increased by one the number of judges in her county and district courts, and section 2 of the bill covers this increase. The province of Newfoundland has established a district court system for the first time. Five new judges are required for these courts, and in subsection 2 of section 2 of the bill provision is made for the payment of their salaries.

The second purpose of this legislation is to increase the allowances paid to judges for travelling expenses. At the present time judges receive \$10 per day if expenses are incurred in a city or in some place where, in the opinion of the minister, living costs are similar to those in a city; if the expenses are incurred in any other place, the payment is made on the basis of \$6 a day. It is felt that in view of the high prices now prevailing these payments are too small, and it is proposed to increase the allowances for travelling expenses to \$12 and \$8 per day respectively.

Hon. Mr. Reid: I wonder if at this time I might be permitted to ask a question about the amendments in this bill? Paragraph (i) of section 3 of the bill provides that the allowance for travelling to a place that is a city shall be \$12 a day, and paragraph (ii) sets out that if the place is not a city, the allowance shall be \$8 a day; then paragraph (iii) provides that the sum to be paid shall be \$12 a day if the judge, during the time he attends at this place which is not a city, is accommodated at a city and the Minister of Justice is satisfied that suitable accommodation is not available at the place which he attends.

Hon. Mr. Robertson: Rightly or wrongly a distinction has always been drawn between a place that is a city and a place that is not a city, the assumption being that living costs are higher in cities. My understanding of the bill is that a general increase is made in each case.

Hon. Mr. Reid: I do not know whether I can put my question in a clearer way. If I were a judge going to a city, say, Toronto, I would be allowed \$12 a day while travelling there.

Hon. Mr. Horner: It means \$12 a day while there.

Hon. Mr. Reid: It may be that too, but clause (iii) provides that the sum of \$12 shall be paid during the time a judge is accommodated at a city.

Hon. Mr. McKeen: It means attending at a city and not travelling to a city.

Hon. Mr. Reid: Why is there a difference of \$4 between the allowance paid to a judge while travelling to a city and that paid when travelling to a place that is not a city?

Hon. Mr. Robertson: I do not think it is a difference in the travelling allowance, but a difference in the allowance for accommodation at the place where the judge is attending.

Hon. P. H. Bouffard: Honourable senators, this seems to be a simple matter. Judges are paid travelling allowances to cover their expenses when they leave the place where they reside for the place where they are to sit on the bench. For example, a judge residing in Quebec city is paid his travelling expenses to Montreal if he is going to sit there, and this bill would increase from \$10 to \$12 a day the expense allowance he would receive during his stay in Montreal.

This is a move in the right direction, but I cannot see why judges should have to pay any money out of their own pockets when they are called upon to sit at any place. When I was admitted to the Bar, thirty years ago, judges were allowed \$10 a day living expenses, and at that time a judge could obtain a good room at the Chateau Frontenac for as little as \$3 a day, and his meals cost about \$5 a day. Nowadays, however, a judge—whether he is an Appeal Court judge from Montreal sitting in the city of Quebec or an Appeal Court judge from the city of Quebec sitting in Montreal—cannot get by on less than \$25 a day. He cannot get accommodation at any decent hotel in Quebec or Montreal for less than \$8 or \$9, and this does not include his meals nor tips. I think everyone will agree that a person cannot get three good meals in any hotel in Quebec, Montreal or in Ottawa without spending \$6 or \$7 a day.

As I say the government has made a move in the right direction but I do not see why it will not pay the entire expenses of a judge who has to go from one place to another. Why should a judge on a taxable income of \$12,000 a year be obliged to pay anywhere from \$5 to \$10 a day out of his own pocket to

cover his expenses when on duty? Is a judge of less importance than a senior civil servant? The department having for the first time in thirty years recommended an increase in the expense allowance of judges, I cannot see why it did not suggest that the allowance be fixed at \$25 a day or the amount of actual expenditure.

Hon. Mr. Duff: That would be better.

Hon. Mr. Bouffard: It should be either one or the other. I do not think a judge should make any profit out of his expense account, but he should receive at least the full amount that he spends for accommodation when attending at a court away from home. I congratulate the department upon proposing at least some increase in the allowance, but I do not think it is enough. If the Senate had the power to increase a money vote I would move, in amendment, that the allowance be the amount actually spent.

Hon. Mr. Reid: In case anyone thinks that I am opposed to an increase in the expense allowances for judges, I wish to make it clear that my only purpose in asking the question was to find out why the allowance should be \$12 a day if a judge is staying in a city but only \$8 if he stays in a town or village.

Hon. Mr. Horner: I think the principle of the bill is wrong, because a judge might very well have to spend more for accommodation in the country than in a city. This bill insinuates that the standard of living in country districts is lower and cheaper than in cities. The allowance should be the same, regardless of where the judge stays.

Hon. Mr. Aseltine: Let us amend the bill to provide that judges be reimbursed the actual amount of their out of pocket expenses.

Hon. Mr. Doone: May I ask the honourable leader (Hon. Mr. Robertson) if there is any federal legislation defining "city"? I am confident that many provinces have no statutory definition of the word.

Hon. Mr. Robertson: My honourable friends are looking to me for so much legal advice that I find myself in some difficulty. I think the purpose in providing for allowances of different amounts is to enable the Minister of Justice to see to it that no unduly high or unduly low amount is approved for expenses. I am not quite sure that the honourable gentleman from Blaine Lake (Hon. Mr. Horner) was right in suggesting that living expenses may not be higher in cities than in other parts of the country. In any event, the bill would not establish any new principle, as for some considerable time the amount of a judge's expense allowance has

depended upon whether or not he stayed in a city. The bill merely increases the amounts of the allowances.

As to the point raised by the honourable gentleman from Granville (Hon. Mr. Bouffard), I do not know whether the Senate would have the right to entertain any amendment that would have the effect of making the allowances still larger, but perhaps this question could be submitted to officials of the Department of Justice, who within a few minutes will be appearing before our Banking and Commerce Committee when it is considering another bill. I would therefore suggest that this bill also, after receiving second reading, might be referred to that committee.

Hon. Mr. Roebuck: Honourable senators, without the Act itself before me I find it difficult to understand how the bill increases the number of county court judges in Ontario by one, as the honourable gentleman who explained the bill (Hon. Mr. Robertson) said it does. But if it does that, the addition is not large enough. My recent knowledge of courts in Toronto is that they are much overworked and away behind in their schedules. That being so, I cannot understand why only one additional judge is being asked for.

Hon. Mr. Haig: Is that not a question for the government of Ontario? The federal parliament authorizes appointment of judges only after the necessary provincial legislation has been passed.

Hon. Mr. Roebuck: That is true. The first step in the procedure is the passage of an Act by the province, as I know, for on one occasion when I was Attorney General of Ontario I introduced in the legislature a bill to increase the number of judges by two. The point I am making now is simply this, that in recent years the business of our courts has increased so greatly that one additional judge at this time is not enough.

I also wish to comment briefly on the proposed increase in the expense allowances for judges. I am a long way from thinking that our judges should be treated parsimoniously. Indeed, I feel they should be generously paid, for their work is important and they should never be placed in financial difficulties as a result of undertaking it. But as to expenses, it may be that a judge staying in a large city will not find the allowance of \$12 a day sufficient if he must go to the best hotel there and take a suite.

Hon. Mr. Bouffard: Or even a room.

Hon. Mr. Roebuck: Or even a room. But do not forget that if a judge were at home rather than travelling, he would have to pay his living expenses.

Hon. Mr. Bouffard: His home and family have to be maintained when he is away, so there is no drop in his expenses.

Hon. Mr. Roebuck: Oh, yes, there is, to the extent of his personal living expenses. When I am home I find it just as impossible as when I am away to prevent 25-cent pieces from dripping out of my pocket. The judge has to bear his personal expenses when in his own municipality, but when he takes court elsewhere he is paid an amount that is supposed to cover them. There is also the question whether it is necessary for a judge always to go to the most expensive hotel in a large city.

Hon. Mr. Aseltine: In another thirty years the allowance may be increased to \$15 a day.

Hon. Mr. Roebuck: In the last few months some of our committees have been examining public accounts with a view to bringing about economy in expenditures, and not infrequently we have criticised departments for being too generous, or at least for not taking sufficient care to see that money was not wasted. I should not like the Senate to take a strong stand in favour of increasing the allowances proposed in the bill. The sum paid out for travelling and living expenses is already very high. In any event, the Senate has no authority to increase the amount of a money vote, and I am sure my honourable friend did not mean to suggest that it had.

Hon. Mr. Bouffard: No.

Hon. Mr. Roebuck: His point was that if the Senate had such authority he would move an amendment to the bill. Our judges should be properly remunerated, and fully compensated for expenditures that they are required to make in the course of their duties; but I think we should hesitate before proposing any increase in the allowances set out in the bill.

Hon. Mr. McKeen: Honourable senators, as I am not a lawyer, I perhaps should keep out of this debate, but I wish to say a word on one point raised by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck). I think a Supreme Court judge who is required to leave home in order to preside over a court in another city out of town has a duty to stay at a first-class hotel there.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. McKeen: It is my opinion that if he stayed at a second-rate hotel he would lower his dignity and people would criticise him for it. I would support a recommendation that a judge be allowed the full amount of his actual expenses when presiding at court away from home. That method would not only save judges from being out of pocket

through performance of their official duties; but as their accounts would be checked by auditors, as all other accounts are, there would be no waste of money. In any event, we should uphold the dignity of judges by at least supporting the increase in allowances proposed by the bill.

Hon. Mr. McLean: Honourable senators,—
The motion was agreed to.

Hon. Mr. Roebuck: The honourable senator from Southern New Brunswick (Hon. Mr. McLean) was on his feet while the Clerk Assistant was announcing second reading of the bill, but he was not recognized. I suggest that he be allowed to speak.

THIRD READING

Hon. Mr. Robertson: The bill has now been given second reading, and if no honourable senator wishes it to go to a committee, I shall now move that the bill be now read a third time, and the honourable gentleman will be quite at liberty to speak on my motion.

Hon. A. N. McLean: Honourable senators, I assure you that my remarks will be brief.

In the Public Accounts I see items averaging, perhaps, \$20 a day for the expenses of lawyers serving royal commissions and other departments of the federal service. This would suggest to me that these lawyers stay at the best hotels, and I see no reason why Supreme Court judges should not enjoy equally good accommodation. I entirely agree with the senator from Vancouver (Hon. Mr. McKeen), that the judges should not be expected to stay at second-rate hotels. Some of us frequently find that the best suites in hotels are taken by persons employed on royal commissions.

Hon. Mr. Lambert: That only happens in Ottawa.

Hon. Mr. Haig: I would point out to the honourable senator from Grandville (Hon. Mr. Bouffard) that many judges do little travelling.

Hon. Mr. Lambert: The judges of the Supreme Court of Canada certainly do not travel.

Hon. Mr. Haig: In the province of Manitoba there are about five municipal centres, each of which is visited three times a year by a judge of the King's Bench. Apart from those fifteen trips, the judges are sitting in the city of Winnipeg.

Hon. Mr. Aseltine: The county court judges in that province must do some travelling.

Hon. Mr. Haig: For the most part they stay at home and look after their local courts.

Manitoba, like Saskatchewan, has an over-abundance of county court judges. Of course in Saskatchewan the county court judges rarely sit.

Hon. Mr. Horner: The people of that province are law-abiding citizens.

Hon. Mr. Haig: They may be law-abiding citizens, but if they do not want to pay their bills there is no use suing them.

Hon. Mr. Aseltine: Unlike the people of Manitoba, we pay our debts.

Hon. Mr. Haig: The Minister of Justice practised law in the province of Manitoba, and because of his familiarity with conditions there I do not think for a minute that he would be over-generous towards the judges in that province.

I say to the economists in this house that we cannot be too generous in the matter of travelling expenses for our judges. If I were a judge living in Winnipeg and had to attend a court in Brandon, I would certainly want to stay at the Canadian National hotel; and I think it would be my duty to stay there. Also, in my opinion Canada does not pay her judges any too much. Certainly the lawyers know how much better it is for a litigant to have his case tried by a good judge than by a poor one. I do not suggest that there are many poor judges, but my honourable friend from Toronto-Trinity (Hon. Mr. Roebuck) will agree with me that when such a judge is scheduled to hear an important case, in order to avoid him counsel conveniently gets sick. For my part, I am not worried about being over-generous with our judges.

Hon. Mr. Lambert: Well, I am.

Hon. Mr. Haig: I believe that the judges should stay at such hotels as the Prince Albert in Brandon, the Saskatchewan at Regina, the Bessborough at Saskatoon and the Macdonald at Edmonton. For the reasons stated, I heartily support the bill.

Hon. Paul H. Bouffard: Honourable senators, I am pleased to hear the honourable leader of the opposition speak as he has concerning the travelling expenses of judges. The only point to which I would draw his attention is that in Quebec the judges do a great deal of travelling.

Hon. Mr. Haig: I know they do.

Hon. Mr. Bouffard: By law the judges have to live in the cities of Quebec and Montreal, and travel out to the smaller centres in the province. For instance ten days out of each month one of the judges from Quebec City is in Chicoutimi, Roberval, Abitibi and other provincial centres. The courts of appeal sit in Quebec City and in Montreal about the

same time each month, and three judges from Montreal go to Quebec City for ten days out of the month, and two judges from Quebec go to Montreal for ten or fifteen days each month. In that way the appeal court judges in the province of Quebec do considerable travelling, and in my opinion they spend out of their salaries at least \$5 a day for hotel expenses.

Hon. Mr. Roebuck: The economist is always an unpopular fellow, and I would not want anyone to think that in my opinion \$12 a day is too generous an allowance. On the other hand, I believe that \$30 a day would be a public scandal.

Hon. Mr. Bouffard: Pay the actual cost.

Hon. Mr. Roebuck: I agree with the senator from Grandville that we should pay just the amount expended, and that there should be no arbitrary distinction between expense allowances in towns and in cities except as justified by the facts.

Hon. Mr. Stambaugh: Honourable senators, I do not think we should make the office of a judge any more attractive than it is at the present time. As I see it, every time a vacancy occurs on the Bench half the lawyers in the province are candidates for the position and there is difficulty in making a suitable selection.

Hon. Mr. Haig: May I ask the honourable gentleman if that condition also applies to senators in his province?

Some Hon. Senators: Oh, oh.

The motion was agreed to, and the bill was read the third time, and passed.

At 1 o'clock the Senate took recess.

At 3 o'clock the sitting was resumed.

DOMINION ELECTIONS BILL

REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented the report of the Standing Committee on Banking and Commerce on Bill 311, an Act to amend the Dominion Elections Act, 1938.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 23, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

STATUTE LAW BILL

REPORT OF COMMITTEE

Hon. Paul H. Bouffard presented the report of the Standing Committee on Banking and Commerce on Bill 313, an Act to amend The Statute Law.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 23, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Robertson: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

THE ESTIMATES

REPORT OF COMMITTEE ON FINANCE CONCURRED IN

The Senate proceeded to consideration of the report of the Standing Committee on Finance, to whom were referred certain estimates.

Hon. T. A. Crerar moved concurrence in the report.

He said: Honourable senators, I shall not detain the house more than a few minutes, because I have a very important engagement which necessitates my absence from the chamber as soon as it is practicable for me to leave. It is not necessary to deal at any length with this report. It is printed in the Minutes of the Proceedings of the house. I assume that all my colleagues have read it and are prepared to criticize or to commend it. However, I should like to make a few observations.

First, as chairman, I would express my thanks to the committee for the attention it gave to the consideration of the estimates assigned to it. In all my experience I cannot recall a committee whose approach to the consideration of any matter was more objective than that of this committee. It discharged its duties in a manner wholly in keeping with the purpose of the second chamber in our parliament.

This report contains recommendations on matters outside the particular estimates as to which the Senate on May 8 granted the committee authority to secure certain statistical information. I venture to hope, however, that

the government will take some of these suggestions into consideration; and without wanting to glorify this report the members of the committee would be delighted if the government would act upon our proposals.

I am sure honourable senators agree that taxation is a most important function of any democratic government. It has always been my opinion that nothing is more important in the operation of federal, provincial or municipal governments than knowing how public moneys are secured and spent. It seems to me that public bodies are obligated to spend their moneys as efficiently and economically as possible. If taxation gets too heavy in all spheres of government, then it causes too much of a drain on the productive power of the country. If this should happen in Canada it would unquestionably interfere with further development of our productive power. We should be careful to see that this does not happen in Canada, a country which is blessed with vast resources and immense possibilities for providing those things which are necessary to an enlightened and happy people.

I have no further remarks to make in asking the house to approve this report, but I should like to reserve the right to close the debate if any honourable colleague who was not a member of the Finance Committee should throw brickbats at the report. If the honourable member from Lethbridge (Hon. Mr. Buchanan) does not take objection to the report, I think it will pass without any difficulty.

Some Hon. Senators: Hear, hear.

Hon. John T. Haig: Honourable senators, I had the honour of serving on the Finance Committee, but I must confess that the committee members acted in a true Anglo-Saxon way. We were all quite willing to attend the meetings, but when the time came for drawing up a report everyone wanted to leave it to somebody else. The chairman then took over these duties himself, and he really deserves a great deal of credit for the splendid job he did. During all my service in this house I have never seen a better report.

Some Hon. Senators: Hear, hear.

Hon. Mr. Haig: I was not too impressed when the leader of the government (Hon. Mr. Robertson) first proposed that we handle the estimates as we have handled them this year. I was not opposed to his suggestion, but I did not think the idea was feasible. I do not know too much about fishing, tourist traffic or labour problems, but being fairly familiar with the estimates which were before the Finance Committee, I was able to fully enjoy the meetings. Neither in the mode of

examination, nor in the questions that were asked was there any evidence of anyone trying to make political capital.

Hon. Mr. Crerar: Hear, hear.

Hon. Mr. Haig: That is all to the good. I would ask the leader opposite (Hon. Mr. Robertson) to urge the government to bring down the estimates early again next session. Then the gentlemen who served as committee chairmen this year should get together to see if the work of the committees could possibly be improved. I am not criticizing anyone, but I think it would be better if kindred subjects were placed together under similar headings. This would help to facilitate the handling of the estimates. Further, as I have already indicated, I think a verbatim report should be made of the proceedings of the various committee meetings.

The chairman of the Finance Committee has placed in *Hansard* an authentic report based on the evidence of the officials of the Department of Finance and the Bureau of Statistics, and this report will undoubtedly prove to be a mine of information for anyone wishing to investigate our various governmental expenditures. As I have stated already, I think a great service would be performed if our high school and university students could be given a course in these governmental matters.

I agree with the honourable member from Churchill (Hon. Mr. Crerar) that this committee, by its work, has made a valuable contribution to our voters and taxpayers, and the public at large. Again I do not wish to criticize anyone, but I think it would take a chartered accountant to understand our blue book of estimates, and I do not imagine our committee would ever have been able to complete its work if it had not been for the assistance of an official of the Department of Finance.

In conclusion I want to say that the officials who appeared before our committee are a credit to the Civil Service of Canada.

Some Hon. Senators: Hear, hear.

The motion was agreed to.

CANADIAN CITIZENSHIP BILL

COMMONS AMENDMENT

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill L-10, an Act to amend the Canadian Citizenship Act, and to acquaint the Senate that they have passed the said bill with one amendment, to which they desire the concurrence of the Senate.

The amendment was read by the Clerk Assistant, as follows:

Page 3, lines 12-15: Strike out lines 12-15 inclusive, and substitute the following as paragraph (b), subsection (1) of section six, clause three:

"(b) being a national or citizen of a country other than Canada, but files in accordance with the regulations a declaration renouncing the nationality or citizenship of that country."

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

Hon. Mr. Roberison: Next sitting.

CANADA SHIPPING BILL

COMMONS AMENDMENTS

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to return Bill Y-8, an Act to amend the Canada Shipping Act, 1934, and to acquaint the Senate that they have passed this bill with two amendments, to which they desire the concurrence of the Senate.

The amendments were read by the Clerk Assistant, as follows:

1. Page 3, line 8. After the word "crew" at the end of subparagraph (i) of paragraph (b), insert the following words: "or a person employed or engaged in any capacity on board the ship on the business of that ship."

2. Page 9, between lines 38 and 39, add the following subclause:

"(6) This section does not apply to United States ports on the Great Lakes or river St. Lawrence."

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

Hon. Mr. Hugessen: Next sitting.

THE ESTIMATES

REPORT OF COMMITTEE ON IMMIGRATION AND LABOUR CONCURRED IN

The Senate proceeded to consideration of the report of the Standing Committee on Immigration and Labour, to whom were referred certain estimates.

Hon. Cairine Wilson moved concurrence in the report.

She said: Honourable senators, you will all, I hope, have read the committee's report. It requires less study than does the Finance Committee's report which has just been adopted, but I should like to mention one or two points. It will be observed that there has been quite a substantial decrease in the amount requested for the field and inspection service conducted by the Immigration Branch abroad. The committee expressed the view that increased immigration, both from the United Kingdom and the continent

of Europe, is desirable, and felt that, if necessary, a larger amount should be voted for this overseas service.

The Citizenship Branch of the Department of Labour has, I think, done good work to date. It has co-operated with the provinces by supplying educational and informational material, which is done only upon the request and with the concurrence of the provinces. We were told that in this way the branch had supplied 300,000 pieces of literature, and that newcomers to Canada had shown great anxiety to learn our official languages as soon as possible. It is estimated that the cost to the department of furnishing educational material averages about \$20 for each immigrant.

The Indian Affairs Branch reported a marked increase in the facilities for education, and the schools have been greatly improved. We were informed that the new twelve-room school at Caughnawaga would compare very favourably, both as to the building and equipment, with a school of similar size anywhere in the country.

The Labour Department has a number of branches, I think eleven in all, and it was very difficult for the committee to estimate in dollars and cents the merit of most of these branches. We were told that many days of work have been saved through the activities of the Labour Relations Board and associated bodies.

The committee considered the administration of the Annuities Act, and it asks that a careful study be made in order to learn if the Annuities Branch can be maintained on an efficient basis without an increase in cost to the taxpayers.

The committee suggests that as the Labour Department is conducting vocational training, it might be possible to co-ordinate this service with the educational work of the Citizenship Branch, and thereby save administrative expenses.

I should like to endorse the opinion expressed by the chairmen of other committees that valuable work has been done in the study of the estimates. If estimates are referred to the Committee on Immigration and Labour again next session, we should like to have a report of our proceedings—not necessarily a verbatim report, but one which would preserve information for the use of this committee and the Senate itself in years to come.

Hon. Thomas Reid: Honourable senators, as a member of the committee I should like to draw the attention of the house to one part of the report in particular. But first may I say that I was pleased indeed that a move was made this session to have estimates

studied by the Senate. I do not think anyone feels that we ought to approach the estimates with the intention of suggesting reductions in the various items which have been duly considered by the appropriate ministers, but it does seem to me that anyone who looks over the whole economy of the federal civil service must realize that we have reached the point where greater supervision over expenditures will have to be exercised. By way of reminding the house how the service has expanded, I need only say that in 1939 there were 46,106 employees, and today there are almost 156,000. The total annual expenditure of the government now is \$2,300 million, all of which comes out of the taxpayers and out of production. Good work was done by the committees, but I believe that, as a result of experience gained through the examination of deputy ministers and other officials who appeared before us, we shall do even better work next session.

I said that there was one part of the report to which I wish to direct attention. That part has to do with The Annuities Branch of the Department of Labour. I believe that in a study of this branch the Senate could do some very practical work, and I hope that next year we shall put teeth into our recommendations to the government. I am not suggesting that we should engage in carping criticism of the branch, but rather that we endeavour to make constructive suggestions. It is well to remember that the government needs some assistance in the carrying on of its many activities, for our economy has grown so greatly that a minister cannot be expected to familiarize himself with all the ramifications of the department for which he is responsible. In the days when the Annuities Act was passed the prevailing economic philosophy was, "Let the devil take the hindmost," and employers had no regard for the welfare of those who worked for them. The Act was intended by parliament to be a means of helping people to make some financial provision for their old age, and it has served that purpose remarkably well. But last year the government decided, after an investigation, that in order to lower the federal treasury's outlay for administration of the scheme the price of annuities should be increased, or—and this amounts to the same thing—that the rate of interest allowed on moneys paid in by the subscribers should be reduced. The result was, as stated in the committee's report, that the number of sales decreased by about 50 per cent in the last fiscal year, as compared with the previous year.

My contention is that, whether we like it or not, Canada, in common with most other countries, is headed in the direction of the welfare state. An interesting speech was

delivered in Britain last week by Lord Cecil. He pointed out that the people of that country—and I think the same thing can be said of many people in Canada—are now more concerned about the privileges they enjoy in the welfare state than about individual freedom. They are not now protesting against the dictatorship of bureaucratic boards, but are concerned about security from the cradle to the grave.

A special committee on Old Age Security has functioned during this session of parliament, and Canada too is moving forward. I quite realize that the reason for this kind of progress is pressure from the people, who today are more concerned about what the welfare state is going to do for them in their old age than what would happen if an atomic bomb were let loose. I ask the question: Should Canada continue to administer the Annuities Act? If the state is going to provide old age security, why should the Annuities Branch, since it has lost fifty per cent of its business, be carried on? I am well aware that once the government sets up an office, it is there for all time—it can hire but it can never fire.

While in Washington recently I was rather interested to hear that an investigation in the civil service in that city revealed that one department with 250 employees did not know what its job was, and was just marking time and drawing pay.

Hon. Mr. Horner: It was lost.

Hon. Mr. Reid: It is possible, perhaps, that such a thing could happen amongst 400,000 civil servants; but I say that the Senate of Canada should not be content to let government expenditures go unchallenged. It is a well known fact that if a business concern were running this country it could reduce the public service by fifty per cent.

I ask those members of the Senate who believe in free enterprise why they do not protest that the government should not be in the annuities business, especially since any man or woman can get practically the same type of security from a business house? Why should the government take money from the exchequer to keep the annuities fund solvent, when it is being asked to guarantee that at 65 or 70 years of age everyone will be provided for? In spite of the loss of fifty per cent of the business of the Annuities Branch, there has been no reduction in its staff.

I draw the attention of the Senate to the fact that, if we are to control and reduce the expenditures of this country, we must concern ourselves with the cost of maintaining such services as the Annuities Branch. If there is any real reason why this branch

should be maintained, I should like to hear it. With all due respect to the honourable lady senator who was chairman of this committee (Hon. Mrs. Wilson), I say that we received from those who appeared before us no convincing argument that it should be continued.

The motion was agreed to.

REPORT OF COMMITTEE ON TOURIST TRAFFIC CONCURRED IN

The Senate proceeded to the consideration of the report of the Standing Committee on Tourist Traffic, to whom were referred certain estimates.

Hon. W. A. Buchanan moved concurrence in the report.

He said: Honourable senators, there is little I need add to the information contained in the report of the committee. Unfortunately for me, if not for the committee, I was not able to attend its early meetings, particularly when Mr. Dolan of the Canadian Travel Bureau was heard. However, I received sufficient information from members of the committee to enable me to prepare the report.

The report contains information about the main estimates. The increase in the cost of operating the Canadian Travel Bureau was caused by a more extensive advertising campaign and, on the other hand, because less money was spent on roads, there was a reduction in the estimates for the National Parks Service.

One item came to our attention which I had not realized had anything to do with tourist traffic. It is called "Special Projects, Department of Resources and Development". We learned from the chief engineer of that department that something is being done on the eastern slope of the Rocky Mountains, to protect not only the forests but also conserve the watershed. The area being opened up will become an attraction to tourists. The country is full of big game and tourists will be allowed in the area after obtaining permits.

It would almost seem that the committee in preparing its report was reading the thoughts of the honourable leader opposite,

for we recommend that in the future, when the estimates are being inquired into, the evidence be reported and printed. Many witnesses were questioned by the committee, and a record of the answer they gave is most important. For that reason we are recommending that in future a stenographic report be taken of the proceedings.

The committee commends the procedure adopted this year for the study of the estimates, and it hopes that next session they will be brought down early enough to again give us the opportunity of examining them.

I join with the other chairmen of committees who have expressed admiration for the work of the civil service. Our committee had the opportunity of meeting representatives from the Canadian Travel Bureau and the National Parks Service, and in all cases we found these persons well informed and fully competent to explain any matters to which their attention was called.

The motion was agreed to.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Robertson: Honourable senators, as far as I can see, progress towards the closing of parliament will in no way be handicapped if this house, when it adjourns today, stands adjourned until Tuesday evening at 8 o'clock. There is very little business on our order paper, and it is unlikely that we shall have any difficulty in dealing with the legislation which may come before us next week. I would move, therefore, that when this house adjourns, it stands adjourned until Tuesday, June 27, at 8 o'clock in the evening.

Hon. Mr. Reid: May I ask the honourable leader if he has any information as to when parliament is likely to prorogue?

Hon. Mr. Robertson: I am on the wrong side of the house to answer my honourable friend's question. Perhaps the opposition can enlighten him.

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

THE SENATE

Tuesday, June 27, 1950

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

Prayers and routine proceedings.

NATIONAL FILM BOARD BILL

FIRST READING

A message was received from the House of Commons with Bill 317, an Act respecting the National Film Board.

The bill was read the first time.

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of the bill.

He said: Honourable senators, this bill provides for an extensive reorganization of the National Film Board.

The first notable production of films and photography by the government occurred in the Department of Trade and Commerce. As early as 1914 the Exhibits and Publicity Bureau of that department was authorized to produce films and photographs to promote external trade. In 1918 all other government departments were required to refer their requests for films to this bureau for advice.

In 1921, as the use of films by government departments had continued to increase, it was decided to set up the Canadian Government Motion Picture Bureau, under the administration of the Department of Trade and Commerce. This bureau was to be exclusively concerned with the production of films and photographs, and to take over the duties previously performed by the Exhibit and Publicity Bureau. For the next eighteen years the Motion Picture Bureau continued as the government film-producing agency, but certain individual departments, after consultation with the bureau, contracted with private firms for the supplying of films.

By 1939 it was evident that motion pictures, as an instrument of public policy, were of prime importance in all departments and agencies of government, and that there was need for a co-ordinating and supervising authority. In consequence, the National Film Board was set up under the National Film Act, to be the co-ordinator, adviser and general supervisor of government film activities. A Film Commissioner was appointed as the chief executive officer of the board, and it was provided that the board should have power to administer funds voted to it by parliament for the production of films. Actual

production, however, remained the concern of the Motion Picture Bureau. In 1941, as a move toward greater efficiency, the activities of the bureau were transferred to the control of the National Film Board, and the Film Commissioner became the director of the bureau in addition to his other duties.

Since that time the production of films has increased to an extent that was not contemplated by the enactment of 1939. Difficulties have been experienced in almost every phase of operation, one of the principal ones being caused by the temporary method of employing staff. Although there was a continuing program of work, personnel could only be employed for a three-month renewable period. Also, there have been other difficulties, for instance, in financing and accounting, and in the making of contracts for the distribution of films.

The government, recognizing the difficulties under which the board was operating, decided to hire Messrs. J. D. Woods & Gordon, a firm of management consultants, to give their opinion about the business management of the board. This firm submitted its report in March of this year.

Hon. Mr. Aseltine: May I ask the honourable senator if that report has been tabled in the Senate?

Hon. Mr. Robertson: My practice has been to table all documents which come to me for tabling, but I am not in a position to say whether this particular report was actually tabled. If it has not already been tabled here, I should think it would be readily available.

The recommendations contained in the report fall into two main categories: those relating to internal organization and management, and those requiring legislative action. The majority of the recommendations in the first category have already been put into effect. Those that require legislation are dealt with by this bill.

The main purposes of this legislation are to accomplish the following:

- (1) Define clearly the functions of the board in conformity with its actual operations.
- (2) Reconstitute the board on a basis intended to make it possible to carry out these functions efficiently.
- (3) Confer on the board powers appropriate to these functions, and clearly establish the board's responsibility to parliament through a designated minister of the Crown.
- (4) Establish executive machinery designed to make efficient administration possible.
- (5) Confer power to bring continuing members of the staff under the Civil Service Superannuation Act.

(6) Establish financial arrangements suited to the board's present operations.

The basic principles of the bill are that the board shall be responsible, through a minister, to parliament; that the powers necessary to carry out the functions of the board shall be vested in this board; and that the commissioner shall be responsible to the board and shall be its chief executive officer charged with the administration of its operations.

In accordance with the recommendations of the business consultants, the bill provides that ministers of the Crown cannot be members of the board, as they can be at present; that the membership of the board be increased from eight to nine; that the Film Commissioner shall act as chairman, and that the number of members from outside the public service shall be increased from three to five.

The new financial arrangements that I mention are designed to enable the board to operate as efficiently as possible. Provision is made for an operating account for the board, in the Consolidated Revenue Fund, and for working capital to a limit of \$700,000.

These are the main provisions of the bill.

I must apologize for the late introduction of this measure in our house. The reason is twofold: the new commissioner needed some time to familiarize himself with the position, and the Gordon report was not available until the end of March; then it was necessary to decide whether the bill should be introduced at this session or delayed until next session. After due consideration it was decided that the sounder and more efficient operation of the board that could be obtained by this bill required its immediate presentation to parliament.

Hon. W. M. Aseltine: Honourable senators, I believe this is the last piece of legislation to come down this session. In the other house, where the bill originated, second reading was given without debate. I have no objection to our giving the bill second reading this evening, provided that there is a reference to an appropriate committee, where we may make further study of the measure tomorrow. I have a number of questions to ask, which I suppose the leader of the government will not be able to answer now, but I shall state them for the record in the hope that answers may be available in committee. The questions, eight in number, are as follows:

1. What was the net revenue for the last fiscal year from the sale and lease of films by the board?
2. What accounts are outstanding and uncollected? What do they total, and what steps are being taken to collect?
3. Who decides whether or not a film is in the national interest?
4. What assistance is given by the board in forest conservation work, in the making of films for the

Canadian Forestry Association or other associations, and particularly in connection with conservation on the eastern slopes of the Rocky Mountains.

That is a very important question for all of us who live in western Canada, because the depletion of forests on the eastern slopes of the Rocky mountains has considerable effect on the amount of rainfall on the prairies during the crop season. I should like to know what the Film Board is doing to help in that regard.

Continuing with my questions:

5. What co-operation is there from the National Film Board in connection with the development of our Canadian tourist industry? How many films have been made to encourage United States tourists to visit Canada, and how are these films distributed and shown?

6. Does section 10 of subsection 2 cover the situation fully, so as to give full right of action against the Board without a fiat?

7. What power has the minister over salaries of less than \$5,000?

8. How is the working fund of \$700,000 arrived at? Is this amount all that the Board can spend, or can it spend \$700,000 in addition to the other amounts received by it.

Hon. Mr. Robertson: The request of my honourable friend from Rosetown is a very reasonable one, and when the bill has been read a second time I shall be pleased to refer it to a standing committee for further inquiry.

The answers to my friend's specific questions might be facilitated if I had a copy of them to place before the appropriate authorities at the earliest possible moment.

Hon. Mr. Aseltine: I will see that my friend receives a list of the questions first thing tomorrow morning.

Hon. Jacob Nicol: Honourable senators I have followed with interest the reports made by the chairmen of the various committees which have studied the estimates this session, and I am particularly interested in the expenditures by the National Film Board.

These committees on the estimates studied the budgets of the various departments with a view to determining where and how public expenditures could be curtailed; but how can we ever reduce the expenditures of Canada if boards of this nature are allowed to carry on in an extravagant manner? Yet the chairman of the National Film Board, when he appeared before the Massey Commission, protested against a reduction of staff from about 800 to 700 odd. He wanted the Film Board to be placed on the same basis as the Canadian Broadcasting Corporation. According to him, the Film Board was humiliated because, in order to be in a position to make expenditures, it had to apply to the department and to the minister, by whom a certain amount was allocated for its operations. He

wanted the board to have a fixed sum voted to it so that, like the Canadian Broadcasting Corporation, it could go ahead and spend money without consulting anybody else.

Honourable senators, I may be in error, but I believe that the National Film Board is one of the most useless bodies we have. Why create an organization consisting of 800 employees to do things which can be done far more cheaply and competently by existing private companies? Were it necessary because of the confidential nature of the work to employ government personnel, I might be willing to make an exception for this specialized type of service; but we know, from reports which have been made, that numerous activities which could have been carried on by the Film Board were not assigned to it because some of its employees were not trustworthy, and had to be dismissed.

If this be the situation, why continue this board, and why vote it \$700,000 a year? It is all very well for us to express in an academic way the opinion that the country is spending too much money, that it should begin to curtail its expenses; but I believe that when we are asked to vote millions of dollars to the bodies whose estimates come before us, we should examine into the objects and activities of those bodies and decide whether it is necessary to perpetuate them. I for one assert that this country does not need a Film Board: we could well dispense with it, and by so doing, dispense with eight hundred to a thousand employees, for if, with the board's present budget, the number today is eight hundred, it will be a thousand tomorrow. Any confidential work or other duties of a special nature which the government wishes to have done can be assigned to private companies which are able to do it at one-third of the cost. I do not wish to carry on any further, but I must register my opposition to what to my mind are unnecessary expenses.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson moved that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

REPORT OF COMMITTEE

Hon. Arthur W. Roebuck presented the report of the Committee on Human Rights and Fundamental Freedoms.

(See appendix at end of today's report.)

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

Hon. Mr. Roebuck: Tomorrow.

OFFICIAL SECRETS BILL

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of Bill 309, an Act to amend the Official Secrets Act.

He said: Honourable senators, this bill containing four amendments is an attempt by the government to comply with a request made in 1946 by the Royal Commission on Espionage. The commission did not recommend any specific changes in the Official Secrets Act, but expressed the view that in the light of the espionage report the Act should be studied and, if necessary, amended to provide additional safeguards. The Act was studied by a security panel of the government, and these four amendments were considered necessary.

Section 1 of the bill extends the meaning of the phrase "office under His Majesty", as used in the Act, to include employment in or under a board, commission or other body which is an agent of His Majesty in the right of Canada or any province. This change is designed to bring anyone who has access to confidential government material within the requirements of the Act.

The security panel considered that the Act, which applies only to offences committed in Canada, should be amended to give it some extra-territorial application. Section 2 of the bill would make it an offence for a Canadian citizen, or anyone owing allegiance to His Majesty, to do anything outside the country which if done in Canada would be an offence under the Act.

Section 3 of the bill would amend section 14(1) of the Act, which provides the general penalties for offences under the Act not specifically provided for elsewhere in the Act. The section now provides for a fine not exceeding \$2,000, or imprisonment of not more than seven years, or both. The bill proposes to leave the fine as it is, but to increase the maximum prison term to four-teen years.

Subsection 2 of section 14 of the Act is amended to assure that persons who are arrested or convicted under the Act can be fingerprinted and properly identified. This amendment would remove the doubt which has existed as to whether the Identification of Criminals Act applies to all persons who have been arrested and convicted under this Act.

Hon. W. M. Aseltine: Honourable senators, I wish to make a few observations on the motion for second reading of this bill.

For at least the past four years many people have been expecting the government to present a bill of this character. Now that we have it, I am rather disappointed with it. I had hoped that with the long delay the government would bring down a much more comprehensive bill than the one now before us. However, as far as it goes, I do not think anyone on this side of the house will find fault with it.

Some history of official secrets legislation may be of interest to honourable senators. The first Official Secrets Act of which there is any record was passed in 1889 by the parliament at Westminster. That Act was amended in 1911, in 1920, and again in 1939, before the outbreak of World War II. It is still in force in Great Britain. In Canada we had the British law of 1911, and also sections 85 and 86 of the Criminal Code. These measures did not go nearly as far as the Official Secrets Act which Canada passed in 1939, and which repealed those sections of the Code and also the British law of 1911 in so far as it applied to Canada.

In looking back I was interested in the penalties provided by sections 85 and 86 of the Code. Section 85 provided for one year's imprisonment, or a fine not exceeding \$100, or both fine and imprisonment, for certain offences which then were regarded more or less as misdemeanours, but which now are considered to be quite serious.

A brief summary of the offences under subsection 1 of section 85 is as follows: (a) Unlawfully entering a fortress, arsenal, factory, dockyard, etc. of His Majesty; (b) Obtaining after entering any such place documents, sketches, plans, etc.; (c) Attempting to make a sketch or plan of the fortress, arsenal, factory, etc.; (d) Communicating the document, sketch or plan to any person not entitled to same, or communicating it in breach of confidence; (e) Having possession of such a document, sketch, plan, etc. and communicating the same to an improper person.

Under Subsection 2 of section 85 the penalty provided was life imprisonment if it was the intention of the accused to communicate any information, document, sketch, plan, etc. to a foreign state. Section 86 of the Code dealt with similar offences committed by persons holding or having held office under His Majesty. In the case of communication to a foreign state of any information, document, etc., such person was liable to life imprisonment, but in all other cases merely to imprisonment for one year or a fine of \$100, or both.

Therefore, honourable senators, since 1939 we have had our own Official Secrets Act, which greatly widened the scope of this type of legislation and increased some of the penalties.

I wonder why the Act of 1939 was passed. It seems to me that parliament might more easily have amended the Criminal Code to cover all the matters that were dealt with in the Act. Apparently it was considered more feasible to adopt what is practically a transcript of the British law.

Nobody paid much attention to matters of this kind until 1946, when the startling discovery that a master spy ring was operating in Canada resulted in the appointment of a Royal Commission to investigate and make a full report. I believe parliament was in session when the commission filed its report. The present bill, the leader of the government has told us, is to implement the recommendations contained in that report. I do not understand why such action was not taken in 1946, or 1947, or 1948, or during one of the two sessions of parliament in 1949. I suppose the government was engaged meanwhile in looking into the matter, and that it found some difficulty in preparing the appropriate amendments.

I am very much astonished at the nature of the present amending legislation. It seems to me that the government could have given the whole matter very much more consideration.

For the information of honourable senators I may state that the report of the Royal Commission contained seven recommendations, and I propose to read those numbered 2, 3, 5 and 6, which appear on page 689 of that report, and to refer in particular to No. 5. They are as follows:

2. That the proper authorities in each service, department and organization take such steps as may be considered desirable and effective, in the light of this report and of the evidence and exhibits, to prevent further unauthorized transmission of information and to set up further safeguards.

3. That all security measures should be coordinated and rendered as uniform as possible.

5. That the Official Secrets Act, 1939, be studied in the light of the information contained in this report and in the evidence and exhibits and, if it is thought advisable, that it be amended to provide additional safeguards.

6. That consideration be given to any additional security measures which would be practical to prevent the infiltration into positions of trust under the government of persons likely to commit acts such as those described in this report.

As I have said, quite naturally we are all in favour of the bill as far as it goes, but in my opinion it is not only very late in coming down, but does not go nearly far enough.

According to the explanation given by the honourable leader, the new legislation has

three more or less important features. The first of these was explained by him. "Office under His Majesty" now embraces employment in, on or under a commission, board, or other body that is an agent of His Majesty in right of Canada or any province. That, of course, is very important because, to use the language of the streets, we have boards and commissions galore, and they have many people working for them. It is very important that these employees should be brought within the scope of the act.

The second feature of the new legislation had to do with extra-territorial offences. Such offences can now be tried in Canada if committed by a Canadian citizen or by a person who, though not a Canadian citizen, owed allegiance to Canada when he committed the offence. Admittedly these extra-territorial provisions are very difficult of enforcement. To prosecute successfully it is necessary, of course, to apprehend the offender, and the offence is not extraditable. If the suspected person goes to the United States, of course he may be deported, but otherwise he can be prosecuted only if he returns to Canada voluntarily.

The third feature is that the maximum penalty is increased to fourteen years, the same penalty that was provided for in the English Act of 1911.

All members of this chamber are in favour of every security measure that can be devised. With the world in its present condition, security is a subject which vitally concerns us. The situation in East Asia is very serious indeed. I was hoping that the honourable leader of the government would make some statement to us with regard to it: probably he will do so tomorrow or the following day. Grave events of this kind make it of the utmost importance that every practicable measure of security should be taken into consideration by the government, and be embodied in legislation by further amendments of the existing act. I therefore urge the government to give the subject their unremitting attention with a view to establishing further safeguards, if any be possible.

To sum up, I am in favour of the bill as far as it goes, but I must record my dissatisfaction with it as a whole, because it carries out only in part the recommendations of the Royal Commission. The commission recommended other safeguards, but the bill really provides no safeguards at all, and therefore accomplishes very little. About the only thing the bill does in relation to the prosecution of offenders is to increase the penalties. I therefore press on the government the advisability of giving further study to this

important question with a view to bringing down a much more comprehensive bill next session.

Hon. Thomas Reid: Honourable senators, I trust that when the bill is considered in committee some attention will be given to the term of imprisonment to be imposed on those who entrusted with office or employed in the service of the government, engage in activities on behalf of a power which seeks to control the entire world. In the light of present day conditions, a penalty of fourteen years' imprisonment is far too light for the crimes it seeks to punish. I found fault with the British law under which Dr. Fuchs was sentenced to only ten years' imprisonment for giving away to a foreign power some of the most important secrets that it is possible for a scientist to reveal. I think that sentence was not nearly severe enough, especially when one realizes that a certain nation is busy arming itself to the teeth and has in every country including Canada, emissaries who are ready to sell out the countries in which they are living. A man who commits murder is sentenced to life imprisonment, but in my opinion the crime of a man who sells out his country is far worse.

Hon. Mr. Aseltine: It was life imprisonment under the Code.

Hon. Mr. Reid: We only give him fifteen years. I think the British law encourages this kind of thing when it imposes a sentence of ten-years for a crime such as Fuchs committed. It is little wonder that the United States was bitter about it.

I trust that when this bill is in committee someone will recommend that the penalty for these crimes be made life imprisonment. In some places a man would lose his life if he sold out his country.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. Robertson: Honourable senators, I move that this bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

CANADA SHIPPING BILL

COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill Y-8, an Act to amend the Canada Shipping Act, 1934.

Hon. Wishart McL. Robertson moved concurrence in the amendments.

He said: Honourable senators, I have no detailed explanation to make about the House of Commons amendments to this bill or to the Canadian Citizenship Bill, consideration of the amendments to which is the next item on the Order Paper. I am advised that the amendments to the Canada Shipping Bill are not substantial and have to do only with phraseology. I would therefore move that they be adopted.

The motion was agreed to.

CANADIAN CITIZENSHIP BILL

COMMONS AMENDMENT CONCURRED IN

The Senate proceeded to consideration of the amendment made by the House of Commons to Bill L-10, an Act to amend the Canadian Citizenship Act.

Hon. Mr. Robertson moved concurrence in the amendment.

The motion was agreed to.

THE ESTIMATES

REPORT OF COMMITTEE ON TRANSPORT AND COMMUNICATIONS CONCURRED IN

The Senate proceeded to consideration of the report of the Standing Committee on Transport and Communications, to whom were referred certain estimates.

Hon. A. K. Hugessen moved concurrence in the report.

He said: Honourable senators, there is little that I can usefully add in moving concurrence in this report, which will be found in *Hansard* of June 23. The honourable chairmen of the various standing committees who have already moved the adoption of their reports, have amply covered the ground with respect to the general considerations arising out of the study which the Senate committees made of the various estimates.

There is one matter referred to in this report which I do not believe has been mentioned so far by any of the other chairmen. The committee has made a recommendation that more care be taken in describing certain items which appear in the estimates submitted annually to parliament. It occurred to us—and I think honourable senators will reach the same conclusion when they examine the estimates in detail—that in certain circumstances the descriptions of some of the expenditures are rather misleading, or at least do not sufficiently describe what the expenditures are intended to cover. One instance of this was found in examining the estimates of the Department of Transport. In the Civil Aviation

Division, under the heading "Telegrams, Telephones and Postage", we found the extraordinary contemplated expenditure of \$430,000. It struck the members of the committee as very strange that one small division of the department should spend so much on telegrams, telephones and postage. Upon inquiry we learned that the heading is a general one which will be found in the estimates of all the departments; but in this particular case it meant something entirely different, and covered the entire system of telegraphic and telephonic control governing the arrival and departure of commercial aircraft at every airport in the land. As I say, this item simply appeared under the standard heading "Telegrams, Telephones and Postage". It seemed to the committee that in this particular case the heading was somewhat misleading and the committee has recommended that in future, in order to avoid misunderstandings, this item should be more accurately described.

I simply draw attention to this particular item because I am quite certain that some of the other committees, in their examination of different estimates of various departments, came across similar instances where the actual heading of the expenditure involved was misleading or inaccurate.

Hon. Mr. Nicol: Do you refer to the \$430,000 item?

Hon. Mr. Hugessen: Yes.

Hon. Mr. Nicol: It is quite an item.

Hon. Mr. Hugessen: Yes.

Honourable senators, I move the adoption of this report.

The motion was agreed to.

REPORT OF COMMITTEE ON EXTERNAL RELATIONS CONCURRED IN

The Senate proceeded to consideration of the report of the Standing Committee on External Relations, to whom were referred certain estimates.

Hon. L. M. Guoin moved concurrence in the report.

He said: Honourable senators, my remarks will be brief, but in view of the importance of external affairs at this time, I believe that I should take a little of your time to indicate what I would call the highlights of the report in which you are now being asked to concur.

First of all, your committee wishes to sincerely thank the Under Secretary of State for External Affairs, Mr. A. D. P. Heeney, the Deputy Under Secretary, Mr. Leon Mayrand, and the Chief Administrative Officer, Mr. G. D. Hemsley, for their kind co-operation and assistance. I believe that every member

of the committee found it an interesting experiment to inquire into the estimates of this department. Personally I wish also to express my thanks to the members of the committee, who were very punctual and considered it a duty to do everything in their power to scrutinize the various items submitted to them.

The first item specifically mentioned in the report is "Publicity and information—\$103,600." But, honourable senators, it must be noted that in addition to the amount thus specified there is also to be reckoned the cost arising from the fact that fifty-one employees of the department devote their time in whole or in part to publicity and information. If a proportionate part of their salaries were allotted to this item, the total expenses for publicity chargeable to External Relations would be \$226,400.

Your committee expresses the opinion that the expenses incurred by the government in general for publicity and information should be reduced to a strict minimum, and that this specially applies to External Affairs. A substantial part of such expenses is no doubt necessary, and some are really of benefit to Canada, but we believe sincerely that it would be worth while to scrutinize the possibility of eliminating publicity expenses which seem to have little or no practical value. I might remark here that this seems to be the opinion of other committees as well as your Committee on External Relations. I understand that there is agreement also on our recommendation that steps should be taken to study the advantages and disadvantages which would result from establishment of a central publicity bureau.

The next item dealt with is "Representation abroad, allowances, \$1,131,637." On this point, if I were to try to find a slogan to summarize the committee's idea, I should use the words "economy and moderation." Your committee is of course anxious that Canadian diplomats and their staffs should receive sufficient remuneration to enable them to do things properly in order to maintain and increase the prestige enjoyed by our country abroad. It must be realized, however, that Canada is not a big power, and that a proper sense of modesty is quite compatible with our external representation. The allowances are, for all practical purposes, supplemental to the salaries paid, and we believe that this system of payment should be studied for the purpose of exercising a proper control over the expenses incurred.

The third item mentioned in the report is, "To build or purchase premises for offices or residences for missions abroad, etc. \$165,000." But, honourable senators, this

item should be considered together with vote 67, which is an authorization to spend the nominal amount of \$1. This vote is, so to speak, a blank cheque for certain inconvertible foreign currencies which may only be used for governmental or other limited purposes in foreign countries and which have been received by our government from other governments in settlement of claims that arose from the war. Of course, honourable senators, decent premises must be provided for our missions abroad, but again we believe that a policy of reasonable economy is quite compatible with the standing of our country. We state that care must be taken to avoid any extravagance or lavishness that would be contrary to our well-known national habits and customs. Economy and moderation are characteristic of Canada. Up to date few properties have been purchased abroad, and your committee favours this slow and gradual process of acquisition.

As to the inconvertible foreign currencies deposits, I may say that the extent of the credit has already been determined or is being determined, and therefore the committee feels that the amounts to be used out of the deposits should be stated exactly in the estimates. This procedure would do away with the anomaly created by the vote of a nominal sum of \$1, which vote enables the department to obtain several hundred thousand dollars at the discretion of the government and of the Treasury Board without any specific previous authorization from parliament.

Our report next deals with the item of \$225,000 for Canadian representation at international conferences. This is the amount specifically mentioned in the estimates for representation by members of the Department of External Affairs. We say in our report that this item should be considered with other substantial amounts incurred for representation at international conferences and charged to other departments, such as Trade and Commerce, Labour, etc. Then the total amount incurred for representation at international conferences would be presented in a clear and simple form. I wish to make it clear that at the present time these expenses are presented separately, and it is not possible for any average person to calculate the total amount of them.

The last item mentioned in our report is Canada's assessment for the United Nations Organization, \$1,343,700. This assessment seems to the committee to be out of proportion to the amount now levied on certain other countries, in view of their national income. We hope that in due time, despite obvious difficulties, a readjustment of our assessment may be secured. Nevertheless,

honourable senators, your committee recognizes that active and sincere support of the United Nations is a fundamental basis of our foreign policy. The United Nations, under the present tragic circumstances, is the only existing international organization designed for the prevention of war. This report was adopted by your committee on June 22 last. At the present moment we realize even more keenly the importance of an effective organization for the maintenance or the re-establishment of peace.

Finally, your committee considers that the diplomatic service is a great credit to Canada, and that the part played by its representatives at Lake Success and other international conferences, has been sincerely directed to the peace of the world.

Hon. Thomas Reid: Honourable senators, it was my privilege last week to pay a three-day visit to the great capital city of the United States, Washington, and to meet many prominent American citizens. My associations with those persons proved to me that the people of that country had a high regard for the Canadian nation as a whole, and I wish at this time to warn those persons who continually snipe at the United States and express fears of that country taking over Canada. I say without fear of contradiction that we can thank God that we have as our neighbour so great a nation as the United States.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: Not one of us would be here tonight but for that great country.

In passing I may say that on my first visit as a senator to the American capital I was much better received than when I visited as a member of the House of Commons. I could see faces light up when I was introduced as "Senator Reid", but they lit up more when I said that members of the Senate of Canada were appointed for life. A few senators who were in the company said "We would like to have that system over here".

Hon. Mr. Nicol: But that is going to be changed.

Hon. Mr. Reid: My purpose in rising at this time is to say a few words about the Canadian legation in Washington, and to pay tribute to our ambassadors abroad. No matter in what country they are stationed, they are held in the highest esteem. I met, amongst others, Mr. Hume Wrong, and found him and the officials serving under him to be most delightful people.

When I went into the Canadian legation I was struck by the thought that an outsider who knew nothing of Canada would really think, upon entering that building, that it

was the British legation. I have nothing to say against Great Britain; but we must remember that we are a nation in our own right. I observed particularly that in the entrance room there were three sets of pictures of the King and Queen, but no likenesses of the Governor General or the present Prime Minister of Canada. While I do not find fault generally with the officials of the External Affairs Department, there are a few of the "old school tie type" who like to adopt the manner and accent of the British people.

For my part, I should like to see things that are characteristic of Canada placed in our legations, so that the people of all countries may know that buildings belong to and are controlled by the Canadian people.

Some Hon. Senators: Hear, hear.

Hon. Mr. Reid: I dropped into a store near the legation in Washington, and there I inadvertently offered a Canadian one cent piece along with some other change. The store clerk looked at the coin and said "Sorry, sir, but we don't take English money here". My thoughts went back to the entrance of the legation, where almost everything was British and practically nothing Canadian. True, in one of the inner waiting rooms of the building there were pictures of some of the prime ministers of the past; but these did not seem to me to be a good enough exhibit for this great country of ours. I have nothing but praise for the officials who represent Canada in her external affairs, but I should think that our legations should contain some articles representative of Canada and the Canadian people.

Hon. Wishart McL. Robertson: Honourable senators, as this is the last of the reports to be presented by the committees to whom the estimates were referred, I would like to say a word of appreciation for the work they have done.

The policy adopted this session of referring the estimates in detail to committees for examination was in the nature of an experiment, and though I have not the slightest doubt that from the experience gained this year the procedure in the future can be improved, the chairmen and members of the various committees are to be complimented for their painstaking efforts.

I am not indifferent to the fact that I, as government representative in this house, may have been criticized for taking the initiative in inviting the examination, and possibly the criticism of the estimates presented to parliament by the government of which I was a member. I am satisfied, however, that my action in this respect was quite correct.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Robertson: In my official capacity I must from time to time ask this house to agree to the expenditure of large sums of money, and it seemed to me that it was my duty to afford the Senate every opportunity I could to examine the estimates before asking it to vote supply.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Robertson: When the honourable senator from Bedford (Hon. Mr. Nicol) was criticizing the expenditures of the National Film Board, and referring generally to the reports of the various committees, it occurred to me that I should point out that I have not attended one committee meeting and have taken no part in the preparation of the reports; neither have I participated in the discussion of the reports in this chamber. It may be that in declining to do so I have laid myself open to further criticism; however, the position in which I find myself is inevitable, because of my dual role of government representative and nominal house leader. On the one side, I must consider my responsibilities as a member of the government; on the other, my responsibilities to the members of the Senate, who at all times have been most generous in their confidence and support.

Some Hon. Senators: Hear, hear.

The motion was agreed to.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

On the order:

Resuming the adjourned debate on the motion of the Honourable Senator Euler, seconded by the Honourable Senator Crerar, that the Senate of Canada approves of the calling by the United States of America of a convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the convention may

invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. Mr. Robertson: I wish to apologize to the honourable senator from Waterloo (Hon. Mr. Euler) because I am not prepared to go on with the debate tonight. My position on this order is not taken without cause, but is affected by much the same considerations as those I mentioned in connection with the estimates: what I might say as an ordinary member of the Senate is subject to some qualification when, in dealing with international affairs, I speak with the responsibility of a member of the government. I hope to speak tomorrow.

The order stands.

CONSTITUTIONAL AMENDMENT— CONSENT OF PROVINCES

MOTION

On the order:

Resuming the adjourned debate on the motion of the Honourable Senator Marcotte, seconded by the Honourable Senator Veniot, that, in the opinion of the Senate, whenever an amendment to the constitution of Canada is made, or is to be made, requiring the consent of one or more of the provinces, the said consent can only be expressed by act or by resolution of the legislature or legislatures of the provinces concerned.

Hon. Mr. Marcotte: Honourable senators, I understand that the honourable senator from Rigaud (Hon. Mr. Dupuis) is not going to speak.

Hon. Mr. Robertson: He so indicated to the Whip.

Hon. Mr. Marcotte: I would ask if anyone else is interested, because, I understand, when I speak I close the debate. If no one wishes to speak this evening, I will close the debate tomorrow.

The Order stands.

The Senate adjourned until tomorrow at 3 p.m.

APPENDIX

The Special Committee on Human Rights and Fundamental Freedoms beg leave to report as follows:

By order of reference made on the 20th day of March, 1950, your Committee was authorized and directed to:

Consider and report on the subject of Human Rights and Fundamental Freedoms, what they are and how they may be protected and preserved, and what action, if any, can or should be taken to assure such rights to all persons in Canada, and that for greater certainty, but not so as to restrict the generality of the foregoing; that the Committee give consideration the following draft articles:

ARTICLE 1

Everyone has the right to life, liberty and the security of person.

ARTICLE 2

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

ARTICLE 3

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

ARTICLE 4

Everyone has the right to recognition throughout Canada as a person before the law.

ARTICLE 5

All are equal before the law and are entitled without any discrimination to equal protection of the law.

ARTICLE 6

Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or bylaw.

ARTICLE 7

(1) No person shall be subjected to arbitrary arrest, detention or exile.

(2) Any person who is arrested or detained shall be promptly informed of the reasons for the arrest or detention and be entitled to a fair hearing within a reasonable time or to release.

(3) No one shall be denied the right to reasonable bail without just cause.

ARTICLE 8

Every person who is deprived of his liberty by arrest or detention shall have an effective remedy in the nature of habeas corpus by which the lawfulness of his detention shall be decided speedily by a court and his release ordered if the detention is not lawful.

ARTICLE 9

Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.

ARTICLE 10

(1) Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence.

(2) No one shall be held guilty of any penal offence on account of any act or omission which did not constitute a penal offence under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.

ARTICLE 11

No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.

ARTICLE 12

Everyone legally resident in Canada has the right to freedom of movement and residence within the country, and the right to leave and return to Canada.

ARTICLE 13

(1) Men and women of adult age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage and during marriage.

(2) Marriages shall be entered into only with the free and full consent of the intending spouses.

(3) The family is the natural and fundamental group unit of society and is entitled to protection by society and state.

ARTICLE 14

(1) Everyone has the right to own property alone as well as in association with others.

(2) No one shall be arbitrarily deprived of his property.

ARTICLE 15

Everyone has the right to freedom of thought, conscience and religion, this right includes freedom to change his religion or belief, and freedom, either alone or in community with others, and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

ARTICLE 16

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

ARTICLE 17

(1) Everyone has the right to freedom of peaceful assembly and association.

(2) No one may be compelled to belong to an association.

ARTICLE 18

(1) Everyone has the right to take part in the government of the country, directly or through freely chosen representatives.

(2) Everyone has the right of equal access to public service in the country.

(3) The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine election which shall be by universal and equal suffrage and shall be held by secret vote.

149. Every person is entitled to all the rights and freedoms above set forth, without distinction of any kind such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

150. Any person whose rights or freedoms as herein set forth have been violated may apply for relief on notice of motion to the Supreme or Superior Court of the province in which the violation occurred.

151. The above articles shall not be deemed to abridge or exclude any rights or freedoms to which any person is otherwise entitled.

That the said committee be composed of the Honourable Senators, Baird, David,

Davies, Doone, Dupuis, Gladstone, Gouin, Grant, Kinley, Petten, Reid, Roebuck, Ross, Turgeon, Vaillancourt and Wood;

That the said committee shall have authority to send for persons, papers and records.

In obedience to this order of reference, your committee has inquired into the general subject of human rights and fundamental freedoms and has held eight public sessions in the course of which thirty-six witnesses have been heard. Witnesses appearing in person before your committee and testifying are as follows:

April 25, Prof. F. R. Scott, Faculty of Law, McGill University, Montreal; Mr. King Gordon, United Nations Division of Human Rights.

April 26, Mr. Irving Himel and Dr. Malcolm W. Wallace, Association of Civil Liberties; Mrs. Robert Dorman, National Council of Women in Canada; Mrs. E. R. Sugarman, National Council of Jewish Women of Canada.

April 27, Messrs. Monroe Abbey and Saul Hayes, Canadian Jewish Congress; Dr. E. A. Forsey, Canadian Congress of Labour; Mrs. M. H. Spaulding, League for Democratic Rights.

April 28, Mr. F. P. Varcoe, Deputy Minister of Justice, Ottawa; Mr. J. M. Magwood, Chairman, National Young Adult Program Committee, Y.M.C.A.; Dr. R. S. K. Seeley, Provost, Trinity College, University of Toronto; Dr. E. A. Corbett, Director, Canadian Association of Adult Education.

May 2, Mr. R. Grantham, Associate Editor of the *Ottawa Citizen*; Mr. Claude Jodoin and Mr. Leslie Wismer, M.P.P., Trades and Labour Congress of Canada; Mrs. G. N. Kennedy, Mrs. C. E. Catto, Prof. D. H. Hamly, Mrs. D. C. MacGregor, and Mr. H. A. Miller, World Federalists, Toronto.

May 3, Mr. Leon Mayrand, Assistant Under-Secretary of State for External Affairs; Mr. A. J. Pick, Department of External Affairs, Ottawa; Rev. Dr. Wm. Noyes, Secretary, Committee for the Repeal of the Chinese Immigration Law; Mr. B. K. Sandwell, Editor, *Saturday Night*, Toronto; Mr. F. A. Brewin, K. C., Canadian Committee for a Bill of Rights.

May 9, Mr. Morris Biderman, United Jewish People's Order; Mr. Edmond Major, Civil Liberties Union, Montreal; Ven. Archdeacon C. G. Hepburn, Executive Committee of the Department of Christian Social Service of the Church of England in Canada; Mr. Lyle Talbot, Windsor Council on Group Relations.

May 10, Miss C. Wilson, Save the Children Fund; Mr. R. K. Ross, K.C., St. Catharines, Ont.; Mr. George Tanaka, National Japanese-Canadian Citizens' Association; Miss Mary McCrimmon and Mr. Ben Nobleman, Canadian Youth Groups.

Many of those testifying presented the committee with written briefs, and, in addition to these, many briefs and statements have been received from persons and organizations:

The witnesses who testified or presented briefs gave freely of their time, thought, and effort in a public spirited endeavour to assist your committee by the imparting of their knowledge and convictions on the important subject under consideration. Your committee expresses its gratitude for the generous assistance which it has received.

Your committee was urged to recommend the incorporation into Canadian law of the United Nations Universal Declaration of Human Rights and Fundamental Freedoms. Your committee finds however that the Universal Declaration, as its name implies, was drafted for general application and was not designed with special reference to Canadian conditions with our divided jurisdiction and individual history. This finding also applies to the draft articles appearing in the Senate Resolution, most of which are copied from the Universal Declaration. Witnesses before your committee addressed themselves to the general principles of Human Rights and Freedoms and scarcely at all to the items in detail.

Your committee prefers to express its own thoughts as applied to Canadian problems rather than to attempt to base its report on on these individual paragraphs.

As a result of its inquiries your committee is assured that there are a very large number of persons in Canada who are deeply interested in the subject of Human Rights and Fundamental Freedoms and that much thought has been devoted by our citizens to the subject. That every man, woman and child has rights is generally accepted as axiomatic, and that such rights should be protected is a conviction as universally held.

Your committee also agrees with this view, holding that every human being, irrespective of mere classifications on account of race, creed, sex, caste or colour, and other like distinctions, has rights which flow from his divine creation. The Brotherhood of man results from the fatherhood of God, and a fundamental equality among men necessarily follows. Such rights are not created by men, be they ever so numerous for the benefit of other men, nor are they the gift of governments. They are above the power of men to create. They may be violated by men, but not with impunity. They should be recognized, and every care should be taken to preserve them inviolate. Individuals, communities and governments do wrong when they attempt to take such rights away or to disregard them. The invasion of the rights

of an individual is wrong irrespective of how many share in the guilt, and though the wrong be at the instance of government.

It is not possible for your committee to give an all-inclusive definition of human rights, except in the broadest of general terms, or to list the various ways in which human rights may be violated. The right to life and liberty is basic, and from this as a foundation there follow the endless ways in which life may be lived and liberty exercised, and the equally endless ways in which the life and liberty of one individual may be interfered with by another individual or other individuals. Men now inhabit the globe in great numbers, so that the rights of each individual must necessarily be limited by the equal rights of all other individuals. It is in order to preserve this balance of rights that governments have been instituted and laws are devised and enforced. The problems with respect to human rights and fundamental freedoms arise out of the fact that human beings must live together in communities. In order that life may continue and liberty be enjoyed, certain rules of conduct become necessary. Long and painful and frequently tragic experience has taught us some of the things we must avoid both individually and collectively if the lives of individuals are to be lived in freedom.

The increase in population, industrial development and intellectual progress, together with the tragic experience of two great wars, have created new needs and made apparent the necessity for the reaffirmation of old truths. The false ideology of the Nazis, Fascists, and Communists based on autocracy and disregard of the rights of the individual, has strengthened our conviction that the way of life of the western world is based upon respect for the rights of the individual and also strengthened the conviction that governments are properly servants, not masters of the people. Men's thoughts throughout the western world have turned to the subject of human rights and fundamental freedoms.

The United Nations

Five years ago, representatives of forty-nine nations gathered at San Francisco to found the organization now known as the United Nations. The long and costly war waged by the Allied Nations against a power which professed and practised the grossest violations of individual rights, had quickened the instincts of freedom and the desire for universal security. The awakened respect for human rights was evidenced in the Atlantic Charter and the "Four Freedoms" message. As a result, references to basic rights and fundamental freedoms appear in seven of the articles of the Charter of the

United Nations adopted at San Francisco in 1945. The preamble of the charter reaffirms faith in human rights and in the dignity and worth of the human person. The state signatories of the charter pledge themselves to promote universal respect for, and observance of, human rights and fundamental freedoms for all, without distinction as to race, sex, language or religion. Canada was a signatory of the charter.

Three additional years of discussion and consultation produced the document which was adopted by the General Assembly of the United Nations meeting at Paris in 1948, known as the United Nations Universal Declaration of Human Rights. Of fifty-eight nations represented at this United Nations General Assembly, forty-eight voted for the declaration, eight abstained and two were absent. No vote was cast against it. Canada voted for it.

The declaration states in its preamble that "recognition of the inherent dignity and the equal and inalienable rights of all members of the human family is the foundation of freedom, justice, and peace in the world," and declares that "disregard and contempt for human rights have resulted in barbarous acts which have outraged the conscience of mankind."

The declaration enunciates the right of all to life, liberty and security of person, the right to equal treatment before the law; to fair trial; to freedom from arbitrary interference with one's privacy; family; home and correspondence; to freedom of movement; to a nationality; to marry and found a family; to own property; to freedom of thought, conscience and religion; to freedom of opinion and expression; to peaceful assembly and association; to take part in the government of one's country directly or through chosen representatives; to periodic and genuine elections by universal and equal suffrage.

United Nations Covenant

The preamble of the universal declaration speaks of measures to be taken, both internationally and nationally, to secure recognition and observance of human rights, and accordingly the Human Rights Commission of the United Nations is now drafting and developing a proposed covenant to take the form of an international treaty imposing on those nations which enter into it precise legal obligations. While the terms of the proposed covenant are not yet finally settled, your committee regards with sympathetic approval this effort to bring about in the world at large a fuller recognition of human rights and a more universal practice of fundamental freedoms.

The action of the Senate of Canada in constituting this special committee, with authority to enquire into and report on the subject of human rights and fundamental freedoms, is in keeping, in the national field, with the preamble of the universal declaration. Your committee finds the Canadian nation deeply interested in rights and freedoms both internationally and nationally.

Entry into Nationhood.

Canada is just commencing her life as a nation. The British North America Act gave to the colonies which it federated a limited autonomy. The Imperial Parliament remained in control and our external relations were retained completely in the hands of the United Kingdom authorities at Westminster. Gradually, however, over the years, the statesmen of Canada have cast off, step by step, Canada's colonial limitations, so that Canada has in the fullness of time achieved a complete and unfettered national status, together with a high place in international affairs. Just recently we have given final appellate jurisdiction to our own courts, and the dominion parliament has assumed control of the Canadian Constitution in matters within the jurisdiction of the dominion parliament. At the present time representatives of the dominion and provincial parliaments are endeavouring to work out an agreed procedure for control of the constitution in all respects. This is the final step in the legalistic recognition of Canada as a nation of equal status with all other nations within the British Commonwealth of Nations.

Land of the Free.

This is then the very time for Canada to decide the basis upon which this new nation is founded. With an astounding unanimity Canadians have individually decided that Canada shall be a land of the free. That here men shall live in the rule of law, in security of person, and that none shall oppress. Equality of right is basic in Canadian thought and must be assured in Canadian law, so that men may live confidently, in self respect, associating freely and expressing their thoughts without fear. This is the free, self-respecting, manly nation which Canadians have envisaged, and this is the time to nail the emblems of law, liberty and human rights to our mast-head. This is the very moment in which to decide the basis of our nationhood, to guarantee human rights and fundamental freedoms to all our citizens, and to proclaim our principles to the world.

Let it be said in the future that when Canada assumed complete control of her destiny, her first act was to affirm as the basic principle of her federation, the Human Rights and Freedoms of all her citizens.

Let the Canadian Ship of State embark on her glorious voyage into the future with the Rule of Law at the helm, Liberty at the mast-head, and Beauty, Culture and Happiness on the prow.

Now the practical method for making these ideals effective is to write the provisions protecting human rights into the Canadian Constitution, so that they may be administered in our courts, and so that they may become binding and obligatory alike upon individuals and upon governments.

How to Proceed.

The preferable place for such fundamental law is in the constitution, which at present in Canada is the British North America Act. This Act already contains a number of clauses protecting certain valued human rights such as the use of the two official languages, annual sessions of parliament, elections every five years, an independent judiciary, separate schools, and generally a constitution "similar in principle to that of Great Britain", or, in other words, the practices of parliamentary government. These guarantees of certain minority rights have profoundly influenced our national development and indicate the procedure we should now follow when guaranteeing individual rights, as distinguished from minority rights. The advantage of incorporating provisions of fundamental law in the constitution are obvious. Such provisions would be binding upon persons in all parts of the country and upon all governments, thus no problems of dominion-provincial jurisdiction on human rights and fundamental freedoms would arise. Alterations in this fundamental law would require national and provincial concurrence, so that setting these safeguards aside in isolated instances would present considerable difficulty. The preservation of liberty has a national as well as a local significance, and were the safeguards national in scope, the guardianship of an independent judiciary would be most effective.

The enactment of a national bill of rights, however, present difficulties. In Canada, because of her history and the harmonious association of peoples of different races, language and religion, respect for provincial rights as they have been defined in the past is essential. No informed person with any sense of responsibility would suggest that the dominion parliament forcibly invade the provincial jurisdiction. Concurrence, therefore, is an essential requisite to constitutional progress.

A Passing Difficulty

This difficulty may not be insuperable, but there is also another presently existing but, it is hoped, passing obstacle. The British North America Act is a statute of the Imperial

parliament at Westminster, and objection is now taken by Canadians to legislative intervention by an authority beyond our shores and not of our own election, even though such action is taken at our own instance. Such a request by Canada to the United Kingdom parliament would have the appearance at least of a surrender of sovereignty.

For these reasons, your committee is of opinion that it would be wise to await the time, which we hope is not far distant, when prospective dominion-provincial conferences will have worked out a method for the control within Canada of the Canadian Constitution, and agreement has been reached as to incorporation in the Constitution of a national bill of rights.

Such agreement may not be as difficult or unlikely as it might at first appear, for such a bill of rights in the national constitution would contain only the simple first principles of human rights and freedoms, matters upon which there is already very general agreement.

It is realized that this procedure will take time, however great the good will and concurrence of those in authority, and however desirable the objective.

Declaration of Human Rights

Your committee therefore recommends that, as an interim measure, the Canadian parliament adopt a declaration of human rights to be strictly limited to its own legislative jurisdiction. Such a declaration would not invade the provincial legislative authority, but it would nevertheless cover a very wide field. While such a declaration would not bind the Canadian parliament or future Canadian parliaments, it would serve to guide the Canadian parliament and the federal civil service. It would have application within all the important matters reserved to the Canadian parliament in section 91 and in other sections of the British North America Act. It would apply without limitation within the Northwest Territories.

A Canadian declaration of human rights could follow in its general lines the preamble and certain of the articles of the United Nations Universal Declaration of Human Rights, subject to the reservations expressed by the Canadian delegates at the United Nations. It would declare the right of everyone in Canada to life, liberty and personal security, the right of equal treatment before the law, to fair trial, to freedom from arbitrary interference with one's privacy; family, home and correspondence; to freedom of movement, to a nationality; to obtain asylum from persecution; to found a family, to own and enjoy property; to freedom of thought, conscience and religion; to freedom of opinion and

expression; to peaceful assembly and association; to take part in the government of the country directly or through representatives chosen at periodic elections by universal and equal suffrage. The declaration would also state that every one in Canada has duties to our community and is subject to such limitations as are determined by law, for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and of the general welfare and good government of Canada. Finally, the declaration would specify that none of its provisions may be interpreted as tending to permit any group or person to engage in activity aimed at the destruction of the rights and freedoms of the people of Canada.

Such a declaration of human rights adopted by the Canadian parliament would solemnly affirm the faith of all Canadians in the basic principles of freedom, and it would evidence a national concern for human rights and security. Judges would recognize the principles of such a declaration as part of Canada's public policy, and subsequent parliaments would hesitate to enact legislation violating its revered principles. To adults it would convey a feeling of security, and children would memorize its terms with pride.

Canada should lead the world in reliance upon the rule of law, in her respect for human rights and in her care for fundamental freedom, and in a love of liberty. Her adoption of a national bill of rights in due time would set an example which would enhance her status among the nations and which might lead to similar progress by others.

Draw the Bill.

A bill of rights, whether statutory or constitutional, should be carefully though courageously drawn. Your committee recommends that the task be referred to a carefully selected committee.

What is required in Canada is a broad statement of human rights, leaving as did the drafters of the United States Bill of Rights, the detail of application and the necessary qualifications and exceptions to the courts.

Many of the provisions suitable for inclusion in a bill of rights already appear in

some portions of our law, but they are not always of nation-wide application. Some fundamental rights are already expressed in the constitution. Other provisions of freedom and security are in the statutes, and still others in decisions of the courts, together with custom, or the commonly accepted way of doing things.

What is required in Canada is one grand and comprehensive affirmation, or reaffirmation, of human rights, equality before the law and of security, as the philosophical foundation of our nationhood, that will assure continually to each Canadian that he is born free and equal in rights and dignity with all other Canadians, that he cannot be held in personal slavery or arbitrarily arrested, that he will always be presumed innocent of any offence until proven guilty, that he has freedom of thought, conscience, expression and movement, and so on through the Universal Declaration. Thus will Canadians know of their freedom, exercise it in manly confidence and be proud of their country.

Individual Responsibility.

The enactment of a bill of rights is not, however, the last requisite to a free and just society. While individuals and groups have natural rights, they have also responsibilities. Individuals who practice discrimination, who in their daily life invade the fundamental rights of others, should pause to remember that this is Canada, a Christian country in which the spirit of fairness, kindness, courtesy and understanding is the basis of our well-being and happiness.

Conclusion.

Your committee concludes its report by further recommending that all men give thought to the Fatherhood of God and the Brotherhood of Man, so that by common consent the rule of law and liberty be more fully established and more universally practiced, to the end that the rights of the individual be recognized and respected and the well-being, dignity and security of all humanity be thus preserved.

All of which is respectfully submitted.

A. W. ROEBUCK,
Chairman.

THE SENATE

Wednesday, June 28, 1950.

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

Prayers and routine proceedings.

OFFICIAL SECRETS BILL

REPORT OF COMMITTEE

Hon. W. D. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 309, an Act to amend the Official Secrets Act.

He said: Honourable senators, the committee have, in obedience to the order of reference of June 27, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Hugessen: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

NATIONAL FILM BOARD BILL

REPORT OF COMMITTEE

Hon. W. D. Euler presented the report of the Standing Committee on Banking and Commerce on Bill 317, an Act respecting the National Film Board.

He said: Honourable Senators, the committee have, in obedience to the order of reference of June 27, 1950, examined the said bill, and now beg leave to report the same without any amendment.

THIRD READING

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

Hon. Mr. Hugessen: I move the third reading now.

Hon. Gordon B. Isnor: Honourable senators, because of the title of this bill I wish to take the opportunity to make a few brief remarks, and with your permission I should like to refer in a rather personal manner to my appointment to this chamber. In doing so, may I say that when I entered this chamber I looked around and saw many honourable members with whom I had the opportunity and privilege of serving, in the Nova Scotia legislature, from 1928 to 1935. I have in mind the government leader (Hon.

Mr. Robertson), the honourable gentleman from Queen's-Lunenbourg (Hon. Mr. Kinley), the honourable gentleman from King's (Hon. Mr. McDonald) and the honourable gentleman from Clare (Hon. Mr. Comeau). I also saw here some twenty-eight or thirty senators who were former colleagues of mine in another place.

Hon. Mr. Euler: The House of Commons.

Hon. Mr. Isnor: I like to refer to it as the House of Commons. Very pleasant relationships grew up there over a period of fifteen years, from 1935 to 1950. Then, after having been in public life for twenty-two years, on the 2nd of May I was suddenly debarred from entering the House of Commons. I was informed that if I entered that chamber I should be treated as a stranger, and there were other indications that I was no longer wanted there. Of course, you all realize that a large number of people endeavour to find their way into the House of Commons. I was also notified that a vacancy existed in the constituency which up to that time I had had the honour to represent—Halifax city and county—and which incidentally has a wonderful harbour that I never forget to mention. And while I was wondering what was going to take place, next, I learned that the reason for all these happenings was my appointment to the Senate.

It was with a real sense of appreciation that I learned afterwards of the tributes which my former colleagues in the House of Commons were good enough to pay me. The honourable and well-known member for Fort William, the Reverend Dan McIvor, was one. He is a wonderful character, who by his manner of living does much to make Canadian life worth while.

Some Hon. Senators: Hear, hear.

Hon. Mr. Isnor: He was followed by the honourable gentleman from Peel, Mr. Graydon, who was that day acting as house leader for the opposition. He and I worked together on committees over a long period of time, and enjoyed very friendly relations; so I was delighted by his remarks. Another good friend who spoke was the honourable gentleman from Winnipeg South, Mr. Mutch. Then a tribute was paid to me from the far West, the Pacific Coast, by the honourable member for Fraser Valley, Mr. Cruickshank. Men from the extreme east to the extreme west of Canada were most kind to me.

When I entered this chamber I was greeted in such a warm manner that I at once felt at home. I wish to refer particularly to the greetings I received from the honourable senator from Medicine Hat (Hon. Mr. Gershaw), the honourable senator from

St. Boniface (Hon. Mr. Howden) and my former colleague from Toronto-Trinity (Hon. Mr. Roebuck).

The friendly atmosphere of this house prompts me to take this opportunity to say "thank you" to honourable senators. I trust that the confidence reposed in me by my appointment has not been misplaced, and I hope that I will be able to live up to the fine traditions of this honourable body.

Some Hon. Senators: Hear, hear.

Hon. Mr. Isnor: Honourable gentlemen, while listening to the mild criticisms of the National Film Board by the honourable senator from Bedford (Hon. Mr. Nicol), who has had a wide experience in matters of communication, I felt that I should express my own views, which are rather contrary to those he expressed. As a business man I believe in publicity, and in my own part of the country I have always used the columns of the press, and the radio broadcasting stations, to make my wares known. The results of such advertising have been very satisfactory.

I believe that there is a place in Canada for the operations of the National Film Board, and in support of that belief I should like to offer a few statistics on the work it has been doing. First let me say that I hope the house will see fit to adopt the report of committee and to give third reading to the bill.

When we think of communicating with people on a large scale, our minds naturally turn to newspapers, magazines, books and radio stations—both those of the Canadian Broadcasting Corporation and of privately owned companies. We are familiar with the part that motion pictures play in the lives of our citizens, as well as with the daily use of the telephone and telegraph for the purpose of spreading news and information which moulds the character of our citizens. Although much criticism has been directed at the administration of the film board, I feel that it is an agency of the government which can do much for Canada, and this afternoon I intend to discuss in a broad sense its value, purposes and usefulness, rather than criticize it.

It is interesting to note that according to a radio survey published on November 19, 1948, ninety-four per cent of the householders in Canada—or some 3,127,000 persons—own radios. Most of these people were city dwellers, but not a few were country people. If my memory is correct the survey showed that, city homes have an average of from two to ten radios, while the average in country homes is two. There can be no

question, therefore, that the medium of radio broadcasting has a great effect upon the lives of Canadian people.

It is of little importance whether motion picture advertising is directed through a government agency or a private company. I recall a discussion I had recently with the honourable senator from Kings (Hon. Mr. McDonald), who remarked that in his former capacity of Minister of Agriculture in the province of Nova Scotia he could not make proper use of films to demonstrate the full extent of the work being carried on by his department. Later, the National Film Board was able to supply him and his department with films which did much to create greater interest in agriculture in Nova Scotia, my native province. I also know from personal experience of the good which has been derived from fine films conceived, created and distributed in connection with the fisheries industry of not only Nova Scotia but elsewhere in the East, in British Columbia, and in fact, throughout Canada.

Only today I, in common with other honourable senators, received a letter from the Department of Labour, from which I was pleased to note that the department is making use of the board to bring before the public, especially employers, the situation of the older employee, the person who at the age of forty-five years or more is finding it rather difficult to get work. In his letter, Hon. Humphrey Mitchell, Minister of Labour, states:

The problem of the older worker and employment is everybody's problem.

He goes on to refer to the fact that his department, in co-operation with the National Film Board, has prepared a film for general distribution throughout Canada, for the purpose of encouraging employers to give consideration to men of forty-five years of age and over who, as I said, find it difficult to obtain employment. The film is entitled "Date of Birth", and without intending to advertise the Capitol theatre, I may say that the first showing will be at that theatre next Friday morning.

That, as I see it, is an indication of the service which the board is giving to the Departments of Agriculture, Fisheries, Labour, and External Affairs, as well as to various educational and other agencies of government.

I have in my hand a copy of the report of the Department of External Affairs for the year 1949. Reference to the uses of films occupies most of page 71. In part it is as follows:

Films on Canada have been shown during the past year to increasingly large audiences abroad. Thirty-five diplomatic and consular posts now have

facilities to screen films, and to promote the non-commercial circulation of Canadian Government films in their territories.

In Australia, distribution now averages over 1,000 screenings a month to audiences totalling 85,000; in New Zealand about 200 screenings have taken place before audiences of some 15,000 persons, a large percentage of whom are school children.

In the United States, the embassy and all consulates, save New York and Chicago, operate film libraries; and in Western European countries distribution has notably increased.

After some information about screenings in Europe, the report continues:

Distribution averages in Latin America have been maintained, with increased activity reported from Mexico and Brazil, where an average of at least 15,000 people see Canadian films each month . . .

To these results must be added the distribution obtained through trade commissioner offices, chiefly in countries where Canada has no diplomatic or consular representation . . . The sale of prints for non-commercial purposes, theatrical bookings arranged by the National Film Board, and the use of our documentaries on television networks in the United States, add to the amount of Canadian information shown on foreign screens.

So, honourable senators, I feel that the board in its present form is carrying out the five objects outlined by the government leader in his statement yesterday.

After having read the functions and objectives, assigned to them, I put down the duties of the National Film Board as follows:

- (a) To advise on government film activities.
- (b) To co-ordinate national and departmental film programs.
- (c) To direct the distribution of government films in Canada and abroad.
- (d) To co-ordinate and develop information services and supplement this distribution.

The primary duty of the National Film Board is to present the Canadian scene, at home and abroad, in documentary films, still photographs and related graphic materials. Through these media, Canadians learn more of the work and ways of their fellow-citizens, and of Canada's relationship to other nations.

Our newspapers also are in a position to do much good for our Canadian people, particularly in moulding the characters of our future citizens. There are approximately 100 daily newspapers, including morning and evening editions, published in Canada. The circulation of the English-language dailies is reported to be approximately 2,500,000, and the circulation of the French-language dailies is about 570,000. There are also four Chinese and two Yiddish dailies published in Canada.

Honourable senators, I feel that the National Film Board as created by this bill has, along with newspapers, radio and motion pictures, a very definite place in the development of our citizens, and for this reason I am heartily pleased to lend my support to the measure now before us.

Some Hon. Senators: Hear, hear.

The motion was agreed to, and the bill was read the third time, and passed.

OLD AGE SECURITY

REPORT OF JOINT COMMITTEE

Hon. J. H. King: Honourable senators, I have the honour of tabling the second and final report of the Joint Committee of the Senate and House of Commons on Old Age Security; and also the evidence taken during the hearings of that committee.

STAFF OF THE SENATE

SEVENTH REPORT OF INTERNAL ECONOMY COMMITTEE

Hon. Norman McL. Paterson presented the seventh report of the Standing Committee on Internal Economy and Contingent Accounts.

(The report was read by the Clerk Assistant.)

Hon. Thomas Reid: May I ask the honourable chairman if the recommendations contained in this report would bring the members of the Senate staff who are enumerated in the list into line with corresponding employees of the House of Commons?

Hon. Mr. Paterson: I am advised that they are in line with those of the House of Commons.

The report was concurred in.

EIGHTH REPORT

Hon. Mr. Paterson presented and moved concurrence in the eighth report of the Standing Committee on Internal Economy and Contingent Accounts.

(The report was read by the Clerk Assistant.)

The motion was agreed to, and the report was concurred in.

NINTH REPORT

Hon. Mr. Paterson presented and moved concurrence in the ninth report of the Standing Committee on Internal Economy and Contingent Accounts.

(The report was read by the Clerk Assistant.)

Hon. Mr. Reid: May I again ask whether it is the intention of the Internal Economy Committee to give consideration to placing the members of the Senate staff on the same level as the corresponding members of the House of Commons staff?

Hon. Mr. Paterson: We give consideration to the length of service, and we have endeavoured to make the standing of the staff correspond with that of the House of Commons as fairly as possible. I suggest that

the honourable senator from New Westminster (Hon. Mr. Reid) attend one of our meetings.

Hon. Mr. Reid: I am not a member of the committee. I hear that statement all the time. I get lectured by the leader on this sort of thing, and until I am a member of the committee I do not intend to go to the meetings just to listen.

The motion was agreed to, and the report was concurred in.

TENTH REPORT

Hon. Mr. Paterson presented and moved concurrence in the tenth report of the Standing Committee on Internal Economy and Contingent Accounts.

(The report was read by the Clerk Assistant.)

Hon. Mr. Reid: I would like to ask whether the salary for the position mentioned in this report compares with that for the corresponding position in the House of Commons?

Hon. Mr. Paterson: I have no other answer.

Hon. Mr. Reid: Thanks.

Hon. Mr. Lamberti: Honourable senators, as a member of the Standing Committee on Internal Economy and Contingent Accounts, I should like to add to what has already been said by the chairman. In answer to the questions raised by the Honourable senator from New Westminster (Hon. Mr. Reid), I would advise him that these reports are not based on the principle of making the salaries of Senate officials correspond to those of the House of Commons officials. These advances are based on entirely different grounds.

Hon. Mr. Reid: I appreciate that information.

The motion was agreed to, and the report was concurred in.

ELEVENTH REPORT

Hon. Mr. Paterson presented and moved concurrence in the eleventh report of the Standing Committee on Internal Economy and Contingent Accounts.

The report was read by the Clerk Assistant.

The motion was agreed to, and the report was concurred in.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

REPORT OF COMMITTEE

The Senate proceeded to consideration of the report of the Special Committee on Human Rights and Fundamental Freedoms.

Hon. Arthur W. Roebuck moved concurrence in the report.

He said: Honourable senators, I have few comments to make on the report at this time. It was carefully considered; every word of it was weighed. It contains not only my sentiments but those of the whole committee of which I had the honour to be Chairman.

All I care to do now is to acknowledge the industry, the public spirit and the loyalty of the committee members who attended to what I regard as an exceedingly important piece of Senate work. We held no fewer than eight public meetings, at which we examined thirty-six witnesses. In addition, there were three evening sessions devoted to perfecting the draft of the report. So I think it is safe to say that the work which the Senate assigned to this committee has been carefully, industriously and seriously carried to a conclusion.

I only wish to add my personal appreciation of the industry, public spirit and co-operation of the committee members. I am grateful to those who patiently and persistently attended the meetings and carried the work through to such success as the report evidences. To some it may not appear a success, but in my opinion it was a great success. In my humble way I am proud of what I regard as the exceedingly important work done by the committee, and again I wish to thank the members who helped me do my job as chairman.

Hon. L. M. Gouin: Honourable senators, as I was one of the members of the Special Committee on Human Rights and Fundamental Freedoms, and as I previously served during two sessions as one of the chairmen of the joint committee on the same subject, I believe it is my duty to make a few comments on the report now before us.

On November 16, 1949, I discussed in this house the resolution which had been presented by the senator from Toronto-Trinity (Hon. Mr. Roebuck) and which to a large extent was similar to the motion that led to the appointment of the committee which has made the present report. The remarks and recommendations that we are now considering are on many points perfectly in accord with views I have previously expressed. I must say quite candidly that this is for me a source of real satisfaction. I am glad to see that our distinguished chairman (Hon. Mr. Roebuck) and my colleagues on the committee hold the same opinion as I do on matters to which I attach the greatest importance.

First of all, I am glad that the report makes quite clear the difficulty inherent in our federal system of divided jurisdiction when we wish to adopt any enactment relating to human rights and fundamental freedoms. Your committee takes very definitely the attitude that respect for provincial rights is essential. We affirm emphatically in our

report—I am reading from the latter part of the fourth paragraph on page 589 of yesterday's *Hansard*:

No informed person with any sense of responsibility would suggest that the Dominion Parliament forcibly invade the provincial jurisdiction. Concurrence, therefore, is an essential requisite to constitutional progress.

Such a categorical statement will put an end to the claims of those who wanted our committee to act as a board of censors to review and to condemn the policies of certain provincial governments, even to summon the premier of my province before us, and to hold sittings at various places in that province for the hearing of alleged grievances. Such a course of action would be a gross violation of our constitution, and would be absolutely contrary to the sovereign rights of our various provinces in their respective spheres. The present report puts it beyond doubt that we intend to limit ourselves strictly and scrupulously to the field which is within our own legislative jurisdiction. It was high time for us to state forcibly, as we do in the report, our firm intention to respect scrupulously the letter and spirit of our constitution. On this point our report will dissipate some legitimate fears which had arisen in certain quarters, and it will be hailed with satisfaction.

On this question of provincial and federal jurisdiction with respect to human rights, I wish to make a last remark, which may be of some interest to those who are specially concerned with an apparent conflict between the dominion and the provinces. In June 1949 it was my privilege to address in Detroit a convention of the Inter-American Bar. I suggested at that time that the charter of the United Nations should be amended so as to cover the case of federal states in the same manner as the charter of the International Labour Organization does. The charter of that organization provides that the federal authorities are bound by the conventions to which they adhere, only when their provisions are held to be within federal competence. When this is not so, the conventions dealing with provincial matters are simply submitted to the proper authorities as recommendations which they are free to adopt or reject as they see fit. I am credibly informed, and I have every reason to believe, that an amendment along these lines will be submitted for adoption in the near future at Lake Success. In fact, in the draft Convention on Human Rights now being considered by the United Nations—a copy of which is in the possession of the senator from Cariboo (Hon. Mr. Turgeon)—blank spaces have been left for the insertion of articles concerning federal states. This makes it quite clear that at least

this vital matter of federal and provincial jurisdiction is now receiving proper attention in that quarter.

I am pleased that the committee has recommended, as a first step, that:

The Canadian Parliament adopt a declaration of human rights to be strictly limited to its own legislative jurisdiction.

This is precisely the suggestion which I modestly offered to the house last year—and I still believe it is the wisest course to follow—when I said:

We should try to begin to agree on a few basic principles clearly within our federal sphere of jurisdiction and clearly acceptable to the great majority of the Canadian people. Once we have accomplished this first task, our next step would be, I think, to embody such principles in a short and concise declaration of human rights and fundamental freedoms.

Those words, honourable senators, are to be found on page 281 of *Hansard* of last session.

I fully agree with the topics listed in the report and which we recommend should be covered by the proposed declaration. I shall refer briefly to only three points. First, I have always believed that for every right there is a corresponding duty. In this connection the report recommends that the draft declaration should expressly state that:

—every one in Canada has duties to our community and is subject to such limitations as are determined by law, for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and of the general welfare and good government of Canada.

This portion of the report reproduces and applies to Canada the text of Article XXIX of the Universal Declaration of Human Rights.

I come now to Article XXX of the universal declaration, which reads:

Nothing in this declaration may be interpreted as implying for any state, group or person, right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.

Is it not so, honourable senators, that communism now constitutes the worst threat to human rights? In order to preserve our liberty we must not jeopardize our security by blindly placing in the hands of subversive elements the ability to destroy our constitutional temple of historic freedom. I believe that proper steps must be taken to prevent any possible abuse of our contemplated declaration on human rights. It must not be turned into a tool which might enable criminal saboteurs—the fifth column of a foreign power—to overthrow our national institutions and try to inaugurate the abhorrent dictatorship which now enslaves such a large part of mankind. Let us realize once

and for all, honourable senators, that totalitarianism is absolutely irreconcilable with our liberal conception of human rights.

Take, for instance, the right to seek and to enjoy asylum from persecution. This right, as set out in Article XIII (1) of the universal declaration, is a stipulation which we feel should be incorporated in our draft declaration. This right of asylum is denied by the communists, among others, to the unfortunate displaced persons who are resisting forcible repatriation to countries now behind the Iron Curtain. This policy of the Soviet is rightly condemned by George Scelle in his publication *Cours de Droit International Public*, in which he describes the policy as a retrograde step, or as the French say, *régression*, (p. 543). Referring to the right of asylum, at page 823 of the publication, the author says:

Today one scarcely hesitates to recognize its legitimacy, or even its legality.

On the grounds of humanity there is now general acceptance of the principle that a state will not surrender political offenders. A considerable body of usage supports this doctrine, and according to Pitt Cobbett's *International Jurisprudence*, volume 1, 6th edition, pages 268-292, it is followed almost universally. It was only fair, therefore, that we insert in our draft declaration this century-old right of asylum, which is a glorious tradition not only for Canada but also for Great Britain, the United States, France, Switzerland, Belgium, Latin America and other countries. On this point I fully support the report now before the house.

Honourable senators, it is to the last paragraph of the report that I attach the most importance. It contains a very inspiring reference to the fatherhood of God and the brotherhood of man. This conclusion justly completes the reference appearing at the beginning of the report where it is stated in substance that our rights flow from our divine Creator, and that all human beings are the children of the same Father. It is with a feeling of legitimate pride that I subscribe to this worthy conclusion, by which we have tried to render unto God what is due to God. I wish to thank the chairman and the members of the committee for having inscribed this great truth in this document, which has been so carefully drafted, and which will remain a source of noble inspiration for those who come after us. May all Canadians remember that, "Unless the Lord keepeth the city, he watches in vain who watches over it".

Hon. Wishart McL. Robertson: I find myself in the same position that I am sure all honourable senators are in: I have heard the report of the committee read by the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) but have not had the printed

report long enough to properly consider it. Therefore, bearing in mind my responsibility as a member of the government, I should like to ask that the debate be adjourned until tomorrow. That however, does not prevent me from complimenting the chairman and the members of the committee on the work and study that have gone into the preparation of the report.

I recall that when the question of specific recommendations to the forthcoming Dominion-Provincial conference were discussed during the previous session, I felt it incumbent upon me to point out the undesirability of such procedure. Regardless of the difference of opinion in the matter, the study and recommendations on the subject of human rights has been of inestimable value to the newcomers to Canada, who are perhaps not as familiar with our traditions as we are.

On behalf of any honourable senators, including myself, who may wish, after reading it, to make some contribution to the discussion, I move the adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from Thursday, June 22, the adjourned debate on the motion of Hon. Mr. Euler:

That the Senate of Canada do approve the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies of the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. Wishart McL. Robertson: Honourable senators, the subject of international co-operation is very much in the public mind. At the moment we are witnessing proofs of the co-operation of sovereign countries whose peoples have much in common and who recognize that common action is in the general interest. As I interpret the meaning of the resolution of the honourable senator from Waterloo (Hon. Mr. Euler), it is that, without undervaluing the admirable progress which, through the mutual efforts of the respective governments, has been made in international co-operation, it assumes the possibility of some form of federal union which would provide a surer and firmer foundation on which to build, and that it is therefore desirable that all people of good will should try to determine the scope and practicability of such a union. I do not suppose that anyone who realizes the significance of the times in which we live,

and the necessity for co-operative action, could feel that a discussion such as this is not desirable; and I compliment the honourable senator from Waterloo on having, through his resolution, evoked it.

I was much impressed with the calibre and content of the speeches which have been made on the subject. If the resolution elicited any opposition at all, certainly it was very slight. Some of the statements which have been made impressed themselves particularly upon me and have frequently recurred to my mind. I remember, for example, what the honourable senator from De Salaberry (Hon. Mr. Gouin) said as to the possibility of federalizing a larger group of countries—for instance, those presently bound together by the North Atlantic pact, and others varying greatly in area and population. He said, if I recall correctly, that he could envisage Canada and countries with populations even smaller than Canada becoming part of a federal union and thus more easily maintaining their identity—

Hon. Mr. Gouin: Quite right.

Hon. Mr. Robertson:—when perhaps such a wider grouping would be impracticable if the proposed scheme—to cite the instance he mentioned—was for a federal union between countries of the relative size of Canada and the United States. I have been struck with the essential truth of what he said. Consider the situation of Prince Edward Island, the smallest of the Canadian provinces from the viewpoints of area and population. It contains, I suppose, not more than 90,000 inhabitants; and it is federated with provinces as large as Ontario and Quebec, each containing three or four million people. But in the larger confederation composed of ten provinces it maintains its identity and, I believe, will maintain it indefinitely. Were the federation confined to one small and one larger province, the identity of the smaller unit would be much less secure than it is as a member of the larger organization. In the larger confederation it is in the interest of all to guard jealously the identity and the standing of even the smaller units. So what my honourable friend has said in this respect, as in others, possessed considerable merit. I believe he has, with others, made a valuable contribution to the debate.

No one will deny, I think, that recent years have witnessed a great advance in international co-operation. The North Atlantic Pact, by which we bind ourselves to come to the assistance of any party that is attacked, marks the tremendous advance which has occurred in the last fifteen years, both in Canadian and American points of view. So far as I know, the principle has encountered no organized opposition: it is recognized as

desirable and necessary. As we proceed to the implementation of that pact, more particularly at this time in the field of defence, we find almost general acceptance of a change from the integration of the defence forces of the nation in what were called well-rounded individual forces to a merger whereby one country concentrates on one service and another country on something else. This change accomplishes, in a time of peace, or in the qualified peace we have at the moment, a degree of co-operation almost as great as existed during the war, when the supreme command of the armies in Western Europe was entrusted to General Eisenhower. A similar trend appears in the economic field. So no great stretch of the imagination is required when my honourable friend asks us to look to the future and explore how far, in our mutual interests, this tendency ultimately will go.

I must admit, nevertheless, that while—largely at Canada's instigation, through the insertion of clause 2—a desire is manifested to co-operate in the economic field, which is of equal if not greater importance than the defence field, less progress has been made. But I believe the logic of events will drive us in the same direction. Take as an example the provision of armaments by the parties to the North Atlantic Pact. We have the skills, the natural resources and the equipment required to produce in practically unlimited quantities the most modern and up-to-date weapons of war. If there is a limitation it is an economic one involving the burden that can be borne by the peoples of these respective countries without radically reducing their standard of living. It goes without saying that we can carry the burden if we are prepared to make the sacrifice; but military co-operation may be governed to a great extent by our readiness to lower our standard of living to a level which, to say the least, would be highly undesirable.

It is difficult to assess the factors that are compelling the present trend towards international co-operation. Probably the fear of the spread of communism is the chief one. It is problematical just how far we would have progressed along the road if, in the past five years, the Soviet Union had not been so un-co-operative. It remains to be seen what would happen to the present trend if the Soviet Union should suddenly change its policies and become co-operative.

The simple truth is that the welfare of the peoples of the world is the primary factor, irrespective of what attitude the Soviet Union may or may not adopt. The immediate problem is to assure the maximum welfare among the peoples of the countries bound together by the North Atlantic Pact, because upon

them for the moment devolves the major responsibility of maintaining freedom and happiness for all who think as we do.

To the extent that the fear of communism is a factor in compelling co-operation, I suggest that we cannot deny the fact that we must always bear in mind two simple ideas. The first of these is that to the peoples of the world, including those of the communistically controlled countries, we must be able to say truthfully something like this: "Our people are free, are happy, are well fed and are well housed. They want you to share in their freedom and happiness". I am sure honourable senators will agree that the peace of the world will ultimately depend on what the peoples of the world think. But while moving in this direction it is desirable—lest the totalitarian governments of the communistic countries dreaming of world conquest should contemplate provoking a conflict—that we do not forget the second idea, namely, that we must be capable of providing weapons of war in such quantities and of such quality as will enable us to say effectively to those governments: "You attack us at your own peril". I am confident that our way of life is sure to endure if we can truthfully say that these two essentials result from our economy and our combined strength.

I do not need to emphasize the need for maximum military co-operation; that is pretty generally recognized; but I do not believe there is enough appreciation of the necessity for co-operation in the economic field in order to provide the highest possible standard of living for our people. This standard would serve as an ideal for the rest of the world, and we should be able to provide the weapons of war without reducing this standard of living too seriously. The need for co-operation in the economic field is perhaps more apparent among the people of Western Europe than elsewhere. That area, which is densely populated, possesses relatively small natural resources, and has been divided into eight or ten almost water-tight compartments as far as trade is concerned. The urgent need for action to strengthen the economy of this area has been recognized not only by Western European statesmen but by the United States, a country which has taken the lead in this direction by reason of the influence it exercises through the ECA.

I should like to quote what Mr. Paul Hoffman, the Administrator of the ECA, is reported to have said in a very recent edition of the *New York Times*. It is as follows:

Economic isolation breeds political isolation and military insecurity. Neither Western Europe nor the United States can afford this consequence. The economic unification of Western Europe, therefore, must be a step toward the economic unification of the entire non-communist world. Only by creating

expanding, dynamic and freely-trading communities through the free world can there be that "restoration or maintenance of individual liberty, free institutions and genuine independence which the Congress has set as the goal of our American foreign policy."

The *New York Times* reports that Dr. Dirk U. Stikker, Netherlands Foreign Minister and newly-elected chairman of the council for the organization of the Marshall Plan countries, spoke in Washington, D.C., on March 2 of this year, in these words:

Ten years ago it took the attack of a merciless military force to drive us to pool our resources and fight through to final victory. Today we are trying to clear the way through a skein of customs tariffs, licensing systems and diverse currency, and exchange devices, to the eventual real integration of Europe. The habits and political devices of a thousand years in some cases have to be laid aside to achieve this.

Some time ago Winston Churchill wrote as follows:

No European can gaze upon the astonishing spectacle of these internal tariff walls without being amazed at the embarrassments and difficulties in spite of which the peoples of Europe get their daily bread.

Honourable senators, here is the background of the problems facing Western Europe. Bearing this in mind it is easier to realize the compelling reason for the drastic proposals that have recently been made under the leadership of the French government to integrate the steel and coal industries of Western Europe. The danger is, of course, that in the process the partners of the North Atlantic Pact will find themselves divided into three groups—an integrated Western Europe, the United Kingdom, and the dollar area of the United States and Canada.

Generally speaking, honourable senators, I think that, however difficult it may be to achieve maximum co-operation there must be general agreement on its desirability. What has been accomplished up to the present time has been done through the co-operation of sovereign countries, and we hope that more will be accomplished. However, history shows that co-operation, desirable though it may be, presents great difficulties and many pitfalls. The *New York Times* recently credited the great Napoleon with having once said, "Give me allies to fight". His meaning was—and I again quote—"Sovereign states in military association traditionally suffer from a host of hardships, divided commands, ragged strategy, uncohesive forces and international jealousies".

What applies to military association may well apply to economic co-operation. It must be remembered, honourable senators, that in democratic countries governments come and go. Today the governments of most countries, at least in the area of the partners to the

North Atlantic Pact, are anxious and eager to co-operate; but we have to bear in mind that it is not impossible that in some one of the partner countries a government pledged and eager to co-operate could be replaced, if only temporarily, by one not so eager, or indeed, by one hostile to the idea. That has happened before; it could happen again.

The importance of all countries co-operating and continuing to co-operate is such that my honourable friend, I take it, suggests that we might explore the idea of some sort of federal union, if that be possible, in order to establish a more permanent foundation for co-operation. The vision behind his resolution, I believe, is that at some time, somehow, through some form of federal union, or perhaps a union such as came about through the North Atlantic Pact, there might be built a wider and firmer foundation that would integrate the economies of at least all the partners of the North Atlantic Pact, and possibly others, for their common welfare; and I suggest no one can deny that that is worth thinking about. The United States with its strong economy, the United Kingdom with her world-wide connections; a fully integrated continental Western Europe, would each be a powerful factor in itself; but the prospect of the 337 million people in those areas and Canada having their economies closely knit together is a spectacle to fire the dulllest imagination. The road may be hard and difficult, and progress along it may be slow and tedious; but the goal at the journey's end is worth while—for it is, I believe, peace and prosperity for our children and our children's children.

Moreover, I should think that in any advance made towards this goal—and, mind you, it will in all probability be attained by stages—Canada certainly is not likely to lose much. Indeed, she might be one of the greatest beneficiaries. It is certainly to her interest to have those who are bound together in common defence as strong as they can be. In the last day or two we have seen an instance of the great value of a strong economy when certain situations arise. Undoubtedly a country with such a wealth of natural resources as Canada has, with almost its whole economy built on the ability to produce many commodities far in excess of domestic demand, could look with the greatest satisfaction on a permanent market of 337 million people, many of whose requirements are entirely complementary to our own. Just as in Western Europe it is hoped that removal of the barriers to the free flow of trade will give the people there the advantages of modern devices at the lowest possible cost and result in a higher standard of living, so we too would probably be beneficiaries from a union of the kind suggested. I believe

that, on the lowest basis of self-interest, we could well look forward to it with confidence.

So it seems to me that if the occasion arose in which we could explore further the feasibility or the possibility of union in this rapidly changing world, it would be the part of wisdom to do so. I would remind honourable senators of the change that has come over public opinion in the last fifteen years, and suggest that circumstances may drive us faster than any of us realize. Sooner or later the whole future of our way of life may depend on the utmost co-operation between countries, and therefore the best methods of co-operation certainly should command our very best consideration.

However, I should be glad if the honourable senator who proposed the motion (Hon. Mr. Euler) would consider a possible change in phraseology. During the debate some speakers felt that a difference in wording was advisable. Some, for instance, thought that Canada should take the initiative in the bringing about of union. At the moment I am unable to recall what other variations from the motion were suggested. In order to explain what I have in mind, let me point out that there is now before the United States Senate this resolution:

That the President is requested to invite the democracies which sponsored the North Atlantic treaty to name delegates representing their principal political parties to meet this year with delegates of the United States in a federal convention to explore how far their peoples, and the peoples of such other democracies as the convention may invite to send delegates, can apply among them within the framework of the United Nations the principles of federal union.

That resolution has strong backing, but I do not know whether or not it will carry. There is some doubt on this point, and I take that to mean that the resolution is the subject of controversy in the United States Senate.

The resolution introduced here by my honourable friend from Waterloo (Hon. Mr. Euler) reads:

That the Senate of Canada do approve of the calling by the United States of America of a convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples . . .

The rest of the resolution is in the same words as the American one.

My honourable friend will agree, I am sure, that I expressed to him my thought that at a time when the matter was before the American Congress we should not pass a resolution suggesting the calling of a convention by the United States. If the resolution were passed in its present form, undoubtedly it would be seized upon by its proponents as

a high-pressure method of inducing the United States to do what we are advocating; on the other hand, I would think that the opponents of the resolution would not take kindly to a suggestion which might be interpreted as an endeavour on our part to influence Congress on a controversial subject under consideration. Under the circumstances I would suggest to my honourable friend from Waterloo that he consider the desirability of changing his resolution in such a manner as to remove any possible criticism.

I have consulted the government as to the attitude I should take towards this resolution and, as is my custom in such cases, I choose to follow its direction as far as possible, for that is the basis of government solidarity. The government shares my view that the resolution should be changed. In discussing the matter, my honourable friend from Waterloo made the suggestion that perhaps I would like to move that the resolution be amended. In answer to my friend I would say that, as he is the sponsor of the resolution and has pioneered it thus far, I have no desire to interfere with it at this stage. I would merely offer for his consideration one or two alternatives which, in my opinion, would not leave us open to the possible charge that we had taken a direct step towards asking the United States of America to call a convention this year.

As the first alternative resolution, I would suggest the following:

That, in the opinion of this house, Canada should join with the other democratic nations which sponsored the Atlantic pact in sending delegates representing their principal political parties to a convention to be held as early as possible, to explore how far these nations are willing to go in applying, within the framework of the United Nations, the principles of free federal union.

My second alternative resolution reads:

That, in the opinion of this house, if the United States invites the democracies which sponsored the North Atlantic treaty to name delegates representing their principal political parties, to meet this year with delegates of the United States in a federal convention to explore how far their peoples and the peoples of such other democracies as the convention may invite to send delegates can apply among them, within the framework of the United Nations, the principles of free federal union, Canada should accept the invitation.

And by way of a third suggestion:

That, the Senate of Canada do approve of—
or urge

—the calling of a convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the convention may invite to send delegates, can apply among them, within the framework of the United Nations, the principles of free federal union.

As much as I commend the action of the honourable senator from Waterloo in the sponsoring of this resolution, I am not in a position to support its exact phraseology. Therefore I have offered for his consideration these three alternative resolutions. These proposals are the result of my consultation with one of two other members of the house. I believe that one honourable senator who spoke in the debate suggested that the resolution should be to the effect that Canada call such a convention. However, I would think that in order to be successful it should be called by one of the larger democracies.

So, honourable senators, it is with considerable regret, and no suggestion of criticism, that I find myself unable to move an amendment to the resolution which my honourable friend has pioneered in this house.

The hour is getting late, and as there is further business to occupy the house for the balance of the afternoon, and as my honourable friend from Waterloo may wish to give some consideration to my suggestions, if no other honourable senator wishes to participate in the debate at this time, with my friend's approval I would be pleased to have the Whip on this side of the house adjourn the debate until we meet tomorrow afternoon. On the other hand, my friend may wish to ascertain the viewpoint of honourable senators.

Hon. W. D. Euler: Honourable senators, I have no objection to the debate being adjourned at this time; but in the few moments I have had to consider the suggestions of the government leader, it might be well that I proceed now with what I have to say. If I am able to sense the feeling of the house, I may then choose to adjourn the debate until tomorrow.

Hon. Mr. Robertson: Whatever you prefer is quite satisfactory to me.

Hon. Mr. Euler: The difficulty may adjust itself when I have given my thoughts on the matter.

It is my understanding that the sponsor of a motion has the right, in closing the debate, to rebut the arguments which have been advanced against the motion; but that he should not introduce any new matter.

There have been many eloquent and convincing speeches made by members on both sides of the house, and with one exception they have been in favour of the motion; and though I do not wish to prolong the debate, I am compelled to make certain observations with regard to them.

It is true that the leader of the government did suggest to me a change in the wording of the resolution; but I am frank to say that as the resolution set forth exactly what I had

in mind, I was not much disposed to agree. He will correct me if I mis-state his proposal at that time; but as I remember it, he suggested that the resolution should be to the effect that if the United States should call such a convention, Canada would accept the invitation.

Hon. Mr. Robertson: I think that is so.

Hon. Mr. Euler: The leader expressed the fear that if the Senate were to suggest the calling of a convention by the United States, it might arouse some antagonism and a feeling on the part of that country that Canada was trying to interfere with something which was not her affair. I did not then and I cannot now see the force of that argument. I cannot understand why the United States would take offence because the Senate of Canada agreed or proposed to agree with a proposal already before the American Senate and House of Representatives.

Another comment, which might be regarded as an indirect criticism, was that some authorities here thought that approval of the calling by the United States of a convention to which some American opposition had been expressed—though I have heard very little of it—might be regarded as an action on the part of Canada which, even though unintentional, would assist some particular political party in the United States. Honourable senators may disabuse their minds of that assumption, because in the United States, as in Canada, the attitude towards this matter is entirely non-partisan. I came to the conclusion that the discomposure of certain persons might mean that honourable members other than the leader of the government were somewhat perturbed.

Hon. Mr. Robertson: I said that I consulted the government.

Hon. Mr. Euler: If the government were perturbed about the wording of the resolution, I am prepared to accept the proposal, which I believe was made by the honourable gentleman, to delete from the resolution the words "the United States of America", and thereby eliminate any reference to that country.

Hon. Mr. David: Exactly.

Hon. Mr. Euler: The resolution would then read: "That the Senate of Canada do approve of the calling of a convention of delegates from the democracies", and so forth.

An Hon. Senator: Yes.

Some Hon. Senators: Very good.

Hon. Mr. Euler: I have no objection to that, especially since it may meet the views of the honourable senator from New West-

minster (Hon. Mr. Reid), who also made the suggestion that Canada should call this convention. From one point of view that proposal is an admirable one, and might appeal to the Canadian people: but I am very sure that it is impracticable for the reason that the question of the calling of a convention by the United States is now before the American Congress. What occurs to me at this point is this. If this motion is passed and is viewed favourably by the Canadian Government and the idea is favoured also in the United States, the American Government could be approached with a suggestion to the effect that the invitation to the convention should be extended jointly by Canada and the United States.

And now may I refer to a rather peculiar incident—I call it a coincidence—which took place just before the chamber met this afternoon. It is my chief reason for not proposing, as has been suggested, the adjournment of the debate. The incident is more or less personal, but I am sure it will be of interest to honourable senators. About fifteen minutes before the house met I had a long distance call from Mr. Clarence Streit, who for ten years has been working, first for world union, later for Atlantic union, and who is the publisher of a magazine called "Freedom and Union" which I receive regularly, as I suppose other members of parliament do. Mr. Streit is greatly interested in this resolution, and hopes that the Senate of Canada will pass it. Knowing that it would be debated today, and having heard that parliament will probably prorogue this week, he is particularly anxious that some conclusion be reached with regard to it before prorogation. He thinks that it would be very helpful to those Americans who are advocating the idea of a convention, if Canada—another democratic nation and their next-door neighbour—should declare in favour of it. Remember, we are not committing the government to anything beyond approval of the idea of a convention which will explore the possibilities of Atlantic union; we do not thereby pledge ourselves to Atlantic union. I told him that I believed the matter would come up today, and added that I supposed some suggestion would be made to change the wording of the resolution. I said I thought it might be a good idea to strike out the words "United States of America" and make the tone of the resolution more general; that to do so, would avoid wounding the susceptibilities of anybody in either of our countries. It then occurred to me to suggest that this invitation, instead of being issued only by the United States, should be presented jointly by Canada and the United States. He believed that would be highly satisfactory to the United States. Then, to my surprise, as the bell rang to call us into

session, a telephone message came from Texas from Mr. Will Clayton, former Under Secretary of State of the United States. Apparently Mr. Streit had called Mr. Clayton from Washington, and he in turn had immediately telephoned me to say that my suggestion was intensely interesting; that he had inquired of and talked with other people, and was quite sure that the idea of associating Canada with the United States in the calling of this convention would find great favour in his country. I hope honourable senators will not construe all this as an attempt on the part of these gentlemen to dictate to or influence us. Mr. Clayton also said that my suggestion would, he believed, aid greatly towards the adoption of the resolution before the United States Congress. It was very interesting to me to have their opinion that, instead of deleting the words "by the United States of America" from the resolution, we should add to it the word "Canada". If this view finds favour with the Senate, I think the results will be more satisfactory than would be attained by any other form of words.

Thus far the matter has not been debated at length in Congress. In the Senate it was referred to a subcommittee of the Senate Foreign Affairs Committee. Probably many of you have read the debates and the questions which have been asked. There, at the moment, the matter stands. If this resolution were to pass with the amended wording I have suggested, it would then read: "That the Senate of Canada do approve of the calling by Canada and the United States of America of a convention of delegates" and so on to the end of the resolution. If this should meet with the approval of the Government of Canada and the Senate of the United States, we should then suggest that the convention be held in Canada.

I made that suggestion over the telephone to these gentlemen, and they expressed themselves as highly favourable to the proposal, and said that it would be acceptable in the United States. They even went so far as to suggest that the place of meeting should be the city of Quebec, where other international conventions have been held.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: I suppose I am now actually closing the debate, but perhaps, with the unanimous consent of the Senate, we might have a further discussion on these two proposals. The first one is to delete the words "the United States of America" so that the resolution would become a general expression of opinion that a convention should be held. The second suggestion, and the one which I prefer, is that the resolution should be

re-worded so that it would be a joint invitation from Canada and the United States.

In conclusion I may say that the suggestion that Canada issue a joint invitation with the United States, and that the conference be held in this country, would meet with great favour by the Canadian people. I am more or less at a loss to know how to proceed now. I should like to get an expression of opinion from the members, and particularly from the government leader in the Senate with regard to the suggestions which I have made.

Some Hon. Senators: Hear, hear.

Hon. Mr. Euler: If the leader is not willing to express an opinion, I am quite willing to adjourn the debate.

Hon. Mr. Robertson: I have no opinion to express, and I do not know what complications might arise from this.

Hon. Mr. Euler: My suggestion is that, with the unanimous consent of the house, honourable senators should be allowed to express an opinion if they wish to do so. Otherwise, I move the adjournment of the debate.

The motion was agreed to, and the debate was adjourned.

CONSTITUTIONAL AMENDMENTS— CONSENT OF PROVINCES

MOTION

The Senate resumed from Monday, June 19, the adjourned debate on the motion of Hon. Mr. Marcotte:

That in the opinion of the Senate, whenever an amendment to the Constitution of Canada is made, or is to be made, requiring the consent of one or more of the provinces, the said consent can only be expressed by act or by resolution of the legislature or legislatures of the provinces concerned.

Hon. Arthur Marcotte: Honourable senators, I shall just take a few minutes of your time to close the debate. Actually, if it were not that I wish to thank those who participated in this discussion, there would be little to say, because I have no remarks to make by way of rebuttal, a privilege usually accorded the proposer of a resolution.

First, I should like to thank the seconder of my resolution (Hon. Mr. Veniot), and congratulate the honourable senator from De Salaberry (Hon. Mr. Gouin) upon his learned exposé of the rights, duties, powers and ambitions of our provinces. We disagree on certain points; but this is not to be wondered at, because lawyers always differ about something. The honourable gentleman is entitled to his opinion about family allowances, just as I am entitled to mine. I would tell him in the most kindly way that I would be ready to defend my opinion in court—and I am sure that he would be just as ready to defend his.

But let me thank him most sincerely for approving my resolution in a general way.

I should also like to thank my honourable friend from Ottawa (Hon. Mr. Lambert) because, in making his point, he proved my case.

Some Hon. Senators: Oh, oh.

Hon. Mr. Marcotte: At the beginning of his remarks he said that he found very little difference between us. He said I had argued that the Senate had been created to protect the rights of the provinces, and he then asked why it was that the Senate had so seldom defended these rights. He made a strong case and cited incident after incident in which the Senate failed to protect the rights of the provinces.

That, honourable senators, is exactly my complaint. Why has this not been done? The Senate was supposed to perform this special duty, but it did not do so, and that is why I say that the time has come for the Senate to adopt a certain line of conduct. I shall presently recite the words used by the honourable gentleman from Ottawa to show that he proved my point. If I had more time I would elaborate on his speech, because it contained sound ideas with which for the most part I agree. The only point of difference between us is that I maintain that merely because a duty has not been performed it does not disappear. I claimed from the first that the Senate was created for a special purpose, and to back up my argument I cited several opinions even beyond those given by the Fathers of Confederation. I think the unanimous opinion of three of the greatest legal minds in the country must be accepted.

The noble thoughts of the honourable senator from Ottawa were clearly expressed in these words:

Our duty is to see that matters of concern to the provinces are clearly and definitely presented here, free from the partisan considerations which in the past may have stood in the way.

That is the point—"which have stood in the way". He continued:

Our duty is to see that emphasis is put in the right place, and that unity of democratic purpose shall be promoted throughout this land, regardless of language, race or creed.

I am sure that everyone agrees with this sound idea.

But my resolution goes, not to the root of that particular question, but rather to the main principle enunciated in 1871 and repeated in 1876 in the House of Commons—that the duty of the federal or of any provincial executive is to administer, not to legislate. There is a difference between these two functions. The principle expressed in my resolution is easy to grasp, and I think it is sound. I hope that within a few minutes the house will endorse it, and my hope is that it will receive the unanimous approval given to the same principle in the House of Commons when 139 members voted in favour and none voted against.

If we pass this motion we shall endorse once more the principle that no matter how strong a prime minister or his government may be, neither has the right to amend the constitution. The right of the prime minister and of the government is to administer, not to legislate. It is time that prime ministers—at least one of whom even changed the wording of a resolution passed in his legislature—realized the limitation to their authority.

It is not necessary for me to say more. I thank honourable members for the courtesy shown to me in this debate. May I add a very personal note honourable senators? In recent days I have been suffering deeply, and I am grateful for the sympathy that you have shown.

The motion was agreed to.

The Senate adjourned until tomorrow at 3 p.m.

THE SENATE

Thursday, June 29, 1950

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

Prayers and routine proceedings.

PRISONS AND REFORMATORIES BILL

FIRST READING

A message was received from the House of Commons with Bill 318, an Act to amend the Prisons and Reformatories Act.

The bill was read the first time.

SECOND READING

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

Hon. Mr. Robertson: If the house is agreeable, I move the second reading now. I have asked the Deputy Leader (Hon. Mr. Hugessen) to explain the bill.

Hon. A. K. Hugessen: Honourable senators, this bill has been asked for by the Attorney General of British Columbia, and although it relates only to that province it is a matter of some urgency.

Some three years ago British Columbia introduced the Borstal system for the retraining of young offenders between the ages of sixteen and twenty-three, and in the session of 1947-1948 parliament, at the request of that province, added sections 147A, 147B, 147C, and 147D to the Prisons and Reformatories Act. These sections deal with the British Columbia Borstal institution which is known as New Haven. Briefly these sections provide that any young male person between the ages of sixteen and twenty-three years may be committed to the New Haven reformatory for a determinate period of three months and for an indeterminate period thereafter of not more than two years, subject to being released on parole by a board of parole. They also provided that any prisoner who was incarcerated at New Haven might be transferred to the Oakalla prison farm at any time during the course of his imprisonment. The governing words in that connection are found in section 147C, which declares that any person in New Haven may be transferred to the Oakalla prison farm for the unexpired portion of the term of imprisonment to which he was originally sentenced.

A rather unusual situation has just arisen. A boy was committed to the New Haven reformatory for a period of three months determinate and an indeterminate period

after that. He served the three months at New Haven, and during his indeterminate sentence he was transferred to Oakalla prison farm. He obtained a writ of *habeas corpus* on the ground that there was no unexpired portion of his prison term, it being indeterminate, and he had to be set free. There is, of course, no intention of dealing through this bill with that particular case. The boy benefited by a lapse of the law. But the Attorney General of British Columbia is afraid that if the law is allowed to remain as it is, other persons may hereafter take advantage of this defect; and therefore, at the very end of the session, he has requested that parliament adopt the necessary amendments.

If honourable senators will look at the bill, which is a very simple one, they will see that it merely inserts in these three sections, 147A, 147B, and 147C, the words necessary to make certain that a person may be transferred from New Haven to Oakalla at any period in the course of his term, whether it be during the definite part of his sentence or the indeterminate period thereafter.

I have only to add that this bill was passed through all its readings this morning in the other place, and to suggest that this house may feel disposed to deal with it in like manner.

Hon. Mr. Horner: Is the boy who has been mentioned the one who defended his own case without counsel?

Hon. Mr. Hugessen: I have no knowledge on that question. I would think it is hardly likely, because it seems to me that this would be pre-eminently a matter in which counsel would raise this very technical objection.

Hon. Mr. Aseltine: Can the honourable senator tell us how the Borstal system is working in British Columbia?

Hon. Mr. Hugessen: I have no knowledge of that, but I am sure that some of the honourable senators from British Columbia could answer my honourable friend's question.

Hon. Mr. Reid: If the honourable senator is inquiring about the Borstal system, I may say that it is working out exceedingly well. Instead of younger prisoners being put among older prisoners, they are placed on a farm where they are taught various trades; and one man, instead of a number of guards, is in charge of them. The system has been in existence in British Columbia for about ten years. I think it should be copied by other provinces.

Hon. Mr. Aseltine: I received a copy of the bill this morning and have read it very carefully. I have also discussed it with the hon-

ourable senator who has just explained it. As he says, the amendments are very simple, and are merely for the purpose of blocking up a hole in the Act. We on this side of the chamber have no objection to the bill receiving three readings this afternoon.

The motion was agreed to, and the bill was read the second time.

THIRD READING

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

Hon. Mr. Robertson: Now.

The motion was agreed to, and the bill was read the third time, and passed.

STAFF OF THE SENATE

TWELFTH REPORT OF INTERNAL ECONOMY COMMITTEE

Hon. Iva C. Fallis (for Hon. Mr. Paterson) presented and moved concurrence in the twelfth report of the Standing Committee on Internal Economy and Contingent Accounts.

The report was read by the Clerk Assistant.

Hon. Thomas Reid: I should like to inform the house that when I asked certain questions yesterday about several of the reports of the Internal Economy Committee, I did not intend in any way to be disrespectful towards the honourable senator who presented those reports (Hon. Mr. Paterson). The honourable chairman suggested that I might have attended some of the meetings of his committee, but I think it is a well-known fact that the Internal Economy Committee sometimes meets without any notice being given to honourable senators who are not members of it.

But that is not why I have risen to speak on this occasion. I want to suggest that this committee, when it meets again next session, should give consideration to establishing the permanency of those members of the Senate staff who have been employed by the Senate for as long as twenty-five years, and who when they retire will receive no superannuation. It is true that I have been a member of the Senate for only a short time, but I have not yet seen one report of this committee which has dealt with certain members of the staff who have given good service over a long period of time. Only a person who is well off or receives a good income is able to lay by anything for his old age. Some men who have been working in the Civil Service for twenty-five or thirty years are still classed as "temporary", and unless their status is changed they will retire without any superannuation allowance. I suggest to the Internal Economy Committee that when it is again

discussing the staff it take some steps to see that a retiring allowance is provided for people in this group.

I now wish to mention another matter, and to make a suggestion which may not prove popular. It seems to me that whoever has to do with the engaging of the protective staff of the Senate should arrange to have recent appointees given some training in the handling of the public. This remark is in no way critical of officers who have been on duty for a long period of years, for they evidently were trained in their duties; but new members of the staff are, to say the least, discourteous to the public using the east door of the parliament building, and should be told how to deport themselves when on duty.

The motion was agreed to.

THIRTEENTH, FOURTEENTH AND FIFTEENTH REPORTS

Hon. Mrs. Fallis (for Hon. Mr. Paterson) presented severally, and moved concurrence in the thirteenth, fourteenth and fifteenth reports of the Standing Committee on Internal Economy and Contingent Accounts.

The reports were read by the Clerk Assistant, and were severally concurred in.

CAPITAL INVESTMENT IN SASKATCHEWAN STATEMENT

On the Orders of the Day:

Hon. R. B. Horner: Honourable senators, I wish to call attention of the house to a matter which I think is of great importance. At least, it is of great importance to the best province in Canada, and therefore should be of concern to Canada as a whole. A minister of a present government is quoted in the *Ottawa Journal* as saying that at the present time he would not invest a dollar in Saskatchewan. Well, we all remember that some years ago a certain federal government did not like what was going on in the province of Alberta, and word went around that it was not safe to buy a bond of that province or to invest any money out there. When we consider how prosperous Alberta is today that pessimism of a few years ago seems very foolish, and perhaps before long Saskatchewan, without undergoing any change in its government will become so rich that people will wonder how a minister could make the remark to which I have referred. The premier of Saskatchewan has guaranteed that anyone investing money in the province will receive fair treatment, and that if anything were to happen to prevent this he would resign his office. Although I am not of his political party, I think it is my plain duty to state here that I believe he means what he says.

I am convinced that risk capital, if invested in Saskatchewan, has as good a chance as in any other part of Canada.

Last week when we were considering the Grain Bill in committee, some gentlemen in the elevator business appeared before us and pleaded their case. They pointed out that they had invested millions of dollars to build elevators in Ontario with a total capacity of 30 million bushels, but under federal law they were not permitted to control even 30 per cent of their storage space. An amendment to the Act was moved, and we of liberal thought supported it; but the leader of the government (Hon. Mr. Robertson) stated here that the government did not wish to accept it. When the bill was in our committee the honourable gentleman from New Westminster (Hon. Mr. Reid) was attending a meeting of the Fisheries Commission at Washington, and on his return, in discussing another matter, he said that Canada was fast developing into a welfare state. He did well to use the word "state." He also deplored the trend away from free enterprise, and I flattered myself for a moment that he was looking at me, but I suddenly realized that he was in fact looking at that great champion of human rights and fundamental freedoms, the honourable gentleman from Toronto Trinity (Hon. Mr. Roebuck). I should like to tell my honourable friend from New Westminster what attitude the honourable gentleman from Toronto Trinity took with respect to free enterprise. He got up and said that he would like to hear further from the leader of the government. In other words, he wanted the leader to tell him again to vote against this amendment. It reminded me of some lines of an old hymn:

I will do what you want me to do, whatever the cost.

I will be a true soldier; I will die at my post.

Our great champion of human rights and fundamental freedoms blew up, so we will not mention it any more.

The two gentlemen who appeared before the committee thought they had some rights in connection with their capital investment, but the suspicion got about that these wicked fellows wanted to make a profit on it, and they may be charged with refusing to co-operate with the government. We all know what that means. However, so far as I know they escaped safely from the building, and I hope that their notion that private enterprise in this country still has some rights will not result in their arrest.

I have mentioned this merely to show that nothing of the kind could happen in Saskatchewan. In my province, people still are free to invest their money and carry on business without the permission of our so-called

"Socialist" government. So none of you need fear to invest money in the province of Saskatchewan.

CONVENTION OF NORTH ATLANTIC DEMOCRACIES

MOTION

The Senate resumed from Wednesday, June 28, the adjourned debate on the motion of Hon. Mr. Euler:

That the Senate of Canada do approve of the calling by the United States of America of a Convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples and the peoples of such other democracies as the Convention may invite to send delegates, can apply among them within the framework of the United Nations, the principles of federal union.

Hon. W. D. Euler: Honourable senators, during the course of the debate on this motion, which has run over several weeks, and more particularly after yesterday's speech by the government leader (Hon. Mr. Robertson), I came to the conclusion—despite the contrary views which I respect, expressed by the honourable senator from Repentigny (Hon. Mr. DuTremblay)—that the principle of the resolution was generally acceptable to the members of the Senate. Therefore, in the light of the support the motion has received, and so long as the principle is maintained, I have no desire to quibble as to the exact wording.

I moved the adjournment yesterday so that honourable members might give consideration to certain suggestions of change in the terms of the motion. Two of the proposals made seemed to me to be more worth while than others. The first was to the effect that the words "United States of America" should be deleted from the motion, to avoid any possibility of criticism from the United States that we are trying to interfere in what they may regard as their own affair. While I still believe that this fear is not well founded, I repeat what I said yesterday, that I have no objection to striking out the words, "United States of America". The principle would then appear in the simplest form, and could not, I think, wound the susceptibilities of anyone either in the United States or in Canada.

I should like to emphasize, because I think it is worth doing, that the whole matter is being discussed on a non-partisan basis both in Canada and the United States. As a matter of fact there is no difference of opinion in the United States as to the conduct of their foreign affairs: the two great parties work together. Evidence of this appeared in the Congress yesterday, when the Republican party supported the action of President Truman with regard to the trouble that has

arisen in Korea. A like unanimity was shown in Canada: yesterday, in the House of Commons, the leaders of the four parties concurred in the policy announced by the Prime Minister and the Minister for External Affairs. So much for proposal number one.

Number two was my own proposal, made more or less on the spur of the moment. It was that instead of deleting the word "the United States of America", the word "Canada" be added, thereby making this country co-sponsor of the invitation referred to. The resolution would thereupon read as follows:

That the Senate of Canada do approve of the calling by Canada and the United States of America of a Convention of delegates—

and so on, in the original form.

I still prefer the later proposal, and for three reasons: First, that the motion so worded would tend to affirm the enhanced stature of Canada among the nations of the world; second, that, according to authoritative opinions, such joint sponsorship would be welcomed in the United States and would be helpful to those who are trying so hard to secure acceptance by the Senate of the United States of a motion similar to our own; and third—based upon an opinion expressed by the honourable senator from New Westminster (Hon. Mr. Reid)—that the joining of Canada in the invitation would tend to allay a latent suspicion which may exist in the minds of the people of some of the smaller countries concerned, that the United States might attempt to dominate the proceedings of such a gathering and, indeed, take the imperialistic attitude of which they are so persistently and unjustly accused by the Soviet Union. There may be some point in this suggestion; but we might as well accept the fact that the United States, the world's most powerful democracy, of necessity must take a leading part both in the calling and the conduct of the proposed conference.

At this point may I quote from a leading article in the June issue of "Freedom and Union", the magazine I mentioned yesterday. I do not know who wrote this article, but probably the author was Mr. Clarence Streit, to whom reference has repeatedly been made. It states:

Canada can seize the ball the State Department is fumbling and run for the touchdown of the century. The State Department may prevent Congress from gaining for the United States the honour of calling the Atlantic Federal Convention. It cannot prevent Ottawa from passing a resolution similar to the one before Congress, as some Canadians already propose. That would confront the United States with an invitation to explore the possibility of uniting the Atlantic democracies by its own federal principles. It could no more refuse than could the motherlands of the two peoples, Britain and France, who formed the federal union that is Canada.

I have received recent information that strong representations are being made to President Truman that he should support a similar resolution which is before the United States Congress, with a view to strengthening his hand in the crisis which has arisen so suddenly in Korea. My attention was drawn to an article which appeared in today's *Montreal Gazette*, and which perhaps some honourable senators have read. It was from a speech Winston Churchill made yesterday before the 1900 Club in London. He said that the Korean attack was one of the most obvious and brutal attacks of aggression, and he said further:

What hope can there be for the future of the world unless there is some form of world government which can make its effort to prevent a renewal of the awful struggle through which we have passed?

Since yesterday I have consulted a number of my colleagues—I should like to have seen more—and while I found no objection to my suggestion that Canada be included in the motion, I have come to the conclusion that the greatest measure of unanimity, which is so desirable, would be secured by the adoption of the first proposal. That would mean striking out the words "United States of America" and thus making the motion general in its terms while approving of the principle of the calling of the convention. I propose a little later to submit an amendment to that effect. Nevertheless, I would again express the hope that, if the resolution finds favour both here and in the United States, Canada might still become a joint sponsor of the invitation to the conference, and further—I want to emphasize this strongly—that the conference be held in Canada.

Some Hon. Senators: Hear, hear.

Hon. Mr. Bouffard: In the city of Quebec.

Hon. Mr. Euler: I suggested the city of Quebec yesterday, and that certainly would be quite satisfactory to most Canadians. There may be some senators, and I think there are, who regard the whole project or proposal as being visionary, utopian and difficult to the point of impossibility. Perhaps that is so; but in the light of what has happened in the last fifteen or twenty years—politically, geographically and otherwise—who is to say that the logic of events and the force of circumstances may not turn the vision into reality.

Hon. Mr. David: Hear, hear.

Hon. Mr. Euler: I believe it was Napoleon who said something to the effect that the difficult is already done; the impossible may take a little longer.

I hope this motion will carry, and that it will carry unanimously. If it does, the Senate of Canada will at least have done what it

could to contribute to a cause which lies at the hearts of all peoples, especially in these days—the preservation of the peace of the world. I therefore move that the words “by the United States of America” be deleted from the motion.

The proposed amendment was agreed to.

Hon. P. R. DuTremblay: Honourable senators, when speaking to this resolution previously, I said that I was absolutely opposed to it because it would affect the sovereignty of this country. The resolution as amended asks for a federation—

Hon. Mr. Euler: No; it asks for a conference.

Hon. Mr. DuTremblay: It asks that you call a conference with the object of forming a union with the United States and other democratic countries.

Hon. Mr. Euler: May I correct my honourable friend? The conference is to be called for the purpose of exploring the possibilities of forming such a federal union. No committal is made in the resolution.

Hon. Mr. DuTremblay: Well, I am against any exploring at all.

Some Hon. Senators: Oh, oh.

Hon. Mr. Euler: I thought the French liked to explore.

Hon. Mr. DuTremblay: I am definitely opposed to the idea of forming a federation such as is proposed in this motion. I repeat that we must be very careful to protect our sovereignty in every possible way. Let me remind the house that Great Britain recently refused to take part in the Schuman proposal to pool the coal and steel industries of Western Europe. The Prime Minister of Great Britain said that his country was not ready to participate in this economic venture because of the effect it would have on his country's sovereignty. I am not in favour, generally, of the Labour party in England; but when the vote was taken on this proposal that party showed its patriotism and defeated the motion by twenty votes. That clearly indicated Britain's position because, as honourable senators know, the majority of the Labour party in the House of Commons is only six.

I should like to draw the attention of honourable senators to the report of a speech made about two weeks ago by the Minister for External Affairs, Honourable Mr. Pearson, to the students of the University of California. He told them why Canada does not intend to take any steps towards closer union with the United States, namely, that

Canadians are satisfied with their present way of life. Let me quote a few sentences from this report:

“We feel that we have a sense of social solidarity and cohesion, or ordered progress, which would not be strengthened by a change to any other system of government or by amalgamation with any other country.

We are moreover engaged in an important and successful venture in incorporation within one state of two peoples of differing backgrounds—English and French.... We consider this experiment too significant for us and for others to endanger it by absorption in any other state.”

Mr. Pearson said Canada wished, however, to strengthen and broaden her friendly contact with the United States which was important to Canada economically.

But here again, he said the “closest possible, the freest possible trade arrangements, cannot and in our view need not, mean for us the loss of our economic independence by a customs union or in any other way.”

That is the opinion of the government of this country, for Mr. Pearson spoke as Minister of External Affairs. I agree with what he said, and I believe we should do nothing to endanger the sovereignty of this country. I am opposed to the resolution because it seeks authority to inquire into the possibility of some kind of federation in which some rights which our citizens have fought for over a long period of time would be lost. To my mind, even an inquiry into a possible federation of this kind would be dangerous.

Hon. A. W. Roebuck: Honourable senators, I understand that the debate now is on the amendment, but I wish to address a few remarks to the general subject.

The resolution as presented to us in the first instance was objectionable to some degree, in that it asked the Senate of Canada to approve of an action by the United States of America. It is not a function of this body to approve or disapprove of the action of a legislative body of any other country, and so while the point is not a serious one I do feel that the striking out of the words “United States of America” is an improvement.

But I think that without offending against the rule that this body should not undertake to advise the United States Congress, we can achieve the object desired by the drafter of the resolution (Hon. Mr. Euler), namely, that his proposal be drawn to the attention of the United States authorities; and it seems to me that we could accomplish that by passing a resolution inviting the United States to join with Canada in an invitation to the democracies. The honourable gentleman shakes his head, but I do not know why we in the Senate cannot pass a resolution calling for action by our own government. We are part of the government of Canada, and there is no reason why we should not.

invite the United States to join with us in doing something that we consider desirable.

Hon. Mr. Euler: May I interrupt? My only reason for declining the suggestion is that it would be difficult for us to invite the United States to join with us in sending out invitations after that country has already taken the initiative in the matter.

Hon. Mr. Roebuck: Well, that was a suggestion, and if my honourable friend does not accept it I have nothing more to say on the point. I told him yesterday that irrespective of the minor problems of phraseology I was wholeheartedly with him on the general principle of his resolution, and that I would vote for it even if it was not worded exactly as I might prefer.

It was not possible for me to speak on this motion earlier, but I can assure honourable senators that that was not because of any lack of interest on my part in the proposal, and I ask the indulgence of the house while I say a few words about it now. The trend of our times is towards expansion and co-operation. In its early days England was divided into six little warring nations, and consequently was so weak that it could not resist the raids made by the Danes. But for three hundred years there was a gradual process of consolidation going on, and finally all the kingdoms of England became shires or something of the kind in one united kingdom. So soon as that union was brought about the raids from abroad ceased, for England was able to repel invaders and to keep her coasts inviolate.

An excellent illustration of federation in more modern times is furnished by the United States. At the time of the Declaration of Independence there were a number of incipient wars over boundary lines between the then independent states of North America, but as soon as the states federated the disputes were settled. Today those incipient wars are forgotten; indeed, most people are not even aware that there were such wars.

Many of the world's present troubles are caused by the anarchy that exists in the rule of law and governmental matters. I believe that the only remedy for these troubles is some system whereby, through the combined strength of all the democracies, obstructionists and disturbers of the peace may be appropriately dealt with. And I do not see how such a system can be brought into being and continued in successful operation over the years unless we organize some kind of super-government, to which everyone of our national governments would assign a sufficient amount of power for our common defence. Just how much power would need to be

transferred for this purpose is probably one of the matters to be explored. Certainly every nation would have to hand over a good deal of the military power which it now maintains under its own control. It may be that in combining for defence purposes we could at the same time get rid of trade obstructions and bring about economic co-operation of a kind that is impossible to accomplish now. It seems to me that questions such as these can be worked out only at an international conference. For that reason I heartily approve of the idea of a conference on this subject where the problems it raises will be discussed and clarified; and I have every sympathy with the final purpose of such a movement,—the combining of the strength of the peace-loving nations of the world to resist aggression, to bring about peace, and to suppress those who would disturb the lives of us all.

There is one little point that I ought to make. It was suggested to me by a colleague on my right. My honourable friend from Waterloo did not accept another suggestion I made with regard to his resolution, but he may accept this one because it is so inconsequential. The first "of" in this resolution is not necessary:

That the Senate of Canada do approve of the calling...of a Convention.

I think it ought to read:

That the Senate of Canada do approve the calling... of a Convention.

The "of" is unnecessary. But that is a small matter.

Hon. Mr. Euler: I am quite willing to accept that suggestion.

Hon. Mr. Roebuck: I offer it merely as a suggestion.

Hon. Norman P. Lambert: In supporting the amended resolution of the honourable senator from Waterloo (Hon. Mr. Euler) I would like to refer particularly to the views of my honourable colleague from Repentigny (Hon. Mr. DuTremblay). He seems to regard the idea of national sovereignty as sacrosanct, and unchallengeable by the broader interests of the world at large. I shall not speak long on this point, but it may meet the issue he has raised if I ask whether the members of this body or of the House of Commons would insist today that the "national sovereignty" of Korea must be observed strictly, in the sense that my honourable friend employs the term in relation to Canada's participation in a broad discussion of the possibilities of federal union.

In this resolution the extent to which national sovereignty shall be yielded, or implemented, is not involved. The point of the motion is very clear: that, in view of the

developments which have brought the different parts of the world more closely together, whether they like it or not, those who profess democratic forms of government should attempt to organize themselves in a system which will protect the world from such violence as has afflicted it in the last ten years. I do not think that, specifically or by implication, the motion suggests that national sovereignty should be sacrificed in any measure, great or small. What is involved, it seems to me, is a matter of ways and means.

In connection with the United Nations charter we are, by virtue of the article relating to military contributions, bound by the decisions of the United Nations. At this moment we are awaiting instructions from that body as to the contribution Canada might make to the defence of Korea. Parliament favoured that proceeding when it passed the United Nations charter which embodies the article.

Hon. Mr. DuTremblay: Yes, but the action is voluntary.

Hon. Mr. Lambert: Quite true.

Hon. Mr. DuTremblay: We are told that the United Nations is a wholly voluntary organization. But this union would be obligatory: we would give up certain rights.

Hon. Mr. Lambert: No. I submit to my honourable friend that what is proposed by this motion is exactly similar to what we do in connection with the United Nations charter. When the time comes to determine the exact extent to which our national sovereignty might be affected we can decide our course, just as we can determine it if, as a result of this Korean trouble, suggestions for participation are presented by the United Nations. It will be for the Parliament of Canada to decide how far our support shall go. But as a member of the United Nations, and under the terms of the charter, we are required to consider the decisions of the military council.

Hon. Mr. DuTremblay: A condition of this or any other proposition is that we should be free. We are not free if we oblige ourselves to go to war. Today we are not obliged to go to war, but only to try to maintain peace. There is no compulsion under the Atlantic charter on any country.

Hon. Mr. Euler: And none under this motion, either.

Hon. Mr. Lambert: I agree with my honourable friend that there is nothing obligatory and specific about this resolution; what I am trying to show is the similarity between the obligation implied in this motion and the obligation involved in our membership of the

United Nations. The Minister of External Affairs, when he spoke in the other place on Monday, June 5, in relation to the conference of the British Commonwealth countries at Ceylon, which he attended, stated, as reported in House of Commons **Hansard**, page 3191:

We are hopeful that, whatever form of organization eventually emerges, it will develop into an important agency for social and economic co-operation between free Europe and free North America; co-operation which may one day lead to an Atlantic commonwealth of free states.

That is the statement in which our Minister of External Affairs commits this country to the broad policy; and all my honourable friend's resolution does is to ask that this very proposition be discussed in a convention.

Hon. Mr. DuTremblay: Excuse me, but actually the government cannot do anything without consulting parliament; it cannot go to war without submitting the question to parliament. But if our representatives go to a meeting and pledge this country, because of such association, to go to war, consultation is not possible: the thing is done.

Hon. Mr. Euler: That is not the intention of the motion at all.

Hon. Mr. DuTremblay: You abandon your sovereignty. That is what England does not want to do, and it is what we should be careful not to do.

Hon. Mr. Lambert: I ask my honourable friend if he will not agree that this resolution does not approach anything as definite or specific as he has stated. Before any such result could follow, the decision of parliament would be necessary. All we are doing here is to suggest that a conference should be called for the purpose of discussing these things.

Hon. Mr. DuTremblay: Discussing what?

Hon. Mr. Lambert: That is all. After that, parliament can decide to what extent action should be taken.

The Hon. the Speaker: The question, honourable senators, is on the motion of the honourable senator from Waterloo (Hon. Mr. Euler). Is it your pleasure to adopt the motion?

Hon. Mr. DuTremblay: On division.

The motion was agreed to, on division.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

REPORT OF COMMITTEE

The Senate proceeded to consideration of the report of the Special Committee on Human Rights and Fundamental Freedoms.

Hon. Mr. Hugessen: The honourable leader (Hon. Mr. Robertson) had to leave the chamber a few moments ago. As the house will recall, he adjourned this debate yesterday afternoon because he wished to consult the government as to whether it desired to adopt any attitude towards this report. The leader has advised me that he has not had time to consult with his colleagues, and that therefore the government takes no attitude with respect to this report.

Hon. Mr. Roebuck: If no one wishes to speak now, could the debate be adjourned until tomorrow?

Hon. P. H. Bouffard: Honourable senators, I wish to say a few words about this report. I would suggest that it be tabled rather than adopted at this session.

First of all I wish to highly compliment the chairman (Hon. Mr. Roebuck) and members of the Special Committee on Human Rights and Fundamental Freedoms upon the splendid way in which they carried out their difficult assignments. At the outset it would seem quite simple to formulate a principle which everybody would approve, but the more simple the principle the more difficult it is to formulate.

I have examined this report carefully and I do not find in it anything objectionable. Actually I should be pleased to see a bill of rights drawn up that would prove acceptable to all Canadians. I feel, however, that we would be acting too hastily if we were to endorse the report at this late stage of the session. It would seem to me that if we desire to formulate an acceptable bill of rights, we should give to the public at large, and to the various organizations which are especially interested, an opportunity to study this report and express their opinions about it.

In my opinion some of the articles contained in this report properly come under the jurisdiction of the provinces. For instance, article 14 reads:

(1) Everyone has the right to own property alone as well as an association with others.

(2) No one shall be arbitrarily deprived of his property.

These clauses deal with exclusively provincial rights, and no law passed by the Parliament of Canada would prevent provincial legislatures from having jurisdiction over the property of individuals, companies or organizations. An effective bill of rights must be founded on a basis of provincial and federal co-operation, otherwise such articles as the one I have just cited, if placed on our statute books, would be without meaning.

Let us refer also to article 18:

(1) Everyone has the right to take part in the government of the country, directly or through freely chosen representatives.

(2) Everyone has the right of equal access to public service in the country.

I do not know that I entirely agree with this principle, and I am not sure that it does not go too far. Many people across Canada feel that we should not be deprived of the ability to exercise the right of preventing communists from being appointed to the public service of this country. We feel that if a man has subversive ideas and wishes to overthrow our form of government, he should not have access to any public service in Canada.

In any event, this matter is one that I should like to look into more deeply. I do not say that the principle is wrong or that I disagree with it, but I should like to have time to examine it further. I would suggest to the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) that this year he should merely table his report. The session is rapidly drawing to a close, and if the report were tabled, we would have an opportunity to discuss it next year. Many of our colleagues are absent, and neither they nor the people of Canada have had an opportunity to study the report and come to any conclusion about it. Further, provincial representatives should have an opportunity to discuss the principles involved in the report. We must remember that within a few months there will be a federal-provincial conference, and that it would present an opportunity for establishing a basis for federal and provincial co-operation in drawing up a bill of rights which would preserve the respective rights of the dominion and the provinces. If my honourable colleague from Toronto-Trinity accepts my suggestion, at the next session of parliament, after all honourable senators have had time to study the principles embodied in the report, we shall have ample opportunity for full and free discussion. At that time honourable senators may even deem it wise to refer the matter back to the committee.

Hon. Norman P. Lamberg: Honourable senators, I will not detain the house long. Last session the motion dealing with human rights and fundamental freedoms was withdrawn after an interesting debate, which I followed closely. That motion, like the one passed this session for the appointment of a special committee, arose out of a resolution adopted by the United Nations.

I have been much interested in the proceedings of the committee, and I cannot agree that our best course now is to table its report. The committee, set up by the Senate, heard a good deal of evidence from witnesses, some of whom took great pains to make a good pre-

sentation and it seems to me that its report should have a more dignified *dénouement* than mere tabling, which my experience suggests would be equivalent to throwing it out of the window.

Hon. Mr. Roebuck: Hear, hear.

Hon. Mr. Lambert: The subject dealt with in the report is not new. The feature that most appeals to me is the recommendation that parliament adopt a declaration of human rights. I could speak at some length on the desirability of such a declaration, because I think that since the beginning of self-government here the people of this country have lacked a philosophy of attachment to the soil on which they live. I believe that the need of such a philosophy as a basis of spiritual and moral aspiration by our people is great indeed.

The exact terms of the bill of rights could be left to a specially selected committee, as suggested. I think it is possible for the federal and provincial authorities to agree on procedure in amending the constitution, to the end that we may have one that is really our own and which we can amend without appeal to the Imperial Parliament. When we are able to say that we have a truly Canadian constitution, that will be the time to underpin it by a fundamental affirmation of our rights of citizenship.

Some approach to an affirmation has been made already in the Citizenship Act, but that does not go quite far enough. It declares the citizenship of newcomers to this country and identifies their status with their future life in Canada. But it seems to me that far more than that is required to bring home to future generations born in this country a sense of attachment to and aspiration on behalf of their native land.

As I have already mentioned to some of my colleagues, I consider that the submission made to the committee by Professor Lower of Queen's University, Kingston, and published in the committee's proceedings, is itself worth all the trouble and expense incurred through the establishment and operations of the committee. Professor Lower has made a most illuminating statement on the whole question of human liberties and democratic rights in Canada, and I should much dislike to see that document buried at this time through the tabling of the committee's report.

The Hon. the Speaker: Will the honourable senator permit me to point out that in my opinion the report cannot now be tabled? The motion before the house is for concurrence in the report, and it is for honourable senators to express their pleasure in the adoption or rejection of that motion.

Hon. J. J. Kinley: Honourable senators, I was a member of this committee, and I must confess that I assumed the duties of membership with a great deal of indecision. A good many persons had said to me that in this free country our liberties were so obvious that no bill of rights was needed. However, when attending the committee's meetings I was much surprised to find how the idea of a bill of rights had caught the imagination of the people. The witnesses who appeared before the committee, speaking for themselves or on behalf of organizations, were for the most part persons of some prominence and well qualified to discuss the subject, which they did in an excellent manner, and I became enthused with the subject. The general impression seemed to be that while rights as between one citizen and another are well understood, there is a vagueness as to both the duties and privileges of our people as citizens of the state. As I listened to the discussion I felt that our constitution should contain a declaration setting out definitely the rights of our citizens in relation to the state.

Most of the witnesses agreed that we should wait until an appropriate time before enacting a bill of rights, and I think this view is implied in the report. The feeling was that we have a big job on our hands in bringing about a change whereby we shall be able to amend our own constitution within Canada, and that nothing should be done that might endanger or confuse the negotiations going on to that end. However, when we do acquire full power to amend the constitution, there will be no getting away from the necessity of having it set out the rights of the people in terms clear and easily understandable.

In our history books we read of the Magna Carta, the declaration of rights conceded by King John. But that was not the first declaration of its kind. Henry I, of Normandy who reigned shortly after the conquest, thought that he would get the English people to like him if he married a Scottish princess, the daughter of King Malcolm. But as a condition of marriage she demanded that he make a declaration of the rights of the people. Being enamoured of the princess, he did this, and one hundred copies of the declaration were deposited in cathedrals and monasteries throughout the country. However, after the marriage the King promptly forgot his declaration. Gradually the rights of the people were restricted more than ever, until in time there came the crisis which was ended with the signing of Magna Carta. When Magna Carta was being discussed, one of the parties—I think it was the Archbishop of Canterbury—drew to the attention of the

barons that there was an existing bill of rights which could be used as the basis of the charter. He showed them the bill of rights which had been granted by King Henry at the instance of "good Queen Mold." This was the foundation of Magna Carta—another evidence of the great influence of women.

We like to talk about the liberty of the subject, and I think it is a matter which in these days can well occupy our attention. Even in this country, I believe, a bill of rights is needed. I think it should be drawn up in a broad way, with a national objective. Admittedly there are provincial rights to be guarded: indeed, most of the instances of invasions of rights which were cited before the committee were drawn from the provincial field. There was, for example, the Prince Edward Island labour law; there was the padlock law in Quebec; also certain Alberta legislation which has been declared *ultra vires*. So in practice we were not referred solely to matters within federal jurisdiction. The subject presents a challenge to all our citizens to come to some agreement.

It is a provision of Magna Charta that a man shall not be imprisoned or punished unless he has been found guilty upon evidence. I have been in the legislatures and the parliaments of Canada for over thirty years, and I have noticed the tendency to seek legislation which can be easily enforced. The civil servant is interested in his task and the results, and the safety of the subject is not so much his concern. I recall that some years ago we Liberals attacked the government of the Right Honourable R. B. Bennett and talked much about "blank cheques", the use of orders in council, and the invasion of the rights of parliament. These criticisms made quite an impression upon the people of the country. But we found that as time went on the same objectionable methods continued, and to a degree necessarily so, because as time passes the world changes, and government of a country entirely through laws passed by parliament and inscribed in the statute books is too slow to control things nowadays. The government needs orders in council. What may be good law today may be bad law tomorrow; and there must be flexibility in this regard.

We are told that parliament makes the law. My experience is that parliament makes very few laws; usually it approves what has already been done or has become a policy of the government. A bill must be very bad to be rejected by parliament after it has been officially introduced and sponsored. When the government brings in legislation it expects to have it passed. With changing conditions, a bill of rights would be a constant safeguard of fundamental freedoms,

because violations could be referred to the courts who could say, thus far and no further may you go.

Today the machinery of government is so complex that it needs many technically-trained civil servants, to prepare legislation and pilot it through the committees of parliament. We know what happens. These experts come before us and we hear what they have to say; but the hearing is really *ex parte* because, while we act as a jury, a member must be especially well-informed on a subject to be able to cope with trained experts. If the subject-matter affects some big corporation which sends agents here to protect its interests, then we may see a real battle between the experts of both sides.

It seems to me that in the process of legislation serious encroachments have been made on the liberties of the subject. Recently I saw an example of this tendency in relation to so simple a matter as the inspection of fish. By the terms of the law, if a man is "presumed" to have committed an offence, the inspector may go so far as to arrest that man and put him in jail. A fundamental freedom is that guilt must be proven by witnesses.

Hon. Mr. Bouffard: The same thing is done in the United States.

Hon. Mr. Kinley: I am not talking about the United States. The United States can look after its own affairs. If Canada had a bill of rights we would be able to warn our ever-increasing and ever more powerful civil service: "You shall go thus far and no further. You must prove your case; every citizen is presumed to be innocent until he is proven guilty". This aspect of the proposed charter appeals to me more, I think, than anything else, because it affects the people.

A bill of rights would be a step forward. It would be a natural accompaniment to our own constitution. We have gone no further than to make a recommendation after hearing witnesses from all parts of the country. But it is a function of the Senate to assist and advise. I was impressed with the thought that most witnesses had but one object in mind—the welfare of the people of Canada. Of course some of those who attended represented special interests, but that is to be expected.

All this does not mean that the right to liberty should be abused. I would not give anyone freedom to destroy freedom. The nation must be protected from organized crime. But surely we can deal with that menace without affecting the rights of the ordinary citizen. I was impressed with the way the government dealt with the spy trial. People who engage in organized

attempts against the liberties of our country should not be able to claim the benefits of any bill of rights.

I realize that we have reached the end of the session, but I want to tell honourable senators that the members of this committee struggled valiantly to get this report completed. I was not here during the last couple of weeks because of sickness at my home, but I know that the chairman of the committee was faithful to his task. Before presenting his report to the house he amended the original draft to conform with changes suggested by members of the committee.

It seems to me, honourable senators, that under the circumstances we should accept this report now; and as a member of the committee I support its adoption.

Hon. P. R. DuTremblay Honourable senators, in my opinion a bill of rights would be a good thing providing that we took our time in formulating it. A bill of rights should not invade provincial legislative authority, but most of the articles contained in this report do affect civil rights which properly come under provincial jurisdiction. Although this committee has done its work well, I believe we should not move too hastily. The drawing up of a bill of rights like the drawing up of the constitution, would take years of consideration. There should be no rush. Copies of this resolution should be forwarded for study to the different provincial legislatures, universities, and so on.

This report mentions the right of freedom of speech. Absolute freedom of speech does not exist. One can only say things which fall within the limits of the law, and further, freedom of speech is also a provincial matter. Not long ago a learned judge in Montreal rendered a judgment in which he held that the famous padlock law introduced by the Premier of Quebec was absolutely within the jurisdiction of the province. The Attorney General of Quebec, with the aim of suppressing subversive activity, had seized a certain building and all the literature found in it. It seems that this place had been leased to communists, and the judge maintained that the Attorney General had acted according to a law which the province had the right to enforce.

Honourable senators, we should not act hurriedly in this matter, because it is tantamount to changing our constitution. We have no right to adopt anything which infringes on provincial rights. Let us move cautiously. The honourable gentleman from Grandville (Hon. Mr. Bouffard) offered the house good advice when he suggested that we should table this report so that we can make a full study of it.

Hon. Mr. Horner I do not intend to take part in this debate, but I gather from the remarks made by the honourable senator from Queen's-Lunenburg (Hon. Mr. Kinley) that a change to a Progressive Conservative government would eliminate many of the abuses that this report refers to.

Some Hon. Senators Oh, oh.

On motion of Hon. Mr. Taylor, the debate was adjourned.

MORAL REARMAMENT

WORLD ASSEMBLY

The Hon. the Speaker Honourable senators, I wish to draw the attention of the house to a message which has been received from the Chancellor of the Swiss Confederation. This may be of particular interest to those honourable gentlemen who intend to be abroad during the summer. The message conveys to the members of the Canadian Senate a cordial invitation to attend a World Assembly for Moral Rearmament during July, August and September, at Caux, Switzerland.

I feel it to be my duty to inform all honourable members of this invitation, and the fact that they would be warmly welcomed as observers at this Assembly.

Hon. J. H. King: Honourable senators, with leave of the senate, I should like to say that the message His Honour the Speaker has received from the Chancellor of the Swiss Confederation should be given thoughtful consideration by this house. We all know that Switzerland is one of the smallest nations in the world and that it lies in the great Alps where, from time to time, important history has been made. The Swiss people have been able to maintain their freedom only under great difficulties. They have been the Good Samaritan of Europe during times of strife. This being so, the invitation to attend the World Assembly for Moral Rearmament is an important one. When I had the honour of being Speaker of the Senate I had occasion to entertain in the Speaker's chambers a group of some fifty to eighty people from different parts of the world who were interested in moral rearmament, and there I was able to learn something of their work.

The peoples of the world outside the Iron Curtain must give careful consideration to moral rearmament in these times. We Christians have a foundation for our belief, the Mohammedans have a foundation for their belief, the Chinese have a foundation for their belief, and so on. If we read history carefully we realize that what has taken place has been based on the fundamental principles taught by Christ. His life was an example to the people of the world, and it is the aim of those engaged in the work of moral

rearmament, now assembled at Caux, to follow His teachings. Their wish is to impress upon the nations of the world that we humans should have something better than slavery; that we should live among our neighbours in a spirit of sacrifice and love.

I am pleased to know that we as members of the Canadian Parliament will be welcomed in Caux if we happen to be in Europe this summer. I am sure it would be a profitable experience to attend that Assembly. Those of us who have been to Switzerland know that the opportunity to see the magnificent Alps and associate with the Swiss people would of itself make the trip worthwhile. I am sure that if any honourable senator goes to Europe this summer, nothing would repay him more than to meet those people who are attempting to do something which is in line with the general principles of all devout Christians.

Mr. Speaker, only a relatively few members are present today, and I was wondering whether it would be too much to ask you to notify absent senators by letter of the invitation from the Swiss Chancellor.

Hon. A. W. Roebuck: Honourable senators, may I say just a few words on this matter? I was one of the delegates to the Commonwealth Parliamentary Association in England two years ago, and we received there a similar invitation to attend a conference on moral rearmament in Switzerland. Though the invitation was most attractive, I personally was unable to accept it; but I understand that it was accepted by the honourable senator from De Lorimier (Hon. Mr. Vien), the Honourable Gaspard Fauteux, then Speaker of the House of Commons, and Mr. A. W. Stuart, M.P. They returned from the conference greatly inspired by its high purpose and keenly interested in what they had seen in Switzerland itself. It occurred to me that any senator or member of the other house who is desirous of accepting the present invitation might obtain information from one of these gentlemen.

UNION WITH NEWFOUNDLAND

STATEMENT

Hon. Ray Petten: Honourable senators, this has been a long, busy and most interesting session. Much public business has come before us, both here and in committee, and has been dealt with in great detail, so I assure you that it is not my intention to unduly prolong this sitting. But, may I crave the indulgence of this house for a few moments to express my gratitude to honourable members for the many kindnesses shown

me and the invaluable assistance so freely given me during the past year? May I also at this time place on record some few facts bearing on the advantages accruing to both the old Canada and the new Province of Newfoundland as a result of the Act of Union of last year?

Strategically and economically this union is of profound importance to Canada and North America as a whole. By this union there has been added to Canada a territory of about 155,000 square miles, with its industries and resources, and a population of about 348,000 people. Newfoundland's insular position off the coast of North America makes easy her access to marine transportation to the markets of the world; thus her export production, under normal conditions, enjoys low transportation costs to a large part of the world markets.

The coastal waters of the island of Newfoundland are probably the largest and best fishing grounds in the world. As early as the sixteenth century these fishing grounds were being exploited by European fishing fleets and were contributing greatly to the fishing trade of Western Europe; and, fortunately for us, they still are. Exports of frozen fresh fish to the United States are increasing, and the fishing industry of Newfoundland is alive to the advantages of developing this expanding and profitable market. The total value of our fishery products last year—a substantial part of which were sold in dollar areas—was approximately \$35,000,000.

The deposit of red hematite iron ore on Bell Island—the only large iron ore deposit on tide water in North America—is one of the largest of its kind in the world. Over forty million tons have been mined and exported during the past half century, and according to surveys there are submarine reserves estimated at four to five hundred million tons.

The export value of the pulp and paper products of the two big mills at Corner Brook and Grand Falls was around \$32,000,000 last year. The greater part of this export was to the United States, and brought to Canada much needed dollar exchange.

Seventeen thousand square miles of Newfoundland's total area are timberlands. The Labrador territory comprises approximately 112,000 square miles. The interior is potentially rich in minerals, timber and water-power. The comparatively recent discoveries of high-grade hematite iron ore near the headwaters of the Hamilton river have not yet been fully surveyed, but it is estimated that there is enough ore there to supply the North American blast furnaces for the next few centuries. Analyses show that the quality of the river and lake waters is good, being low in

calcium content. Mineral and ore products associated with pre-Cambrian formations on the west coast of Newfoundland include iron, molybdenite, garnet, mica, labradorite, graphite, good sandstones, fluorspar, pyrophyllite, barite, lead, stones—some of which are natural cement rock—copper, zinc, gold, silver and some manganese. Areas of Cambrian rock scattered throughout the east end of the island contain sandstones, slate, manganese, limestones—some of which are natural cement rock—and some phosphate.

Newfoundland's strategic position as an air base on the shortest route from North America to Europe was recognized early in the war and led to the construction of the large airfields at Gander and Torbay on the island, and at Goose on the Labrador. Athwart the shortest sea and air route between North America and Europe, Newfoundland holds a unique position in transatlantic transport, and one which will increase in importance. The United States Government established air bases at Argentia on Placentia Bay, and at Stephenville on the southwest coast. Gander airport is located in the middle of the island. It is equipped to service the largest transatlantic planes, and has become one of the most important international airfields. It was the acquisition of the great Gander airport that gave Canada the bargaining power which enabled our representatives to acquire for Trans-Canada Airlines the profitable New York-Montreal run, which hitherto they had been unable to secure.

Goose airport in Labrador is an alternative base to Gander, and from a strategical standpoint is without a doubt the most important base on the North American *littoral*. It is notably free of fog, and aircraft when unable to land at Gander because of fog are rerouted via Goose, which is always open.

Coal seams are known to exist in various parts of the island, but have not proved to be commercially exploitable.

The waterpowers of Labrador constitute one of the largest reserves of hydro-electric energy in Canada. The power site at Grand Falls on the Hamilton river has an estimated capacity of some 4,000,000 horsepower; Muskrat Falls, near Goose Bay, also on the Hamilton, has a potential of some 1,000,000 horsepower, and other large power sites exist on other rivers.

One only has to look at the map to realize that Newfoundland, along with Labrador, holds geographically one of the most strategical positions in the world. In the nineteenth century and earlier, when the navy was supreme, England gathered into the British Empire the most strategical naval bases of the world—Gibraltar, Aden, Malta,

the Falkland Islands and many others; but conditions have changed, and air power has superseded naval power in this century.

Two important consequences of the recent war have been the shift of power to North America, and the closer association of the United States and the British Commonwealth for the preservation of peace and security. In the North Atlantic region this means increasing co-operation in defence between Great Britain, the United States, and Canada. Together they can hold the North Atlantic, and if the North Atlantic is secure, aid can be provided to Western Europe should it be the victim of aggression. Strategically, the Newfoundland region is the western anchor-base for holding the North Atlantic. It was of the utmost importance to the future of Canada that at the very moment in history when she was called upon to play a more responsible role in the North Atlantic, Newfoundland should join Canada. The accession of Newfoundland thus enables Canada to fulfil its destiny as a North Atlantic power.

The real wealth of the world is not money or gold, but consists of raw materials which come from the basic industries—mining, lumbering, fishing and agriculture. Of these four, Newfoundland possesses the first three and, in addition, unlimited waterpower.

What has been the history of territories that possessed vast raw materials, similar to Newfoundland? Take Louisiana for instance—Napoleon took Louisiana from the Spaniards and sold it to the United States for \$18 million. It was a wild country, inhabited by Indians with little or no development and no transportation; but in the years since it has been developed and cut up into four or five states. If anyone today offered the United States \$50 billion for this territory, he would be laughed at. Can anyone tell me that Louisiana was not a great investment?

Again, take the case of Alaska—known in the early days as the "Ice-Box" or "Seward's Folly". What a bitter fight took place in Congress when a bill was introduced to take over Alaska from Russia for \$8 million. However, the sponsor of the bill would not give up, and the bill passed. Alaska at that time was inhabited only by Eskimos. However, development took place, and the United States has taken out of Alaska well over a billion dollars in raw materials, and there are billions remaining. It is a prosperous country and very strategical. In fact, like Newfoundland, it is a Gibraltar of the air. Does anyone think that the United States today would look at \$8 billion for Alaska, let alone \$8 million?

The records show that after Alaska became part of the United States, Mexico made an

offer to sell to the United States, Lower California and the State of Sonora. Again looking at the map, you will see what a wonderful harbour Lower California contains—the harbour that the Jap submarines sneaked into during the last war. However, at that time the United States Congress thought they had such a poor bargain in Alaska that they would not accept the offer to buy Lower California, and the \$5 million deal was turned down. What would the United States give today for this strategical territory? It is not likely they could acquire it at any price. It is too late. Mexico realizes the value of it.

Coming back to Newfoundland, what is needed for its greater development is self-evident and elementary. Raw materials are not of much use to a country unless it has modern transportation—up-to-date railways, wharves, harbour facilities, steamship lines, good truck roads, etc. These are the things Newfoundland lack at the present time, and the things that we hoped to get when we came into confederation. It is notorious that with respect to facilities of this sort Newfoundland is far behind other provinces. If Newfoundland is to pull its weight as a partner in confederation, economic development is imperative. Public facilities of the type I have mentioned would go a long way toward ensuring the maximum economic development of Newfoundland.

It is no less important strategically that such services should be provided so that adequate defence facilities may be available should a crisis develop in the North Atlantic region, as it has in the far Pacific. In this connection I suggest that it is of major importance that a truck road linking the west coast—Gander Air Base—and the east coast should be built quickly. The present

east and west coasts are linked by a single-line railway. It is also important that naval and other defence facilities be maintained in the St. John's area. I need scarcely remind honourable senators of the important role the Harbour of St. John's played in the Battle of the Atlantic in the last war.

We are entitled to be put on an equitable basis with New Brunswick and Nova Scotia in the matter of railroads, truck roads, wharves, harbour facilities, cold storages, etc. That means that there should be placed in the estimates for Newfoundland an annual appropriation on the same basis as those allotted to the other Atlantic Provinces, plus another very substantial amount to gradually bring Newfoundland up to the same economic level as the other provinces. We are not asking for all the things Ontario and Quebec enjoy, but we do ask that the federal government, through federal expenditures, over the next five or ten years, put us on a level with Nova Scotia, New Brunswick and Prince Edward Island. We have shown that we have the assets to make us a full partner. We also brought into confederation 348,000 fine, hard-working citizens—not a communist among them, and with the development of our natural resources, we will, in time, return to Canada nearly everything Louisiana or Alaska has returned to the United States. All we ask is that we be given our rights as regards federal expenditure, so that all our transportation services will be equal to those of the other provinces in Eastern Canada, so that we can get our goods to market in a modern way and thus bring enormous wealth to this great dominion.

Some Hon. Senators: Hear, hear.

Hon. Mr. Duff: I am all for it.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, June 30, 1950

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

PROROGATION OF PARLIAMENT

The Hon. the Speaker informed the Senate that he had received a communication from the Assistant Secretary of the Governor General, acquainting him that the Honourable Patrick Kerwin, acting as Deputy for His Excellency the Governor General, would proceed to the Senate Chamber this day at 11.30 a.m. for the purpose of proroguing the present session of parliament.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

REPORT OF COMMITTEE CONCURRED IN

The Senate resumed from yesterday the debate on the motion of Hon. Senator Roebuck (Toronto-Trinity) for concurrence in the report of the Special Committee on Human Rights and Fundamental Freedoms.

Hon. Arthur W. Roebuck: Honourable senators, I see that the resolution which I had the honour to move stands this morning in solitary grandeur upon our order paper. And it may be that if it were not for the purposes of the record, little need be said this morning, but I feel that I must make some comment about the report in closing this debate. No doubt many honourable senators will agree that in debates of this kind, where people express their honest thoughts, differences may be resolved for the most part by holding clearly in mind precisely what is before them for decision. I feel this is very much the case in this instance, and that any differences expressed so far in this debate lie in misunderstandings or in misapprehension of the precise matters that are before the house. Therefore, if you will bear with me, I purpose to make my answer in the positive way, that is by addressing myself to just what it is we are determining.

As honourable senators who have read the report will remember, it opens with the broad statement that every human being has rights which flow from his divine creation; that the brotherhood of man results from the fatherhood of God, and a fundamental equality among men necessarily follows. I suppose no one in Canada would take objection to the

statement that man, because of his divine origin, has rights and that these rights should be respected and, if necessary, protected.

The report goes on to mention the formation five years ago of the United Nations, and the adoption of the United Nations Charter with its assertion of human rights. This was followed by the universal declaration for which Canada and most other nations voted.

The report then describes the timeliness of the subject. Canada is just commencing her life as a nation, and assuming complete control of her own affairs, both domestic and foreign, so that this is the time to decide the philosophical basis of our nationhood. Canadian statesmen have swept away our former colonial limitations, and we are now endeavouring to agree among ourselves upon a way to amend in Canada our Canadian constitution. And the report makes the point that this is the time, therefore, "to decide upon the philosophical foundation of our nationhood"—which, as of course no one will dispute, is freedom,—and "to guarantee human rights and fundamental freedoms to all our citizens, and to proclaim our principles to the world."

Having asserted the desirability of some acknowledgment in Canada of human rights, the report turns to the practical method of attaining that end, and it states that the most effective way of guaranteeing rights is by incorporation of such provisions in the constitution. It is pointed out that the British North America Act already guarantees a number of valued human rights, and the suggestion is that further steps might be taken in the same direction. To all who are somewhat fearful of what is proposed, I call attention to this paragraph:

The enactment of a national bill of rights, however, presents difficulties. In Canada, because of her history and the harmonious association of peoples of different races, language and religion, respect for provincial rights as they have been defined in the past is essential. No informed person with any sense of responsibility would suggest that the dominion parliament forcibly invade the provincial jurisdiction. Concurrence, therefore, is an essential requisite to constitutional progress.

Let no one misunderstand those words. There is no intention on the part of a single member of the committee responsible for this report to advise anything that may be regarded as, or that might even look like an invasion of provincial rights.

Our present constitution, the British North America Act, is a statute of the Imperial Parliament, and, in the words of the report, "objection is now taken by Canadians to legislative intervention by an authority beyond our shores and not of our own election, even

though such action is taken at our own instance." I ask my colleagues to note what the report goes on to say:

For these reasons, your committee is of opinion that it would be wise to await the time, which we hope is not far distant, when prospective dominion-provincial conferences will have worked out a method for the control within Canada of the Canadian Constitution, and agreement has been reached as to incorporation in the constitution of a national bill of rights.

Could anything be more explicit or moderate than that? Could anything provide more time for consideration or be more carefully designed to avoid possible conflict between jurisdictions?

The committee, recognizing that time will be required to bring about an amendment to our constitution by the method of concurrence, recommends:

That, as an interim measure, the Canadian parliament adopt a declaration—

not a bill—

—of human rights to be strictly limited to its own legislative jurisdiction.

That is all that the report advises, a declaration in the broadest terms.

Some opinion is expressed as to what might be included in such a declaration, and I call attention to the closing words in this paragraph of the report.

The Declaration would also state that every one in Canada has duties to our Community and is subject to such limitations as are determined by law, for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and of the general welfare and good government of Canada. Finally, the Declaration would specify that none of its provisions may be interpreted as tending to permit any group or person to engage in activity aimed at the destruction of the rights and freedoms of the people of Canada.

Could there be a more explicit statement that we are not advocating licence or subversive activities, or proposing in any way to give *carte blanche* to gangsters to rob their neighbours, or anything of that kind? It is explicitly stated that that is not the intention.

Then, though not so stated in the report, there is the assumption, which I suppose is a natural one, that in the course of time the declaration will be embodied in a bill. The report speaks of the adoption of a national bill of rights in "due time". What "due time" is I do not know, but it will not be until after a very much more thorough consideration than we have yet given to the details of a bill of rights. The report goes on to say that—

A bill of rights, whether statutory or constitutional, should be carefully though courageously drawn. Your committee recommends that the task be referred to a carefully selected committee.

So, you see, we are not proposing today the adoption of a detailed bill of rights. The only thing before the house is a resolution that

we should approve in general terms these professions of liberty, freedom, security, and so on, in which every member, without an exception, believes.

We state that—

What is required in Canada is one grand and comprehensive affirmation, or reaffirmation, of human rights, equality before the law and of security, as the philosophical foundation of our nationhood.

Who could possibly disagree with that?

Thus will Canadians know of their freedom, exercise it in manly confidence and be proud of their country.

Obviously we do need something of that kind, not so much for ourselves in this chamber but, particularly, for the newcomer to our shores who has not a full knowledge of our history or any good grasp of our political philosophy.

In conclusion, is this suggestion:

The enactment of a Bill of Rights is not however the last requisite to a free and just society. While individuals and groups have natural rights, they have also responsibilities. Individuals who practise discrimination, who in their daily life invade the fundamental rights of others, should pause to remember that this is Canada, a Christian country in which the spirit of fairness, kindness, courtesy and understanding is the basis of our well-being and happiness.

I am proud to be associated with a sentiment of that kind, and I submit it with confidence to my fellow senators.

Your Committee concludes its report by further recommending that all men give thought to the Fatherhood of God and the Brotherhood of Man, so that by common consent the rule of law and liberty be more fully established and more universally practised to the end that the rights of the individual be recognized and respected and the well-being, dignity and security of all humanity be thus preserved.

That is all there is in this report. What is not in the report is another matter; and I wish to comment very briefly on some of the remarks made by some of my respected colleagues who were not members of the committee.

The deputy leader of the house stated yesterday afternoon that the leader had advised him that he had not had time to consult with his colleagues and that therefore the government could take no attitude with respect to this report. That stand is entirely satisfactory to me. I think it is absolutely sound. The report is of the nature of representations to the government and possibly to others. I do not see why the government should concur in it in advance. The most that we should ask of the government, we have received; that is to say, every facility for carrying on the investigation and writing the report; no interference, not even a suggestion from the executive, with regard to it; a welcome and a kind word; and the assurance—

which is hardly required when one realizes that in the Prime Minister of this country we have a gentleman of the highest order—that our report will receive courteous consideration. That is all we are entitled to, and, from my standpoint, all we want. No objection has been made to our proceeding as we have done and we are free to do what in our judgment seems wise. That is eminently satisfactory.

I am sorry that the honourable senator from Grandville (Hon. Mr. Bouffard) is not with us this morning, because I wished to thank him in person for the very kind remarks that he made with regard to our chairman and the other members of this committee. He said, "I have examined the report, and personally speaking I do not find anything that hurts anyone." Neither do I. "And I will be glad to see a bill of rights introduced and accepted by Canadians." But he thought we should not proceed too hastily. That is a fair comment, but I would point out that it is five years since the United Nations adopted its charter, with its references to human rights; it is two years since the universal declaration was adopted, and Canada voted for it. This is the second session of the Senate in which we have discussed this question. Last year the debate ran on from early in the session to its very close; and many splendid speeches of the highest order were made by honourable senators. Then, this session the motion was introduced in the early stages; and for eight days the committee heard representations by delegates of organizations with memberships running into hundreds of thousands, and by men of the highest standing in their respective communities. For three long evenings, the committee sat to consider its report. Every sentence, every thought, every word in it was weighed, discussed, debated and finally approved. I make that statement with a full realization of a fact which I deem most significant. On the committee were men of the two dominant faiths of this country—Protestant and Catholic. On it were representatives of Canadians of French origin and of Anglo-Saxon origin. Is it not significant that men whose upbringing in some respects were diverse, although in other respects similar, were able to agree on this most important and, I think, historic document?

Is it not significant that the members of French origin and members of English origin were able to agree on the broad positive statements contained in this report? This report is before you today on the authority of that committee, and not alone on my authority.

The honourable senator from Grandville (Hon. Mr. Bouffard) said that we should give

Canadians and various organizations who are interested in a Human Rights Bill an opportunity to study this report and make suggestions about it. As I have already indicated in my remarks about the report, that is exactly what we are doing. That is why we advised a declaration, and that is why we did not ourselves make a declaration. We suggested that the declaration and bill of rights be drawn by a carefully selected committee. Later on this committee's report could be discussed by people inside and outside this house, before any positive action is taken on the details of its recommendations. The honourable gentleman from Grandville said that the principles embodied in the report are definitely of a provincial nature. He mentioned two or three of the sections to be found in the resolution constituting the committee. But I wish to call his attention, and that of other honourable senators, to what is stated in the report.

Your committee was urged to recommend the incorporation into Canadian law of the United Nations Universal Declaration of Human Rights and Fundamental Freedoms. Your committee finds, however, that the Universal Declaration, as its name implies, was drafted for general application and was not designed with special reference to Canadian conditions with our divided jurisdiction and individual history. This finding also applies to the draft articles appearing in the Senate Resolution, most of which are copied from the Universal Declaration. Witnesses before your Committee addressed themselves to the general principles of Human Rights and Freedoms and scarcely at all to the items in detail.

And please note this in particular:

Your Committee prefers to express its own thoughts as applied to Canadian problems rather than to attempt to base its report on these individual paragraphs.

Thus it may be seen that these individual paragraphs are not part of the report, and they are not included in our recommendations as set forth in the report. Any contention that these individual items mentioned by my colleague might, if adopted in a bill of rights, infringe provincial jurisdiction, has no application whatsoever to the problem now before us.

I presume that the drafters of a Declaration would be cognizant of what my honourable friend from Grandville has said and would act accordingly, because the report specifies in most emphatic terms that any Declaration which we adopt shall be strictly within our own jurisdiction. Those will be the instructions to such a committee. The honourable gentleman further said that if a man has subversive ideas, does not like our form of government and wishes to upset it, that we do not feel these people should have access to any public service in Canada. Well, men of that kind, racketeers like that, should have access to just one kind of public service, and that is of a warden of a jail. I have

no desire to deny anybody that public service if he attempts to upset our freedoms, but I have made this perfectly clear in what I have already said. I refer again to the report:

The declaration would also state that everyone in Canada has duties to our community and is subject to such limitations as are determined by law, for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and of the general welfare and good government of Canada. Finally, the declaration would specify that none of its provisions may be interpreted as tending to permit any group or person to engage in activity aimed at the destruction of the rights and freedoms of the people of Canada.

My colleague says that he does not say that the formulation of principle in the report is wrong or that he does not agree with it, but that he would like to have time to examine it a little further. Well, ladies and gentlemen, there will be plenty of time both before and after the declaration is drafted, and before this house assembles to pass upon the individual details of either a declaration or a bill of rights.

The remarks made by the honourable senator from Repentigny (Hon. Mr. Du-Tremblay) were along much the same lines as those of the honourable senator from Grandville. My honourable colleague from Repentigny was kind enough to say that a bill of rights would be a good thing provided that we took time in formulating it. That is exactly what we are doing. He further said that a bill of rights should not infringe upon the rights of the provinces, and to the extent of our ability it will not do so. He said that most of the articles contained in the report come within the jurisdiction of the provinces. He too was apparently under the impression that the detailed items of the universal declaration as they appear in the resolution are a part of our report, which they are not.

It is for these reasons that yesterday I was advised to table this report rather than ask for its concurrence. According to the ruling given by His Honour the Speaker yesterday it is not possible to table this report even if we wished to do so. What is now before this chamber is a motion which you must decide one way or the other. You must record whether you are on the side of freedom as we have expressed it, or whether you are opposed to it. That is the challenge which we face today.

Years ago this Senate was constituted for the protection of minority rights. Minority rights include the rights of individuals, and therefore the fundamental purpose of this body is to protect human rights and fundamental freedoms. That is our function. I am sorry to say that for many years there has been criticism, perhaps lightly taken, that the Senate of Canada was on the side of

privilege, was a protector of big business and of wealthy interests. That is a misconception, and from my own personal knowledge I am aware that the friends of the Senate were delighted when last session this chamber publicly discussed at great length and with remarkable earnestness the question of human rights, as distinguished from property rights or the rights of monopolists and others. They were still further delighted when at this session we passed a resolution constituting the committee whose purpose it was to examine and study human rights and fundamental freedoms, and the representatives of organizations with memberships running into the thousands appeared before our committee for the purpose of assisting us. As I have said before, men of great standing in their communities came to Ottawa on their own time after studying the question and presented us with briefs that are beyond my ability to praise.

It has been suggested that I withdraw this motion. Were I to do so, honourable senators—do not mistake the situation—it would be interpreted by all those friends of freedom who have expressed their approval of us in the past, that I did so because I had to and that I did so because I feared defeat of these noble sentiments in this house. Were I to take an action of that kind I should feel that I had betrayed those who had placed their trust in me, and particularly that I had let down the members of the committee who honoured me by appointing me chairman of the committee and giving to me the duty of presenting this report. At least the friends of freedom should stand true in a crisis of this kind. It would be just as well to vote the report down as to withdraw it meekly and supinely, because then we should at least know who were the friends of the principles set out and who were the enemies. I beg of you not to ask me to do what—as the honourable gentleman from Ottawa (Hon. Mr. Lambert) so aptly remarked yesterday—would be equivalent to throwing the report out of the window.

I appeal to my fellow members of this body to pass the report unanimously. Every objection that has been made to it so far has been based on a misconception of its contents, on the belief that it contains something that it does not contain, and that was deliberately left out. All that the report actually contains is principles with which every single senator agrees.

I ask my fellow members—for their own satisfaction, for freedom's sake and having regard to the status of this body, to join in unanimous endorsement of this report.

The motion was agreed, and the report was concurred.

APPROPRIATION BILL NO. 4

FIRST READING

A message was received from the House of Commons with Bill 319, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1951.

The bill was read the first time.

SECOND READING

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

Hon. A. K. Hugessen: I move the second reading now.

Honourable senators, this is the third Appropriation Bill that we have had this session for moneys necessary to meet the public service of the financial year ending March 31, 1951. The total amount asked for by the bill is \$1,128,849,330.10. With one exception, which I shall explain in a few moments, the bill is in the form in which appropriation bills usually come to us at the end of the session.

Section 2 specifies the balance required to meet the ordinary estimates for the session after deducting amounts which have already been voted by Appropriation Act No. 2 and Appropriation Act No. 3 earlier in the session, that balance being roughly \$1,044 million. I think that the only remark I need to make on that subject today is that as a result of the work done by various standing committees this house is much better acquainted with details of the estimates than it has been in former years.

Section 3 asks for a sum of \$1-2/3 million, being a special appropriation for unemployment assistance in the Province of Newfoundland. As stated in Schedule B, on page 32 of the bill, this amount is required to meet certain provisions of the terms of union of Newfoundland with Canada.

Section 4 covers items not previously submitted to the house; that is to say, further supplementary estimates, the details of which will be found in Schedule C, extending from pages 33 to 47 of the bill. The total amount of these supplementary estimates is approximately \$82,451,000. I am sure that honourable senators will have looked over the detailed items, and perhaps the only ones I need mention are those for flood relief in Manitoba and fire relief in Rimouski and Cabano. They are set out in Schedule C, at the bottom of page 35 of the bill.

Hon. Mr. Reid: May I interrupt for a moment? I have not seen a copy of the supplementary estimates; neither has my deskmate.

Hon. Mr. Hugessen: Has my honourable friend not received a copy of the bill?

Hon. Mr. Reid: No.

Hon. Mr. Hugessen: I understood that it had been distributed.

Hon. Mr. Aseltine: I have one.

Hon. Mr. Hugessen: At the end of every session supplementary estimates are brought down in another place so late that there is little time left to print them and provide copies to honourable members of either house. I had understood, though, that copies of the supplementaries we are now discussing had been distributed.

The only change in substance between this Appropriation Bill and those that we have passed in other sessions will be found in section 5, which authorizes the Governor in Council to borrow certain additional sums as may be required from time to time during the year. The wording of this section is the same as was used in previous bills, but the borrowing power which formerly was limited to \$200 million is now increased to \$500 million. I am advised that the increase is made necessary because each year we have been issuing Canada Savings Bonds in amounts in excess of \$300 million. In addition, at certain times it is necessary to raise money temporarily to meet extraordinary payments. This often gives rise to a question of timing. At certain times our cash position may be such that instead of refunding maturing issues we can use our cash to pay them off. When this is done it may later become necessary to replenish our cash by new borrowings which, as they are not refundings, cannot be issued under the authority contained in Appropriation Act No. 1. Thus, as long as we are following this financial policy it is necessary for us to have greater borrowing authority. But the Governor in Council will not necessarily use this expanded authority to increase the public debt more than it would have been increased under the old authority which was limited to \$200 million.

Hon. W. M. Aseltine: Honourable senators, I shall not detain the house very long, but I wish to make a few remarks with regard to this bill. In the seventeen years that I have been a member of this chamber, this is the first session when we have given the estimates careful and more or less full consideration. In previous years bills of this kind came down during the last half hour that parliament was in session, and we were supposed in the short time that remained to give the contents a degree of scrutiny which was, of course, impossible. We on this side of the house objected year after year to that proceeding. I am pleased to be able to inform

honourable members that this year, because the estimates came down in March and were referred to the Finance Committee and other standing committees of the house, they received what may fairly be described as a reasonably full investigation.

All of us are deeply concerned in keeping expenditure to a minimum, and we have been trying desperately to do so. However, I regret to have to say that although we examined the estimates very carefully with that purpose in mind, recommendations of economies are limited to general terms in the reports of the various committees.

I cannot say that the same close attention has been given to the supplementary estimates. We all know that they cannot be brought down as early as the general estimates, and we are used to receiving them in the last moments of the session; but I hope that next year, if it be at all possible, the government will let us have the supplementary estimates at least a day or two before parliament is ready to prorogue.

That is all I have to say with regard to the estimates in general; but in schedule C of Bill 319, page 33, I notice among the further supplementary estimates, the following item:

Freight assistance on western feed grains—further amount required . . . \$13,000,000.

It will be remembered that a short time ago a bill was introduced here to amend the Prairie Farm Assistance Act. It was then explained that the payment by the farmers of the Prairie Provinces of an amount equal to one per cent of the value of the grain marketed on their behalf was not sufficient to provide for the bonuses paid by the government to the farmers on account of crop failures of one kind and another, and that a further sum of about thirteen or fourteen million dollars was required. At that time I did not know how much assistance had been given to the farmers of British Columbia, Ontario, Quebec and the Maritime Provinces in the form of payments of freight on feed grains shipped to them from the Prairie Provinces. I now have these figures, and I think I should place them on the record for the purpose of showing that we who live in the Prairie Provinces do not get all of the bonuses provided from the national treasury, but that farmers in other parts of Canada benefit in the same manner. In eight years from and including 1941 the amounts paid from the federal treasury, in the form of freight bonuses to help the feeders of Eastern Canada and British Columbia, totalled nearly \$125 million. Since Newfoundland came into confederation it also has benefited in the way of freight assistance, and in three months of the fiscal year 1949-50 the amount so expended was \$31,400. This assistance applies to feed grains

such as oats, barley, feed wheat, corn, mill feeds and like products, moving eastward and westward from the Prairie Provinces. It might be interesting to honourable senators to know that the lion's share of these huge sums went to the provinces of Ontario and Quebec.

Hon. Mr. Hugessen: Hear, hear.

Hon. Mr. Aseltine: Each of them received approximately \$46 million.

Hon. Mr. Euler: Who pays the taxes out of which these payments are made?

Hon. Mr. Aseltine: I am not going to deal with that. We think we pay our share.

Hon. Mr. Roebuck: And get your share.

Hon. Mr. Aseltine: Total payments by provinces are as follows: Ontario, \$45,500,000; Quebec, \$45,900,000; New Brunswick, \$7,900,000; Nova Scotia, \$9,800,000; Prince Edward Island, \$2,900,000; Newfoundland, \$31,400; British Columbia, \$12,600,000—in all, \$124,600,000.

Hon. Mr. Taylor: Did not the western wheat grower receive a little extra price because of that assistance?

Hon. Mr. Aseltine: I never heard of it, and I have sold considerable quantities of these grains.

Hon. Mr. Lambert: As a matter of fact, the basis was a fixed price.

Hon. Mr. Aseltine: Moreover, the eastern feeders were anxious to have the Wheat Board made the sole agency for the marketing of these grains, so that the price would be kept down and they would get their supplies more cheaply. The western farmer was not allowed to ship his feed grains to the United States and other countries which would have paid a higher price for them.

My final remark with regard to the estimates in general is that I hope the government will bring down next year's estimates, both general and supplementary, early enough to enable us to examine them and give them our best consideration. Perhaps the Senate committees will then have the courage to make reports which will recommend certain reductions in federal expenditures.

Hon. Thomas Reid: I want to say a word with regard to the supplementary estimates, and register a complaint that they were not received sooner. It is very interesting to see what large amounts are now being—in my opinion—"slipped across". For instance, under the supplementary estimates for the Department of National Revenue I see a contemplated expenditure of \$650,000 to provide for advances to the Canadian Broadcasting Corporation. What is all this for? It is just

to cover deficits. There seems to be no control over what is done in some of the departments. The corporation just spends money and then asks parliament to make up any deficits that may have been incurred.

There is another item here of \$2,907,400 to cover international organizations, and \$850,000 to be spent for the United Nations expanded program for technical assistance to under-developed countries. Then there is a contemplated expenditure of \$400,000 on the Commonwealth Consultative Committee on South and South East Asia.

Now, there is not one honourable senator who knows the first thing about some of these supplementary estimates, and I am serving notice now that if this sort of thing occurs next year I shall insist on being provided with the necessary information before I allow such expenditures to go through.

The Hon. the Speaker: Honourable senators, the question is on the second reading of this bill. Is it your pleasure to adopt the motion?

Hon. Mr. Duff: On division.

Hon. Mr. Reid: Yes, on division.

The motion was agreed to, and the bill was read the second time, on division.

THIRD READING

Hon. Mr. Hugessen moved the third reading of the bill.

The motion was agreed to, and the bill was read the third time, and passed, on division.

The Senate adjourned during pleasure.

PROROGATION OF PARLIAMENT

THE ROYAL ASSENT—SPEECH FROM THE THRONE

The Honourable Patrick Kerwin, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned and being come with their Speaker, the Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following bills:

An Act for the relief of Marilyn Ruth Cohen Novak.

An Act for the relief of Mary Elizabeth Bernatchez Russell.

An Act for the relief of Winnifred Evelyn Thompson Clift.

An Act for the relief of Maida Maria Howard Martin.

An Act for the relief of June Hedy Leshynska Thompson.

An Act for the relief of Rosemary Smalley Carrier.

An Act for the relief of Arthur William Goodson.

An Act for the relief of Dorothy Melbourne Davis Wand.

An Act for the relief of Frank Lear Rogers.

An Act for the relief of Roma Leduc.

An Act for the relief of Edna Rosaline Casavant Dufresne.

An Act for the relief of Leo Berger.

An Act for the relief of Katherine Madge Samworth Monty.

An Act for the relief of Clara Rosen Freedman.

An Act for the relief of Frances Berman Mellor, otherwise known as Sharie Sinclair.

An Act for the relief of Rodolphe Durand.

An Act for the relief of Helen Leck Karaszi.

An Act for the relief of Sadie Chernin Petruska, otherwise known as Sadie Chernin Prince.

An Act for the relief of Audrey Phyllis Angela Blom Rochfort.

An Act for the relief of Patricia Ruth Segall Wener.

An Act for the relief of Sophie Piatkowski Demyk.

An Act for the relief of Hilda Brooks Nangreaves.

An Act for the relief of Zemelia Katrina Ayoub MacDonald.

An Act for the relief of Margaret Mary Hamel Whittaker.

An Act for the relief of Lewis Benjamin Wyman.

An Act for the relief of Edna Dora Tucker Conley.

An Act for the relief of Dorothy Marguerite Lester McBride.

An Act for the relief of Josephine Rood Trottier.

An Act for the relief of Margaret Irene Sinden Brown.

An Act for the relief of Camille Poulin.

An Act for the relief of Elisa Macdonald Mitchell Brock.

An Act for the relief of Theodore Levasseur.

An Act for the relief of Mary Marguerite Harvie Fine.

An Act for the relief of Joseph Lucien Andre Bergeron.

An Act for the relief of Thelme Leggo Chicoine.

An Act for the relief of Anna Kathleen Olga McCone Shaw.

An Act for the relief of Martin Luke Marlow.

An Act for the relief of Helena Wilhelmina Thornburg Lawton.

An Act for the relief of Bonnie Ruth McNab Sarrasin.

An Act for the relief of Lyndia Betsy Mayes Bernier.

An Act for the relief of Sarah Modlinsky Markis.

An Act for the relief of Anna Patiris Sarakinis.

An Act for the relief of Julia Ann Ramsell Blane.

An Act for the relief of Cyrille-Orance-Horence Presseau.

An Act for the relief of Paul Edmond Meerte.

An Act for the relief of Charles George Storey.

An Act for the relief of Mary Muriel Inez Larman Jarry.

An Act for the relief of Mary Zilda Alix Runcie.

An Act for the relief of Aili Esteri Karkaanpaa Toebben.

An Act for the relief of Pierre Bouchard.

An Act for the relief of William Aubrey Ricardo Aird.

An Act for the relief of Marguerite Carmen Samson Wriggleworth.

An Act for the relief of Andrew Cerat.

An Act for the relief of Marie Lucille Giselle Roy Vielleux.

An Act for the relief of Mabel Pearl Speirs Lazor.

An Act for the relief of Lena Grace Connolly Hibberd.

An Act for the relief of Lilian Ferguson Gardner.

An Act for the relief of Marion Leonard Ryan.

An Act for the relief of Joseph Georges Neville Poirier.

An Act for the relief of Marie Gisele St. Laurent Therrien.

An Act for the relief of Norah Nichol Meighen Allan.

An Act for the relief of Dora Eleanor Chalmers Grisley.

An Act for the relief of Ruth Desiree Morrisette Chevalier.

An Act for the relief of Richard Martello Johnston.

An Act for the relief of Ernest Beliveau.

An Act for the relief of David Allan Ferguson.

An Act for the relief of Ann Louise Fuller Brais.

An Act for the relief of Helen Leola Davidson Hunter.

An Act to amend the Aeronautics Act.

An Act to amend the Tariff Board Act.

An Act to amend the National Parks Act.

An Act to amend the Electricity Inspection Act, 1928.

An Act to amend the Gas Inspection Act.

An Act respecting the Units of Electrical and Photometric Measure.

An Act to amend the Income Tax Act.

An Act to provide for the Publication of Statutory Regulations.

An Act to amend the Department of Transport Stores Act.

An Act to provide for the Payment and Distribution of Prize Money.

An Act to amend the Militia Pension Act and change the title thereof.

An Act to amend the Prairie Farm Assistance Act, 1939.

An Act to amend the War Veterans' Allowance Act, 1946.

An Act to amend the Canadian Wheat Board Act, 1935.

An Act to amend the Foreign Insurance Companies Act, 1932.

An Act to amend the Canadian and British Insurance Companies Act, 1932.

An Act respecting Defence Supplies and Projects.

An Act respecting National Defence.

An Act to amend the Trust Companies Act.

An Act to amend the Loan Companies Act.

An Act to amend the Canada Grain Act.

An Act to Provide for the Operation and Maintenance of a Residence for the Prime Minister of Canada.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1950, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to amend the Judges Act, 1946.

An Act to amend the Dominion Elections Act, 1938.

An Act to amend the Statute Law.

An Act to incorporate the Association of Kinsmen Clubs.

An Act to amend the Canada-United States of America Tax Convention Act, 1943, and the Canada-United States of America Tax Convention Act, 1944.

An Act to amend the Canadian Citizenship Act.

An Act to amend the Canada Shipping Act, 1934.

An Act to amend the Official Secrets Act.

An Act respecting the National Film Board.

An Act to amend the Prisons and Reformatories Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1951.

After which the Honourable the Deputy of the Governor General was pleased to close

the Second Session of the Twenty-first Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The North Atlantic Council has made a significant forward step by the formulation of the principle of balanced collective forces as the basis of the defence of the Atlantic community. The government welcomes the decision to have deputies of the Foreign Ministers appointed to maintain continuity in the work of the council.

In order to further the economic co-operation of North Atlantic nations, Canada, along with the United States, has accepted an invitation to become associated on an informal basis with the work of the Organization for European Economic Co-operation.

Canada was also represented at the Commonwealth meeting held in Australia to consider the means of assisting in the economic development of south and southeast Asia.

The United Nations has recently been called upon to deal with a serious threat to peace in Korea. Though the situation emphasizes the grave concern which has long been felt over the failure of the Security Council to arrange for the provision of forces to implement its decisions in such cases, the prompt and energetic measures taken by individual members on its behalf and in conformity with its resolutions to restore and maintain peace in that area have met with general approval in all the free nations and will I am sure, dispose them all to supply such form and degree of co-operation as may be required.

The government remains convinced that until there is genuine goodwill among all nations, the maintenance of peace will continue to depend upon the unity and strength of the free nations.

The government is continuing to give close attention to the development of our defence forces. Measures have been enacted to provide for the consolidation of existing legislation with respect to the armed forces including a purely Canadian disciplinary code; and to provide for the procurement of munitions and defence supplies. The government was gratified by the announcement of the United States government that a program for the purchase of defence supplies in Canada on a reciprocal basis was being developed for the year beginning on July 1.

Our external trade remains at a high level despite difficulties arising out of the world-wide shortage of United States dollars which continues to affect overseas markets for certain of our export products. My ministers are giving constant attention to the removal of obstacles to the free flow of trade between our country and our traditional customers overseas.

Satisfactory discussions have been held with the Government of the United Kingdom concerning the sale of wheat after the completion of the present contract.

A measure has been enacted to bring the powers of the Canadian Wheat Board into conformity with the provisions of the International Wheat Agreement.

You have renewed the Agricultural Products Act and have provided legislative authority for continuing the support of prices of agricultural and fishery products where such support may be required to reduce the impact of price adjustments.

Legislation was enacted early in the session to bring additional workers under the protection of the Unemployment Insurance Act and the protection itself was extended by supplementary winter benefits.

A joint committee of both houses of parliament has examined carefully the whole question of security for the aged with a view to providing an essential background of informed opinion in advance of the forthcoming general conference of the federal and provincial governments.

During the session agreements were concluded with several of the provincial governments to implement the legislation with respect to housing and also the legislation with respect to a trans-continental highway enacted at the last session.

The Niagara Diversion Treaty between Canada and the United States to provide for the permanent regulation of the diversion of water from the Niagara River for hydro-electric power has been approved and it is the hope of the government that, in the interests of both countries, it will receive the early approval of the Senate of the United States.

A uniform and systematic procedure has been provided for the publication and tabling in parliament of regulations and orders made by the Governor in Council or ministers or other agents of the Crown in the exercise of powers conferred by statute. You have also approved a measure to enable corporate Crown agencies to sue and to be sued in the ordinary courts.

The consideration of the measure to revise the Indian Act has not been completed. This measure will be re-introduced at your next session. In the meantime, among other amendments to the Dominion Elections Act, 1933, provision has been made to extend the rights of Indians to vote in federal elections.

During the session measures have been enacted respecting the National Research Council; prize money; the inclusion of veterans of British and Allied Forces within the scope of the War Veterans Allowance Act; Prairie farm assistance; and the National Film Board.

Bills have also been passed to amend the Canadian Citizenship Act; the Customs Act; the Income Tax Act; the Excise Tax Act; the Tariff Board Act; the Judges Act; the Trust Companies Act; the Loan Companies Act; the Foreign Insurance Companies Act, 1932; the Canadian and British Insurance Companies Act, 1932; the Railway Act; the Canada Shipping Act, 1934; the Aeronautics Act; the National Parks Act; the Northwest Territories Power Commission Act; the Official Secrets Act; and the Criminal Code.

The Transitional Measures Act has been extended to provide for the orderly decontrol of rents.

The spontaneous and tangible expressions of sympathy for the victims of the Manitoba floods and the fires at Rimouski and Cabano have been a gratifying demonstration of national unity. My ministers felt they were acting with the unanimous approval of our people in providing immediate assistance in fighting the floods and fires and in applying to the disasters of 1950 the principles and considerations applied in the Fraser River Valley flood of 1948. As on that occasion the work of the armed forces was most effective. Joint federal-provincial commissions of investigation were appointed, and as soon as they could report, an announcement was made of substantial national financial assistance for rehabilitation and reconstruction of the devastated areas.

The Canadian section of the International Joint Commission has been requested to expedite the investigation into measures required for the future control of the Red River.

The Greater Winnipeg Dyking Board, appointed jointly by the federal and provincial governments, is proceeding with the work of providing flood protection for the Winnipeg area.

The Prairie Farm Rehabilitation Administration has been instructed to complete the compilation of data, much of which has already been gathered, with respect to flood control in the Assiniboine River.

The splendid manner in which our people met these disasters, the efforts and endurance of those who fought the flood and the fires, and the response from all parts of Canada and abroad to appeals for assistance have provided heart-warming evidence of the feeling of common humanity which exists in many other countries as well as our own.

Members of the House of Commons:

I thank you for the provision you have made for all essential services for the current fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

As you return to your homes, I express the hope that Divine Providence will continue to bless our people with peace, prosperity and happiness.

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